



*Leading the way*

2013 ANNUAL REPORTS & ACCOUNTS >>

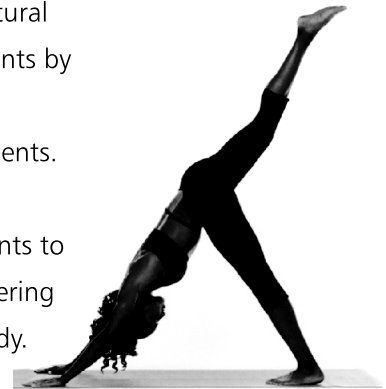
Introducing...

# CESTRA

## INTELLIGENT NUTRITION SYSTEMS

Cestra formulations are holistic in their design. Learning from nature's example, Cestra takes into account the natural synergies and competition that exists between nutrients by always including complementary nutrients in a formulation to enhance the absorption of key nutrients.

Cestra formulations always include additional nutrients to ensure a product will work without adversely interfering with the metabolism of other nutrients in the body.



CESTRA

Wellness... Naturally.

Marketed In Nigeria by:



...we value life

## VISION

To become the preferred leading healthcare provider in our sub-region.

## MISSION

To be the preferred company that adds value to life with brands that deliver sustainable profitable growth.

## CORE VALUES

### INTEGRITY

We reflect this creed in our people, products, systems and information provided by our organisation. This has endeared our brand to the public as a premium healthcare company.

### PASSION

Our commitment to raising customer satisfaction has sustained our brand within the competitive environment. This drives the energy and dedication of our team in striving to build and strengthen consumer loyalty

### INNOVATION

Our relentless pursuit of unique and affordable healthcare products that touch practically every household has been the platform for product development.

### EXCELLENCE

The drive to achieve outstanding results with uncompromising integrity remains unparalleled. The consistency in quality of our delivery stands us out amongst our competitors.

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### Introduction

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**Notice** is hereby given that the 15<sup>th</sup> Annual General Meeting of Fidson Healthcare Plc will be held at the Mbanefo Hall, Golden Tulip Hotel, Amuwo Odofin, Mile 2, Lagos on Thursday, 17<sup>th</sup> July, 2014 at 12.00noon to transact the following businesses:

#### Ordinary Business

1. To lay before the meeting the audited accounts for the year ended 31<sup>st</sup> December, 2013 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Mr. F O A Ohiwerei who is aged over 70 years, special notice being hereby given pursuant to Section 256 of the Companies and Allied Matters Act, Cap C 20 LFN, 2004 and other directors who are due for re-election.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee in accordance with Section 359(4) (5) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

#### Special Business

6. To fix the remuneration of Directors.

#### Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy form is attached. All instruments of proxy should be duly stamped at the Stamp Duty office and deposited at the registered office of the company at 268, Ikorodu Road, Obanikoro, Lagos or the office of the Registrars, Meristem Registrars Limited, 213 Herbert Macaulay Way, Adekunle Yaba, Lagos not later than 48 hours before the time for holding the meeting.

#### Dividend Warrants

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, dividend warrants will be posted on Friday, 18<sup>th</sup> of July, 2014 to members whose names appear in the Register of members at the close of business on 4<sup>th</sup> of July, 2014.

#### Closure of Register of Members.

The Register of members and Transfer Books of the company will be closed from 7<sup>th</sup> to 11<sup>th</sup> of July, 2014(both dates inclusive) for the purpose of payment of dividend.

#### Nomination of members of audit committee.

Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the company secretary at least 21 days before the Annual General Meeting.

#### E-Dividend

Pursuant to the directive of the Securities and Exchange Commission notice is hereby given to all shareholders to open bank account, stock-broking account and CSCS accounts for the purpose of e-dividend. Forms are attached to this annual report for completion by all shareholders to furnish the particulars of these accounts to the Registrars (Meristem Registrars Limited) as soon as possible.

BY ORDER OF THE BOARD



J. ABAYOMI ADEBANJO  
COMPANY SECRETARY

FRC/2013/ICSAN/00000002161  
268, Ikorodu Road, Lagos  
Dated this 17<sup>th</sup> June 2014.



## DIRECTORS

Mr. Felix O. A. Ohiwerei	Chairman
Dr. Fidelis A. Ayebae	Managing Director/ Chief Executive Officer
Emeritus Prof. Oladipo O. Akinkugbe	Non- Executive (resigned 21/10/13)
Mrs. Olufunmilola O. Ayebae	Non- Executive
Mr. Emmanuel E. Imoagene	Non- Executive
Mrs Aishatu P. Sadauki	Non- Executive
Mr. Olugbenga O. Olayeye	Executive Director, Sales & Marketing
Mr. Abiola A. Adebayo	Executive Director, Operations
Mr. Olatunde B. Olanipekun	Executive Director, Finance

## COMPANY SECRETARY

Abayomi J. Adebajo

## REGISTERED OFFICE

268, Ikorodu Road, Obanikoro, Lagos.  
Tel: 01-7406817, 01-8936502  
www.fidson.com,

## AUDITORS

Ernst & Young  
(Chartered Accountants)  
2A, Bayo Kuku Road,  
Off Alfred Rewane Road  
Ikoyi, Lagos  
Tel: 01-4630479- 80, 4630481  
E-mail: services@ng.ey.com

## SOLICITORS

Oval Law Firm  
110, Obafemi Awolowo Way, Ikeja, Lagos  
Tel: 234 802 326 4780

## BANKERS

First City Monument Bank Plc  
Guaranty Trust Bank Plc  
Access Bank Plc  
Bank of Industry  
Diamond Bank Plc  
Zenith International bank Plc  
Stanbic IBTC Bank Plc  
Standard Chartered Bank Plc  
United Bank for Africa Plc  
First Bank of Nigeria Plc  
Sterling Bank Plc

## REGISTRARS

Meristem Registrars  
213, Herbert Macaulay Way  
Adekunle, Yaba, Lagos  
Tel: 234 1 8920491  
Email: info@meristemregistrars.com



“ The company has started the new financial year on a good note. Profit before tax for the first quarter was N283m against N269.6m, that is, 5% over the corresponding period. ”

Distinguished shareholders, members of regulatory bodies, fellow directors, gentlemen of the press, ladies and gentlemen. It has been 12 months since we last gathered as united members of this great company to deliberate on matters of our common interest. I welcome you to the 15<sup>th</sup> annual general meeting of our company, Fidson Healthcare Plc. This gathering has always provided a platform for the directors to render accounts of the company's activities and to also take your various suggestions towards making the company more successful.

#### OPERATING ENVIRONMENT

My statement to you and the results we will consider at this meeting would not make good sense without a quick comment on the environment within which we operated during the year. Exchange rate was relatively stable due to strong monetary policies. GDP grew by 6.87%. Interest rate was high at over 18% during the year. Power supply was erratic and this had an adverse effect on cost of production. The sector of the market in which we operate remains extremely competitive. The consequence of all these is that the cost of doing business remains high.

#### OUR COMPANY PERFORMANCE

Results: Turnover for the year ended 31<sup>st</sup> December 2013 was N9.2 billion, representing an increase of 29% when compared with N7.2 billion recorded in 2012.

Gross profit stood at N5.1 billion compared with N4.1 billion made in the year before, indicating an increase of 26%. Operating profit however declined by 54% to N250 million from N540 million in 2012. Profit after tax followed same trend and declined by 25% from N207 million posted in 2012 to N155 million.

The drop was due to impairment loss incurred on Fidson Products Ltd; an associate company that was adversely affected by changes in government policy i.e. reversal of the ban on importation of baby diapers, the major products of the company. This is the first time the associate's result will be consolidated with that of the company in compliance with IFRS provisions. We look forward to a brighter future as the impact has been put behind us once and for all.

However, other comprehensive income majorly from actuarial gains at N42m against a loss of N19m the previous year moderated total comprehensive income for the year to N197m, up from N188m in 2012, that is, 5% increase.

The balance sheet grew by 15%, from N10.8b in 2012 to N12.4b, resulting from our investment in the Biotech Plant.

The company has started the new financial year on a good note. Profit before tax for the first quarter was N283m against N269.6m, that is, 5% over the corresponding period.



### **Brand Building And Extension.**

New products were introduced during the year under review, notably, Motitec, Ranicef, Tuxil 4 syrup and Children Tuxil C amongst others. This was in line with our strategy to continuously position the company in important therapeutic segments of the pharmaceutical industry.

### **New Manufacturing Facility (the Biotech Plant).**

We progressed the development of our biotech plant in keeping with our plan. We expect to start test production in this plant by end of 2014.

### **THE BOARD**

The Emeritus Professor O. O. Akinkugbe who served on the company's board for seven years resigned voluntarily in October 2013. Professor Akinkugbe contributed immensely to the development of the company. We would miss him dearly but we are assured of his continued support and friendship with the company at all times. Please join me in thanking him for being a blessing to the company and in wishing him every success in his future endeavours.

### **DIVIDEND**

The Directors are pleased to recommend a dividend of 10 kobo per 50 kobo ordinary share amounting to N150,000,000 (one hundred and fifty million naira only). Amount paid last year was 12 kobo. The dividend is subject to

the statutory withholding tax deductions. If approved, warrants will be posted on the 18<sup>th</sup> of July 2014.

### **CONCLUSION**

I would like to take this opportunity to thank my colleagues on the board, in particular the Managing Director and also managers and staff of our great company for the results achieved under very difficult operating conditions. To our shareholders, I thank you for the keen interest that you have shown in our company.

In conclusion, I give thanks and glory to God for His faithfulness. Without His blessings, the results we have before us would not be possible.

Ladies and gentlemen I thank you for your attention.

Felix Ohiwerei  
Chairman.

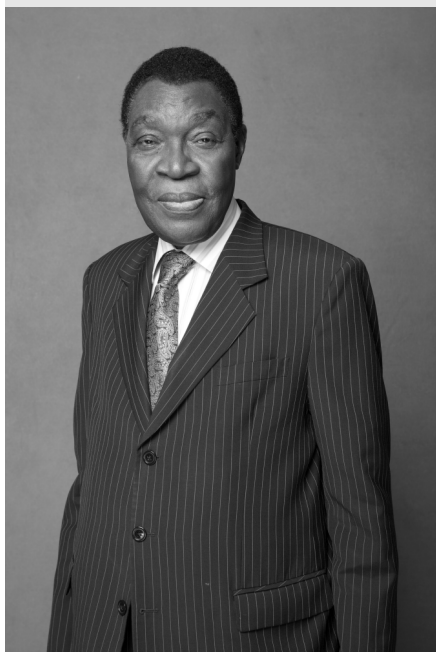
**Mr. Felix Ohiwerei**  
Chairman

Mr. Felix Omoikoje Aizobeoje Ohiwerei was born in 1937 in Uzebba in Owan Local Government of Edo State. He graduated from University of Ibadan in June 1961. He is an icon of corporate governance and practical management.

Mr. F O A Ohiwerei worked in various capacities including brand management, rising to the position of Marketing Director before becoming the Chairman/Managing Director of Nigerian Breweries in 1989.

He is currently Chairman of several companies including Fidson Healthcare Plc.

Mr. F O A Ohiwerei holds an Honorary LLD from the University of Ibadan. He is a recipient of national honour of the Officer of the Federal Republic (OFR), and the Order of Orange Nassau by the Queen of Netherlands.


**Dr. Fidelis Ayebae**  
Managing Director

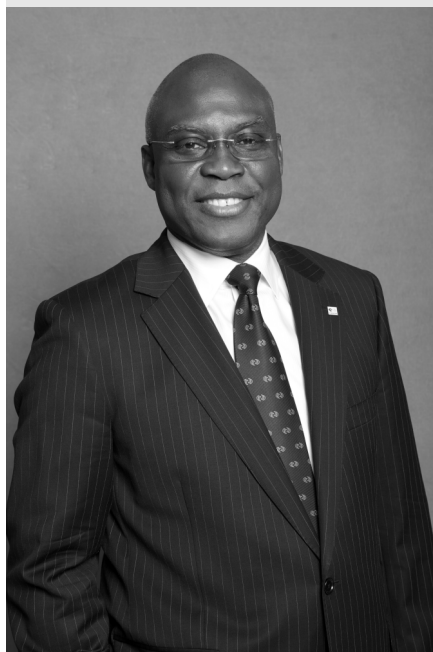
Dr. Fidelis Ayebae graduated from the Mainland Institute of Technology in 1976 with a Diploma in Civil Engineering. He obtained Advanced Diploma in Business Administration from the University of Lagos in 1999.

He is an Fellow of the Chartered Institute of Administration and also a member of the Nigeria Institute of Management.

After working in various capacities in a number of organizations, including Citibank Limited, he started Fidson Healthcare Limited in 1995 as the founder and pioneering Chief Executive Officer.

He is also the Chairman and Director of many other companies.

He has attended many courses, both locally and internationally including banking operation, organisation development skills, selling skills e.t.c.

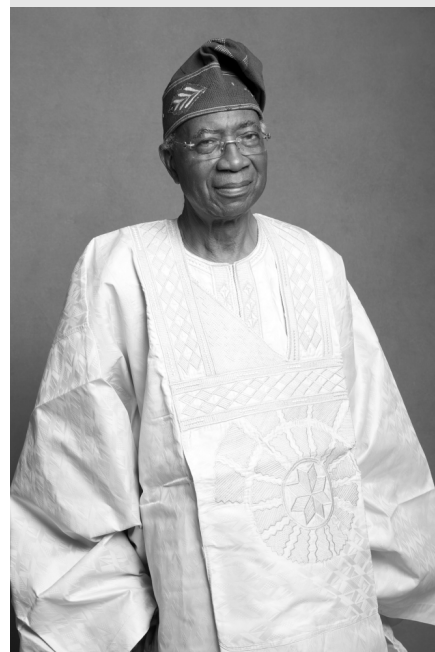

**Emeritus Professor Oladipo Akinkugbe**  
Non-Executive Director

Professor Akinkugbe was educated at Government College, Ibadan and The University College, Ibadan.

He later attended London University -The Royal London Hospital- where he received his Medical degree, MBBS, in 1958. Professor Akinkugbe obtained a Diploma in Tropical Medicine and Hygiene in 1960 from Liverpool University, and obtained a Doctor of Philosophy from Balliol College, Oxford University, in 1964. He is the former Vice-Chancellor of the University of Ilorin; former Vice-Chancellor of Ahmadu Bello University; former visiting professor of Medicine at Harvard University; former Pro-Chancellor and Chairman of council of the University of Port Harcourt as well as Emeritus Professor of Medicine, University of Ibadan.

Professor Akinkugbe has served as World Health Organization Expert on Health Manpower and WHO Council Member on Health Research.

He was the President of the Nigerian Association of Nephrology (1987-90); Member of the Governing Council and Board of Trustees; Obafemi Awolowo Foundation (1992); International Society of Hypertension (1982-90); and Board of Trustees of the African Association of Nephrology (1986).



**Mrs Olufunmilola Ayebae**  
**Non-Executive Director**

Mrs. Olufunmilola O Ayebae completed her Professional Secretaries Diploma from The London College of Secretaries in the United Kingdom after which she worked in many organizations in various capacities for a number of years before establishing her own business - Goodness Supermarket in 1995 and served as the Managing Director/CEO for 3 years.

She is also the MD/CEO of Townhouse Limited and became a director of Fidson Healthcare Plc in 2001.


**Chief (Mrs.) Aishatu Sadauki, OON**  
**Non-Executive Director**

(Chief) Mrs. Sadauki holds a Bsc. Degree in Home Economics with a Major in Community Nutrition from Iowa State University, Iowa USA in 1968. She has attended several courses and seminars on board development evaluation within and outside the country.

Chief (Mrs) Sadauki was an accomplished civil servant. She rose from the position of Chief Agricultural Officer (State Home Economist) in 1964 to the position of Chief Agricultural Officer (State Home Economist) in 1986. She was appointed Kaduna State Commissioner, Social Development, Youth and Sports in 1988, Commissioner of Education in 1989 and Deputy Governor Kaduna State from 1990 to 1992.

Chief Mrs Sadauki is a Director of many companies including Zazzau Ginnery Limited, D. A. Sadauki Investments Limited, Hillside Company Limited and MTN Foundation amongst others. She was conferred with Merit Award by Nigerian Veterinary Medical Association of Farmers in 1999 and National Honour of Officer of the Order of the Federal Republic of Nigeria (OON) in 2000.


**Mr. Olugbenga Olayeye,**  
**Director, Sales & Marketing**

A Pharmacist educated at Nigeria's premier University- the University of Ibadan and the Stanford Graduate School of Business. He has pursued a career in the pharmaceutical industry since graduation with Fidson Healthcare Plc. He has worked across diverse functions (Sales and Marketing, Business development, Manufacturing, Research and Development and Operations) in the company since inception and has been pivotal in determining her policy direction, strategy execution and has managed organizational change and transformation over the period.

In his present role, he leads a team of over 200 salesmen and has the responsibility to formulate and implement the company's sales and marketing strategies. An exciting person to have on a team, he is committed to team building and development of leadership skills and ability which he believes is the critical requirement for organizational growth and corporate success. As a community leader, he managed change in his neighborhood association with attendant positive results and commendation. He also plays leadership role in his local church and he is committed to the propagation of his Christian faith.



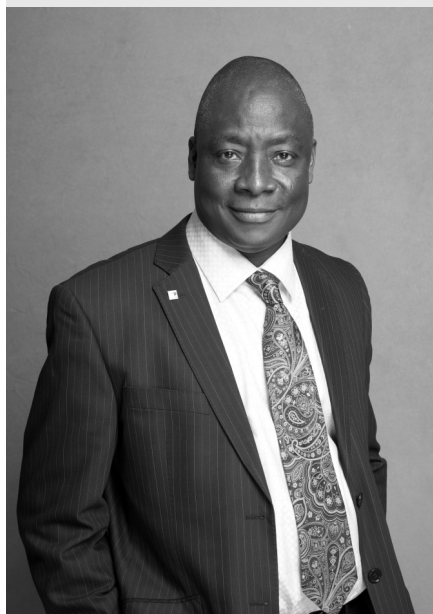
**Mr. Biola Adebayo**  
 Director, Operations

Mr Adebayo graduated from the School of Pharmacy, University of Lagos in 1988. He also has a Diploma in Advanced Computer Techniques and Applications (1998) from the University of Ibadan (Consultancy Unit). He worked with the Federal Ministry of Health in Lagos as an intern pharmacist. He began his career with Glaxo Nigeria Plc in April 1991 as a medical representative. He later joined the pharmaceutical division of CAP PLC in July 1994 where he developed his skills and competencies in the sales and marketing of healthcare products and FMCGs. He started his career with Fidson Healthcare Plc in 1996 and held various positions in the sales and marketing division and rose through the ranks to become the Sales and Marketing Manager in April 2001. In 2004, he became the Sales and Marketing Director, the position he occupied till July 2009. He is currently the Operations Director in the company. He is a member of the Institute of Directors (IOD). He also completed a top executive leadership programme jointly organized by Nigeria Institute of Management (NIM) and Manchester Business School in Manchester, England, United Kingdom in 2007. He is an alumnus of the Administrative Staff College of India, Bella-Vista Hyderabad, India; Lagos Business School (CEP19), and IESE Business School, University of Navarra, Barcelona, Spain.


**Mr. Olatunde Olanipekun**  
 Director, Finance

Mr Olanipekun is a 1978 graduate of Economics, specializing in Accounting of the University of Ife (now Obafemi Awolowo University). He became an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN) in November 1981 and a Fellow of the Institute in July 1992. He is also an Associate Member of the Chartered Institute of Taxation of Nigeria. He honed his professional accounting skills in the firm of Peat Marwick, Ani, Ogunde and Co. after which he held several accounting, finance and managerial positions in various companies including Evans Medical Plc where he occupied The position of Finance and Administration Director. He joined Fidson Healthcare Plc in 2005 as Finance Director.

He is an alumnus of the Lagos Business School (AMP 7) and Irish Management Institute, Dublin, Ireland.


**Mr. Emmanuel Imoagene**  
 Non-Executive Director

Mr. Imoagene holds a B.Sc Degree in Business Administration from the University of Benin and Masters in Industrial and Labour Relations (MILR), University of Ibadan. He has attended several management development programmes both locally and abroad including Harvard Business School, USA 2000, Wharton Business School, USA, 2002 and Erasmus University, Netherlands, 2008.

He worked with Shell Petroleum Development Company Limited as Personnel Officer between 1981 and 1985. He joined Nigerian Breweries in 1985 as Brewery Personnel Manager and rose to the position of Personnel Director in 1995. He became Logistic Director in 1999 and Human Resources Director between 2004 and 2008. Mr. Imoagene is currently the Human Resources Director (West Africa) for Cadbury Nigeria Plc.

He is a seasoned and professional corporate leader with diverse private sector experience. An astute administrator and human resources expert, Mr. Imoagene is a fellow of Chartered Institute of Personnel Management of Nigeria. He is a member, advisory board of the Lagos Business School.





## ENJOY THE GOLDEN PROMISE

### THE BRAND

For over 3 decades, people world-over have improved their health and well-being by the rich ingredients in ASTYMIN daily. Physical and mental activities results in the disrepair of body tissues and depletion of nutrients manifesting as stress and fatigue

Using the finest Japanese process of marumerization, 8 essential amino-acids - the building blocks of body protein and multivitamins have been formulated to deliver your body these needed ingredients that combat stress and fatigue

The golden promise of ASTYMIN is being enjoyed by more and more people who have found the deepest secret of living life at its peak



ASTYMIN<sup>®</sup> ...get healthier

Visit [www.myastymin.com](http://www.myastymin.com)



...We value life  
[www.fidson.com](http://www.fidson.com)

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 2013.

## 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 re-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. RESULT FOR THE YEAR

	31 December 2013	31 December 2012
	₦, 000	₦, 000
Turnover	9,247,056	7,168,939
	=====	=====
Profit before taxation	249,591	540,080
Taxation	(94,611)	(333,191)
	-----	-----
Profit after taxation	154,980	206,889
	=====	=====

## 6 .DIVIDEND

The Directors propose to pay dividend of 0.10k (150,000,000) ( out of the profit for the year ended 31 December 2013 (2012 year end: 0.12k) (2012: 180,000,000). Proposed dividend will only be recognised as a liability after approval by shareholders at the Annual General Meeting.

## 7. MAJOR CUSTOMERS

LAGOS	WEST	EAST	NORTH
Ardmonds Nigeria Limited	Bunmi Pharmaceuticals Ltd.	Bez Pharmacy	Tony Pharmacy
Bicon Pharmacy	Fiolu Pharmacy	Canez Healthcare Limited	G.U Pharmacy
Everdestiny Pharmacy	MassEldo Pharmacy	Grams Pharmacy	Newhealth Pharmacy
Moddy Drugs Company Limited	Tanimola Pharmacy	Ogbuagu Pharmacy	Azmu Pharmacy
Zest Pharmacy			Simple Pharmacy

## 8.MAJOR SUPPLIERS

### Overseas Suppliers

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

### Local Suppliers

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

Sankil Pharm Ltd.  
 Femog Multiventures Ltd.

9. 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
Emeritus Prof. Oladipo O. Akinkugbe	Non-Executive (resigned 21/10/2013)
Mrs. Olufunmilola O. Ayebae	Non-Executive
Mr. Olugbenga O. Olayeye	Executive
Mr. Abiola A. Adebayo	Executive
Mr. Olatunde B. Olanipekun	Executive
Mr. Emmanuel E. Imoagene	Non-Executive
Mrs. Aisha P. Sadauki	Non-Executive

## 10. DIRECTORS' INTERESTS

Directors' interests in the issued share capital of the Company as at 31<sup>st</sup> December 2013 are as follows:

	Numbers of Shares (2013)	Numbers of Shares (2012)	%
Mr. Felix O. A. Ohiwerei (Multiharvest Ltd.)	32,644,623	32,644,623	2.18
Dr. Fidelis A. Ayebae	446,534,443	446,169,760	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	11,363,004	0.85
Mr. Emmanuel E. Imoagene	4,000,000	4,000,000	0.27
Mrs. Aishatu P. Sadauki	-	-	-
Indirect interest			
Glorious Haven Ltd – on behalf of			
Dr. Fidelis A. Ayebae	86,120,000	85,120,000	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, Mr. F O A Ohiwerei, Mr. E. E. Imoagene, and Mr. O. B. Olanipekun retire by rotation and being eligible, offer 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, 2004, of any disclosable interest in contracts with which the Company is involved as at 31 December 2013.

## 13. SUBSTANTIAL INTEREST IN SHARES

The registrar has advised that according to the Register of members as at 31 December 2013, only Dr. Fidelis Ayebae with 446,534,443 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

## 14. DONATIONS

The Company made donations amounting to ₦39, 420,180 (2012: ₦11, 064,900) to charitable organizations and societies during the year as follows:-

	31 Dec 2013 ₦	31 Dec 2012 ₦
Religious Organisations	5,064,270	1,854,900
FMC Abeokuta	29,090,910	2,520,000
Hospitals/Health Institutions	5,265,000	6,690,000
	<u>39,420,180</u>	<u>11,064,900</u>
	=====	=====

## 15. EVENTS AFTER REPORTING PERIOD

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 2013.

## 16. ANALYSIS OF SHAREHOLDERS

Analysis of shareholdings as at 31 December 2013

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. No disabled person was in the employment of the Company as at 31 December 2013.

### B. Welfare

The company has retainer 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 directors and shareholders, namely:

Alhaji Sarumi Abdulkabir (Chairman with effect from 21/10/13)  
 Emeritus Prof. Oladipo O. Akinkugbe (Resigned with effect from 21/10/13)  
 Mr. Olufemi F. Oduyemi  
 Mr. Solomon S. Akinsanya  
 Mrs. Olufunmilola O. Ayebae  
 Mr. Olugbenga O. Olayeye  
 Mrs. Aishatu P. Sadauki (appointed 5<sup>th</sup> December 2013).

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

#### 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. 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

30th April, 2014

From year to year at FIDSON HEALTHCARE PLC we continue to review our corporate governance policies. This year, we have adopted the three Ps model of Corporate Governance, that is:

**People:** Our stakeholders are at the center of our Corporate Governance practices. 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 policies, remuneration and motivation schemes that are second to none in the industry and concern for our end users. 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.

#### 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 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 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, issued by SEC, 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.

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 International Standards Organisation compliance requirements
3. Provisions of the Companies and Allied Matters Act, 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:

##### Nomination Committee

- Mrs. O. O. Ayebae - Chairman
- Mrs. A. P. Sadauki - Member
- Mr. E. E. Imoagene - Member

##### Remuneration Committee

- Mrs. A. P. Sadauki - Chairman
- Mr. E. E. Imoagene - Member
- Mrs. O. O. Ayebae - Member
- Mr. O. B. Olaniyekun - Member

##### Finance And General Purposes Committee

- Mr. E. E. Imoagene - Chairman
- Dr. F. A. Ayebae - Member
- Mr. O. O. Olayeye - Member
- Mr. A. A. Adebayo - Member
- Mr. O. B. Olaniyekun - Member

**Credit Control Committee**

Mr. O. B. Olanipekun -Chairman

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 2011, issued by SEC 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 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, 2011, issued by SEC.

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.

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 (income statement).
- (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 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:

- 1. Ensure that the company's operations are conducted in a fair and transparent manner that conforms with high ethical standards;
- 2. Ensure the integrity of the company's financial and internal control policies;
- 3. 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;
- 4. Ensure value creation for the shareholders, employees and other stakeholders;
- 5. Review and approve corporate policies, strategies, annual budgets and business plans;
- 6. Monitor implementation of policies and strategic direction of the company;
- 7. Set performance objectives, monitor implementation and corporate performance;
- 8. Review and approve all major capital expenditure of the company;
- 9. Ensure that the statutory rights of all stakeholders are protected at all times; and,
- 10. Institute appropriate mechanism for measuring adherence by management to all regulations.

**Information flow to the Board:** The executive management ensures that the board received 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 *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:

Alhaji Abdulkabir B. Sarumi - Shareholder (elected Chairman 21/10/13)  
 Emeritus Professor Oladipo O. Akinkugbe (resigned 21/10/13)  
 Mr. Olugbenga O. Olayeye - Director  
 Mrs. Olufunmilola O. Ayebae - Director  
 Mr. Femi Oduyemi - Shareholder  
 Mr. Solomon S Akinsanya - Shareholder  
 Mrs. Aishatu P. Sadauki - Director (nominated by the board on 5/12/13)

## ATTENDANCE OF BOARD MEMBERS, BOARD COMMITTEES AND AUDIT COMMITTEE AT MEETINGS DURING THE TWELVE MONTHS ENDED 31<sup>ST</sup> DECEMBER 2013

### Board Meetings

	20/03/2013	25/07/2013	21/10/2013	05/12/2013	%
Elder F.O.A. Ohiwerei	✓	✓	✓	✓	100
Dr. F.A. Ayebae	✓	✓	✓	✓	100
Prof. O. O.Akinkugbe	✓	✓	✓	N/A	100
Mrs O.O. Ayebae	✓	✓	✓	X	75
Mr O.O. Olayeye	✓	X	✓	✓	75
Mr A.A. Adebayo	✓	✓	✓	✓	100
Mr O.B. Olanipekun	✓	✓	✓	✓	100
Mr E.E. Imoagene	✓	✓	✓	✓	100
Mrs A.P. Sadauki	✓	✓	✓	✓	100

Prof. O. O.Akinkugbe attended Board Meetings throughout the period he was a director during the year.

**Audit Committee**

	27/03/2013	21/10/2013	%
Prof. O. O. Akinkugbe	✓	✓	100
Mrs O. O. Ayebae	✓	✓	100
Mr O. O. Olayeye	✓	✓	100
Alhaji A. B. Sarumi	✓	✓	100
Mr Femi Oduyemi	✓	✓	100
Mr S. S. Akinsanya	✓	✓	100

**Remuneration Committee**

	5/12/2013	%
Mr E. E. Imoagene	✓	100
Mrs O. O. Ayebae	✓	100
Mrs A. P. Sadauki	✓	100
Mr O. B. Olanipekun	✓	100

**Finance And General Purposes Committee**

	29/11/2013	%
Mr E. E. Imoagene	✓	100
Dr. F. A. Ayebae	✓	100
Mr O. O. Olayeye	✓	100
Alhaji A. A. Adebayo	✓	100
Mr O. B. Olanipekun	✓	100

**COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:**

The Company complied with the 2011 Code of Corporate Governance, issued by SEC, for public company during the year under review.



Yomi Adebajo  
Company Secretary  
FRC/2013/ICSAN/00000002161

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2013



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:

1. Keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and International Financial Reporting Standards;
2. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
3. 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 International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and compliance with the Financial Reporting Council Act No 6 2012.

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.

A handwritten signature in black ink, consisting of a stylized 'O' and 'B' followed by a horizontal line.

Director  
Mr O. B. Olanipekun  
FRC/2013/1CAN/00000002163

A handwritten signature in black ink, featuring a large, stylized 'A' and 'F' with a horizontal line.

Director  
Dr. F. A. Ayebae  
FRC/2013/CIANG/00000002376

30th April, 2014

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

30th April, 2014

Fidson's CSR policy is entrenched in its system and operations. Annually, the company reserves certain percentage of its revenue for meeting its Corporate Social Responsibilities.

The core of our CSR initiative revolves around children's health, education, as well as community service and development. This has constantly spurred us to continue to make efforts towards improving the quality of life of Nigerian children.

Our partnerships with government and non-governmental organizations have helped us to design programs that address community needs and deliver results that significantly enhance quality of lives. We aim to provide innovative healthcare, education, and medical infrastructural development through the creation of sustainable solutions that enable Nigerians to have access to better-quality healthcare.

Some of our CSR partners are Little Saints Orphanage, Onipanu; Old People's Home, Yaba; Pacelli School for the Blind; Children Developmental Centre (CDC), Surulere; Obanikoro Community, Lagos; Sango Ota Community, Ogun State.

Fidson donated to the Children Development Centre for the infrastructural upgrade of the multi-sensory and other facilities at the Centre. These also include the upgrade of classrooms and reconstruction of a state of the art hydro therapy swimming pool for the children. In the last five years Fidson has been involved in upgrading their facilities as parts of its contribution to the institution.



Finance Director, Fidson Healthcare Plc, Mr Olatunde Olanipekun presenting the new Patrol Van key to Divisional Police Officer of Pedro Police Station, Somolu, Lagos, CSP Olanekan Coker. With them are Fidson's Corporate Services Manager, Mr Oladimeji Oduyebo (far right) and Chief Security Officer, Rtd Col. Edward Abah (far left).



From Left: Mr Ola Ijimakin, GM Marketing, Fidson Healthcare Plc; Professor D. Oke, Chief Medical Director, LASUTH; Mrs Omobowale Oluwatoyin, mother of the sick baby; Mr Olugbenga Olayeye, Sales and Marketing Director, Fidson Healthcare Plc and Dr Adeola Animasaun, Consultant, Paediatric Cardiologist, LASUTH, during the presentation of N1.25 million Cheque for treatment of Master Omobowale Isreal's heart problem.



L-R: Head of Unit, Adolescent, CDC, Ms Ebele Oputa; Corporate Services Manager, Fidson Healthcare Plc, Mr Oladimeji Oduyebo; Director of Service, CDC, Dr (Mrs) Yinka Akindayomi and Head of Unit, Physiotherapy, CDC, Mr Martins Duru during the Cheque presentation to CDC by Fidson Healthcare Plc as part of the company's Corporate Social Responsibility programme.



Front view of the VIP Convalescence ward at Federal medical Centre, Abeokuta.



Side view of the VIP Convalescence ward at Federal medical Centre, Abeokuta.



Garden view of the VIP Convalescence ward at Federal medical Centre, Abeokuta.

In the area of medical infrastructure, Fidson also embarked on a multi-million naira state-of-the-art private wards project at the Federal Medical Centre, Abeokuta. The over N120 million worth facility was provided to enhance high degree comfort and privacy to high profile individuals and professionals during their medical treatment at the Centre. This convalescence ward is also one of Fidson's efforts to improve humanity.

Fidson also demonstrated its value for the lives of Nigerians by supporting the Nigerian Police Force with the donation of a brand new Police Van to Pedro Police station, Shomolu Area Command, and also refurbished a patrol Van for Ogudu Police Command, as part of the company's Corporate Social Responsibility programmes.

Fidson also donated the required sum of N1.3 million for surgical intervention to little Israel Omobowale, who was diagnosed with congenital heart defect. Today, baby Israel is alive and healthy, following a successful surgical operation in India.





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### 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 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising 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 Act, No 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 misstatement.

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 control 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 control. 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 2013, 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.

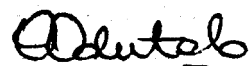
### Report on Other Legal and Regulatory Requirements

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:

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;

in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Lagos, Nigeria  
FRC/2012/ICAN/00000000141  
30 April 2014



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 December 2013



	Notes	31 December 2013 ₦ '000	31 December 2012 ₦ '000
Revenue	5	9,247,056	7,168,939
Cost of sales	6	(4,133,123)	(3,094,946)
Gross profit		5,113,933	4,073,993
Other operating income	7	41,690	54,825
Other operating expenses	8	(113,816)	(212,821)
Administrative expenses	9	(2,405,523)	(2,053,632)
Selling and distribution expenses	10	(1,268,269)	(1,007,908)
Operating profit		1,368,015	854,457
Finance costs	11	(407,697)	(317,548)
Finance income	12	4,963	3,171
Share of loss of associate	18	(715,690)	-
Profit before tax		249,591	540,080
Income tax expense	13a	(94,611)	(333,191)
Profit for the year		154,980	206,889
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent years:			
Net gain/(loss) on available for sale financial instruments	33	1,582	1,462
Income tax effect	27	(475)	(439)
Net other comprehensive income to be reclassified to profit or loss		1,107	1,023
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain/(loss) on defined benefit plans	25	58,303	(28,362)
Income tax effect	27	(17,491)	8,509
Net other comprehensive income not to be reclassified to profit or loss		40,812	(19,853)
Other comprehensive income, net of tax		41,919	(18,830)
Total comprehensive income, net of tax		196,899	188,059
Earnings per share basic (in kobo)			
Basic and diluted	39	10	14

STATEMENT OF FINANCIAL POSITION  
AS AT 31 December 2013

		31 December 2013 # '000	31 December 2012 # '000
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	14	7,043,474	4,679,359
Investment property	15	39,019	39,936
Intangible assets	16	3,245	2,192
Available for sale investments	17a	102,480	1,260,965
Held to maturity investments	17b	31,904	27,986
Investment in associate	18	253,268	-
		<u>7,473,390</u>	<u>6,010,438</u>
Current assets		=====	=====
Inventories	19	1,497,332	1,090,030
Trade and other receivables	20	2,344,387	1,986,197
Prepayment	21	790,952	1,450,839
Cash and bank balances	22	137,027	243,432
		<u>4,769,698</u>	<u>4,770,498</u>
Total assets		<u>12,243,088</u>	<u>10,780,936</u>
		=====	=====
Equity and liabilities			
Equity			
Issued share capital	31	750,000	750,000
Share premium	31	2,973,043	2,973,043
Retained earnings	31	1,521,257	1,505,465
Available for sale reserve	33	1,035	(72)
		<u>5,245,335</u>	<u>5,228,436</u>
Non-current liabilities		=====	=====
Interest bearing loans and borrowings	23(a)	1,408,079	1,534,764
Obligation under finance lease due after one year	24(a)	371,036	103,793
Retirement benefit obligations	25	582,830	516,009
Deferred income	26	254,830	298,083
Deferred tax liability	27	310,085	221,165
		<u>2,926,860</u>	<u>2,673,814</u>
Current liabilities		=====	=====
Trade and other payables	28	1,692,585	1,196,045
Interest bearing loans and borrowings	23(b)	1,244,619	715,302
Bank overdraft	32	608,464	497,283
Other financial liabilities	29	65,000	65,000
Obligations under finance lease due within one year	24(b)	283,669	97,537
Income tax payable	13(a)	176,556	307,519
		<u>4,070,893</u>	<u>2,878,686</u>
Total liabilities		<u>6,997,753</u>	<u>5,552,500</u>
		=====	=====
Total equity and liabilities		<u>12,243,088</u>	<u>10,780,936</u>
		=====	=====

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY: 30 April 2014



Finance Director  
FRC/2013/ICAN/00000002163



MD/CEO  
FRC/2013/CIANG/00000002376

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital # '000	Share premium # '000	Retained earnings # '000	Available-for sale Reserve # '000	Total # '000
Balance as of 1 January 2013	750,000	2,973,043	1,505,465	(72)	5,228,436
Profit for the year	-	-	154,980	-	154,980
Other comprehensive income for the year	-	-	40,812	1,107	41,919
Total Comprehensive Income for the year	-	-	195,792	1,107	196,899
Dividends (note 30)	-	-	(180,000)	-	(180,000)
Balance as of 31 December 2013	750,000	2,973,043	1,521,257	1,035	5,245,335
Balance as of 1 January 2012	750,000	2,973,043	1,468,429	(1,095)	5,190,377
Profit for the year	-	-	206,889	-	206,889
Other comprehensive income for the year	-	-	(19,853)	1,023	(18,830)
Total Comprehensive Income for the year	-	-	187,036	1,023	188,059
Dividend paid (note 30)	-	-	(150,000)	-	(150,000)
Balance as of 31 December 2012	750,000	2,973,043	1,505,465	(72)	5,228,436

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 December 2013



	Note	31 Dec 2013 K'000	31 Dec 2012 K'000
Operating activities:			
Profit before tax		249,591	540,080
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	14	210,290	186,125
Provision for doubtful debt	9a	279,736	290,383
Loss/(Gain) on disposal of Plant, Property and Equipment	7	1,462	(16)
Inventory write-off	8	-	32,812
Disposal of investment	8	-	118,717
Depreciation of investment property	15	918	918
Grant income	7	(43,253)	(48,633)
Amortisation and impairment of Intangible Assets	16	1,852	3,225
Finance income	12	(4,963)	(3,171)
Finance costs	11	407,697	317,548
Changes in operating assets and liabilities:			
Increase in trade and other receivables		(358,191)	(28,663)
Decrease / (increase) in prepayments		659,887	(479,536)
Increase in inventories		407,302	203,128
Increase in gratuity & lease		(52,607)	60,878
Increase in trade and other payables		347,984	265,506
		<u>2,106,243</u>	<u>1,340,600</u>
Income tax paid	13	(154,620)	(263,057)
Net cash flow from operating activities		<u>1,951,623</u>	<u>1,077,543</u>
Cash flows from investing activities:			
Purchase of property, Plant & Equipment		(2,015,546)	(1,343,471)
Liquidation of available for sale financial assets		231,109	460,000
Interest income received	12	4,963	3,171
Investment in associate		(40,000)	-
Proceeds from sale of property, plant and equipment		12,486	8,978
Net cash utilised by investing activities		<u>(1,806,988)</u>	<u>(871,322)</u>
Cash flows from financing activities:			
In- Payment on lease obligations		(119,430)	(114,070)
Interest paid on loans & Borrowings		(407,697)	(247,206)
Dividend paid	30	(180,000)	(150,000)
Long term loans & Borrowings		477,700	445,235
Loan repayment		(132,793)	(42,500)
Net cash utilized by financing activities		<u>(362,220)</u>	<u>(108,541)</u>
Net (decrease)/ increase in cash and cash equivalents		(217,585)	97,680
Cash and cash equivalent at the beginning of the year	32	(253,851)	(351,531)
Cash and cash equivalents at the end of the year	32	<u>(471,436)</u>	<u>(253,851)</u>

## 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 are for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 30 April 2014.

## 2. ACCOUNTING POLICIES

### 2.1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with 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 Nigeria Naira and all values are rounded to the nearest thousand (₦'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. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are converted into the functional currency, 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 spot 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 profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items, if any, is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

#### 2.2.2. 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.

#### Sales 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 under various licensing agreements.

#### 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 profit or loss due to its operational nature.

#### Interest income

For all financial instruments measured at amortised, 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.

#### 2.2.3. TAXES

##### Current income tax

The income tax assets and 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) 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 temporary differences method at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- 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.

Deferred tax on items recognised in profit or loss is also recognised in profit or loss, while deferred tax on items recognised outside profit or loss is also recognised outside 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 taxation authority is included as part of receivables or payables in the statement of financial position.

#### 2.2.4. 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 14 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 depreciates them 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 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
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

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 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.

#### 2.2.5. 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.

#### 2.2.6. FINANCIAL INSTRUMENTS

Initial recognition and subsequent measurement

##### 1) FINANCIAL ASSETS

Initial recognition

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

loans and other receivables.

#### 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 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 profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs. Included in this classification is investment in Cardinal Stone Partners. The held to maturity investment is recognised as a non-current financial asset in the statement of financial position.

##### 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 OCI 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 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.

#### **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 OCI 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 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.

#### **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 group 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 Group 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 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 judgment and review of 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 profit or loss in the year of recovery.

#### **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 profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

#### **DERECOGNITION OF FINANCIAL ASSETS**

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

The rights to receive cash flows from the asset have expired  
The 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.

#### iv) FINANCIAL LIABILITIES

##### Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and 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 financial liabilities include trade and other payables, interest bearing loans and borrowings, other financial liabilities, and bank overdraft.

##### 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 profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is

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

#### Derecognition

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

##### v) 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.

#### 2.2.7. 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 groups 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.

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, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

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 profit or loss.

#### 2.2.8. 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.
  - 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.

#### 2.2.9. EMPLOYMENT BENEFITS

##### Retirement benefit Schemes

The company operates a gratuity scheme 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 2004. 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 employees each contribute 7.5% 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 OCI in the year in which they occur. Actuarial gains and losses are not reclassified to profit or loss in subsequent years.

Past service costs are recognized in 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

##### 2.2.9.1. 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.

##### 2.2.10. 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.

#### 2.2.11. 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.

#### 2.2.12. 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 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 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.

#### 2.2.13 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.

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.

#### 2.2.14. 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..

#### 2.2.15 INTANGIBLE ASSETS

Software and 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 yearend. 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 profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straightline 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.

## 2.2.16. 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 derecognised 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 recognised in profit or loss in the year of de-recognition.

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.

## 2.2.17. Fair value measurement

The Company measures some financial instruments, and non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 38b.

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:

- 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Refer to note 38.c for fair value hierarchy.

## 2.2.18. Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associate are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate. The statement of profit or loss reflects the Company's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. The aggregate of the Company's share of profit or loss of the associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the associate. The financial statements of the associate are prepared for the same reporting period as the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as Share of profit of an associate in profit or loss. Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant and the fair value of the retained investment and proceeds f

from disposal is recognised in profit or loss.

#### 2.2.19. 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 periods 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 nominal amounts and released to 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 2.2.6 (iv).

### 3.0. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, 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.

#### JUDGEMENTS

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.

#### 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.

#### 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 17a on the details of available for sale financial assets.

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount,

which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. See note 18 for disclosure on impairment of investment in associate, note 14 for plant, property and equipment, note 15 for investment property, note 16 for intangible assets and note 19 for inventory.

### 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 13 on taxes and 27 on deferred taxes.

### 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 25 for assumption relating to

retirement benefit.

### Fair value 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 17 for further disclosures.

### 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 14 on property plant and equipment.

Standard that became effective on 1 January 2013 IAS 1 Presentation of Items of Other Comprehensive

### Income Amendments to IAS 1

Effective for annual years beginning on or after 1 July 2012. The amendments to IAS 1 introduce a grouping requirement for items presented in OCI. Items that will be reclassified (or recycled) to profit or loss in the future (e.g. net loss or gain on AFS financial assets ) will be presented separately from items that will never be reclassified (for example, changes in revaluation surplus recognized as a result of applying the revaluation model in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets). The amendments affect presentation only and have no impact on the Company's financial position or performance.

### IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets, to simple clarifications and

rewording. The amended standard will impact the net Benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment became effective for annual years beginning on or after 1 January 2013.

**IAS 28: Investments in Associates and Joint Ventures (as revised in 2011)**

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard became effective for annual years beginning on or after 1 January 2013. The Company increased its stake in the equity instrument of Fidson Product Limited during the year to 25% by investing additional amount to achieve significant influence over the company. Thus, the Company accounted for its interest in Fidson Product Limited using the equity method from the date it achieved significant influence, hence the amendments have had no impact on the Company since the company (Fidson product) became an associate during the year.

**IFRS 1: Government Loans - Amendments to IFRS 1**

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment became effective for annual years on or after 1 January 2013. The amendments have had impact on the Company.

**IFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7**

Effective for years beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized

Financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. These amendments are not expected to be relevant to the Company.

**IFRS 10 Consolidated Financial Statements**

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12

**Consolidation Special Purpose Entities.**

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgments to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Company. This standard became effective for annual years beginning on or after 1 January 2013.

**IFRS 11: Joint Arrangements**

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard became effective for annual years beginning on or after 1 January 2013. The amendments have no impact on the Company.

**IFRS 12: Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but has no impact on the Company's financial position or performance. This standard became effective for annual years beginning on or after 1 January 2013. Refer to note 18 on investment in associate.

**IFRS 13: Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Standard has

not materially impacted the fair value measurements of the Company, refer to note 38b on fair value measurement.

This standard became effective for annual years beginning on or after 1 January 2013.

Annual Improvements effective 1 January 2013

**IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information.**

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period.

The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments affect presentation only and have no impact on the Company's financial position or performance

**IAS 34 Interim financial reporting and segment information for total assets and liabilities**

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments.

- Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

**IAS 32 Financial Instruments: Presentation: Tax effects of distributions to holders of equity instruments**

- The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

**IAS 16 Property, Plant and Equipment: Classification of servicing equipment**

- The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Standards issued but not yet effective  
Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of standards and interpretations

issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

**IFRS 9 Financial Instruments**

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual years beginning on or after 1 January 2015, but the effective date was withdrawn in December 2013. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The company only has loans and receivables which are more likely than not to remain classified as such under IFRS 9. There may be an impact on measurement as a result of the new impairment model but that phase has not yet been issued... The company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments are effective for annual years beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that This amendment would be relevant to the company, since none of the entities in the company would qualify to be an investment entity under IFRS 10.

**IAS 32: Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual years beginning on or after 1 January 2014. These amendments are not expected to be relevant to the company.

**Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36**

**Impairment of Assets**

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. These amendments would continue to be considered for future disclosure

### **IFRIC Interpretation 21 Levies (IFRIC 21)**

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual years beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

### **IAS 39: Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual years beginning on or after 1 January 2014. The Group has not novated its derivatives during the current year. However, these amendments would be considered for future novations.

Annual Improvements 2010 2012 and 2011 to 2013 Cycle

### **IFRS 2: Share-based Payment**

Performance condition and service condition are defined in order to clarify various issues, including the following:

- 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 group
- 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.

The amendment is applied prospectively. The changes are effective 1 July 2014. These amendments are not expected to be relevant to the company.

### **Amendment to the Basis for Conclusions on IAS 40 Investment Property**

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model set out in paragraphs 33-35 for the asset recognized. This classification alternative is available on a property-by-property basis. However, once this classification alternative is selected for one such property interest held

under an operating lease, all property classified as investment property shall be accounted for using the fair value model. When this classification alternative is selected, any interest so classified is included in the disclosures required by paragraphs 74-78.

Consequently, it decided that an entity would apply the amendments to IAS 40 prospectively for annual years beginning on or after 1 July 2014, but an entity may choose to apply the amendment to individual transactions that occurred prior to the beginning of the first annual year occurring on or after the effective date only if the information needed is available to the entity.

### **IFRS 3: Business Combinations:**

The amendment clarifies that a contingent consideration in a business combination that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The changes are effective 1 July 2014. These amendments are not expected to be relevant to the company.

### **IAS 24: Related Party Disclosures:**

The amendment clarifies that a management entity, an entity that provides Key Management Personnel services to a reporting entity, is a related party subject to the related party disclosures. An entity will be required to disclose the expenses incurred for such management services. The changes are effective 1 July 2014. These amendments are not expected to be relevant to the company.

### **IFRS 8: Operating segments:**

The amendments added a requirement to disclose judgments made in the aggregation of operating segments), including a brief description of the aggregated operating segments and the economic indicators assessed in order to conclude that these aggregated operating segments have 'similar economic characteristics'. They also clarified that the reconciliation of the total reportable segment assets to the entity's assets would be disclosed only if a measure of segment assets is regularly provided to the chief operating decision maker. The changes are effective 1 July 2014. These amendments are not expected to be relevant to the company.

### **IFRS 13: Fair Value Measurement:**

The amendment clarifies that the fair value of short-term receivables/payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The changes are effective 1 July 2014. These amendments are not expected to be relevant to the company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013 continued



5. Revenue	31 Dec 2013	31 Dec 2012
	₦'000	₦'000
Over The Counter (OTC)	6,022,089	4,924,472
Ethical	3,212,967	2,232,467
Rental income	12,000	12,000
	<u>9,247,056</u>	<u>7,168,939</u>
	=====	=====
6. Cost of sales		
Over The Counter (OTC)	2,710,168	2,217,685
Ethical	1,422,955	877,261
	<u>4,133,123</u>	<u>3,094,946</u>
	=====	=====
7. Other operating income		
Amortisation of government grant	43,253	48,633
(Loss)/Gain on disposal of property, plant and equipment	(1,462)	16
Exchange (loss)/gain	(4,038)	2,830
Others	3,937	3,346
	<u>41,690</u>	<u>54,825</u>
	=====	=====
8. Other operating expenses		
Corporate social responsibility & Donation	108,629	53,845
Inventory write-off	-	32,812
Loss on disposal of investment	-	118,717
Other operating expenses	5,187	7,447
	<u>113,816</u>	<u>212,821</u>
	=====	=====
9. Administrative expenses		
Salaries	682,389	622,343
Depreciation and amortisation	213,060	189,350
Audit fee	10,500	7,500
Travelling	555,065	384,117
Bad debts provision (9a)	279,736	290,383
Diesel and fuel	110,485	132,065
Consultancy fees	72,387	115,133
Repairs and maintenance	187,935	125,505
Others	293,966	187,236
	<u>2,405,523</u>	<u>2,053,632</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013 continued



	31 Dec 2013 K'000	31 Dec 2012 K'000
9a. Bad debt		
Bad debt written off	-	446,858
Write back	-	(156,475)
Charge for the year (20b)	279,736	-
	<u>279,736</u>	<u>290,383</u>
10. Selling and Distribution expenses		
Promotion and advertisement	312,603	253,014
Institutional promotion	242,859	250,733
Sales expenses	712,807	504,161
	<u>1,268,269</u>	<u>1,007,908</u>
11. Finance costs		
Interest on bank loans	407,697	317,548
12. Finance income		
Interest earned on held-to-maturity financial assets	4,963	3,171
13a. Income tax expense		
The major components of income tax expense for the year ended 31 December 2013/year ended 31 December 2012:		
Current income tax:		
Current year income tax charge	14,135	143,474
Additional tax assessment in respect of prior years'	-	160,346
Current education tax charge	9,522	14,505
Total current tax	<u>23,657</u>	<u>318,325</u>
Deferred tax		
Relating to origination of temporary differences	70,954	14,866
Total income tax expense reported in profit or loss	<u>94,611</u>	<u>333,191</u>
13(b). Taxation		
Current tax payable		
At the beginning of the year	307,519	252,251
Charge for the year	23,657	318,325
Payments made on-account during the year	(154,620)	(263,057)
	<u>176,556</u>	<u>307,519</u>

	31 Dec 2013 ₦'000	31 Dec 2012 ₦'000
Reconciliation of tax charge		
Profit before tax	249,591	540,080
	=====	=====
Tax at Nigerian statutory income tax rate of 30%	74,877	162,024
Disallowable expenses	10,212	562
Income exempted from tax	-	(4,246)
Education tax @ 2% of assessable profit	9,522	14,505
Additional tax assessment from Federal Inland Revenue Service (FIRS) audit	-	160,346
	-----	
	94,611	333,191
	=====	=====

14. Property, plant and equipment

	Land & buildings ₦'000	Plant & Machinery ₦'000	Office Equipment ₦'000	Furniture & Fittings ₦'000	Motor vehicles ₦'000	Construction in progress ₦'000	Total ₦'000
At 1 January 2013	1,271,074	348,806	208,102	111,664	610,124	2,910,663	5,460,433
Additions	-	6,800	28,800	3,697	324,827	2,224,227	2,588,351
Disposal	-	-	-	-	(40,518)	-	(40,518)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2013	1,271,074	355,606	236,902	115,361	894,433	5,134,890	8,008,266
	=====	=====	=====	=====	=====	=====	=====
Accumulated depreciation:							
At 1 January 2013	66,114	184,299	148,311	31,277	351,073	-	781,074
Depreciation for the year	23,098	33,695	24,459	7,640	121,398	-	210,290
Disposal	-	-	-	-	(26,570)	-	(26,570)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2013	89,212	217,994	172,770	38,917	445,901	-	964,793
	=====	=====	=====	=====	=====	=====	=====
Net carrying amount							
At 31 December 2013	1,181,862	137,612	64,132	76,444	448,532	5,134,890	7,043,474
	=====	=====	=====	=====	=====	=====	=====
At 1 January 2012	1,284,012	331,666	196,987	108,823	625,866	1,548,914	4,096,268
Cost							
Reclassification	-	-	-	-	-	-	-
Additions	12,972	17,140	11,115	2,841	46,020	1,335,839	1,425,927
Disposals	-	-	-	-	(61,762)	-	(61,762)
Transfer	(25,910)	-	-	-	-	25,910	-
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2012	1,271,074	348,806	208,102	111,664	610,124	2,910,663	5,460,433
	=====	=====	=====	=====	=====	=====	=====
Accumulated depreciation							
At 1 January 2012	42,098	145,478	124,659	24,019	311,495	-	647,749
Reclassification	( )	-	-	-	-	-	-
Depreciation for the year	24,016	38,821	23,652	7,258	92,378	-	186,125
Disposals	-	-	-	-	(52,800)	-	(52,800)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2012	66,114	184,299	148,311	31,277	351,073	-	781,074
	=====	=====	=====	=====	=====	=====	=====
Net carrying amount							
At 31 December, 2012	1,204,961	164,506	59,791	80,387	259,051	2,910,663	4,679,359
	=====	=====	=====	=====	=====	=====	=====

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 December 2014. The infusion plant is financed by loans from Bank of Industry. The amount of borrowing cost capitalised during the year ended 31 December 2013 is N316.238 million. The rate used to determine the amount of borrowing cost was 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 2013 was N232.245million (31 December 2012: N187m) additions during the year include N572million (31 December 2012: N82million).

The assets of the company are pledged as security under all asset debenture used to obtained facilities.

#### 15. Investment Property

	2013 ₦'000	2012 ₦'000
Cost at beginning of year	48,301	48,301
Additions	-	-
Cost at end of year	48,301	48,301
Accumulated depreciation at beginning of year	(8,365)	(7,447)
Charge for the year	(918)	(918)
Carrying amount	39,019	39,936

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 2013 was N50,000,000 (2012: N50,000,000) based on valuation performed by Stephen Ologun & Associates Estate Surveyor and Valuer. The valuation was done in November 2012 and the basis of valuation was the open market. Under the open market method, fair value is estimated using a property of similar nature and in similar area.

	2013 ₦'000	2012 ₦'000
Rental income derived from investment properties	12,000	12,000
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	12,000	12,000

The company has no restrictions on the realisability of its investment property and no contractual obligations to either 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:

	2013 ₦'000	2012 ₦'000
Within one year	12,000	12,000
After one year but not more than five years	36,000	48,000
	<u>48,000</u>	<u>60,000</u>
	=====	=====

In the general terms & conditions in the leasing agreement monthly rental is N1 million and there are no escalation clauses. The lease is for a period of 5 years.

#### 16. Intangible assets

Product Licences		
	2013 ₦'000	2012 ₦'000
Cost at beginning of and end of year	26,691	26,691
Additions	2,905	-
	<u>29,596</u>	<u>26,691</u>
Cost at end of year	29,596	26,691
Amortisation at beginning of year	24,499	21,274
Charge for the year	1,852	3,225
	<u>26,351</u>	<u>24,499</u>
Amortisation at end of year	26,351	24,499
Carrying amount	<u>3,245</u>	<u>2,192</u>
	=====	=====

The product license are intangible assets with finite life and are amortised 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 years.

#### 17. Financial assets

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

	2013 ₦'000	2012 ₦'000
Available-for-sale financial assets (a)	102,480	1,260,965
Held to maturity (b)	31,904	27,986
	<u>134,384</u>	<u>1,288,951</u>
Total financial instruments	=====	=====

The following table compares the fair values of the financial instruments to their carrying amounts:

	2013 ₦'000	2012 ₦'000
a) Available-for-sale financial assets		
Quoted equity at fair value		
Zenith Bank Plc	5,480	3,898
<b>Total</b>	<b>5,480</b>	<b>3,898</b>
Unquoted Equity at cost		
Investment in Jubilee Life	97,000	97,000
Meristem Securities Nigeria Limited	-	231,109
Fidson Products Ltd.	-	928,958
	97,000	1,257,067
<b>Total available-for-sale financial assets</b>	<b>102,480</b>	<b>1,260,965</b>
Held to Maturity		
Investment in Cardinal Stone Partners	31,904	27,986

The fair value of the investment in Cardinal Stone Partners approximates the carrying amount. The investment is a fixed deposit with one year maturity at 14%.

#### 18. Investment in Associate

The Company increased its stake in the equity instrument of Fidson Product Limited during the year to 25% by investing additional amount to achieve significant influence over the company. Thus, the Company accounted for its interest in Fidson Product Limited using the equity method from the date it achieved significant influence. Fidson Product Limited. is involved in the sale of toiletries product in Nigeria. Summarised financial information of the associate, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below:

#### Reconciliation of investment in Associate.

	2013 ₦'000
Opening Balance	928,958
Additional investment	40,000
Share of profit of associate	7,463
	976,421
Cost of associate	(723,153)
Impairment loss	
<b>Carrying value of investment in Associate</b>	<b>253,268</b>

The Company performed its annual impairment test in December 2013. The Company considers the significant reduction in the net asset of investment in associate, among other factors when reviewing indicators of impairment. As at 31 December 2013, the Associate has suffered accumulated losses of N386, 927,000. This was due to the reversal of Government policy on the importation of diapers one of the major products of the associate which was previously prohibited by the Government, the ban was lifted and this impacted on the company revenue.

The recoverable amount of the investment in the associate, N253,268,000 as at 31 December 2013, has been determined based on a value in use calculation using cash flow projections from the eventual disposal of investment in the associate. The cash flow from the eventual disposal of the investment is estimated based on the agreement with prospective investors. The pre-tax discount rate applied to cash flow projections is 21%. As a result of this analysis, management has recognised an impairment charge of N723,153,000 against the carrying value of investment in associate as at 31 December 2013. The impairment charge is recorded within share of profit of associate in profit or loss.

Reconciliation of investment in Associate.

	2013 N'000
Revenue	414,411
Cost of sales	(171,368)
Admin expenses	(174,370)
Finance cost	(41,088)
Other Income	2,265
	-----
Profit for the year	29,850
	-----
Share of profit for the year	7,463
Impairment of associate	(723,153)
	-----
Loss from associate	715,690
	=====
Current asset	355,859
Non-current assets	2,141,246
Current liabilities	(1,482,432)
Non-current liabilities	(1,600)
	-----
	1,013,073
	-----
Proportion of the Company's ownership	25%
Carrying amount of investment	253,268
	=====

The Company has an agreement with its associate that the profit of the associate will not be distributed until it obtains the consent of the Directors. The Directors do not foresee giving such consent at the reporting date.

19. Inventories

	2013 N'000	2012 N'000
Raw materials	192,002	192,704
Work in progress	16,606	11,552
Finished goods	1,257,794	853,002
Goods in transit	30,930	32,772
	<u>1,497,332</u>	<u>1,090,030</u>
	=====	=====

The amount of inventory written off during the year is nil (2012:N32,812).


20. Trade and other receivables

	2013 N'000	2012 N'000
Receivables from related parties	725,165	713,810
Trade receivables (20a)	1,400,653	1,015,309
Other receivables	218,569	257,078
	<u>2,344,387</u>	<u>1,986,197</u>
	=====	=====

Other receivables relate to withholding tax, VAT 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.

20a.


  
As at 31 December 2013, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired				Past due but not impaired		
	Total	< 30 days	30-60 days	61-90 days	91-180 days	81 - 360 days	>360 days
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
2013	1,400,653	29,113	551,079	213,537	315,031	243,185	48,706
2012	1,015,309	362,719	255,324	72,605	189,648	79,580	55,433
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

20b. As at 31 December 2013, trade receivables of an initial value of N198, 057 (2012: N99, 542 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 2013	99,542	99,542
Charge for the year (9a)	279,736	279,736
Write off	(181,221)	(181,221)
At 31 December 2013	198,057	198,057
At 1 January 2012	256,017	256,017
Write back	(156,475)	(156,475)
At 31 December 2012	99,542	99,542
21. Prepayment	2013	2012
Advance to suppliers	790,952	1,450,839

This represents advances made to suppliers for the purchase of factory equipment

## 22. Cash and cash equivalents

Cash at hand	250	2
Bank balances	131,589	234,423
Short-term deposits (including demand and time deposits)	5,188	9,007
Total cash and cash equivalents	137,027	243,432

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.

23. Interest Bearing Loans and borrowings

23(a). Interest Bearing Loans and borrowings

i (Non-current portion)

	2013 ₦'000	2012 ₦'000
Access Bank (CBN Intervention Loan) (a)	184,251	214,035
Guaranty Trust Bank ('GTBank') (b)	108,756	-
First City Monument Bank ('FCMB') (c)	379,566	304,627
Bank of Industry ('BOI') (d)	735,506	1,016,102
	<u>1,408,079</u>	<u>1,534,764</u>

ii (current portion)

Access Bank (CBN Intervention Loan) (a)	97,423	113,922
Guaranty Trust Bank ('GTBank') (b)	112,672	-
First City Monument Bank ('FCMB') (c)	187,293	94,363
Bank of Industry ('BOI') (d)	411,417	97,858
	<u>808,805</u>	<u>306,143</u>

a. Access Bank loan is a ₦525million 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 deferred income 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 manufacturing association of Nigeria, also there is periodic visit by the bank officers.

b. GTBank loan is a ₦ 277million loan granted at 20% p.a. for 48 months to part-finance the acquisition of factory equipment. The loan was granted in April 2013

c. The FCMB loan is ₦400 million loan granted at 17% for 60 months to part-refinance the completion of Fidson Biotech factory at Otta, Ogun State. The loan was granted in Nov 2011 with a moratorium of 2 years. During the year an additional ₦200 million was granted at 19.5% for 24 months to enable the Company repay LC's due over the period

d. The BOI loan is a ₦1.337billion loan granted at 10% for 72 months for the establishment of an intravenous fluid and Small Volume Parentals (SVP) plant and the condition is that the company must be a member of the manufacturing association of Nigeria. A fair value of the loan was obtained using estimated market rate of 18%. The loan was granted in 2011 with a moratorium of 2 years. The difference between the loan rate and market rate accounted for a grant element of ₦299m. This was recognised as deferred income and will be recognised in profit or loss over the duration of the loan. Refer to note 34 on details of collateral.

23(b). Interest bearing loans & borrowings - (Current)

	₦'000	₦'000
Fair value		
Short-term borrowings	435,813	409,159
Current portion of interest bearing loan(23a ii)	808,805	306,143
	<u>1,244,618</u>	<u>715,302</u>

All borrowings in 23b above are current and are expected to be settled within 12 months of the reporting date. The loan is from GTBank & Access Bank. Interest rate is at 20%. Security is tripartite legal mortgage over the property.

All current interest bearing loans and borrowings are stated at amortised cost. The current 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.

24(a). Obligation under finance lease due after 1 year

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.

	2013		2012	
	Minimum Lease payments N'000	Present value of payments N'000	Minimum Lease payments N'000	Present value of payments N'000
Due within one year	315,944	283,669	148,116	97,537
Later than one year and not later than five years	575,289	371,036	296,232	103,793
Less amounts representing finance charges	(236,528)	-	(243,018)	-
	<u>654,705</u>	<u>654,705</u>	<u>201,330</u>	<u>201,330</u>

25. Retirement benefit obligations

The company has a defined benefit gratuity scheme, which is non-contributory and is classified as other employment benefits in line with IAS 19. The obligation, service cost and actuarial gain/(loss) are based on actuarial valuation performed by HR Nigeria Limited, in February 2014

Net benefit expense (recognised in administrative expenses)

	2013 N'000	2012 N'000
Current service cost	66,703	58,789
Interest cost on benefit obligation	66,673	54,409
Net benefit expense	<u>133,376</u>	<u>113,198</u>
Benefit asset/ (liability)		
Defined benefit obligation	582,830	516,009
Benefit liability	<u>582,830</u>	<u>516,009</u>

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

	N'000
Defined benefit obligation as at 1 January 2013	516,009
Interest cost	66,703
Current service cost	66,673
Benefits paid	(8,252)
Remeasurement -Actuarial (gain) on obligation	(58,303)
Defined benefit obligation as 31 December 2013	<u>582,830</u>

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

	£'000
Defined benefit obligation as at 1 January 2012	390,320
Interest cost	54,409
Current service cost	58,790
Benefits paid	(15,872)
Remeasurement -Actuarial (gain) on obligation	28,362
	-----
Defined benefit obligation as 31 December 2012	516,009
	=====

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

Financial Assumptions (Long Term Average)	2013	2012
	%	%
Discount Rate (p.a)n	14	13
Average Pay Increase (p.a)	11	11
Average Rate of Inflation (p.a)	9	10

#### Demographic Assumptions

##### Mortality in Service

(Sample Ages)	Number of deaths in the year out of 10,000 lives	
25	7	11
30	7	12
35	9	13
40	14	19
45	26	33
Withdrawal from Service (Age Band)		
	%	Rate
	%	%
Less than or equal to 30	2.5	2.0
31-39	1.5	1.5
40-44	1.0	1.0
45-60	0.0	0.0

The discount rate is determined on the company's balance sheet 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 2013.

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.

26. Deferred income

	2013 K'000	2012 K'000
At 1 January	298,083	299,594
Received	-	47,122
Recognised in profit or loss (note 7)	(43,253)	(48,633)
At 31 December	254,830	298,083

The deferred income represents the grant elements of CBN and BOI loans, after the loans were re-measured using the effective interest rate. The government grants have been recognised as deferred income in the statement of financial position that is recognised in the profit or loss on a systematic basis over the tenure of the loan with government grant embedded in it.

27. Deferred tax liability

	2013 K'000	2012 K'000
Statement of Financial Position		
At the beginning of the year	221,165	214,369
Amounts recorded in profit or loss	70,954	14,866
Amounts recorded in other comprehensive income	17,966	(8,070)
Deferred tax liability	310,085	221,165
Deferred tax recognised in other Comprehensive Income		
Fair value gain on available for sale	475	438
Actuarial gain/(loss) on defined benefit plan	17,491	(8,508)
Total deferred tax recognised in Other Comprehensive	17,966	(8,070)

Deferred tax relates to the following:

Statement of financial position:		
Accelerated depreciation for tax purposes	322,503	251,549
Fair value gain on available for sale	(15,802)	(16,277)
Actuarial loss on defined benefit plan	3,384	(14,107)
Net deferred tax liabilities	310,085	221,165

28. Trade and other payables

Trade payables	1,415,285	704,044
Accrued expenses	187,221	423,696
Pension	-	887
Other payable	90,079	67,418
	1,692,585	1,196,045

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months. This includes withholding tax and staff taxes deducted yet to be remitted.

29. Other current financial liabilities

	2013 #'000	2012 #'000
Commercial paper	65,000 =====	65,000 =====

The N65 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 and interest rate of 17%

The fair value of the commercial paper is as stated.

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.

30. Dividend

Dividends paid and proposed

	2013 #'000	2012 #'000
Declared		
Paid during the year:	180,000 (180,000) -----	150,000 (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:		
Final dividend for 2013: -10k per share (2012: 12K per share)	150,000 -----	180,000 -----

31. 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 =====
------------------	------------------

Share premium

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

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

Retained earnings

1,521,257 =====	1,505,465 =====
--------------------	--------------------

### 32. Cash and cash equivalents in Statement of Cash flows

	2013 ₦'000	2012 ₦'000
Cash and cash equivalents (note 22)	137,027	243,432
Bank overdraft	(608,464)	(497,283)
	<u>(471,437)</u>	<u>(253,851)</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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 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 and FCMB. The interest on the overdraft ranges from 18 21%.

### 33. Available for sale reserve

The reserve records fair value changes in available for sale investment.

### 34. Guarantees and other financial commitments

#### Capital expenditure

The company has proposed N1.019 billion for capital expenditure for 2014 financial year as follows:

Contracted for: ₦972 million

Not contracted for: ₦47 million

#### 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.

#### 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 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 amount of the assets are ₦6.3 billion as 31 December 2013.

### 35. Contingent liabilities

The company had no contingent liabilities as at 31 December 2013 (31 December 2012 - Nil)

### 36. RELATED PARTY TRANSACTIONS

Note 18 above provides the information about the details of the associate of the Company. The following table provides the total amount of transactions that have been entered into with related parties for during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
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Related party	Nature of transaction	Balance receivable (payable) 31 Dec 2013 ₦'000	Balance receivable (payable) 31 Dec 2012 ₦'000
	Advance to Fidson Product for payment to creditors		
Fidson Product Ltd.		713,810	645,810
At the beginning of the year		11,355	67,999
Additions		----- 725,165 =====	----- 713,810 =====

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

Compensation of Key Management Personnel

	2013 ₦'000	2012 ₦'000
Short-term employee benefits	87,394	80,993
Post-employment benefits	8,252	7,507
Termination Benefits	-	-
Share-based payment transactions	-	-
	-----	-----
Total compensation paid to key management personnel	95,646 =====	88,500 =====

37. SEGMENT INFORMATION

For management purposes, the performance of the business is assessed along product classes. Two of the product groups 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 per cent or more of an entity's revenues. Revenue for over the counter product accounts for about 65% of total revenue, while Ethical product accounts for 35%. Revenue from Lagos region accounts for over 50% 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:

	31 Dec 2013 ₦'000	31 Dec 2012 ₦'000
Revenue:		
Over The Counter	6,022,089	4,924,472
Ethical	3,212,967	2,232,467
Rental Income	12,000	12,000
	-----	-----
Total Revenue	9,247,056	7,168,939
Cost of Sales		
OTC	2,710,168	2,217,685
Ethical	1,422,955	877,261
	-----	-----
Total cost of sales	4,133,123 =====	3,094,946 =====

### 38. Financial instrument's 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.

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 bank balances, bank overdraft, finance lease obligation, cash and bank balances, Bank overdraft 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 transaction 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 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 has 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 ₦5,480,000 (2012 ₦3,898,000). A decrease of 10% on the Nigerian Stock Exchange could have an impact of approximately ₦ 548,000 (2012 ₦389,000) 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 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 20a 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 2013 is the carrying amounts as shown in Note 20a. Refer to note 32 for the maximum risk of Banks and financial institutions.

### 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.

### 38a. 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.

As at 31 December 2013

	Contractual undiscounted cash flows N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	Carrying value N'000
Held to maturity	31,904	-	-	31,904	31,904
Trade receivables	1,400,653	-	793,729	606,924	2,344,387
Cash and Bank	137,027	137,027	-	-	137,027
	<u>1,565,666</u>	<u>137,027</u>	<u>793,729</u>	<u>606,924</u>	<u>2,615,798</u>
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013 continued



As at 31 December 2013

	Contractual undiscounted cash flows ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1-5years ₦'000	Less than 5 years ₦'000	Carrying value ₦'000
Interest bearing							
loans & borrowing	2,384,552	-	-	808,805	1,408,079	-	2,216,884
Trade Payables	1,415,285	-	818,985	596,300	-	-	1,692,585
Bank overdraft	608,464	608,464	-	-	-	-	608,464
Other financial liabilities	65,000	-	65,000	-	-	-	65,000
Short term borrowing	1,244,619	-	-	1,244,619	-	-	435,814
Finance lease	891,233	-	-	315,944	575,289	-	891,233
	<u>5,800,346</u>	<u>608,464</u>	<u>883,984</u>	<u>1,823,309</u>	<u>2,484,591</u>	<u>-</u>	<u>5,673,452</u>
GAP Analysis	<u>(4,234,682)</u>	<u>(471,437)</u>	<u>(90,255)</u>	<u>(1,216,385)</u>	<u>(2,456,605)</u>	<u>-</u>	<u>(3,057,654)</u>

As at 31 December 2012

Held to maturity	27,986	-	-	-	27,986	-	27,986
Trade and other receivables	1,015,309	-	690,646	324,661	-	-	1,015,309
Cash and Bank	243,432	243,432	-	-	-	-	243,432
	<u>1,286,727</u>	<u>243,432</u>	<u>690,648</u>	<u>324,661</u>	<u>27,986</u>	<u>-</u>	<u>1,286,727</u>
Interest bearing							
loans & borrowing	1,534,764	-	-	306,143	1,534,764	-	1,534,764
Trade payables	704,044	-	67,418	636,626	-	-	704,044
Bank overdraft	497,283	497,283	-	-	-	-	497,283
Other financial liabilities	65,000	-	65,000	-	-	-	65,000
Short term borrowing	715,302	-	-	715,302	-	-	715,302
Finance lease	444,348	-	-	148,116	296,232	-	444,348
	<u>4,831,590</u>	<u>497,283</u>	<u>132,418</u>	<u>1,708,876</u>	<u>2,493,013</u>	<u>-</u>	<u>3,960,741</u>
GAP Analysis	<u>(3,544,863)</u>	<u>(253,851)</u>	<u>558,230</u>	<u>(1,384,215)</u>	<u>(2,465,027)</u>	<u>-</u>	<u>(2,674,014)</u>

38b. 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 2013 K'000	31 December 2012 K'000	31 December 2013 K'000	31 December 2012 K'000
<b>Financial assets</b>				
Held to maturity	31,904	27,986	31,904	27,986
Trade and other receivables	1,400,653	1,015,305	1,400,653	1,015,305
Cash and bank	137,027	243,432	137,027	243,432
<b>Total</b>	<b>2,521,414</b>	<b>2,229,629</b>	<b>2,521,414</b>	<b>2,229,629</b>
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings	1,408,079	1,534,764	1,411,872	1,539,103
Short-term borrowing	1,244,618	715,302	1,247,362	716,167
Bank Overdraft	608,464	497,283	608,464	497,283
Finance Lease	891,233	444,348	654,705	201,330
Trade and other payables	1,692,585	1,196,046	1,692,585	1,196,046
<b>Total</b>	<b>5,844,979</b>	<b>4,387,743</b>	<b>5,614,988</b>	<b>4,149,929</b>

38c. Determination of fair value and fair value hierarchy

As at 31 December 2013, 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 financial non financial assets by valuation technique:

Level 1: quoted 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.

Assets measured at fair value	Level 1 K'000	Level 2 K'000	Level 3 K'000
Available-for-sale financial assets:			
Quoted equity -31 December 2013	5,480	-	-
-31 December 2012	3,898	-	-
Assets for which fair values have been disclosed:			
Investment property – 31 December 2013	-	-	50,000
-31 December 2012	-	-	50,000
Interest bearing loans and borrowings			
31 December 2013		2,223,420	
31 December 2012		2,315,066	

Unquoted available for sale equity investments are recorded at cost since their fair value cannot be measured reliably. The fair value of these investments cannot be measured reliably because the variability in the range of reasonable fair value estimates is significant for the investments and the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value. The carrying value of these financial investments in 2013 is ₦97million. There is no market for these investments and the Company intends to hold them for a long term. The Company does not have intention to dispose of the investments in the near term.

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.

### 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 2013 and year ended 31 December 2012

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 18% and 35%. The Company includes within net debt interest bearing loans and borrowings, trade and other payables, and cash and short-term deposits.

	2013 ₦'000	2012 ₦'000
Interest bearing loans and borrowings	1,408,079	1,534,764
Trade and other payables	1,692,585	1,196,045
Short-term borrowing	1,244,618	715,302
Overdraft	608,464	497,283
	-----	-----
Less: Cash and bank balances	(137,027)	(243,432)
	-----	-----
Net debt	4,816,719	3,699,962
	-----	-----
Capital - Equity	5,245,335	5,228,436
	-----	-----
Capital and net debt	10,062,054	8,928,398
	=====	=====
Gearing ratio	52%	59%

### 39. 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:

Basic	2013 ₦'000	2012 ₦'000
Net profit attributable to ordinary shareholders	154,980	206,889
Weighted average number of ordinary shares	1,500,000,000	1,500,000,000
	-----	-----
Basic earnings per ordinary share	0.10k	0.14k
	=====	=====

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

### 40. Events after the reporting period

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

## VALUE ADDED STATEMENT

	2013 N'000		2012 N'000	
Turnover	9,247,056		7,168,939	
Other operating income	41,690		54,825	
Finance income	4,963		3,171	
Bought in goods and services				
- Imported	(5,160,648)		(3,501,297)	
- Local	(2,580,324)		(2,056,317)	
Value added/consumed	1,552,737	100	1,669,321	100
	=====	===	=====	===
Applied as follows:				
To employees:		%		%
Salaries and other benefits	682,389	43	622,343	37
To Government:				
Income tax	23,657	2	318,325	19
To pay providers of capital:				
Bank interest	407,697	26	317,548	19
To provide for replacement of assets and expansion of business:				
- Depreciation and amortization	213,060	14	189,350	11
- Deferred taxation	70,954	5	14,866	1
- Retain profit	154,980	10	206,889	12
	1,552,737	100	1,669,321	100
	=====	===	=====	===

# FIVE-YEAR FINANCIAL SUMMARY



	I F R S				LOCAL GAAP
	2013 ₦'000	2012 ₦'000	2011 ₦'000	2010 ₦'000	2009 ₦'000
Non-current assets					
Property, plant and equipment	7,043,474	4,679,359	3,447,601	2,207,534	1,903,839
Investment property	39,019	39,936	40,854	41,911	-
Intangible assets	3,245	2,192	5,417	12,609	-
Leased assets	-	-	-	-	110,648
Held to maturity	31,904	27,986	25,484	24,654	-
- Available for sale	102,480	1,260,965	2,058,746	2,789,278	-
Investments	-	-	-	-	2,584,086
Investment in associate	253,268	-	-	-	-
Net current assets	698,808	2,197,955	2,039,311	592,292	668,751
	8,172,195	8,208,393	7,617,413	5,668,278	5,267,324
Creditors due after one year	-	-	-	-	(33,866)
Interest bearing loans and borrowings - Long-term	(1,408,079)	(1,840,907)	(1,436,480)	-	-
Obligation under finance lease due after one year	(371,036)	(103,793)	(86,273)	-(15,038)	-
Staff retirement benefits	(582,830)	(516,009)	(390,320)	(209,608)	(4,425)
Deferred revenue	(254,830)	(298,083)	(299,594)	-	-
Deferred taxation	(310,085)	(221,165)	(214,369)	(124,247)	(134,012)
	5,245,335	5,228,436	5,190,377	5,319,386	5,095,021
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
Revaluation reserve	-	-	-	-	26,279
Retained earnings	1,521,257	1,505,465	1,468,429	1,596,777	1,345,699
Available for sale reserve	1,035	(72)	(1,095)	(434)	-
	5,245,335	5,228,436	5,190,377	5,319,386	5,095,021
Turnover	9,247,056	7,168,939	7,127,853	5,100,523	5,019,778
Profit before taxation	249,591	540,080	214,264	642,183	623,036
Profit after taxation	94,611	206,889	55,590	465,893	429,073
Dividend	-	180,000	150,000	150,000	330,000
Per Share Data					
Earnings per share (kobo)	10	14	31	29	-
Dividend per share (kobo)	-	-	10	10	22
Net assets per share (kobo)	350	349	346	349	340

The nature of the adjustment in the local GAAP for 2009 year end that would make these figure comply with IFRS are;  
1. Under the local GAAP, the company classified its investment in equity as long-term investment carried at cost. On transaction to IFRS, these investments were classified as available for sales.

2. Under the local GAAP, the product licence fees were expensed in the year they were incurred. On transaction to IFRS, the license fees were capitalized and amortised over their useful lives.

3. Under the local GAAP, investment property was part of PPE. On transaction investment property was separated in line with IAS 40.

DETACH FROM HERE

DETACH FROM HERE

## PROXY FORM



### PROXY FORM

15th Annual General Meeting of Fidson Healthcare Plc holding at the Mbanefo Hall, Golden Tulip Hotel, Amuwo Odofin, Mile 2, Lagos, Nigeria on Thursday, 17th July, 2014 at 12.00noon.

I/We .....

Of.....

.....

Hereby appoints

Mr/Mrs/Chief.....

of..... Or

failing him/her, Mr. F.O.A. Ohiwerei or failing him Mr. F A Ayebae to act as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the company to be held on the 17th July, 2014.

.....  
Signature

.....  
Date

#### Note

A member of the company entitled to attend and vote at the Annual General meeting is entitled to appoint a proxy to attend, speak and vote instead of that member. A proxy need not be a member of the company. Registered holders of the certificated Fidson Healthcare Plc's shares and holders of dematerialized Fidson Healthcare Plc's shares in their own name who are unable to attend the meeting and who wish to be represented at the meeting must complete and return the attached form of proxy so as to be received by the Registrars, Meristem Registrars, 213, Herbert Macaulay Way, Ebute-Meta, Lagos not later than 48 hours before the date of the meeting.

.....

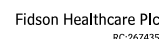
Resolution	For	Against
1. To declare a dividend.		
2. To re-elect Mr. F.O.A Ohiwerei who is aged over 70 years and other directors who are due for re-election		
3. To authorise the Directors to fix remunerations of the Auditors.		
4. To elect members of the Audit Committee.		
5. To fix the remunerations of the Directors.		

**Before posting the above card, please tear off this portion and retain it**

**Serial Number:**.....**Number of shares held:**.....

.

The Registrars  
Meristem Registrars Limited  
213, Hebert Macaulay Way  
Adekunle, Yaba  
Lagos.



**It is our pleasure to inform you that you can henceforth, collect your dividend through DIRECT CREDIT into your Bank Account. Consequently, we hereby request you to provide the following information to enable us to direct payment of your dividend (when declared) into your bank account.**

(1)	<b>FIDSON SHARES</b>	
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Bank Sort Code								

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

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When completed on behalf of corporate body, each signatory should state the representative capacity e.g. Company Secretary, Director, etc.

AUTHORISED SIGNATURE AND STAMP OF BANKERS

69

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