

**PHARMA  
DEKO Plc**

**2009** Annual Reports & Accounts

2009

*...Providing healthy solutions*



P.O. BOX 6198



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**Company Registration No RC. 6711  
Directors, Professional Advisers, etc.****Directors:**

Mr F. R. A. Williams (Jnr.)	- Chairman
Mr Abibu Adekunle	- Managing Directors
Mr C. C. Chikeluba	
Mr K. A. Lawson	
Mr S. U. Osai	
Chief J. O. Anyigbo	
Mr G. A. Alegieuno	
Alhaji Bala Zakariya'u	
Ms. O. I. Omisore	
Mr Emmanuel Akparanta	

**Secretary:**

Unity Trustees Limited

**Registered Office:**

Plot C15/3 Agbara Industrial Estate  
Agbara, Ogun State.  
P. Box 1479, Apapa, Lagos.  
01-8754538

**Auditors:**

(Chartered Accountants) Akintola Williams Deloitte.

**Legal Advisers:**

Chief Rotimi Williams' Chambers,  
1, Shagamu Avenue, Ilupeju, Lagos.

**Registrars & Transfer Office:**

PHB Capital & Trust Limited  
A subsidiary of Bank PHB  
163/165 Broad Street,  
1st Floor  
(Opp. Elephant House),  
Old Niger House,  
Lagos.  
Tel: 01 - 4705444, 7360106

**Principal Bankers:**

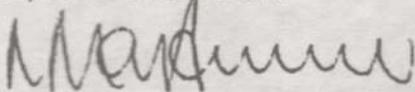
Diamond Bank Plc.  
Ecobank Plc.  
First Bank of Nigeria Plc.  
GT Bank (Guaranty Trust Bank Plc.)  
Bank PHB Plc.  
Union Bank of Nigeria Plc.  
United Bank for Africa Plc.(UBA)  
Zenith Bank Plc.  
Oceanic Bank International Plc

## Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE 40th Annual General Meeting of the Company will be held at Sheraton Hotels & Towers, Mobolaji Bank Anthony Way, Ikeja, Lagos. On Monday, 17th December, 2010 1.00 pm for the following purposes:

1. to receive the audited report and financial Statement for the year ended 31st December 2009 together with the Directors', Auditors' and Audit Committee reports thereon.
2. To re-elect Directors.
3. To approve the remuneration of the Directors.
4. To appoint the Auditors to the company.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. To elect/re-elect members of the Audit Committee.

By Order of the Board



UNITY TRUSTEES LIMITED  
COMPANY SECRETARY  
PALMGROVE HOUSE  
1, SHAGAMU AVENUE, ILUPEJU - LAGOS.

## NOTES

Dated this 24th day of November 2010

### 1. PROXY

Every member of the company entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of him. All instrument of proxy should be deposited at the registered office of the company Plot C15/3, Agbara Industrial Estate, Agbara, Ogun State not later than 48 hours before the meeting.

### 2. AUDIT COMMITTEE

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

## Financial Highlights

	2009 N'000	2008 N,000
Turnover	501,930	1,105,570
(Loss)/Profit	(460,455)	(194,826)
Taxation	(1,042)	(3,146)
(Loss)/Profit after taxation	(461,497)	(197,972)
Issued Share Capital	49,759	49,759
Shareholders' Funds	(646,407)	(184,910)
<hr/>		
Per Share Data		
based on 94,960,000 (2007: 94,959,364) Ordinary Shares on 50k each.		
(Loss)/earning per Share - Kobo	(486)	(208)
Net assets per Share - Kobo	(681)	(195)
<hr/>		
Number of Employees	120	139
<hr/>		

## Chairman's Statement



Distinguished Shareholders, members of the Board of Directors, representatives of the Regulatory authorities, members of the Press, invited guests, ladies and Gentlemen. May I welcome you all to the 40<sup>th</sup> Annual General Meeting of Pharma-Deko Plc and to present to you the Annual Report and Financial Statements for the year ended 31 December 2009.

### OPERATING ENVIRONMENT

**This year we witness four decades of our company's existence.**

The year 2009 was very turbulent. Arising directly from the global economic recession, Nigeria witnessed, persistent energy crisis, weakening currency deteriorating infrastructure and steep increases in the cost of production, distribution of goods and services.

These developments impacted adversely on our businesses, recording significant increases in manufacturing costs. Despite Government's efforts, to increase power generation and supply only an average of 3500MW was achieved as against a target of 6000MW. Without significant improvement in the poor state of infrastructure capacity utilization in the manufacturing sector continued to be low. The Nigerian capital market experienced huge stock price fall in 2009 with the Share Index dropping by over 33%. There was considerable loss of Investor confidence and liquidity crisis in the economy. The Impact of these developments in the financial sector affected the ability of businesses to access credit to support their operations thus having adverse effects on your company's Pharma, Consumer & Contract businesses.

### HEALTHCARE SECTOR

While the Healthcare sector continues to grapple with the provision of basic healthcare infrastructure, drugs and access to primary medical care. Consumers are demanding better quality, better value and improved performance. Pharma-Deko Plc continues to partner with Government agencies, through NAFDAC and Pharmaceutical Society of Nigeria (PSN) in the fight against, fake drugs and parallel imports. During the year under review, several collaborative activities including workshops, seminars and meetings were held aimed at developing technical competence in identifying and combating fake drugs.

### COMPANY REVIEW

Distinguished Shareholders, the last five years for the company have been difficult. 2009 was particularly difficult as we were unable to access much needed working capital.

It was also temporarily difficult to raise money from the stock market. Within this period we commenced a companywide restructuring process aimed at repositioning the company for growth. This was focused primarily on increasing efficiency and effectiveness of processes. These restructuring efforts were being made in the face of working capital challenges to reposition the company for the years ahead. Some of these repositioning processes embarked upon though not visible to the shareholders are internal improvements and controls to position the company towards achieving its goals and better results. These include:

## Chairman's Statement Con'td

### 1. Quality Assurance:

In recognition of consistency, reliability as critical to our product quality, and to meeting global regulatory requirements and company standards, we have embarked on an in-house **Total Quality Management Programme**. This was aimed at holding all of our operations systems wholly to the same standards for production and distribution of our products.

In recognition of our dedication to product quality The Standard Organization of Nigeria (SON) during the year awarded NIS Quality Certificate for our SANS CREAM SODA.

### 2. Internal Audit Functions:

The high level of bad debts led management to the review and overhaul of one of the drawbacks noticed in the previous years' internal processes within the organization. The internal control systems have been strengthened to and ensure adherence to standard operating procedure, especially in monitoring resources outflow and inflow within the organization.

### 3. Manpower Improvements:

We have during the course of the year addressed manpower developments by ensuring that staff excel in their area of specialization. We have pursued an aggressive training, retraining and recruitment policy to search and recruit the brightest/ best for the organization. In pursuit of this goal, a professional consultant was engaged during the year to professionalize **Pharma-Deko Plc Commercial team and Sales team**, while a new National Sales Manager was also recruited.

### 4. Improvement in Infrastructure:

The focus during the year was for improved performance, production and sustainable development of our facilities, both in the Pharmaceutical, Contract, Consumer division and the factory to address the high material wastage levels hitherto accompanying our operations. The existing canning line is being upgraded with procurement and installation of new spare parts. New utilities were acquired, while reputable service providers have been engaged to handle our facilities.

In the Pharmaceutical division, efforts are ongoing to improve and modernize our liquid filling lines to strengthen production capacity of our liquid products such as Parkalin Dry Cough and other Parkalin Ranges, Vitacee Drop and Syrup, Revitone Tonic and Brett Ranges.

The Information Technology of the entire organization is now being upgraded to enhance our reporting process for continual improvement in business performance. The ongoing IT upgrading when fully deployed will facilitate shareholders receiving quarterly reports of the company's performance.

## Chairman's Statement Con'td

### 5. Resumption of Canning of Own Product (SANS CREAM SODA)

Steps were taken during the course of the year to ensure we resume canning of our own products and I am happy to inform you that these steps have borne fruition as we have recommenced canning of SANS CREAM SODA now in 33cl Cans. It is now on sale after many years of its hiatus from the market.

The potential growth of this initiative is boosted further by the recent opening of an aluminum can manufacturing factory situated in Agbara Industrial Estate, Agbara, within our reach and convenience to foster a mutually beneficial business relationship. The aluminum cans hitherto imported from Europe and America is now available to us locally and cheaper.

### 6. Corporate Governance

The corporate governance compliance of the company has been enhanced to ensure accountability and actively utilizing several of the board committees including Committees on Recruitment, Audit Committee, and the Finance and General Purpose committee for the benefit of the company. We are confident, that by these reforms, initiatives, such as the strengthening of our sales team and equipping them with necessary tools to enhance service delivery and with successful implementation, Pharma-Deko Plc will excel, become stronger and more competitive having survived the past few years where several manufacturing industries could not.

### OPERATING RESULTS

The debilitating factors mentioned earlier, most especially non availability of working capital coupled with difficult business environment that characterize 2009 is reflected in the reduced turnover. There was, a significant reduction in trade debtors, which was a reflection of the "CASH AND CARRY" policy adopted by your company. This has led to a significant 84% reduction from the 2008 levels. The company policy of purchasing directly from the manufacturers at competitive price resulted in a reduction in the cost of raw and packaging materials from 27.2% in 2008 to 14.7% in 2009.

### FUTURE OUTLOOK

The ongoing restructuring process combined with several factors including; increased manufacturing activities, the proposed Central Bank of Nigeria/Bank of Industry (CBN/BOI) intervention fund for industries, improvement in global economic meltdown, stock market and potential increased earnings from crude oil and the subsequent increased spending by governments are expected to impact positively on the economy. This will in turn impact positively on businesses as there will be increased liquidity and encouragement for Banks to resume lending which will affect consumers in general and Pharma-Deko Plc. It is worth to note that in the year under review 50% of our turnover was used to service our current debts.

The positive impact of the restructuring process, etc may be not be immediately evident in 2010. However, and the improved production activities in both the Consumer and the Pharmaceutical business units coupled with improved financial reporting system, we anticipate a threefold growth in 2011, and the eventual return of the company to profitability.

We will consolidate the positive impact of the ongoing restructuring process by holding the 2010 AGM in the 3rd quarter 2011

## Chairman's Statement Con'td

### DIVIDEND

Based on the losses in the 2009 financial year, The Board of Directors is not recommending a dividend for this year.

### CONCLUSION

As part of our plans to be the leader in providing healthy solutions, we intend to concentrate on improving the quality and market acceptability of our existing products and new products which will have positive impact on shareholder investments.

I want to sincerely thank all our numerous customers, suppliers, distributors and you our esteemed shareholders for your patience and support as we jointly bring our company back to glory again.

I look forward to seeing you at the 2010 Annual General Meeting next year.

Thank you

*F.R.A. Williams*  
F.R.A Williams Esq.



## Company Profile

PHARMA DEKO PLC, started in Nigeria in 1962 as Parke-Davis & Company (US) operating a non-trading branch in Nigeria to promote its world-wide range of quality pharmaceutical products. In December 1969, the company was incorporated under Nigerian law as Parke-Davis and company (Nig) Limited, a private company. Prior to this, the importation and distribution of the company products was done by appointed agents. The new company took over all these functions upon incorporation. Then, in 1974, with the promulgation of the Nigerian Enterprises Promotion Decree (1972), 40% of the shares of the company were sold to Nigerian citizens and associations. The company operated under the name, Parke-Davis and Company (Nigeria) Limited until February 28, 1980, when the name was changed to Pharma Deko Limited. Sequel to its conversion from a private to a public company limited by shares, the company is now known as Pharma Deko Plc. Pharma Deko Plc is the first Pharmaceutical Company in Nigeria to be ISO certified (International Organization for Standardization) and to produce Vitacee Drops and Carbonated Drinks.

Our consistent level of quality and dedication to healthcare makes us one of the country's leading producers of pharmaceutical and consumer health care products. Our popular brands include but are not limited to Pharmadec (Syrup and drops), Vitacee, Parkalin cough range, Anuproct, Salins, Revitone Blood Tonic and Antasil. Others are Sans Cream Soda, Dextra Energy Drink/Blackcurrent, Bien flavoured range of drinks. MS Cola and Brett mouthwash and many other products that are coming from our innovative research & development laboratory. These products are distributed nation-wide through a network of Medical and Consumer Sales Representatives.

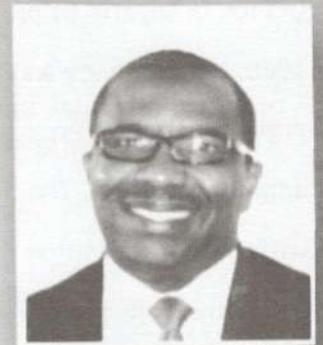
## Board of Directors



Mr G. A. Alegieuno



Mr F. R. A. Williams (Jnr.)  
- Chairman



Mr C. C. Chikeluba



Mr S. U. Osai



Mr Abibu Adekunle  
Managing



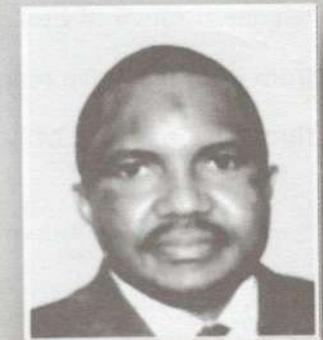
Mr K. A. Lawson



Chief J. O. Anyigbo



Ms. O. I. Omisore



Alhaji Bala Zakariya'u



Mr Emmanuel Akparanta

## Directors profile

Our Directors are well trained and seasoned professionals with vast experience in administration and business

### MR. F. R.A. WILLIAMS (JNR)

Folarin Williams is a seasoned lawyer. He is the Chairman of the Board of Directors. He holds a degree in Chemical Engineering and a second degree in Law. His investments span the pharmaceutical, computer, packaging, mail delivery and oil field services companies

### MR. C. C. CHIKELUBA

Mr. Chikeluba is a businessman, a philanthropist with business interest in Nigeria and across Europe, Asia and America. He can best be described as a Lawyer by profession, a banker with investments of intensive interests in manufacturing industry, banking, real estates, Oil & gas.

He is a director of many companies, Associated Airlines, N.S.L., G.M.O. & Co. Ltd. Petrogas Limited and G.O.F.M. Shoe industries Limited among others.

### MR. G. A. ALEGIEUNO

Mr. Alegieuno joined the Board of Directors as a non-executive Director in 1994. A fellow of the Chartered Association of Certified Accountants and Institute of Chartered Accountants of Nigeria, and also a Chartered insurer, he has vast experience in commerce, industry and insurance. He retired as the Managing Director of Lion of Africa Insurance Company Limited.

### MR. KOLAPO LAWSON

Mr. Kolapo Lawson joined the Board of Directors in 1993. He graduated with a B.sc (Hons) in Economics from the University of London. He is fellow of the institute of Chartered Accountants (England & Wales) and Nigeria. He is the President of Lawson Corporation and Chairman Agbara Estate Limited. He holds Board appointment in many other companies.

### CHIEF J. O. ANYIGBO

Chief Anyigbo joined the Board of Directors in 2006. He has over 30 years extensive experience in all sector of the Oil and Gas industry. He retired in 2002 from Chevron Nigeria Limited as Executive Director. Chief Anyigbo is a fellow of Nigeria Society of Engineers, a member of the Board of Trustees of Nigeria Society of Chemical Engineers, a recipient of National Productivity.

## Directors profile Cont'd

### ALHAJI B.A. ZAKARIYA'U

Alhaji Bala Zakariya'u is a Fellow of the Chartered Insurance of Nigeria and Nigeria Institute of Management, he is also a Fellow, National Institute of Marketing of Nigeria. He was a one time president elected, Lagos Business School (AMP4) and member of Governing Council (LBSAA), Alumni Association (1999 - to date). He also served as the president, Chartered Insurance Institute of Nigeria between 2003 to 2004. Alhaji Bala Zakariya'u holds appointment in several companies amongst which is Niger Insurance Plc where he is presently the Chairman Board of Directors.

### MR. S. U. OSAI

Steve Osai is a Chartered Accountant and immediate past Managing Director of Pharma-Deko Plc. He is a graduate of Business Administration from University of Lagos. He joined the company from Coopers and Lybrand as a Financial Accountant. He was appointed to the Board in 1984 and was at various times responsible for the financial, administrative, personnel and marketing functions of the company.

### MR. ADEKUNLE ABIBU

Mr. Adekunle Abibu started with Pharma Deko Plc on 4th August 2008. He was the Managing Director of Nestle Guinea for four years, which included operations in Sierra Leone, Liberia and Guinea Bisau. He spent over sixteen years with Nestle Group and has experience in Industrial Engineering, Project management, International Supply Chain, and Commercial Management amongst others.

### MS NIKE OMISORE

Ms. Omisore is a 1982 graduate of Obafemi Awolowo University (Formerly University of Ife) and is currently an executive Director. Her career has afforded her experience in Production, Quality Assurance, Sales and Marketing. She is currently in charge of the Pharmaceutical Business Division.

### MR EMMANUEL AKPARANTA

Emmanuel Akparanta is the Executive Director (Consumer Division) responsible for the Sales/Marketing aspect of our Consumer business. He is a 1986 pharmacy graduate of the University of Lagos. He has sales experience of over 15 years which has enriched his knowledge of the Nigerian business environment, he is a member of the Pharmaceutical society of Nigeria.

## Report of Directors

The Directors submit their report together with the audited financial statements of the company for the year ended 31 December 2009.

### 1. RESULT

	N'000
Loss for the year after taxation was	(461, 497)
Proposed dividend	-
Loss transferred to revenue reserve	(461,497)

### 2. LEGAL FORM

Pharma Deko Plc (formerly Parke Davis & Company (Nigeria) Limited) was incorporated in Nigeria as a private limited liability company on 18<sup>th</sup> December 1969 and was converted to a public limited company in 1960. Its shares are currently traded on the Nigerian Stock Exchange.

### 3. PRINCIPAL ACTIVITIES

The company is principally engaged in the manufacturing and marketing of pharmaceutical and consumer products.

### 4. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2009.

This responsibly includes:

Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In doing so, they ensure that:

- Proper accounting records are maintained;
- Internal control procedures are instituted which, as fair as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- Applicable accounting standard are followed;
- Suitable accounting policies are adopted and consistently applied; and
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business

## Report of Directors Cont'd

5. The interest of the Directors in the issued share capital as recorded in the register of members and/or as notified by them for the purposes of Section 276 of the Companies and Allied Matters Act 3009 at 31 December 2009 is as follows:

	<b>Directors' direct and indirect holdings:</b>	
	Number of Ordinary Shares of 50k Held as at 31 December, 2009	31 December 2008
	Direct Holding	Indirect Holding
Mr. F.R.A. Williams (Jnr.)	1,927,057	20,957,200
Mr. Chikeluba, C.C.	500,000	-
Mr. K.A. Lawson	300,000	2,587,301
Mr. S.U. Osai	4,908,531	-
(Through Plural Investment Ltd)		
Mr. G.A. Alegieuno	200,000	-
Alhaji Bala Zakariya'u	-	
(Through Niger Insurance Plc)		4,040,201
Mr. Anyigbo Josphat Olisamezie	1,000,000	
Ms. Omisore, I.O.	346,914	
Mr. Akparanta Emmanuel	<u>201,000</u>	<u>                    </u>

**6. SUBSTANTIAL SHAREHOLDERS**

As at 31 December 2007, the substantial shareholders were:

(iii) Details of any shareholders holding 5% or more of the equity capital:-

UNITED INVESTMENT LTD	-	20,957,200	-	20.96%
SHORELINE POWER COMPANY LIMITED	-	9,442,520	-	9.44%
INTERCONTINENTAL BANK/FALCON SEC. LTD TRADING	-	6,633,558	-	6.53%

No other shareholder held more than 5% of share capital

## Report of Directors Cont'd

### 7. DONATIONS AND CHARITABLE GIFTS

No donations and or charitable gifts were made during the year.

### 8. RESEARCH AND DEVELOPMENT

A well co-ordinated programme of product research and development is continually carried out to ensure that our products meet our customers' expectations and that new products are developed. Close liaison is maintained with research institutes, Universities and professional bodies at local, regional and international levels.

### 9. COMPANY'S DISTRIBUTORS

The following served as distributors of the company during the year:

Glory Links  
Mac-Vic Ventures  
Segun Kesh Enterprises  
Vindelia Venture  
Senu Den Ent.  
Angaz Pharmacy  
Olabisi Investment  
Raphco Int.  
Latter Reign Investment  
Prince Geo & Sons  
SC Okonkwo Store  
Excel Store  
Pico Investment  
Elias Omotosho Ent.  
Theresa Obi Ventures  
Ikolaba Ent.  
Okobis Stores

Santus Pharmacy  
Charity Nwaizu Store  
FNO Drugs Co.  
Addmore Pharmacy  
Bicon Pharmacy  
Moody Pharmacy  
Funket Pharmacy  
Adibe Pharmacy  
CeeCee Pharmacy  
Waliv & Son Ent.  
Adison Comm.  
Tanimola Pharmacy  
Metagon Pharmacy  
Chrisolyte Pharmacy  
Yinikawa Ent.  
Samtad Pharmacy  
Nwafor Pharmacy

Tony Pharmacy  
New Health Pharmacy  
Passmark Pharmacy  
Skylark Pharmacy

### 10. SUPPLIERS

The company's main overseas suppliers are:

Sanders Inc, (Germany)  
Helm AG (Germany)  
Shanghai Machinery International Trading Corp. Ltd

The main local suppliers are:

Sonnex Packaging Nigerian Limited  
Karamu Plastics Industries Company  
Geokev Nigeria Limited  
Primal Nigeria Limited  
BMS international Resources Limited  
BOC Gases Nigeria Limited  
Tajel Nigeria Limited  
Solak Productions Limited  
Wahum Nigeria Limited

*The company is not related in anyway to any of its suppliers or customers*

## Report of Directors Cont'd

**12. ACQUISITION OF OWN SHARES**

The company did not purchase its own shares during the year.

**13. EMPLOYMENT AND EMPLOYEES**

**(I) Employment of disable persons:**

The company has no disable employee but would give full and fair consideration to applications for employment by disable persons, having regard to their particular aptitudes and abilities. Once employed, training, promotion and career development of such persons would follow a similar pattern to those adopted for other able-bodied employees.

**(II) Health, Safety and Welfare**

The company runs and maintains an in-house clinic complimented by free medical services at designated hospitals and medical retainerships for employee during and after office hours.

Safety regulations are conspicuously displayed at the company's premises and are strictly enforced, Protective clothing is provided as appropriate. Welfare facilities such as subsidized canteens/meals, availability of washing facilities and uniforms, maternity benefits, housing and transport allowances and personal loans are provided as appropriate for employees.

**(III) Employees Development And Training**

Incentives are provided in the form of sales commission and an end of year bonus of a month's salary to employees at all levels.

Through organized departmental and general meetings, the company provides employees with information about matters concerning them and issues relating to the company's activities in general.

Management and technical expertise are the company's major assets. Therefore, investments in developing relevant skills are undertaken to fortify employees' abilities. The company organizes in-house and external training for members of staff.

**14. CORPORATE GOVERNANCE REPORT**

Regular interaction between the board and the executives is encouraged. Management is invited as required, to make presentations to the Board on materials issues under consideration.

Directors are provided with unrestricted access to the company's management and information, as well as the resources required to carry out their responsibilities.

The board comprises of three executive Directors and seven non-executive directors. The board is responsible for the corporate governance of the company. The Directors are responsible for keeping proper accounting records which discloses with reasonable accuracy at anytime, the financial status of the company and ensures that the accounts comply with the Companies and Allied Matters Acts, 1990.

They are also responsible for safeguarding the assets of the company by taking reasonable steps for the prevention and detection of fraud and other irregularities. During the year under review, the company was managed by a Board of ten Directors consisting of six non-executive Directors, which includes the Chairman and the Managing Director. The Board of Directors ensure that the company's objectives were implemented during the year.

## Report of Directors Cont'd

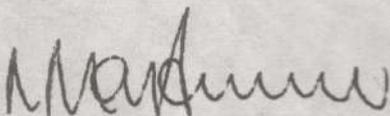
Record of attendance of members of various board committees is presented below.

S/N	BOARD COMMITTEE	COMMITTEE MEMBERS	NO OF MEETINGS HELD IN 2009	NO OF MEETINGS ATTENDED	REMARK
1	INTERIM BUDGET COMMITTEE	Mr. R. Adebiyi	1	1	SET UP IN 4 <sup>TH</sup> QUARTER OF 2009
		Mr. C. C. Chikeluba	1	1	
		Mr. G. A. Alegieuno	1	1	
		Mr. A. Abibu	1	1	
		Mr. Anaba	1	1	
2	FINANCE AND GENERAL PURPOSE COMMITTEE	Mr. G. A. Alegieuno	1	1	SET UP IN 4 <sup>TH</sup> QUARTER OF 2009
		Mr. F.R.A Williams(Jr.)	1	1	
		Mr. Anaba	1	1	
3	AUDIT COMMITTEE	Mr. C. C. Chikeluba	2	2	
		Mr. G. A. Alegieuno	2	2	
		Mr. S. Osai	2	2	
		Chief O.J. Ehichioya	2	2	
		Mrs. O.T. Assan	2	2	
		Mr. K.A. Saka	2	2	
4	ESTABLISHMENT COMMITTEE	M. J. O. Anyigbo	-	-	SET UP IN 4 <sup>TH</sup> QUARTER OF 2009
		Mr. C. C. Chikeluba	-	-	
		Mr. K. A. Lawson	-	-	
5	RECRUITMENT COMMITTEE	Mr. K. A. Lawson	1	1	SET UP IN 4 <sup>TH</sup> QUARTER OF 2009
		Mr. C. C. Chikeluba	1	1	
		Mr. J. O. Anyigbo	1	1	

### 15. AUDITORS

The Auditors, Messrs Akintola Williams Deloitte have indicated their willingness to continue in office. A resolution will be proposed authorizing the Directors to determine their remuneration.

#### BY ORDER OF THE BOARD



UNITY TRUSTESS LIMITED

Secretary

AGBARA, OGUN STATE  
NIGERIA

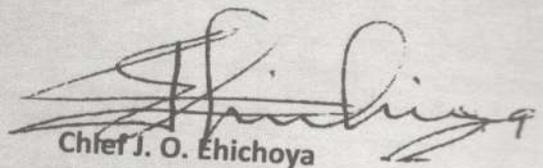
9<sup>th</sup> November 2010

### Report of the Audit Committee for Year Ended December 31st 2009

In compliance with section 359 (6) of the companies and allied matters Act 1990, we confirm that we have reviewed the Audit report for the year ended 31st December 2009 and hereby state as follows:

1. The scope and planning of the Audit were adequate in our opinion.
2. The accounting and reporting policies of the company conform with statutory requirement and agreed ethical practices.
3. The internal control was being constantly and effectively monitored, and
4. We have received the Auditors' finding, and management matters and are satisfied with the departmental responses thereon.

Dated this 21st day of October 2010

  
Chief J. O. Ehichoya  
Chairman, Audit Committee

#### MEMBERS OF THE AUDIT COMMITTEE

- Chief J. O. Ehichoya
- Mr. K. A. Saka
- Mrs. O. T. Assan
- Mr. G. A. Alegieuno
- Mr. C. C. Chikeluba
- Mr. S. U. Osai

## Report of the Independent Auditors to the Members of Pharma Deko Plc

We have audited the accompanying financial statements of Pharma-deko Plc, set out on pages 20 to 21 which comprise the balance sheet as at 31 December 2009, the income statement, statement of cash flows, statement of value added for the period then ended, summary of significant accounting policies, financial summary and other explanatory information.

### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004 and for such internal control as the Directors determine are 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 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 auditors' 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 auditors consider 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 qualified audit opinion.

### Basis for Qualified Opinion

The company is in litigation with various lenders and service providers over short term obligations amounting to N1.119 billion as at year end. The ultimate outcome of these matters cannot be presently determined as no provisions have been made in these financial statements on any additional liabilities or claims that may arise. We refer to Note 2 to the financial statements concerning the accumulated losses, working capital deficiencies, negative cash flows and the erosion of the shareholders' funds.

### Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Pharma-Deko Plc as at 31 December 2009, and of its financial performance and its cash flows for the period then ended; the company has kept proper books of account, which are in agreement with the balance sheet and income statements in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

*Akintola Williams Dalante*  
Chartered Accountants  
Lagos, Nigeria  
3 November 2010



**Statement of Significant Accounting Policies  
For the Year Ended 31st December 2009**

The following are the summary of significant accounting policies adopted by the Company in the preparation of its financial statements.

**1. Basis of accounting**

The financial statements are prepared under the historical cost basis, modified by the inclusion of land and buildings and plant and machinery at professional valuation.

**2. Turnover**

Turnover represents the net invoiced value of goods sold to third parties.

**3. Fixed assets**

Fixed assets are stated at their original cost or valuation less accumulated depreciation.

**4. Depreciation**

Depreciation is charged over the estimated useful lives of the assets and calculated at the following rates per annum on cost or valuation:

	%
Buildings	2
Plant and machinery	10
Furniture and fittings	15
Motor Vehicles	20

**5. Finance lease**

The capital element of assets under finance lease is capitalised along with the company's fixed assets and depreciated at the same rate for assets of that category. The obligation to lessor is shown as part of borrowings, appropriately classified as to maturity.

**6. Stocks**

Stocks are stated at the lower of cost and net realisable value after making adequate provision for obsolete and damaged items. In case of goods manufactured by the company, cost includes production overheads. Stock is valued at weighted average and goods in transit at the invoice price. Work in progress is stated at cost. Cost in this case consists of direct labour and materials plus appropriate proportion of factory overheads.

## Statement of Significant Accounting Policies For the Year Ended 31st December 2009

### 7. Debtors

Debtors are stated after deduction of specific provision for any debts considered to be doubtful of collection.

### 8. Deferred taxation

Deferred taxation, which is principally from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on the difference between the net book value of qualifying fixed assets and their corresponding tax written down values. This is in accordance with Statement of Accounting Standard. (SAS) 19 on Accounting for Taxes.

### 9. Taxation

Income tax and education tax payable are provided on taxable and assessable profits respectively at the current statutory rates.

### 10. Foreign currencies

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. Foreign currencies balances are converted to Naira at the applicable rates of exchange ruling at the balance sheet date. All differences arising there from are dealt charged to the profit and loss account.

### 12. Staff retirement benefits

The company provides a contributory pension fund scheme which is funded by contributions from employees at 7.5% and employer at 12.5% based on Basic salary, housing and transport in line with the Pension Reform Act of 2004. The employers Contribution is charged to the profit and loss account.

The company also operates an unfunded retirement benefit scheme. The benefits are based on the employees' years of service and terminal salary.

### 13. Provisions

Provisions are recognised when the company has present obligation whether legal or constructive, as a result of a past event for which 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 in accordance with the Statement of Accounting Standards (SAS) 23.

### 14. Segment reporting

The company business is presented by products that are subject to similar risks and returns. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**Profit and Loss Account for the Year  
Ended 31st December 2009**

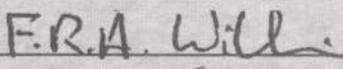
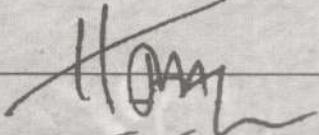
	Note	2009 N'000	2008 N'000
Turnover	3	501,930	1,105,570
Cost of sales		<u>(418,791)</u>	<u>(752,634)</u>
		83,139	352,936
Other income	4	<u>8,211</u>	<u>57,108</u>
		91,350	410,044
Selling and distribution expenses		<u>(36,053)</u>	<u>(51,705)</u>
Administrative expenses		<u>(269,415)</u>	<u>(356,665)</u>
Operating (loss)/profit		(214,118)	1,674
Interest received and similar income		2,304	375
Interest payable and similar charges	5	<u>(248,641)</u>	<u>(196,875)</u>
Loss before taxation	6	(460,455)	(194,826)
Taxation	7	<u>(1,042)</u>	<u>(3,146)</u>
Loss after taxation transferred to revenue reserves	21	<u><u>(461,497)</u></u>	<u><u>(197,972)</u></u>
<b>Per share data (50 Kobo ordinary share)</b>			
Loss per share (kobo)- basic		<u>(486)</u>	<u>(208)</u>

The accounting policies on pages 20 and 21 and the explanatory notes on pages 25 to 34 form part of these financial statements.

## Balance Sheet As AT 31st December 2009

	Note	2009 N'000	2008 N'000
<b>FIXED ASSETS</b>	8	584,509	622,556
<b>FINANCE LEASED ASSETS</b>	9	325,601	376,863
<b>CURRENT ASSETS</b>			
Stocks	10	130,114	66,210
Trade debtors	11	52,943	322,216
Other debtors and prepayments	12	149,731	67,688
Cash and bank balances		2,507	32,023
		335,295	488,137
<b>CREDITORS: Amounts falling due within one year</b>			
Bank loans and overdrafts	13	1,119,368	683,520
Trade creditors		231,042	210,288
Other creditors	14	277,798	495,884
Taxation	7	8,634	14,349
		1,636,842	1,404,041
<b>NET CURRENT LIABILITIES</b>		(1,301,547)	(915,904)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(391,437)	83,515
<b>Creditors: Amounts falling due after more than one year</b>			
Obligation under finance lease	16	-	(35,277)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Retirement benefits	17	(254,970)	(233,148)
<b>NET LIABILITIES</b>		(646,407)	(184,910)
<b>CAPITAL AND RESERVES</b>			
Share capital	18	49,759	49,759
Share premium	19	236,060	236,060
Revaluation reserve	20	367,213	367,213
Revenue reserve	21	(1,299,439)	(837,942)
<b>SHARE HOLDERS FUNDS</b>		(646,407)	(184,910)

The financial statements on pages 20 to 34 were approved by the Board of Directors on 3 November 2010 and signed on its behalf by:

  
 \_\_\_\_\_  
  
 \_\_\_\_\_  
 Directors

The accounting policies on pages 20 and 21 and the explanatory notes on pages 25 to 34 form part of these financial statements.

**Statement of Cash Flows for the  
Year Ended 31st December 2009**

	Note	2009 N'000	2008 N'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		775,917	1,019,547
Cash paid to suppliers and employees		(856,330)	(863,380)
Cash generated from operations		(80,412)	156,167
Tax paid		(6,757)	-
Value added tax		(88,188)	(77,790)
Net cash provided by operating activities	22	(175,358)	78,377
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	8	(3,246)	(19,413)
Interest received and similar income		2,304	375
Net cash provided by investing activities		(942)	(19,038)
<b>Cash flows from financing activities</b>			
Interest paid on loans and overdraft	5	(248,641)	(196,875)
Proceed on share issues		-	81,227
Share issue expenses		-	(1,728)
Lease repaid		(40,423)	(120,656)
Net cash provided by financing activities		(289,064)	(238,032)
Net decrease in cash and cash equivalents		(465,363)	(178,693)
Cash and cash equivalents at 1 January		(651,497)	(472,804)
Cash and cash equivalents at 31 December	23	<u>(1,116,861)</u>	<u>(651,497)</u>

## Notes on the Financial Statements for the Year Ended 31st December 2009

### 1. THE COMPANY

#### 1.1 Legal form

Pharma-Deko Plc (formerly Parke Davis & Company (Nigeria) Limited) was incorporated in Nigeria as a private limited liability company on 18 December 1969 and was converted to a public limited company in 1990. The major shareholders of the company are United Investment Limited and Shoreline Power Company Limited with share holding of 20.96% and 9.43% respectively, while the balance of 68.98% is held by other Nigerian investors.

#### 1.2 Principal activities

The Company is principally engaged in the manufacturing and marketing of pharmaceutical and consumer products.

### 2. GOING CONCERN CONSIDERATIONS

At 31 December 2009, the company had accumulated losses of N1.299 billion (2008-N838 million), working capital deficiency of N1.302 billion (2008-N916million), negative cash flows of N1.117 billion (2008-N652million) and shareholders' fund had been eroded by N646 million (2008-N185 million). Consequently, the going concern status of the company is threatened and this has raised doubts over its ability to continue in business.

The financial statements have been prepared on a going concern basis which pre-supposes that the financial arrangements which the Directors embarked on since 2009 will be successful.

### 3. TURNOVER

Turnover represents the net invoiced value of goods sold to third parties and the analysis of turnover and loss before taxation. Product line are as follows:

	Turnover		Loss before taxation	
	2009 N'000	2008 N'000	2009 N'000	2008 N'000
Pharma	271,597	357,346	(249,155)	(62,973)
Consumer	194,197	398,725	(178,150)	(70,264)
Contract	36,136	349,499	(33,150)	(61,589)
	<u>501,930</u>	<u>1,105,570</u>	<u>(460,455)</u>	<u>(194,826)</u>
			2009 N'000	2008 N'000
Miscellaneous income			4,715	2,273
Provision no longer required			-	54,835
Exchange gain			3,496	-
			<u>8,211</u>	<u>57,108</u>

### 4. OTHER INCOME

Miscellaneous income  
Provision no longer required  
Exchange gain

**Notes on the Financial Statements for  
the Year Ended 31st December 2009**

	2009 N'000	2008 N'000
<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Interest on bank overdrafts	164,749	36,464
Interest on commercial papers	53,252	93,172
Interest on finance lease	30,640	67,239
	<u>248,641</u>	<u>196,875</u>
<b>6. LOSS BEFORE TAXATION</b>		
This is arrived at after charging/(crediting)		
Depreciation - Fixed assets	51,737	49,140
- Leased assets	49,530	50,749
Directors' emoluments (Note 25)	8,620	11,382
Exchange gain	(3,496)	-
Audit fee	<u>5,000</u>	<u>5,000</u>
<b>7. TAXATION</b>		
.1 Per Profit and Loss account		
Income tax	-	-
Education tax	-	-
Minimum tax	<u>1,042</u>	<u>3,146</u>
	<u>1,042</u>	<u>3,146</u>
	<u>1,042</u>	<u>3,146</u>
.2 Per Balance Sheet		
At 1 January	14,349	11,203
Charge for the year	<u>1,042</u>	<u>3,146</u>
	15,391	14,349
Paid during the year	<u>(6,757)</u>	-
At 31 December	<u>8,634</u>	<u>14,349</u>

The charge for taxation in these financial statements for the year ended 31 December 2009 is based on the provisions of Companies Income Tax Act, CAP C21, LFN 2004, Section 33, [Minimum Tax Payable]. Deferred tax asset amounting to N138,059,100.00 has not been adjusted for in these financial statements on prudence concept basis.

Notes on the Financial Statements for  
the Year Ended 31st December 2009

## 8. FIXED ASSETS

	Land and buildings N'000	Plant and machinery N'000	Furniture and fittings N'000	Motor vehicles N'000	Total N'000
<b>Cost/valuation</b>					
At 1 January 2009	470,157	357,398	2,605	55,818	885,978
Additions	1,510	1,378	41	317	3,246
Adjustment(Note 8.1)	-	8,712	-	-	8,712
Transfer from leased assets	-	-	-	6,100	6,100
<b>At 31 December 2009</b>	<b>471,667</b>	<b>367,488</b>	<b>2,646</b>	<b>62,235</b>	<b>904,036</b>
<b>Depreciation</b>					
At 1 January 2009	18,800	192,302	1,917	50,403	263,422
Charge for the year	9,426	39,098	394	2,819	51,737
Transfer from leased assets	-	-	-	4,368	4,368
<b>At 31 December 2009</b>	<b>28,226</b>	<b>231,400</b>	<b>2,311</b>	<b>57,590</b>	<b>319,527</b>
<b>Net book value</b>					
At 31 December 2009	<b>443,441</b>	<b>136,088</b>	<b>335</b>	<b>4,645</b>	<b>584,509</b>
At 31 December 2008	451,357	165,096	688	5,415	622,556

The Company's land and buildings and plant and machinery were revalued by Messrs Jide Taiwo and Company (Estate Surveyors and Valuers) on the basis of an open market valuation on 4th November 2004. The land and building were again revalued on an open market basis by the same firm of Estate Surveyors and Valuer on 27th December, 2007.

These revaluations have been incorporated in the financial statements. Subsequent additions after each revaluation are stated at cost.

- 8.1 Adjustment is in respect of plant and machinery acquired in 2006 but was not originally taken in to the books. This was incorporated during the year.

## 9. FINANCE LEASED ASSETS

	Plant and machinery N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>			
At 1 January 2009	495,295	6,100	501,395
Transfer to fixed assets	-	(6,100)	(6,100)
<b>At 31 December 2009</b>	<b>495,295</b>	<b>-</b>	<b>495,295</b>
<b>Depreciation</b>			
At 1 January 2009	120,164	4,368	124,532
Charge for the year	49,530	-	49,530
Transfer to fixed assets	-	(4,368)	(4,368)
<b>At 31 December 2009</b>	<b>169,694</b>	<b>-</b>	<b>169,694</b>
<b>Net book value</b>			
At 31 December 2009	325,601	-	325,601
At 31 December 2008	375,131	1,732	376,863

**Notes on the Financial Statements for  
the Year Ended 31st December 2009**

	2009 N'000	2008 N'000
<b>10. STOCKS</b>		
Raw materials	71,032	44,966
Finished goods	35,775	2,682
Supplies	<u>132,895</u>	<u>98,726</u>
	239,702	146,374
Less provision for obsolete items	<u>(109,588)</u>	<u>(80,164)</u>
	<u><u>130,114</u></u>	<u><u>66,210</u></u>
<b>11. TRADE DEBTORS</b>		
Trade debtors	223,433	492,706
Provision for doubtful debts	<u>(170,490)</u>	<u>(170,490)</u>
	<u><u>52,943</u></u>	<u><u>322,216</u></u>
<b>12. OTHER DEBTORS AND PREPAYMENTS</b>		
Prepayments	54,903	15,523
Staff debtors	18,872	19,790
Other debtors	<u>75,956</u>	<u>32,375</u>
	<u><u>149,731</u></u>	<u><u>67,688</u></u>
<b>13. BANK OVERDRAFTS</b>		
Bank overdrafts	824,749	427,153
Commercial papers	<u>294,619</u>	<u>256,367</u>
	<u><u>1,119,368</u></u>	<u><u>683,520</u></u>
Bank loans and overdrafts, are secured by a negative pledge on fixed/floating assets of the Company.		
	2009 N'000	2008 N'000
<b>14. OTHER CREDITORS</b>		
Sundry creditors	94,684	30,223
VAT payable	88,189	77,790
Customers' deposits	26,707	203,765
Accruals	68,218	45,572
Finance lease obligations (Note 16)	-	<u>138,534</u>
	<u><u>277,798</u></u>	<u><u>495,884</u></u>

Notes on the Financial Statements for  
the Year Ended 31st December 2009**15. UNCLAIMED DIVIDEND**

As confirmed by the Registrars, there are unclaimed dividends payable held by the Registrars in respect of:

Dividend No.20

This has not been adjusted in these financial statements.

2009 N'000	2008 N'000
---------------	---------------

<u>1,205</u>	<u>1,205</u>
--------------	--------------

**16. OBLIGATION UNDER FINANCE LEASE**

At 1 January

Repayments

Transfer to overdraft account

Amount repayable within twelve months  
of balance sheet date (Note 13)

At 31 December

The amount represents outstanding obligation on leased plant and machinery. The lease attracts a fixed and floating charge on the assets of the company situated at Plot C15/3, Agbara Industrial Estate, Ogun State.

The company is committed to the following minimum lease payments:

	N'000
- 2009	15,644
- 2010 and after	<u>-</u>

2009 N'000	2008 N'000
---------------	---------------

173,811	294,467
---------	---------

(40,423)	(120,656)
----------	-----------

<u>(117,744)</u>	<u>-</u>
------------------	----------

<u>15,644</u>	<u>173,811</u>
---------------	----------------

<u>(15,644)</u>	<u>(138,534)</u>
-----------------	------------------

<u>-</u>	<u>35,277</u>
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**Notes on the Financial Statements for  
the Year Ended 31st December 2009**

	2009 N'000	2008 N'000
<b>17. RETIREMENT BENEFITS</b>		
1 Staff Provident Fund		
At 1 January	82,670	64,454
Provision for the year	<u>14,824</u>	<u>18,216</u>
At 31 December	<u><u>97,494</u></u>	<u><u>82,670</u></u>
2 Staff Gratuity		
At 1 January	150,478	138,592
Provision for the year	6,998	15,432
Payments during the year		(3,546)
At 31 December	<u><u>157,476</u></u>	<u><u>150,478</u></u>
	<u><u>254,970</u></u>	<u><u>233,148</u></u>
<b>18. SHARE CAPITAL</b>		
1 Authorised		
300,000,000 ordinary shares of 50k each	<u><u>150,000</u></u>	<u><u>150,000</u></u>
2 Issued and fully paid		
At 1 January	49,759	47,480
Addition during the year	-	2,279
94,960,000 ordinary shares of 50k each	<u><u>49,759</u></u>	<u><u>49,759</u></u>
<b>19. SHARE PREMIUM</b>		
At 1 January	236,060	158,840
Addition during the year	-	77,220
	<u><u>236,060</u></u>	<u><u>236,060</u></u>
<b>20. REVALUATION RESERVE</b>		
At 1 January	<u><u>367,213</u></u>	<u><u>367,213</u></u>
At 31 December	<u><u>367,213</u></u>	<u><u>367,213</u></u>

The revaluation surplus arose on the revaluation of land and building carried out on 27 December, 2007 (Note 8).

Notes on the Financial Statements for  
the Year Ended 31st December 2009

	2009 N'000	2008 N'000
<b>21 REVENUE RESERVE</b>		
At 1 January	(837,500)	(837,500)
Loss sustained	(451,457)	(451,457)
At 31 December	<u>(1,288,957)</u>	<u>(837,500)</u>
<b>22 RECONCILIATION OF LOSS AFTER TAXATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Loss after taxation	(451,457)	(451,457)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>		
Depreciation	337,367	337,367
Exchange Gain	(1,500)	-
Interest expenses	246,540	246,540
Interest income	(2,348)	(2,348)
<i>Changes in assets and liabilities</i>		
Increase in stocks	(61,346)	(61,346)
Decrease/(increase) in trade debtors	206,170	206,170
(Increase)/decrease other debtors and prepayments	(67,200)	(67,200)
Increase in trade creditors	10,750	10,750
Decrease in other creditors	(74,386)	(74,386)
Increase in retirement benefits	11,811	11,811
(Decrease)/increase in taxation	(57,270)	(57,270)
Total adjustments	<u>246,540</u>	<u>246,540</u>
Net cash provided by operating activities	<u>(204,917)</u>	<u>(204,917)</u>
<b>23 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,347	2,347
Bank overdrafts	(2,347)	(2,347)
	<u>(0)</u>	<u>(0)</u>

# Fresh Breath makes Breathing Sweet & Easy

*Brett Mouthwash for Daily Oral Therapy and hourly all mouth protection*



Brushing daily using regular toothpaste and brush isn't enough protection for your mouth and everything within, Brett Mouthwash compliments regular brushing by getting into crevices of the mouth, in-between the teeth and the gum areas inaccessible by toothbrush, providing total protection for your teeth and gum.

Brett Mouthwash, a brand of thymol, helps fight residual plaques, halitosis, tooth decay bad breath and general mouth infections.

Brett Mouthwash comes in two variants, Brett Gold and Brett Minty, which ever you choose, you are guaranteed total oral cover.

**Brett** ...Effective & Deep Oral Cleansing  
MOUTH WASH

A quality product from: Pharma Deko Plc, Plot C15/3, Agbara Industrial Estate, Agbara, Ogun State.

Notes on the Financial Statements for  
the Year Ended 31st December 2009

	2009 N'000	2008 N'000
<b>24 INFORMATION REGARDING DIRECTORS AND EMPLOYEES:</b>		
.1 Emoluments (including fees):-		
Chairman	40	40
Other Directors	140	140
	<u>180</u>	<u>180</u>
Other Emoluments:		
Chairman	-	-
Other Directors	8,620	11,382
	<u>8,620</u>	<u>11,382</u>
.2 The number of Directors excluding the Chairman whose emoluments, exclusive of allowances were within the following ranges are :-		
	Number	Number
N1,800,001 and above	3	7
-	2	1
-	1	1
-	3	2
	<u>9</u>	<u>11</u>
.3 The highest paid Director earned N5,625,000.		
.4 The average number of persons employed in the financial year and the related staff costs were as follows:-		
Categories:		
Managerial	9	20
Other staff	111	119
	<u>120</u>	<u>139</u>
	N'000	N'000
Related costs (N'000)	<u>174,025</u>	<u>270,983</u>

**Notes on the Financial Statements for  
the Year Ended 31st December 2009**

5 The number of employees in receipt of emoluments, excluding allowance and provident fund contributions, within the following ranges were :-

			Number 2009	Number 2008
N		N		
280,001	-	330,000	-	11
330,001	-	380,000	-	20
380,001	-	430,000	-	6
430,001	-	480,000	41	6
480,001	-	530,000	3	35
530,001	-	580,000	7	9
580,001	-	630,000	25	5
630,001	-	680,000	14	13
680,001	-	730,000	6	4
730,001	-	780,000	1	5
780,001	-	830,000	-	1
830,001	-	880,000	3	1
880,001	-	930,000	1	3
930,001	-	1,080,000	4	3
1,080,001	-	1,180,000	5	4
1,180,001	-	1,230,000	2	1
1,300,001	-	1,350,000	-	1
1,400,001	-	1,450,000	1	1
1,500,001	-	1,550,000	-	1
1,550,001	-	1,880,000	1	2
1,880,001	-	2,100,000	1	-
2,330,001	-	2,380,000	-	1
2,550,001	-	2,600,000	-	1
2,600,001	-	4,000,000	1	-
4,000,001	-	4,950,000	-	1
4,950,001	-	5,000,000	1	-
5,000,000	-	5,950,000	1	-
5,950,001	-	6,000,000	1	1
8,000,000	-	8,800,000	-	2
8,950,001 and above			1	1
			<u>120</u>	<u>139</u>

**25 CONTINGENT LIABILITIES**

Contingent liabilities in respect of pending litigation which amounted to N41,063,767(2008-N23,466,158) have not been provided for in these financial statements as the Directors are of the opinion that the claims will not materialise.

**26 POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events which would have any material effect on the balance sheet as at 31 December 2009.

**27 COMPARATIVE FIGURES**

Certain comparative figures have been restated in order to conform with current year's presentation.

Statement of Value Added for the  
Year Ended 31st December 2009

	2009 N'000	%	2008 N'000	%
Turnover	501,930		1,105,570	
Other income	8,211		57,483	
	<u>510,141</u>		<u>1,163,053</u>	
Less: Bought in goods and services -Local	(446,663)		(790,150)	
<b>VALUE ADDED</b>	<u><b>63,478</b></u>	<u><b>100</b></u>	<u><b>372,903</b></u>	<u><b>100</b></u>
<b>APPLIED AS FOLLOWS</b>				
<b>To pay employees</b>				
Wages, salaries and other benefits	174,025	274	270,983	73
<b>To pay providers of capital</b>				
Interest on borrowings	248,641	392	196,075	52
<b>To pay government</b>				
Taxation	1,042	2	3,346	1
<b>To provide for replacement of assets and expansion of business</b>				
Depreciation:				
Fixed assets	51,737	82	48,040	13
Leased assets	49,530	78	50,740	14
Profit and loss account	(461,497)	(727)	(297,572)	-80
	<u><b>63,478</b></u>	<u><b>100</b></u>	<u><b>372,903</b></u>	<u><b>100</b></u>

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

**Five Year Financial Summary 31st December 2009**

	2009 N'000	2008 N'000	2007 N'000	2006 N'000	2005 N'000
<b>ASSETS</b>					
Fixed assets	584,509	622,556	652,283	616,516	498,663
Finance leased assets	325,601	376,863	427,612	480,925	19,496
Net current (liabilities)/assets	(1,301,547)	(915,904)	(787,353)	(586,914)	14,999
Deferred taxation	-	-	-	-	(21,368)
Obligation under finance lease	-	(35,277)	(155,933)	(270,102)	(5,320)
Retirement benefits	(254,970)	(233,148)	(203,046)	(154,467)	(83,182)
	<u>(646,407)</u>	<u>(184,910)</u>	<u>(66,437)</u>	<u>85,958</u>	<u>423,288</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	49,759	49,759	47,480	47,480	47,480
Share premium	236,060	236,060	158,840	158,840	158,840
Revaluation reserve	367,213	367,213	367,213	277,324	277,324
Revenue reserve	(1,299,439)	(837,942)	(639,970)	(397,686)	(60,356)
	<u>(646,407)</u>	<u>(184,910)</u>	<u>(66,437)</u>	<u>85,958</u>	<u>423,288</u>
<b>PROFIT AND LOSS ACCOUNT</b>					
Turnover	<u>501,930</u>	<u>1,105,570</u>	<u>790,399</u>	<u>648,868</u>	<u>564,944</u>
(Loss)/profit before taxation	(460,455)	(194,826)	(239,801)	(357,559)	12,088
Taxation	<u>(1,042)</u>	<u>(3,146)</u>	<u>(2,483)</u>	<u>20,229</u>	<u>(3,872)</u>
(Loss)/profit transferred to reserve	<u>(461,497)</u>	<u>(197,972)</u>	<u>(242,284)</u>	<u>(337,330)</u>	<u>8,216</u>
<b>Per Share Data (Kobo)</b>					
(Loss)/earnings	(486)	(208)	(355)	(397)	82
Dividend	-	-	-	-	20
Net (liabilities)/assets	<u>(649.5)</u>	<u>(185.8)</u>	<u>(70.0)</u>	<u>90.5</u>	<u>445.8</u>

**Notes:**

1. (Loss)/earnings per share: These are based on (loss)/profit after taxation and issued and fully paid ordinary shares at the end of each financial year.
2. Net(liabilities)/assets per share: These are based on net (liabilities)/assets and issued and fully paid ordinary shares at the end of each financial year.

# Top-Flight Refreshment

You have a high profile, do you lead a first class life? You are an executive flier. It's only natural that your entertainment and refreshment should fit the bill.

Another Quality Product from **PHARMA DEKO**

*The refreshing drink with a real creamy taste!*

## Management Team



**Emmanuel Akparanta**  
Executive Director



**Abibu Adekunle**  
CEO/ Managing Director



**Ms. O. I. Omisore**  
Executive Director



**Adegboyega Ayinde**  
Internal Auditor



**Olukayode Isola**  
Consumer Production Manager



**Bajulaye Isaac**  
Pharma Production Manager



**E. N. Onabanjo**  
Head, Quality Assurance



**Obande David**  
Superintendent Pharmacist



**Ekpo Sharon**  
Assistant Manager, Human Resources



**Fatanmi Omoniyi**  
Head, Logistics

## Dividend History

SN	YEAR OF PAYMENT	DECLARED AMOUNT PER SHARE	TOTAL AMOUNT
DIV 16	1996	0.25	10,000,000
DIV 17	1997	0.25	10,000,000
DIV 18	2002	0.25	10,000,000
DIV 19	2003	0.20	20,000,000
DIV 20	2004	0.20	20,000,000
DIV 21	2005	0.20	20,000,000



## Proxy Form

<p>The fortieth Annual General Meeting to be held at 1pm on the 17th December 2010 at Sheraton Hotels and Towers, Mobolaji Bank Anthony Way, Ikeja.</p> <p>I/we * _____</p> <p>_____</p> <p>Being a membership/members of PHARMA DEKO PLC</p> <p>hereby appoint ** _____</p> <p>Failing him/her, the chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company held on the .....2010 and at any adjournment.</p> <p>Date this..... Day.....2010</p>	Numbers of Share		
	Resolution	for	against
	To adopt the financial statement and reports thereon	<input type="checkbox"/>	<input type="checkbox"/>
	Re-elect Directors		
	Approve the remuneration of Directors		
	to appoint new auditors		
	To authorise the Directors to fix the remuneration of Auditors		
To reappoint members of the audit committee			
Please indicate with an 'X' in the appropriate space how you wish votes to be cast on resolution set. Above unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.			

### NOTES

A member who is unable to attend and vote at the annual General Meeting is allowed by law to vote by proxy. The Proxy form should be completed if the member will not be attending the meeting.

If you are unable to attend the meeting, read the following instructions carefully.

- Write your name in BLOCK CAPITAL LETTERS in the space marked\*\*
- Write the names of your proxy where marked\*\* and ensure that the form is signed by you or any shareholder (in case of joint shareholders)
- If the shareholder is a corporate body, this form must be under its common seal or under hand of some officers or attorney duly authorised on their behalf.
- The executed proxy form must be deposited at the address shown on page 33 not less than 48 hours before the time of meeting.

Provision has been made on this form for the chairman of the meeting to act as your proxy, but if you wish, you may insert in space marked\*\* on the form, the name of any person (needs to be a member of the company who will attend the meeting and vote on your behalf instead of the chairman

## Shareholders Admission Form

Please admit Shareholders.....

Or in his/her place Mr/Mrs/Miss.....

To represent him/her, at the  
40th ANNUAL GENERAL MEETING OF PHARMA DEKO PLC to be held at 1pm.  
On 17th December 2009, at Sheraton Hotel and Towers, Ikeja Lagos.

THIS FORM SHOULD BE COMPLETED, TORN OFF AND PRODUCED BY THE SHAREHOLDERS OR HIS/HER  
NOMINEE IN ORDER TO GAIN ENTRANCE TO THE MEETING.

Please see proxy form on page 40

PHB Capital & Trust Limited  
(A Subsidiary of Bank PHB)  
Registrars

NAME AND ADDRESS OF SHAREHOLDERS

No. Of Shares

# TOP SEVEN FAMILY BRANDS



Our Top seven healthcare brands are made to take care of everyone in the family.

We pride ourselves on the quality and efficacy of our brands, that is why families from generation to generation have trusted and depended on us.

**PHARMA  
DEKO** Plc

*Providing healthy solutions*

Notes





PHARMA DEKO PLC



- Pharmaceuticals
- Consumer care
- Contract Manufacture
- Research & Development



We've Altered our **Structure**  
 & **Re-engineered** to Provide  
 the **Healthiest of Solutions.**



From our days as the first pharmaceutical distribution company (Parke Davies) in Lagos, till date, we've put our operations and processes through the eye of the needle to chart a research and development course, reinventing ourselves in the process, adapting to environmental and economic changes, surmounting sundry challenges, breaking new grounds and most of all we remain focused on ensuring quality from the inside-out in our products, people and service as we continue to provide the healthiest of health care solutions.

