

PHARMA DEKO PLC



2018 Annual Reports & Financial Statements

...Providing Healthy Solutions

VISION & MISSION STATEMENT, & OUR 7 CORE VALUES

CORPORATE VISION

To be one of the Leading Health Care Solution Providers

MISSION STATEMENT

To produce high quality and affordable health care and lifestyle products using a highly skilled work force and technology whilst delivering superior returns to the shareholders and contributing positively to our stakeholders

QUALITY STATEMENT

Pharma Deko Plc is committed to the production and delivery of quality products and services that conform to quality standards as prescribed in International Monographs and Company Standards. Our strive for quality is continuous in recognition of the dynamic nature of standards and customer expectation. Quality to us is satisfying customer's requirement.

OUR 7 CORE VALUES

Customer Satisfaction

- Putting customer first
- Putting customer satisfaction at the centre in all our activities, process, quality, and quantity at the right time and outputs
- Meeting and exceeding the needs and expectations of the customer

Integrity

- Promise what you can deliver and deliver what you promised
- Delivering our values transparently, honestly & truthfully in all actions/activities
- Adherence to high moral and ethical principles; soundness of moral character

Getting Results

- Meeting stated goals and objectives on time, with best use of resources at the least costs
- Focus on getting the best results against all obstacles and challenges
- Doing the right thing at the right time

Team Spirit

- Collaboration and cooperation in order to achieve common goal(s)
- Working harmoniously towards a common goal
- Putting the team achievement above your personal interest

Innovation

- New thinking, new ideas
- Consistently looking for better ways and new ideas to improve our systems, processes, products, skills, capabilities that will save time, money, and reduce wastage

Respect

- Having consideration for the feelings, opinion, personal dignity and self-esteem of superiors, colleagues and subordinates
- Cultivate the culture of active listening to the views and opinion of others
- Refraining from injuring self-esteem of others by our actions, words and conducts
- Living all of our values
- Obey rules and regulations.

Recognition

- Commendation for achievement at all levels
- Appreciation of good work
- Acknowledging good results of the contribution and success of others at all times.

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CORPORATE INFORMATION

Country Of Incorporation And Domicile: Nigeria

Company Number : RC. 6711

Nature of business and principal activities: Manufacturing, packaging and marketing of high quality pharmaceutical and consumer products

Directors

Mr. F.R.A. Williams (Jr)

Mr. J.A. Abibu

Mr. C.C. Chikeluba

Mr. K.A. Lawson

Chief J.O. Anyigbo

Mr. G.A. Alegieuno

Alhaji B. Zakariyau

Professor Herbert A.B Coker

Mr. E.A. Anaba

Chairman

Managing Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director (Resigned on May 22, 2018)

Non-Executive Director

Non-Executive Director (Appointed on July 25, 2018)

Registered Office

Plot C1/1 Okene Close,

Agbara Industrial Estate, Agbara, Ogun State.

P.O.Box 1479, Apapa Lagos

E-mail :info@pharmadekoplc.com

Company Secretary

Unity Trustees Limited

1, Shagamu Avenue Illupeju, Lagos

Tel: 01-2715354-61, 01-2719634-7

Auditors

SIAO Partners (Chartered Accountants)

18B, Olu Holloway Road, Ikoyi Lagos.

P.O.Box 55461, Falomo, Ikoyi, Lagos

Tel: 01-4630871, 4630872

Website: www.siao-ng.com

E-mail : enquiries@siao-ng.com

Solicitors to the Company

Chief Rotimi Williams' Chambers

1, Shagamu Avenue Illupeju, Lagos

P.O Box 3426, Marina, Lagos

Tel: 2715354-61, 2719634-7, 7419142, 7349941

Website: www.frawilliams.com

Email: fra@frawilliams.com

Registrars & Transfer Office

Apel Capital Registrars Limited

8, Alhaji Bashorun Street, Off Norman Williams Crescent

South West Ikoyi, Lagos

P.O.Box 2388, Marina, Lagos.

Tel:01-2932121, 07046126698

E-mail: registrars@apel.com.ng

Bankers

Diamond Bank Plc

Ecobank Nigeria Plc

First City Monument Bank Plc

United Bank for Africa Plc

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 49th Annual General Meeting of Pharma-Deko Plc will be held at the Darlington Hall, Plot CDE Industrial Crescent, Off Town Planning, Lagos State on Thursday, 23rd May, 2019 at 12 noon to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December, 2018, together with the Reports of the Directors, Audit Committee and Independent Auditors thereon.
2. To elect/re-elect Directors
3. To re-appoint the Independent Auditors
4. To authorize the Directors to fix the remuneration of the Auditors
5. To elect/re-elect members of the Audit Committee.

Note:

1. PROXY

A member of the Company who is entitled to attend and vote at the meeting is also entitled to appoint a proxy, who need not be a Member of the Company, to attend, speak and vote instead of him. A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed and deposited with the Office of the Registrar of the Company at 8, Alhaji Bashorun Street, Off Norman Williams, Ikoyi, Lagos not later than 48 hours before the time fixed for the meeting.

2. CLOSURE OF REGISTER AND TRANSFER OF BOOKS

The Register of Members will be closed from 6 May 2019 to 10 May 2019 both dates inclusive for the purpose of updating the Register.

3. UNCLAIMED DIVIDEND

Shareholders with dividend warrants and share certificates that have remained unclaimed, or are yet to be presented for payment or returned for validation are advised to complete the e-dividend registration or contact the office of the Registrars, Apel Capital Registrars Limited, 8, Alhaji Bashorun Street, Off Norman Williams Crescent, Ikoyi or email registrars@apel.com.ng to confirm their dividend status.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act (cap C20, Laws of the Federation of Nigeria) 2004, any member of the Company 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.

5. RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company Secretary on or before 15 May 2019.

The date of this Notice is 1st May 2019.

BY THE ORDER OF THE BOARD



ELVIS E. ASIA

FOR: UNITY TRUSTEES LIMITED
COMPANY SECRETARY

1, Shagamu Avenue, Ilupeju, Lagos

FINANCIAL HIGHLIGHTS

	2018	2017	Difference	Difference
	N'000	N'000	N'000	%
Revenue	1,023,806	1,593,379	(569,573)	(36)
Cost of Sales	(622,439)	(830,230)	(207,791)	(25)
(Loss)/Profit before taxation	(255,983)	39,314	(295,297)	(751)
Taxation	(9,277)	(26,709)	(17,432)	(65)
(Loss)/Profit after taxation	(265,260)	12,605	(277,865)	(2,204)
Issued Share Capital	108,466	108,466	-	-
Total Equity	1,590,356	1,742,534	(152,178)	(9)
Total Non Current Assets	1,812,288	1,736,358	75,929	4
Total Current Assets	510,849	534,236	(23,387)	(4)
Total Assets	2,323,137	2,270,594	52,543	2
Total Non Current Liabilities	186,991	100,068	86,923	87
Total Current Liabilities	545,790	427,992	117,798	28
Total Equity and Liabilities	2,323,137	2,270,594	52,543	2

CHAIRMAN'S STATEMENT



Distinguished Shareholders, members of the Board of Directors, representatives of the Regulatory Agencies, our External Auditors, our Registrars, our Solicitors, members of the press, invited guests, representative of Management and Staff, ladies and gentlemen. I warmly welcome you to the 49th Annual General Meeting of our Company. It is with great honour, that I present to you the Financial Report and Performance Review of our Company for the financial year ending 31st December 2018.

Fellow shareholders, I wish to seize this opportunity to acknowledge the support and co-operation that you have given to the Company and the Board over the years, notwithstanding the very challenging economic situation in the country. I trust that we can count on your continued support.

Before presenting the financial report, I would like to provide a brief review of the operating economic environment which shaped our performance as a Company in year 2018.

OPERATING ECONOMIC ENVIRONMENT

The Nigeria Business environment remained challenging and competitive as Power Instability and Infrastructural deficit continue to affect the economy negatively. Insecurity in the North in form of farmers-herdsmen's clash and the incessant attack of communities by Bandits is another negative factor.

The financial challenges of most state and local governments as well as the increasing rate of unemployment as published by the National Bureau of Statistics affected Consumer disposable income during the year.

On a positive note, the Nigerian economy recorded improvements in the area of growth, price and exchange rate stability as well as fiscal stability. Macroeconomic conditions improved modestly as real growth in GDP rose to 1.93% in 2018 from 0.82% in 2017. Growth in national output remains moderate at 1.93% and well below the 10-year historical average of 4.5%. There was decline in average inflation from 16.5% in 2017 to 12.2% in 2018.

With the Central Bank of Nigeria (CBN) intensified intervention in the foreign exchange market, exchange rate remained relatively stable during the year despite pressures emanating from capital reversals by foreign portfolio investors to ensure liquidity. This has led to the convergence of the multiple exchange rates that were hitherto prevalent in the economy.

Yields on fixed income securities experienced a downward trend in most parts of the year but picked-up in the last quarter to attract investors, who continued to reduce their exposure to Nigerian sovereign instruments on account of the increased political risk premium emanating from the 2019 general elections.

The aggressiveness of the government in tax collection resulted in the highest annual revenue of N5.32trillion in 2018 and a growth in tax revenue-to-GDP from 6% in 2017 to 7% in 2018

CHAIRMAN'S STATEMENT - CONT'D

HEALTH SECTOR

While the health sector is still battling with the issue of counterfeit and substandard drugs, the issue of drug abuse has also become a major concern for stakeholders in the sector during the year.

It was to this end that the Federal Minister of Health (FMOH) on 1st May 2018 issued a directive to the National Agency for Food and Drug Administration and Control (NAFDAC) and Pharmacists Council of Nigeria (PCN) to suspend the production of "Codeine Containing Cough Syrup". New license registration for the Codeine products were suspended and the issuance of further import permits for Codeine Phosphate was also suspended. An audit exercise was carried out and sales recall on all "Codeine Containing Cough Syrup" were stopped.

The FMOH further issued a communiqué consequent upon the outcome of the audit and recall exercise which stated that 2.4 million bottles of "Cough Syrup Containing Codeine" was recalled from Twenty (20) companies involved in its production and sales.

It is worthy of mentioning that various consultations on how to resolve the issue is ongoing among the Pharmaceutical Manufacturers Group of the Manufacturers Association of Nigeria (PMGMAN), NAFDAC, PCN and FMOH.

The players in this sector shall continue to rely on NAFDAC for their stance against drug counterfeiting and abuse.

COMPANY REVIEW

The FMOH's Suspension of the production and sales of "Codeine Containing Cough Syrup" came at a time our Company had invested so much in materials (raw and packaging) and finished goods in line with the Company's 2018 Budget and the Pre-planned New Pharma Machine installation. This resulted in a substantial Capital tie-down, loss of Sales and consequently loss of projected Cash inflow which negatively impacted our planned expansion.

Our strategy of strengthening our Mouthwash segment is on course with the introduction of BRETT Mouthwash in an improved packaging design and competitive pack sizes. The BRETT Mouthwash Improved Look has taken care of all obstacles to sales associated with the old packaging. A similar strategy is being adopted for the HEXEDENE Mouthwash Brand.

As a "Made in Nigeria Brand of Mouthwash" we are optimistic that with time, we can tap into the opportunities available in the Nigerian Mouthwash Market.

We are currently engaging in various packaging improvement and innovations for SANS Cream Soda so as to position it as the most sought-after drink by our targeted customers. Some of these improvements and innovations are already yielding results.

Re-introduction of our notable Consumer Brands in improved Packaging Design are in the pipeline. This will give the needed boost to our Consumer Business Segment.

The Board of Directors and Management of our company remain focused on our strategic initiatives aimed at driving shareholder value and sustaining long-term growth; we shall continue to strive relentlessly to improve the performance of your Company.

CHAIRMAN'S STATEMENT - CONT'D

OPERATING RESULT

Distinguished shareholders, despite all the earlier mentioned business operating challenges, our Company recorded a turnover of **N1.02 billion** which is 36% less than our achieved turnover for 2017. This resulted into a loss of **N0.26 billion**.

EXTERNAL FUND SOURCING

At present, we are financing our operations with inflows from sales and zero external borrowing.

However, in order to accelerate our Company's growth, we shall be considering External Capital Injection through favourable financing options. This is expected to yield positive result as we currently have a healthy credit status to attract potential investors.

BUSINESS OUTLOOK

The Board and Management are confident that with the strategic initiatives being introduced, our continued investment in our brands and people as well as with the Injection of the Expected External Funding, we will be delivering growth for the business in the coming years.

CORPORATE SOCIAL RESPONSIBILITY

Our Company played its role of Corporate Social Responsibility to communities around Agbara Industrial Estate and other notable Institutions by way of Products donations, Partnership contributions and Sponsorships.

TRAINING AND DEVELOPMENT

Our Company continued in the Training and Development of its key Staff to ensure that they are always up to date with Pharma and Consumer installations and innovative technology in our business sector.

DIVIDENDS

The Board of Directors are not recommending the payment of dividends for the year ended 31st December, 2018.

CHANGES IN THE BOARD

I want to seize this opportunity to formally announce the resignation of Alhaji B. Zakariyau from our Board of Directors on 22nd May 2018. I wish to express our profound appreciation for his contributions during his time with us and wish him well in his future endeavours.

For the actualisation of our strategic vision as well as for the purpose of business continuity, Mr E. A. Anaba has been appointed as a Non-Executive Director of our Company with effect from 25th July 2018. If you will recall, Mr Anaba has been an Alternate Director to Alhaji B. Zakariyau since 2003. He is a distinguished professional with wealth of knowledge and experience. His profile is contained in this Annual Report and Financial Statement.

CONCLUSION

Distinguished ladies and gentlemen, I hereby express my sincere gratitude to the Board, Management and staff of the Company for their devotion to duty and excellence even in the face of difficulty in the operating environment.

Finally, I thank you most sincerely for your presence and kind attention.

F.R.A. WILLIAMS

COMPANY PROFILE

PHARMA-DEKO PLC. started in Nigeria in 1969 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. 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 Enterprise Promotion Decree (1972), 40% of the shares of the company were sold to the Nigeria citizens and associations. The company operated under the name, Parke-Davis and Company (Nig.) Limited until February 28, 1980, when the name was changed to Pharma-Deko Limited. Sequel to its conversion from private to 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 (International Standard Organisation) certified to produce Vitacee (brand of Vitamin C) Drops/Syrups and Carbonated Soft Drinks.

Our consistent level of quality and dedication to healthcare makes us one of the country's leading producers of pharmaceutical and consumer healthcare products. Our popular brands include but are not limited to Pharmadec (Syrup and Drops), Parkalin Cough Range, Anuproct, Salins Liniment, Revitone Blood Tonic and Antasil brand of antacid. Others are Sans Cream Soda, Dextra Energy Drink, Blackcurrant, Bien Flavoured Water range, MS Cola, Brett Mouthwash, Hexedene and many other products emanating from our research and development laboratory. These products are distributed nation-wide through a network of Medical and Consumer Sales Representatives.

BOARD OF DIRECTORS



Abibu Adekunle -
Managing Director



E.A. Anaba
Non-Executive Director



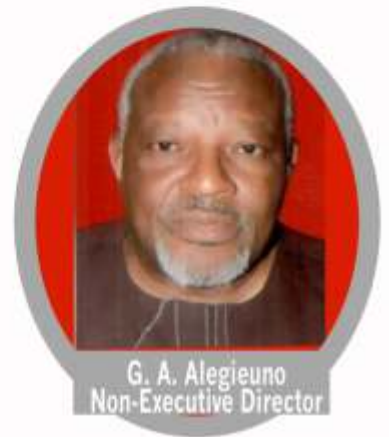
C. C. Chikeluba
Non-Executive Director



K. A. Lawson
Non-Executive Director



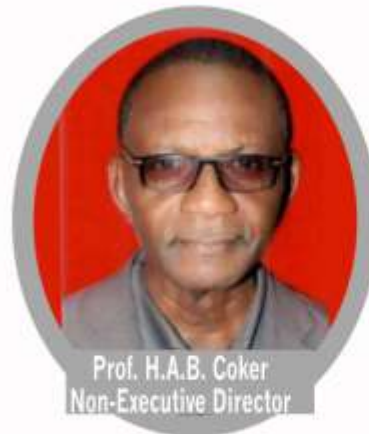
F. R. A. Williams (Jnr.) -
Chairman



G. A. Alegieuno
Non-Executive Director



J. O. Anyigbo
Non-Executive Director



Prof. H.A.B. Coker
Non-Executive Director

DIRECTORS PROFILE

MR. FOLARIN R.A. WILLIAMS – CHAIRMAN

Mr. Folarin Williams holds degrees in Chemical Engineering and Law. He graduated with a B.Sc. (Hons.) ACGI in Chemical Engineering from the Imperial College of Science and Technology London University in 1977. He also obtained a Master of Arts (Cantab) Law from Selwyn College Cambridge in 1983 and was called to the Nigerian Bar in 1984. He holds board appointments in a number of companies within the pharmaceutical, information technology, logistics and oil-fields services industrial sectors. He is currently the Managing Partner of Chief Rotimi Williams' Chambers, a full service Law firm in Nigeria.

MR. ADEKUNLE ABIBU – MANAGING DIRECTOR

Mr. Adekunle Abibu graduated with a B.Sc. (Hons.) in Industrial Engineering from the University of Ibadan in 1989. He joined Pharma-Deko Plc as its Managing Director on the 4th of August, 2008. Before joining the Company, Mr. Abibu had worked in the Nestle Group for over sixteen years during which he rose to become the Managing Director of Nestle Guinea for four years. Nestle Guinea oversees the operations in Sierra Leone, Liberia and Guinea Bissau in addition to Guinea Conakry. Before his appointment as the Managing Director for Nestle Guinea, he was responsible for Supply Chain covering twenty-three African Countries. He has vast experience in Industrial Engineering, Project Management, International Supply Chain and Commercial Management and attended various Management Trainings including in London Business School (LBS) & Institute of Management Development (IMD).

MR. GODWIN A. ALEGIEUNO – NON – EXECUTIVE DIRECTOR

Mr. Alegieuno is a Chartered Accountant and an Insurance Practitioner. He is a fellow of the Chartered Association of Certified Accountants, Institute of Chartered Accountants of Nigeria and also Chartered Insurer. He obtained an Ordinary National Diploma (OND) in 1973 and a High National Diploma in 1975 both in Accountancy from the College of Technology, Yaba. He also obtained a Post Graduate Diploma in Finance from the University of Leicester, United Kingdom in 2003. He has vast experience in Commerce, Industry and Insurance. He retired as the Managing Director of Lion of Africa Insurance Company Limited. He joined the Board of Pharma-Deko Plc in 1994.

MR. E.A. ANABA – NON – EXECUTIVE DIRECTOR

He holds an MBA (Banking & Finance) from Enugu State University and Advanced Management of International Agreements & Joint Ventures from University of Lagos. He also obtained a B.Sc. (Hons) in Management Studies from University of Calabar. He is a fellow, Chartered Institute of Bankers, Associate, Institute of Capital Market Registrars, Associate, Chartered Institute of Management and Associate, Chartered Certified Accountants (ACCA). He has worked in both public and private sectors with experience spanning over 20 years and has held board appointment in many companies. His experience covers Corporate Finance, Investment Management, Project Finance, Capital Market and Money Market Services. He is widely exposed in Finance, Investment and Marketing having attended various courses locally and internationally. He joined the Board of Directors in 2003 as an alternate director and was subsequently appointed a director in 2018.

CHIEF JOE O. ANYIGBO – NON – EXECUTIVE DIRECTOR

Chief Anyigbo is an Engineer and businessman. He has over 30 years extensive experience in all sectors of the Oil and Gas Industry. He is a fellow of Nigerian Society of Chemical Engineers, a member of the Board of Trustees of Nigeria Society of Chemical Engineers and a recipient of National Productivity Order of Merit Award. He retired in 2002 from Chevron Nigeria Limited as a Pioneer Executive Director. Chief Anyigbo graduated with a B.Sc. (Hons.) in Chemical Engineering from Lafayette College, Pennsylvania, U.S.A. in 1967. He obtained MSc

DIRECTORS PROFILE - CONT'D

Chemical Engineering from Carnegie-Mellon University in 1969 and a Masters degree in Business Administration (MBA) from the University of Pittsburgh, U.S.A. 1971. Currently, Chief Anyigbo serves on the Boards of several companies including; Multinational Technologies Ltd, Xerox (HS) Nig. Ltd, Signal Petroleum Services Ltd, S.O Awokoya Foundation for Science Education, Salvic Petroleum Resources Ltd, etc. He joined the Board of Pharma-Deko Plc in 2006.

MR. COLLINS C. CHIKELUBA – NON – EXECUTIVE DIRECTOR

Mr. Chikeluba is a Lawyer, businessman and philanthropist with business interest in Nigeria, Europe, America and Asia. He graduated with a B.Sc. (Hons.) in Business Administration (Major in Management Science and Minor in Marketing) from Fontbone University, St. Louis, U.S.A. in 1983. Mr. Chikeluba obtained a Masters degree in Finance from the Webster University, USA in 1984 and a JurisDoctoris from St. Louis University, School of Law, USA in 1987. He was called to the Nigerian Bar in 1988. His business interests span across various sectors of the economy including; Transportation, Insurance, Oil and Gas, Banking, Manufacturing and Real Estate. He holds Board appointments in other companies such as SET Plc. He is currently the chairman of Kohinoor Hospitalities Ltd and the CEO of GMO and Co. Ltd.

PROFESSOR H.A.B. COKER – NON-EXECUTIVE DIRECTOR

Professor Herbert A.B. Coker is a Professor of Pharmaceutical Chemistry in the Faculty of Pharmacy, University of Lagos. He joined the then School of Pharmacy on 17th December, 1984 as Lecturer 1 and rose through the ranks to the post of Professor in October 1994. Professor Coker teaches Undergraduates and Postgraduate courses and conducts researches in Medical Chemistry, Clinical Pharmacology of Drugs, Natural Products Sciences, Drug Design and Development, Pharmaceuticals & Food Quality Assurance, Environmental Concerns and Clinical Pharmacy. Professor Coker has published quite a number of research works and professional opinions, in International (offshore) and National (onshore) Journals. He also renders professional services to the Federal Government of Nigeria and Lagos State Government, as well as to foreign establishments in China, Indonesia, and India. He is a member of numerous professional bodies and possesses about 30 years experience in Pharmacy and health-related matters. Professor Coker had his early education at Ladilak Institute, Yaba (under the watchful eyes of the late Mrs. Rita Akaje-Macaulay; nee Hamiton), Lagos Baptist Academy, Ibadan Grammar School, Ahmadu Bello University, Strathclyde in Glasgow, United Kingdom. He was appointed to the Board of Directors of Pharma-Deko to assist with the Product Quality Assurance Pharmaceutical Technology and New Products Development amongst many other health related issues.

MR. KOLAPO A. LAWSON – NON – EXECUTIVE DIRECTOR

Mr. Kolapo Lawson is a Chartered Accountant and business tycoon. He graduated with B.Sc. (Hons.) in Economics from the London School of Economics and Political Science in 1972. He joined the International Accountancy Firm of Coopers and Lybrand, London (now part of PriceWaterHouse Coopers) where he qualified as a Chartered Accountant in 1975. He is a fellow of the Institute of Chartered Accountants (England & Wales) and Nigeria. He is the President of Lawson Corporation and Chairman, Agbara Estates Limited and Chairman of Acorn Petroleum Plc. Mr. Kolapo Lawson was the Chairman of Ecobank Transnational Incorporated and holds Board appointments in many other companies. He joined the Board of Directors in 1993.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the annual report and financial statements of Pharma Deko Plc for the year ended December 31, 2018.

1. Incorporation

The Company was incorporated as a private limited liability company in 1967 as PARKE-DAVIS & CO (NIG.) LTD. In 1980, the Company changed its name to PHARMADEKO LIMITED, and in pursuance of the Companies and Allied Matters Act 2004, is now known as PHARMA DEKO PLC.

2. Nature of business

The company's principal activities include the manufacturing, packaging and marketing of high quality pharmaceutical and consumer products. The consumer and pharmaceutical products share the same production lines and the company leverages on this to ensure efficiency and effectiveness in its production process. The company also allows the use of its production facilities by third parties.

There have been no material changes to the nature of the company's business from the prior year.

3. Beneficial Ownership

The Company is 100% owned by Nigerian citizens.

4. Operating results

The Federal Government of Nigeria(FGN) placed a ban on the importation and sale of any pharmaceutical product that contains codeine phosphate. The ban affected the company's sale of its flagship product - "Parkalin Cough Syrup". The result of operations in the year as follows:

	2018 N'000	2017 N'000
Revenue	1,023,806	1,593,379
Cost of sales	622,439	830,230
(Loss)/profit before taxation	(255,045)	39,314
Taxation	(9,277)	(26,709)
Profit/(loss) after taxation	(265,260)	12,605
Other comprehensive income(net of tax)	123,791	-
Total comprehensive (loss)/income	(141,469)	12,605

5. Share capital

	2018		2017	
Authorised	Number of shares			
300,000,000 ordinary shares of 50k each			150,000,000	150,000,000
Issued	2018 N. '000	2017 N. '000	2018 Number of shares	2017 Number of shares
216,931,596 ordinary shares of 50k each	108,466	108,466	216,931,596	216,931,596

There have been no changes to the authorised or issued share capital during the year under review.

6. Dividend

No dividend is proposed by the Board of Directors for the 2018 financial year.

A dividend of 5 kobo per ordinary share was however paid to members for the 2017 financial year.

A 10% withholding tax was deducted at the time of payment and the payment was appropriated from retained earnings.

DIRECTORS' REPORT - CONT'D

7. Directors

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

F. R. A Williams (Jr.)	Re-appointed on 22nd May 2018
J. A. Abibu	Appointed on 4th August 2008
G. A. Alegieuno	Re-appointed on 28th July 2016
E.A. Anaba	Appointed on 25th July 2018
Chief J. O. Anyigbo	Re-appointed on 28th July 2016
C. C. Chikeluba	Re-appointed on 4th May 2017
Prof. H. A. B. Coker	Re-appointed on 22nd May 2018
K. A. Lawson	Re-appointed on 4th May 2017
Alh. B. Zakariya'u	Retired on 22nd May 2018

Messrs. G. A. Alegieuno, J.O. Anyigbo and E.A. Anaba will retire by rotation from the Board of Directors at the 49th Annual General Meeting and being eligible have offered themselves for re-election/election.

CHANGES ON THE BOARD

Since the conclusion of the last Annual General Meeting, there have been changes with respect to the Board Members. Alh. B. Zakariya'u resigned from the Board on 22nd May 2018. Mr. E.A. Anaba has since been appointed to the Board since the 25th July 2018.

8. Directors' Interest

The interest of the Directors in the Share Capital as recorded in the register of members and/ or as notified by them for purposes of section 276 of the Companies and Allied Matters Act 2004 as at 31st December 2018 is as follows:

Directors and their Shareholdings

As at December 31, 2018, the interest of the Directors in the issued share capital of the company as recorded in the register of shareholders and/or as notified by them for the purposes of section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 are as follows

Interests in shares

Directors	2018	2017	2018	2017
	Direct	Direct	Indirect	Indirect
Mr. F.R.A. Williams (Jr)	15,194,440	15,194,440	57,393,000	57,393,000
Mr. J.A. Abibu	2,588,170	2,588,170	-	-
Mr. C.C. Chikeluba	23,136,950	23,136,950	-	-
Mr. K.A. Lawson	300,000	300,000	3,079,141	3,079,141
Chief J.O. Anyigbo	25,000,000	25,000,000	-	-
Mr. G.A. Alegieuno	500,000	500,000	-	-
Alhaji B. Zakariyau	1,300	1,300	-	11,000,100
Professor Herbert A. B Coker	150,000	150,000	-	-
Mr. E.A. Anaba	-	-	7,000,100	-
	66,870,860	66,870,860	67,472,241	71,472,241

DIRECTORS' REPORT - CONT'D

9. Director's interest in contracts

During the financial year contracts were entered into which directors or officers of the company had an interest and which affected the business of the company. The transactions were however all conducted at arm's length.

10. Analysis Of Shareholding

BEGINNING RANGE	ENDING RANGE	TOTAL SHAREHOLDER	% OF SHAREHOLDER	TOTAL SHAREHOLDING	% OF SHAREHOLDING
1	1,000	1,898	52.19%	875,883	0.40%
1,001	5,000	1,081	29.72%	2,700,949	1.25%
5,001	10,000	253	6.96%	1,975,305	0.90%
10,001	50,000	296	8.13%	6,819,797	3.15%
50,001	100,000	43	1.18%	3,317,043	1.53%
100,001	500,000	36	0.99%	8,671,126	4.00%
500,001	1,000,000	12	0.33%	9,734,860	4.49%
1,000,001	5,000,000	9	0.25%	22,618,566	10.43%
5,000,001	10,000,000	4	0.11%	31,950,357	14.74%
10,000,001	50,000,000	4	0.11%	70,762,808	32.64%
50,000,001	100,000,000	1	0.03%	57,393,000	26.47%
		3,637	100.00%	216,819,694	100.00%

11. Substantial Shareholders

According to the Registrars of Members, the following shareholders of the company held more than 5 percent of the issued share capital of the company on 31st December 2018;

SN	NAME	ADDRESS	HOLDINGS	%HOLDING
1	United Investment Limited	P.O.Box 3426 Lagos	57,393,000	26.47%
2	Anyigbo josaphat Olisamezie	No 7 Funso Martins Street Parkview Ikoyi, Lagos	25,000,000	11.53%
3	Chikeluba C.C.	1, Abimbola Shodipe St, Surulere Off Western Avenue Lagos	23,136,950	10.67%
4	Osai Stephen, U.	7 Okunola Aina Street, Okupe Maryland, Ikeja, Lagos	17,520,000	8.08%
5	Williams Folarin Rotimi Abiola	1A Shagamu Ave, Ilupeju P.O.Box 3426, Lagos	15,194,440	7.01%
			138,244,390	63.76%

12. Donations and Charity Gifts

The following are the donations and/or charitable gifts made during the year 2018;

SN	Recipients	Donations	Value
1.	Nigeria Labour Congress (NLC)	Product packs	19,000
2.	Federal Ministry of Commerce & Industry	Product packs	23,300
3.	National Agency for Food and Drug Administration and Control (NAFDAC)	Product packs	19,000
4.	Standard Organisation of Nigeria (SON)	Product packs	51,350
5.	Others	Product packs	283,530
			396,180

13. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, which have not been disclosed in this financial statements.

14. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual report and financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

DIRECTORS' REPORT - CONT'D

15. Compliance with the Law

The Board ensures that management complied with all the laws relating to the businesses of the company. The Board also ensures that the company co-operates with the relevant Statutory Agencies in the course of carrying out its business. The Directors hereby confirm that the company complied fully with all the requisite regulatory and legal requirements during the financial year.

16. Corporate Governance

In Pharma-Deko Plc, our actions and interactions with our consumers, customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles.

Our business is largely self-regulated and we pride ourselves as leading our peers in the industry and Nigeria in this regard. In addition to self-regulation, we are committed to conducting business in line with best practice, in accordance with applicable laws and regulations in Nigeria, in line with the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria.

The Company's operations have always been guided by the principles of corporate governance, with the objective of achieving improved corporate performance, whilst enlisting adherence to the highest ethical standards.

The core value of the Company's abiding governance philosophy is integrity in all its operations.

17. Employment of Disabled Persons

It is the policy of the Company to ensure that there is no discrimination in considering applications for employment including those of physically challenged persons. The policy ensures that disadvantaged persons are afforded, as far as is practicable, identical opportunities with other employees. There was no such physically challenged person employed during the twelve months ended 31st December, 2018.

18. Health & Safety at Work

The Company places a high premium on the health, safety and welfare of its employees at place of work. All efforts are geared towards providing a safe and conducive working environment for employees. To this end, there is a health and safety policy supported by systems and procedures for ensuring that safe working practices are followed in the performance of all Company functions. In addition, medical facilities at specified limits are provided to confirmed employees at the Company's expense.

19. Company's Distributors

S/N	CUSTOMER	LOCATION
1	A.A. ACHIDA S. FULANI GLOBAL	SULEJA
2	ADDIDE LIMITED	LAGOS
3	ADEJUMO & SONS NIG.LTD	JOS
4	AHMED DELIGHTFUL LIMITED	MINNA
5	AISHAABUBAKAR ZAILANI	BAUCHI
6	ALH USMAN INVESTMENT	GOMBE
7	ALH. USMAN BABAGANA	MAIDUGURI
8	ALHAJI DALHA GARBA	KANO
9	ALHAJI SHEHU ADAMU	BAUCHI
10	AL-MUSIK VENTURES	KASTINA

DIRECTORS' REPORT - CONT'D

11	ARTEEE INDUSTRIES LTD (SPAR)	LAGOS
12	AYI	KADUNA
13	AYO DAVE NIG.LTD.	LAGOS
14	B & Y SAAD VENTURES LIMITED	MINNA
15	Benomart& Co	LAGOS
16	BINQOM NIGERIA ENTERPRISES	SANGO
17	BINTA'S ENT.	LAGOS
18	BOLANLE OLUSANYA ENTERPRISES	ABEOKUTA
19	BOMAMBAS ENT	BENIN
20	BYSONS	ABA
21	CITISERVE (LAGOS)	LAGOS
22	COVENANT UNIVERSITY (WINNER CHAPEL)	SANGO
23	DE TASTEE FRIED	LAGOS
24	DESTINATIONS GLOBAL INVESTMENT LTD	IBADAN
25	DIVINE TREASURE FIELD LTD	ONITSHA
26	DREAM AUTHENTIC ENTERPRISES	WARRI
27	EMPEROR INVESTMENT	WARRI
28	FIRST MASTERS RETAILERS	LAGOS
29	FIRST TONY MOORE INT'L COMPANY LTD	ONDO
30	FOLA OSENI NIG.	AKURE
31	GONAKO INVESTMENT	SULEJA
32	GRAND SQUARE SUPERMARKET	LAGOS
33	GROCERY BAZAAR	LAGOS
34	HAMSTORE LTD	ZAMFARA
35	HERET ENTERPRISES	LAGOS
36	HUBMART STORES LIMITED	LAGOS
37	ICOJON/ALPHA MEAD FACILS & MGT SERV. LTD	LAGOS
38	IJ PHILAS SUPERMARKET	LAGOS
39	JAVANET LTD.	PORT HARCOURT
40	JENKAT VENTURES	ILORIN
41	JOKKY FROZEN FOODS LTD	SANGO
42	JOSHUA & OSAZ VENTURE	IBADAN
43	LAGOS AIRPORT HOTEL LTD	LAGOS
44	MADACI PHARMACEUTICAL COMPANY LTD	KANO
45	Mahabubkassim	KANO
46	MRS THERESA OBI	ABA
47	MRS TINA U & ASSOCIATE LTD	YOLA
48	NWANNAD-GREAT ENT	OWERRI
49	OBIEKEZIE PRUDENCE IFEYINWA	ONITSHA
50	OBI-TONE VENTURES	MUSHIN
51	OBOS NIGERIA COMPANY LTD	WARRI
52	OBY UNIQUE	LAGOS
53	OKOBIZ VENTURES LTD	YOLA
54	ONADIPE STORES(PHARMA)	LAGOS
55	ONYEMABEST INT'L LTD	ABUJA
56	OSCCARMORE UNIVERSAL SERVICE	BENIN
57	PRINCE EBEANO & CO	LAGOS
58	RAY CHOICE INVESTMENT	LAGOS
59	REHOBOTH TLG VENTURES	ABEOKUTA
60	RISONA PHARMACY	JOS
61	RON-LOLL VENTURES	LAGOS
62	SANEG NIG LTD	LAGOS
63	SC. OKONKWO	JOS
64	SIR BAYCHEE INTERNATIONAL	OSUN
65	Smabirm	ABUJA
66	SOOD AND JINS NIG LTD	LAGOS
67	SPLASH SUPER STORE	KASTINA
68	SUFAYE .SAHMED ENT.	KANO
69	TANIMOLA PHARMACY STORES.	IBADAN
70	TEE ONE VENTURE LIMITED	LAGOS

DIRECTOR'S REPORT - CONT'D

71	THE 3 PEACE'S STORE	OYO
72	THE BAZAAR FARMS AND STORES LTD	LAGOS
73	TONIK PHARMACY	IBADAN
74	TRIPPLE G NUGWA	KANO
75	TRIPPLE H. MADUGU	KANO
76	VINEDELIA VENTURES LTD.	LAGOS
77	WOODCRAFT & DESIGN LIMITED	ABUJA
78	WORLD WIDE COMMERCIAL VENTURES LTD.	LAGOS
79	YINIKAWA ENTERPRISES LTD.	IBADAN

20. Suppliers

The Company's main overseas suppliers are:

1. HAUTEK INDUSTRIES CO., LTD
2. JK INDUSTRIES
3. NANJING UNION PACK IMPORT & EXPORT CO., LTD
4. TRADENIGER IMPEX PVT LTD
5. YORK - JOHNSON CONTROL COMPANY
6. ZHANGJIAGANG MACHINE CO., LTD

The main Local Suppliers are:

1. MANIPAL INTERNATINAL PRESS LTD
2. BMS INTER. RESOURCES LIMITED
3. BOC GASES NIGERIA PLC
4. CARDSTEL SOLUTIONS LTD
5. DANGOTE SUGAR REFINERY PLC
6. EURO GLOBAL FOODS & DISTRILLERIES LTD
7. FORTE OIL PLC
8. GLOBAL STERLING PRODUCTS LIMITED
9. QUORUM PACKAGING LTD
10. MODEL MAINTENANCE SERVICES
11. NIPCO PLC
12. AKOD AGENCY
13. ROTOPRINT LIMITED
14. RT BRISCOE (NIGERIA) PLC
15. MMTA
16. TRISA NIGERIA LTD
17. FIYIQUE VENTURES LTD
18. WAHUM PACKAGING LIMITED

21. Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing implementation of Company controls and procedures including, in particular, maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. There are currently four (4) regularly scheduled Board meetings during each financial year.

22. Composition of the Board of Directors and Procedure for Board Appointments

The Board currently consists of the Chairman, 6 Non-Executive Directors and 1 Executive Director.

All Directors are selected on the basis of certain core competencies including experience in marketing, general operations, strategy, law, human resources, technology, media or public relations, finance or accounting, retail, consumer products, international business/markets, logistics, product design, merchandising or experience as a Managing Director or Finance

DIRECTORS' REPORT - CONT'D

Director. In addition to having one or more of these core competencies, candidates for appointment as Directors are identified and considered on the basis of knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand the Company's business.

23. Separation of the positions of Chairman and Managing Director

The positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and the Managing Director is responsible for implementation of the Company's business strategy and the day-to-day management of the business.

24. Schedule of Matters Reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

I. Strategy and management

- Input into the development of the long-term objectives and overall commercial strategy for the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

II. Structure and capital

- Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- Major changes to the Company's corporate structure.
- Changes to the Company's management and control structure.
- Any changes to the Company's listing or its status as a publicly listed company.

III. Financial reporting and controls

- Approval of preliminary announcements of interim and final results.
- Approval of the annual report and accounts, including the corporate governance statement.
- Approval of the dividend policy.
- Declaration of the interim dividend and recommendation of the final dividend.
- Approval of any significant changes in accounting policies or practices.
- Approval of treasury policies including foreign currency exposure.

IV. Internal controls

Ensuring maintenance of a sound system of internal control and risk management including:

- Receiving reports from the Finance and Risk Committee and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives;
- Undertaking an annual assessment of these processes through the Finance and Risk Committee; and
- Approving an appropriate statement for inclusion in the annual report.

V. Contracts

- Major capital projects.
- Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets of amounts above the threshold reserved for Executive Directors.
- Contracts of the Company (or any subsidiary) not in the ordinary course of business, for

DIRECTOR'S REPORT - CONT'D

example loans and repayments; foreign currency transactions and; major acquisitions or disposals of amounts above the thresholds reserved for Executive Directors under the Schedule of Authorities and Limits.

➤ Major investments including the acquisition or disposal of interests of more than five (5) percent in the voting shares of any company or the making of any takeover offer.

VI. Communication

➤ Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

➤ Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).

➤ Approval of press releases concerning matters decided by the Board.

VII. Board membership and other appointments

➤ Changes to the structure, size and composition of the Board, following recommendations from the Remuneration Committee.

➤ Ensuring adequate succession planning for the Board and senior management following recommendations from the Remuneration Committee.

➤ Appointments to the Board, following recommendations by the Remuneration Committee.

➤ Approval of appointment of the Chairman of the Board following recommendations by the Remuneration Committee.

➤ Appointment of Non-executive Directors including Independent Directors following recommendations by the Remuneration Committee.

➤ Membership and Chairmanship of Board Committees.

➤ Continuation in office of Directors at the end of their term of office, when they are due to be reelected by shareholders at the Annual General Meeting and otherwise as appropriate.

➤ Continuation in office of Non-executive Directors at any time.

➤ Appointment or removal of the Company Secretary following recommendations by the Remuneration Committee.

➤ Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Finance and Risk Committee.

➤ Appointments to Board of subsidiaries.

VIII. Remuneration

➤ Approval of the remuneration policy for the Directors, Company Secretary and other senior executives following recommendations by the Remuneration Committee.

➤ Approval of the remuneration of the Non-executive Directors, subject to the Articles of Association and shareholder approval as appropriate following recommendations by the Remuneration Committee.

➤ The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Remuneration Committee.

IX. Delegation of authority

➤ The division of responsibilities between the Chairman and the Chief Executive Officer, which should be in writing.

➤ Approval of terms of reference of Board Committees.

➤ Receiving reports from Board Committees on their activities.

DIRECTORS' REPORT - CONT'D

X. Corporate Governance matters

- Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors.
- Determining the independence of Directors.
- Considering the balance of interests between shareholders, employees, customers and the community.
- Review of the Company's overall corporate governance arrangements.
- Receiving reports on the views of the Company's shareholders.

25. Induction and Training

The Company has in place a formal induction program for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the senior management team. Newly appointed Directors are also conducted round the production facilities of the Company to gain first-hand knowledge of the production process and the emphasis placed on health and safety by the Company.

The Remuneration Committee is in charge of evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing education seminars or programmes which would be beneficial to the Company and the Directors' service on the Board.

26. Performance Evaluation process

The Remuneration Committee oversees a formal evaluation process to assess the composition and performance of the Board, each Committee, and each individual director on an annual basis. The assessment is conducted to ensure the Board, Committees, and individual members are effective and productive and to identify opportunities for improvement and skill set needs.

As part of the process, each member completes a detailed and thorough questionnaire and each member also participates in an oral interview/conversation session as a follow up to the completion of the questionnaires. The results are aggregated and summarized for discussion purposes however; individual responses are not attributed to any member and are kept confidential to ensure honest and candid feedback is received. The Remuneration Committee reports annually to the full Board with result of the evaluation exercise. Directors will not be nominated for re-election unless it is affirmatively determined that the Director is substantially contributing to the overall effectiveness of the Board.

A summary of the 2018 Board Performance Evaluation is that the Board is composed of highly experienced individuals with diverse backgrounds and the Board is effectively and efficiently discharging its oversight functions of the Company's business strategy/plan as well as its other responsibilities. The evaluation also confirmed that the Directors are very committed to the business of the Company. It was however noted that there is room for improvement in the area of continuous director development. The recommendations of the performance evaluation have been considered by the Board and are being implemented as deemed necessary.

DIRECTOR'S REPORT - CONT'D

27. Attendance at Board Meetings

The Board held six (6) meetings during the 2018 financial year. The following table shows the membership and attendance of Directors at Board meetings during the 2018 financial year;

S/N	Directors	26/1/2018	26/3/2018	8/5/2018	22/5/2018	25/7/2018	13/12/2018	Total no of Meetings attended
1	Mr. F.R.A. Williams	P	P	P	P	P	P	6
2	Mr. J. A. Abibu	P	P	P	P	P	P	6
3	Alhaji B. Zakariya'u	P	P	P	P	N/A	N/A	4
4	Mr. C.C. Chikeluba	P	P	P	P	P	P	6
5	Mr. K. Lawson	P	P	P	P	P	P	6
6	Chief J. Anyigbo	P	P	AWA	AWA	AWA	AWA	2
7	Mr. G. A. Alegieuno	P	P	P	P	P	P	6
8	Prof. H. A. B. Coker	P	P	P	P	P	P	6
9	Mr. E.A. Anaba	N/A	N/A	N/A	N/A	P	P	2

P – Present | AWA – Absent with Apology | N/A – Not Applicable

28. Board Committees

As at the date of this report, the Company has in place, the following Board Committees: Remuneration and Human Resources Board Committee, Finance And General Purpose Board Committee, Science And Technology Board Committee and Risk Management Committee.

The following table shows the membership and attendance of Directors at Board Committee meetings during the 2018 financial year:

a. Remuneration Committee Meetings

S/N	Directors	19/4/2018	Total No of Meetings Attended
1	Mr. K. Lawson	P	1
2	Mr. G. A. Alegieuno	P	1
3	Alhaji B. Zakariya'u	P	1

b. Finance And Human Resources Board Committee Meetings:

S/N	Directors	24/1/2018	19/4/2018	19/7/2018	19/10/2018	7/12/2018	Total No of Meetings Attended
1	Mr. F.R.A. Williams	P	P	P	P	P	5
2	Mr. J. A. Abibu	P	P	P	P	P	5
3	Mr. C.C. Chikeluba	P	P	P	P	P	5
4	Mr. G. A. Alegieuno	P	P	P	P	P	5

c. Science And Technology Board Committee Meetings:

S/N	Directors	4/5/2018	20/7/2018	19/10/2018	Total No of Meetings Attended
1	Mr. F.R.A. Williams	P	P	P	3
2	Mr. J. A. Abibu	P	P	P	3
3	Prof. H. A. B. Coker	P	P	P	3

Each of the Committee's meetings was attended by the Managing Director, Chief Finance Officer, the Financial Controller and the Company's Solicitors, when the need arises. Other senior management members are invited to brief the Committee on agenda items related to their areas of responsibilities.

The Board was kept updated and informed at its regular quarterly meetings of the activities of the Committees through the Reports of the meetings of the Committee and verbal updates provided to the Board by the Chairman of the Committee which is included as a regular item on

DIRECTORS' REPORT - CONT'D

the agenda of Board meetings.

29. Audit Committee

The Company has a Statutory Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. It comprises of a mixture of Non-Executive Directors and ordinary shareholders elected at the Annual General Meeting. It evaluates annually the independence and performance of external auditors, receives the interim and final audit presentation from the external auditors and also reviews with management and the external auditors the annual audited financial statements before its submission to the Board.

During the year, the Committee approved the audit plan and scope of the external auditors for the financial year and reviewed quarterly and half yearly financial results before presentation to the Board. The Committee also reviewed the critical accounting policies, judgments and estimates applied in the preparation of the financial statements.

The Committee also received reports from management on the accounting system and internal controls framework of the Company. Similarly, the Committee reviewed reports on key risks affecting the Company's operations, the related controls and assurance processes designed to manage and mitigate such risks. This is in addition to receiving regular updates on the Company's controls and governance environment.

The Committee considered the proposed audit fee structure for the 2018 financial year and made appropriate recommendations to the Board.

The members of the statutory Audit Committee during the 2018 financial year are as follows:

Mr. K.A. Saka, Mrs. O.T. Assan, Mr. O.S. Olugbemi, Mr. C.C. Chikeluba, Mr. G.A. Alegieuno, Alhaji B. Zakariya'u and Mr. E.A. Anaba.

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

AUDIT MEETINGS:

S/N	NAME OF MEMBERS	15/3/2018	18/7/2018	11/10/2018	20/12/2018	TOTAL NO OF MEETINGS ATTENDED
1.	Mr. K.A. Saka	P	P	P	P	4
2.	Mrs. O.T. Assan	P	P	P	P	4
3.	Mr. O.S. Olugbemi	P	P	P	P	4
4.	Mr. C.C. Chikeluba	P	P	P	P	4
5.	Mr. G.A. Alegieuno	P	P	P	P	4
6.	Alhaji B. Zakariya'u	P	N/A	N/A	N/A	1
7.	Mr. E.A. Anaba	N/A	P	P	P	3

P – Present | AWA – Absent with Apology | N/A – Not Applicable

Senior management members are invited to brief the Committee on agenda items related to their areas of responsibilities. The engagement partner of the external auditor, SIAO was also present with other key members of his team, whenever the need arises.

30. Code of Business Conduct and Code of Governance for Directors

As a member of the society in which we operate, we are not just interested in being the best performing consumer/pharmaceutical products Company, we are equally committed to our ambition to become the most trusted and respected business in Nigeria. During the past year, the economic and commercial environment we have operated in has been very volatile. It is in times like this that compliance and ethics grow ever more important as people want to trust the Company behind the brands they love.

The Company has a Code of Business Conduct (CoBC) which is based on our purpose and

DIRECTOR'S REPORT - CONT'D

values as an organisation. At the heart of our Code is a culture of "Acting with Personal Integrity" at all times as we engage with internal and external stakeholders. The Code is applicable to all employees, Directors and business partners of the Company. Our Code covers salient topics which include health, safety and personal security, bribery and corruption, responsible drinking, money laundering, discrimination and human rights, information management and security, quality, insider trading, conflict of interest, competition, data privacy, relationships with customers, suppliers and other business partners, external communications and social media amongst others.

We apply the principles of fairness, integrity and transparency in all our business dealings as entrenched in our CoBC and in line with international best practices. Training and communication programmes as well as compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and comply with the provisions of our Code and policies.

We also seek to create a culture in which employees feel comfortable raising concerns about potential breaches of our Code or policies. We create an enabling atmosphere and expect anyone who comes across a breach to report it immediately, either through our confidential whistle blowing helpline Speak Up, to their Line Manager, to a member of the Controls, Compliance & Ethics team, the Human Resources or Legal team. All allegations are taken seriously and those that require action are investigated. Our response to proven breaches varies commensurately with the severity of the matter, and we monitor breaches to identify trends or common areas where further action may be required.

31 Insider Trading And Dealing In Company's Share

Insider trading is considered to be both illegal and unethical and is therefore prohibited by the Company. The Company's Securities Trading Policy set out the guidelines on the purchase and sale of securities by Directors, employees and associates. The policy is to assist all Directors, and employees the company to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to avoid the conduct known as "insider trading". The policy is available on the Company's website (<https://www.pharmadekopl.com/insider-trading-and-dealing-in-companys-share/>).

32. Complaints Management Policy

A complaints management policy was approved by the Board during the year. The purpose of the policy is to establish an effective and efficient complaints management system that is based on accountability, responsiveness, confidentiality, fairness and transparency. The policy provides details on (i) types of complaints; (ii) the process for lodging of complaints; and (iii) the system of handling complaints. The policy can be found on the Company's website (<https://www.pharmadekopl.com/complaints-management-policy/>).

33. Statement of Company's Risk Management Policies and Practices

The Board of Directors has the responsibility of ensuring the maintenance of a sound system of internal control and Risk management which it does through its Finance and Human Resources Committee and Risk Management Committee. In compliance with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission in 2011, Management provided assurance to the Board during the financial year that the risk management control and compliance systems in Pharma-Deko Plc are operating efficiently and effectively.

DIRECTORS' REPORT - CONT'D

On an annual basis, we undertake a holistic risk assessment to identify top internal and external existing or emerging risks which are thereafter ranked based on their likelihood of occurrence and their impact to the business. These risks are assigned to owners who are then tasked with ensuring that robust risk mitigation plans are in place to mitigate these risks.

34. Employment Policies

The Company places considerable value on the involvement of its employees and maintains an effective communication with all employees who, subject to practical considerations, are consulted on and involved in decisions that affect their current jobs or future prospects. The Company accordingly holds regular staff meetings to discuss the Company's day-to-day operations, business focus and staff welfare issues.

35. Training & Development

Training courses are geared towards the developmental needs of staff and the improvement in their skill sets to face the increasing challenge required for better performance on their jobs. The Company ensures that staff receives continuous on-the-job training.

36. Auditors

The auditors, SIAO (Chartered Accountants), having indicated their willingness, will continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, (CAMA) CAP C20 LFN 2004.

By order of the Board



Asia Elvis Evbaruovbokhanre
FRC/2016/NBA/0000004224
Unity Trustees Limited
(Company Secretary)
1, Shagamu Avenue Ilupeju,
Lagos.

Date: 26/3/2019

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act 2011 to maintain adequate accounting records and are responsible for the content and integrity of the annual report and financial statements and related financial information included in this report. It is their responsibility to ensure that the annual report and financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual report and financial statements.

The annual report and financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual report and financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual report and financial statements. The annual report and financial statements have been examined by the company's external auditors and their report is presented on pages 28 to 30.

The annual report and financial statements set out on pages 31 to 65, which have been prepared on the going concern basis, were approved by the board of directors on 26th March 2019 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:


J. A. Abibu – Managing Director
FRC/2015/IODN/00000011374


Mr. G. A. Alegieuno - Director
FRC/2014/ICAN/00000007613

**CERTIFICATION PURSUANT TO SECTION 60 (2) OF
INVESTMENT AND SECURITIES ACT NO. 29 OF 2007**

On behalf of the Directors, we the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2018 that:

We have reviewed the report;

To the best of our knowledge, the report does not contain:

- Any untrue statement of a material fact, or
- Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to all officers during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

We have disclosed to the auditors of the Company and Audit Committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signed on behalf of the Board of Directors on 26th March 2019 by:



.....
J. A. Abibu – Managing Director
FRC/2015/IODN/00000011374



.....
G. A. Alegieuno - Director
FRC/2014/ICAN/00000007613

REPORT OF THE AUDIT COMMITTEE

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004, we confirm that we have reviewed the audit plan and scope, and the Management Letter on the audit of the accounts of the company and the responses to the said Letter.

In our opinion, the plan and scope of the audit for the year ended 31 December, 2018 were adequate. We have reviewed the External Auditors' findings and we are satisfied with the Management responses thereon.

We also confirm that the accounting and reporting policies of the company are in accordance with the legal requirements and ethical practices.

Dated this18/3/19.....



Alhaji K. A. Saka
FRC/2015/NIM/00000011491
Chairman Audit Committee

Members

Alhaji. K. A. Saka - Chairman
Mr. C. C. Chikeluba
Mr. E. A. Anaba
Mr. G. A. Alegieuno
Mr. O. S. Olusegun
Alhaja. O. T. Assan

INDEPENDENT AUDITORS' REPORT



Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
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Website: www.siao-ng.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pharma Deko Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pharma Deko Plc, which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Part A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable in performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Valuation of Interest in the Properties (Land and Buildings) located at Okene Close, Agbara Industrial Estate, Agbara, Ogun State

Refer to note 3 in the annual report and financial statements

The interest in properties comprising land and buildings located at Okene Close, off Ibadan Road, Agbara Industrial Estate, Ogun State was professionally valued by a firm of Estate Surveyors and Valuers at ₦1.262 billion on the basis of open market value between a willing seller and buyer. The carrying value of the revalued land and buildings as at 27th December, 2018 was ₦1.124 billion. The revaluation resulted in a revaluation surplus of ₦138 million. These conclusions are subject to contingent and limiting conditions and assumptions, and dependent upon significant judgement including:

- The property is in its middle age;
- The valuation was prepared on the basis that the property is in a good state of repair condition;

How our audit addressed the key Audit Matters

Our procedures in relation to management's valuation of the company's interest in land and buildings included:

- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions; and
- Checking the accuracy and relevance of the input data provided by management.

We found the disclosures on note 3 to be appropriate based on the assumptions and available evidence.



- The inspection of the Valuers was limited to physical observation of the property, which did not reveal any indication of defects occasioning major cracks on walls or leakages in the roofs;
- The title to the property is good and marketable;
- The property is free from all onerous restriction or charges; and
- The property is not adversely affected by, or subject to compulsory acquisition, road widening, new road proposals or planning regulations and environment laws.

Other information

The Directors are responsible for the other information. The Other Information comprises the Directors' Report as required by the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon ("the Other Information").

Our opinion on the financial statements does not cover the Other Information and we do not express audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 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. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations; or have no realistic alternative but to do so.

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Internal Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Internal Standards on Auditing (ISA), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT - CONT'D



- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Council of Nigeria Act 2011, the Investment and Securities Act 2007 and the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004; we confirm that:

- i. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of the audit.
- ii. The Company has kept proper books of account, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

For: SIAO (Chartered Accountants)
Lagos, Nigeria.


.....
Joshua Ansa
FRC/2013/ICAN/00000001728

Date: 28th March, 2019



STATEMENT OF FINANCIAL POSITION

Figures in Naira thousand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,812,288	1,736,114
Intangible assets	4	-	244
		1,812,288	1,736,358
Current Assets			
Inventories	5	255,224	228,779
Trade receivables	6	169,522	131,763
Other receivables and prepayment	7	48,416	110,736
Cash and cash equivalents	8	37,687	62,958
		510,849	534,236
Total Assets		2,323,137	2,270,594
Equity and Liabilities			
Equity			
Share capital	9	108,466	108,466
Share premium	10	380,009	380,009
Revaluation reserves	11	1,365,223	1,241,432
Retained (loss)/earnings		(263,342)	12,627
		1,590,356	1,742,534
Liabilities			
Non-Current Liabilities			
Retirement benefits	12	168,920	95,752
Deferred tax	13	18,071	4,316
		186,991	100,068
Current Liabilities			
Trade payables	14	68,098	82,863
Borrowings	15	50,000	-
Current tax payable	16	121,027	113,356
Other payables	17	306,665	231,773
		545,790	427,992
Total Liabilities		732,781	528,060
Total Equity and Liabilities		2,323,137	2,270,594

The annual report and financial statements and the notes on pages 12 to 65, were approved by the board of directors on the 26th March 2019 and were signed on its behalf by:


J. A. Abibu - Managing Director
 FRC/2015/IODN/00000011374


Mr. G. A. Alegieunc - Director
 FRC/2014/ICAN/00000007613


Ayinde Adegboyega - Chief Financial Officer (Acting)
 FRC/2016/ICAN/00000013996

The accounting policies on pages 35 to 44 and the notes on pages 45 to 63 form an integral part of the annual report and financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Naira thousand	Note(s)	2018	2017
Revenue	18	1,023,806	1,593,379
Cost of sales	19	<u>(622,439)</u>	<u>(830,230)</u>
Gross profit		401,367	763,149
Other operating income	20	11,223	3,383
Other operating gains (losses)	21	7	756
Selling and distribution expenses	22	(92,181)	(192,189)
Administrative expenses	23	<u>(575,461)</u>	<u>(535,785)</u>
Operating (loss)/profit	24	(255,045)	39,314
Finance costs	25	<u>(938)</u>	-
(Loss) profit before taxation		(255,983)	39,314
Taxation	26	<u>(9,277)</u>	<u>(26,709)</u>
(Loss) profit for the year		(265,260)	12,605
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		137,545	-
Income tax relating to items that will not be reclassified		<u>(13,754)</u>	-
Total items that will not be reclassified to profit or loss		<u>123,791</u>	-
Other comprehensive income for the year net of taxation	28	<u>123,791</u>	-
Total comprehensive (loss) income for the year		<u>(141,469)</u>	<u>12,605</u>
Earnings per share			
Per share information			
Basic (loss)/earnings per share (kobo)	29	<u>(122.00)</u>	<u>6.00</u>

The accounting policies on pages 35 to 44 and the notes on pages 45 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF CHANGE IN EQUITY

Figures in Naira thousand

	Share capital	Share premium	Revaluation reserve	Retained (loss)/earnings	Total equity
Balance at January 1, 2017	108,466	380,009	1,241,432	10,869	1,740,776
Profit for the year	-	-	-	12,605	12,605
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,605	12,605
Dividend Paid	-	-	-	(10,847)	(10,847)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(10,847)	(10,847)
Balance at January 1, 2018	108,466	380,009	1,241,432	12,630	1,742,537
Loss for the year	-	-	-	(265,260)	(265,260)
Other comprehensive income	-	-	123,791	-	123,791
Total comprehensive Loss for the year	-	-	123,791	(265,260)	(141,469)
Unclaimed dividend written back	-	-	-	129	129
Dividend Paid	-	-	-	(10,841)	(10,841)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(10,712)	(10,712)
Balance at December 31, 2018	108,466	380,009	1,365,223	(263,342)	1,590,356

Note(s)

11&28

28

The accounting policies on pages 35 to 44 and the notes on pages 45 to 63 form an integral part of the annual report and financial statements.

STATEMENT OF CASH FLOWS

Figures in Naira thousand	Note(s)	2018	2017
Cash flows from operating activities			
Cash (used in)/generated from operations	30	(47,434)	147,163
Finance costs		(938)	-
Tax received (paid)	31	(1,606)	(9,923)
Net cash from operating activities		<u>(49,978)</u>	<u>137,240</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(14,459)	(59,617)
Cash flows from financing activities			
Loans and borrowings		50,000	-
Repayment of borrowings		-	(50,000)
Dividends paid	32	(10,841)	(10,847)
Net cash from financing activities		<u>39,159</u>	<u>(60,847)</u>
Total cash movement for the year		(25,278)	16,776
Cash at the beginning of the year		62,958	45,426
Effect of exchange rate movement on cash balances		7	756
Total cash at end of the year	8	<u>37,687</u>	<u>62,958</u>

The accounting policies on pages 35 to 44 and the notes on pages 45 to 63 form an integral part of the annual report and financial statements.

ACCOUNTING POLICIES

Nature of operations

The company's principal activities include the manufacturing, packaging and marketing of high quality pharmaceutical and consumer products. The consumer and pharmaceutical products share the same production lines and the company leverages on this to ensure efficiency and effectiveness in its production process.

The company is also engaged in the use of its facilities for manufacturing and packaging services for third parties.

General information and statement of compliance with IFRS

The financial statements of the company for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN). The company produced its first set of IFRS financial statements in 2012.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The financial statements comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, and notes. The financial statements are presented in the functional currency, Nigerian Naira rounded up to the nearest thousand.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual report and financial statements are set out below.

1.1 Basis of preparation

The annual report and financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual report and financial statements and the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act 2011.

The annual report and financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Nairas, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the finance and general purpose committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 1.16

1.3 Significant judgements and sources of estimation uncertainty

1.4 Property, plant and equipment

Property, Plant and Equipment are tangible assets that can span more than one accounting period. These items are stated at their original cost or fair value less accumulated depreciation and impairment losses.

Land and Building is measured at fair value which is determined every two years. The fair value is determined by engaging the services of an external professional valuer.

ACCOUNTING POLICIES - CONT'D

1.4 Property, plant and equipment (continued)

Any increase as a result of the revaluation of Land and Building is recognised in other comprehensive Income and accumulated in Equity under the heading of Revaluation Surplus. However, the increase is recognised in Profit or Loss to the extent that it reverses a revaluation decrease previously recognised in Profit or Loss. If the revaluation results to a decrease in the carrying amount of Land and Building, the decrease is recognised in profit or loss. However, the decrease is recognised in Other Comprehensive Income to the extent of any credit balance existing in the revaluation surplus in respect of the asset. Any revaluation surplus remaining in Equity on disposal of the asset is transferred to Retained Earnings.

Plant and Machinery, Furniture and Fittings, Motor Vehicles and Computer Equipment are measured at cost.

The initial cost of these assets comprises its purchase price and any costs directly attributable to bringing the asset into operation.

The capitalised value of plant and machinery acquired via finance lease is also included within Property, Plant and Equipment.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Plant and machinery	Straight line	10
Furniture and fixtures	Straight line	6.67
Motor vehicles	Straight line	5
Computer equipment	Straight line	3

Land is not depreciated

The useful lives and methods of depreciation of the assets are reviewed at each reporting period and adjusted prospectively if appropriate.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Impairment is measured as the difference between the carrying amount of an asset and its recoverable amount. Recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Impairment is tested for when there is an indication of impairment such as:

- Decline in the market value of an asset;
- Changes in the technological, economic or legal environment resulting in an adverse effect on our activities;
- Obsolescence or damage of assets;
- Worsening performance of assets.

When there is an objective evidence of impairment, the loss is recognised in Profit or Loss except when there has been a previous upward revaluation in which case the impairment loss is recognised directly in equity.

Gains or losses arising on the disposal of Property, Plant and Equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in Profit or Loss within 'other income' or 'other expenses'.

Asset in progress represents the company's investment in plant and machinery and other assets. Transfers are made from asset in progress to respective asset class upon the arrival and installation of such property, plant and equipments.

ACCOUNTING POLICIES - CONT'D

1.5 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

ACCOUNTING POLICIES - CONT'D

1.7 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 35 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

ACCOUNTING POLICIES - CONT'D

Financial instruments (continued)

Trade and other receivables

Classification

Trade receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade receivables.

Recognition and measurement

Trade receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other payables

Classification

Trade payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 25).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

ACCOUNTING POLICIES - CONT'D

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value after making adequate provision for obsolete, slow moving and damaged items. In case of goods manufactured by the Company, cost includes production overheads. Stock is valued at weighted average cost 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

1.10 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

ACCOUNTING POLICIES - CONT'D

1.10 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.12 Taxation

i. Company Income taxation

Income tax payable is provided on taxable profit at the current statutory rate.

ii Education tax

Education tax expenses are recognized in the profit and loss account. Current education tax is the expected tax payable on the taxable income for the period, using statutory tax rates at the statement of financial position date

iii. Deferred taxation

Deferred Taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Based on the IFRS provisions, IAS 12, liability method recognizes all timing differences as temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which Pharma Deko Plc expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted at the Statement of Financial Position date. Deferred tax assets are recognized when it is considered probable (more likely than not) that those assets will be recovered

ACCOUNTING POLICIES - CONT'D

1.13 Foreign currency transaction

Transactions denominated in foreign currencies are translated into Naira at the ruling rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the prevailing exchange rate at the statement of Financial Position date. Any gain or loss arising from a change in exchange rates is charged to the Statement of Profit or Loss and Other Comprehensive Income.

1.14 Employee benefits

The Company provides a contributory pension fund scheme which is funded by contributions from employees at 8% and employer at 10% based on basic salary, housing and transport allowance in line with the Pension Reform Act of 2014 effective July 1, 2014. The employers' contribution is charged to the Statement of Profit or Loss and Comprehensive income.

Contributions are expensed in the period they are payable and any unpaid contribution at the end of the period are recognised as a liability.

The Company also operates an unfunded non-contributory gratuity scheme. Employee final benefit on this scheme is determined based on the employee's year of service and terminal Salary. This applies to employees who retire, resign or are made redundant or the company terminates their appointment as aforesaid. It does not apply to employees who are dismissed from the company.

1.15 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

ACCOUNTING POLICIES - CONT'D

1.16 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed from time to time by the management of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operating segments are as follows:

Pharma: This refers to the pharmaceutical product of the Company.
Consumer: This refers to the production of beverages; and
Contract: This refers to the use of the Company's facility for manufacturing and packaging of services to third parties.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise all assets, liabilities and income tax assets and liabilities that cannot be traced to the above segments with reasonable accuracy.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

The Company operates an unfunded non-contributory gratuity scheme. Employee final benefit on this scheme is determined based on the employee's year of service and terminal Salary. This applies to employees who retire, resign or are made redundant or the company terminates their appointment as aforesaid. It does not apply to employees who are dismissed from the company. The Company operates an unfunded non-contributory gratuity scheme. Employee final benefit on this scheme is determined based on the employee's year of service and terminal Salary. This applies to employees who retire, resign or are made redundant or the company terminates their appointment as aforesaid. It does not apply to employees who are dismissed from the company.

The management and audit committee are of the view that actuarial valuation was not necessary in view of the nature of the gratuity

ACCOUNTING POLICIES - CONT'D

1.18 Revenue

Sales of goods

The sales of good comprises of pharmaceutical goods and consumer goods. Revenue from the sale of these goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales tax and volume rebates. Revenue is recognised upon the exit of goods from the company's warehouse given the availability of adequate goods-in-transit insurance. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable and the costs incurred or to be incurred can be measured reliably.

Rendering of services

The rendering of services involves the use of the Company's facilities for manufacturing and packaging of goods for third parties. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, costs incurred and cost to complete can be measured reliably and stage of completion can be ascertained at end of the reporting period. The stage of completion is determined by using the surveys of work completed.

1.19 Discontinued operations

A discontinued operation represents a component of the company's principal business that is a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Profit or loss from discontinued operations is presented in a single amount in the income statement. This amount is the post-tax profit or loss of discontinued operations.

1.20 Earnings per share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. The Basic EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

1.21 Dividend

Dividend on ordinary shares are appropriated from retained earnings and recognized as a liability in the period in which they are declared. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

1.22 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company's right to recover products from customers where customers exercise their right of return under the company returns policy.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company has adopted the amendment for the first time in the 2018 annual report and financial statements.

The impact of the amendment is not material.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company has adopted the amendment for the first time in the 2018 annual report and financial statements.

The impact of the amendment is not material.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

➤ All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

➤ With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

2. New Standards and Interpretations (continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company has adopted the standard for the first time in the 2018 annual report and financial statements.

The impact of the standard is not material.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after January 1, 2018.

The company has adopted the standard for the first time in the 2018 annual report and financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2019 or later periods:

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after January 1, 2019.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

2. New Standards and Interpretations (continued)

The company has adopted the interpretation for the first time in the 2019 annual report and financial statements.

The impact of this interpretation is currently being assessed.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

2. New Standards and Interpretations (continued)

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The company expects to adopt the standard for the first time in the 2019 annual report and financial statements.

The impact of this standard is currently being assessed.

3. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	606,160	-	606,160	485,612	-	485,612
Buildings	655,365	-	655,365	665,036	(13,369)	651,667
Plant and machinery	521,824	(71,445)	450,379	375,550	(26,542)	349,008
Furniture and fixtures	10,002	(4,886)	5,116	9,479	(3,634)	5,845
Motor vehicles	98,761	(81,943)	16,818	98,761	(67,073)	31,688
Computer equipment	11,781	(10,201)	1,580	11,485	(8,695)	2,790
Asset in progress	76,870	-	76,870	209,504	-	209,504
Total	1,980,763	(168,475)	1,812,288	1,855,427	(119,313)	1,736,114

Reconciliation of property, plant and equipment - 2018

	As at 1 Jan.	Additions	Transfers	Revaluations	Depreciation	As at 31 Dec.
Land	485,612	-	-	120,548	-	606,160
Buildings	651,667	-	-	16,999	(13,301)	655,365
Plant and machinery	349,008	13,640	132,634	-	(44,903)	450,379
Furniture and fixtures	5,845	523	-	-	(1,252)	5,116
Motor vehicles	31,688	-	-	-	(14,870)	16,818
Computer equipment	2,790	296	-	-	(1,506)	1,580
Asset in progress	209,504	-	(132,634)	-	-	76,870
	1,736,114	14,459	-	137,547	(75,832)	1,812,288

Reconciliation of property, plant and equipment - 2017

	As at 1 Jan.	Additions	Transfers	Depreciation	As at 31 Dec.
Land	485,612	-	-	-	485,612
Buildings	658,838	6,199	-	(13,370)	651,667
Plant and machinery	150,785	46,375	178,389	(26,541)	349,008
Furniture and fixtures	6,694	364	-	(1,213)	5,845
Motor vehicles	45,254	1,289	-	(14,855)	31,688
Computer equipment	3,144	848	-	(1,202)	2,790
Asset in progress	383,351	4,542	(178,389)	-	209,504
	1,733,678	59,617	-	(57,181)	1,736,114

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

3. Property, plant and equipment (continued)

Revaluations

In December 27, 2018, land and building were revalued at open market value of N606,160,000 (land with structure - N446,160,000 and land without structure - N160,000,000) and N655,364,688 respectively by Ayo Oluwatudimu (FRC/2012/NIESV/0000000000254) of Messrs Jide Taiwo & Co. (Estate Surveyors and Valuers). This led to a total revaluation surplus of N137,545,476 as at December 27, 2018. However, after considering 10% deferred capital gain tax on land and building, it resulted into total revaluation surplus (net of tax) of N123,790,928 as at December 27, 2018. The company revalues its Property Plant and Equipment every two years.

In December 29, 2016, land and building were revalued at open market value of N485,612,495 (land with structure - N340,412,495 and land without structure - N145,200,000) and N658,837,700 respectively by Messrs Jide Taiwo & Co. (Estate Surveyors and Valuers). This led to a total revaluation surplus of N67,650,108 as at December 29, 2016. However, after considering 10% deferred capital gain tax on land and building, it resulted into total revaluation surplus (net of tax) of N66,059,108 as at December 29, 2016. The company revalues its Property Plant and Equipment every two years.

4. Intangible assets

	2018			2017		
	Cost/ Valuation	Accumulated amortisation	Carrying value	Cost/ Valuation	Accumulated amortisation	Carrying value
Computer software, other	2,197	(2,197)	-	2,197	(1,953)	244

Reconciliation of intangible assets - 2018

	As at 1 Jan.	Amortisation	As at 31 Dec.
Computer software, other	244	(244)	-

Reconciliation of intangible assets - 2017

	As at 1 Jan.	Amortisation	As at 31 Dec.
Computer software, other	976	(732)	244

5. Inventories

Raw materials	85,329	114,386
Finished goods	87,579	14,485
Consumables	24,546	25,126
Packaging materials	57,770	74,782
	255,224	228,779

Inventories are measured at the lower of cost and net realisable value. In 2018, a total of N465 million (2017: N654 million) inventories were recognised in the cost of sales. There was 58.2 million write-down (2017: Nil) and no reversal of write-down of inventories in 2018 (2017: Nil). Some of the inventories were pledged as security for the N50 million promissory notes from United Investments Limited and one of the directors. See note 15

6. Trade receivables

Trade receivables	169,522	131,763
Total trade and other receivables	169,522	131,763

Trade Receivables are non-interest bearing and are generally on a 30 day term. Trade receivables are measured at amortised cost.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
7. Other receivables and prepayment		
Staff debtors	1,147	2,169
Sundry receivables	19,660	72,990
Prepayment	3,914	12,486
Deposit for import	23,695	23,091
	<u>48,416</u>	<u>110,736</u>
<p>Included in Staff Debtors is the unpaid amount of the Company shares allotted to interested employees of the Company in 2002. Interested employees of the Company were allotted the company's shares with an agreement that the allotted shares would be paid for by deducting the shares amount from the employees exit entitlement. The value of this transaction, N2,127,000, has been determined by multiplying the market value of the shares (as at grant date) by the number of shares allotted to the employees.</p> <p>The prepayments comprises of payment made for rent and insurance (Life Assurance and Industry Risk Insurance).</p>		
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	27	23
Bank balances	37,660	62,935
	<u>37,687</u>	<u>62,958</u>
9. Share capital		
Authorised		
300,000,000 ordinary shares of 50k each	<u>150,000</u>	<u>150,000</u>
Issued		
216,931,596 ordinary shares of 50k each	<u>108,466</u>	<u>108,466</u>
10. Share premium		
Share premium	<u>380,009</u>	<u>380,009</u>
11. Revaluation reserve		
As at Jan 1	1,241,432	1,241,432
Transferred revaluation surplus on revalued/ (disposed) asset(net of tax)	<u>123,791</u>	<u>-</u>
As at Dec 31	<u>1,365,223</u>	<u>1,241,432</u>
<p>In line with IAS 16, the revaluation surplus of N123.8 million (net of tax) realised on the revalued property plant and equipment was credited to revaluation reserve.</p>		
12. Retirement benefits		
At January 1	95,752	100,349
Charge for the year	88,938	39,521
Payments during the year	<u>(15,770)</u>	<u>(44,118)</u>
At December 31	<u>168,920</u>	<u>95,752</u>

The Management and the Audit Committee are of the view that actuarial valuation was not necessary in view of the nature of the gratuity.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand

2018

2017

13. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(18,071)	(4,316)
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Reconciliation of deferred tax asset / (liability)

At beginning of year	(4,316)	10,007
Charge for the year	-	(14,323)
Capital gains tax	(13,755)	-
	(18,071)	(4,316)

14. Trade payables

Financial instruments:

Trade payables	68,098	82,863
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Trade payables are measured at amortised cost. However, because the trade payables are non-interest bearing and have a settlement period of three months hence they are stated at the invoice amount.

15. Borrowings

Promissory note	50,000	-
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Borrowings relate to a 90 day promissory note at 22.5% obtained from United Investments Limited and one of the directors during the year.

16. Current tax payable

	Company tax	Education tax	Capital gain tax	Total
At January 1	11,789	1,651	99,916	113,356
Charge for the year (minimum tax)	9,277	-	-	9,277
Payments	-	(1,606)	-	(1,606)
At December 31	21,066	45	99,916	121,027

The charge for taxation in this financial statement for the year ended 31 December 2018 is based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004.

The education tax is based on 2% of assessable profit for the period.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
17. Other payables		
Sundry creditors (note 17.1)	82,181	71,320
Accruals	124,165	69,026
VAT payable	13,519	14,449
Employee benefits – unremitted contribution (17.2)	86,799	76,976
	306,664	231,771
17.1 Sundry creditors		
Other creditors	831	831
Industrial training fund (ITF)	14,412	9,442
Union dues	471	352
Withholding tax on dividend	231	231
Withholding tax on services	45,315	46,210
Pay as you earn (PAYE)	1,206	2,137
Salaries and wages payable	1,967	2,728
NSITF	12,892	8,489
Dividend payable (17.3)	4,856	900
	82,181	71,320
17.2 Employee benefits – unremitted contribution		
At January 1	76,976	66,167
Charge for the year	42,949	44,121
Remittances during the year	(33,126)	(33,312)
At December 31	86,799	76,976
<p>The Company operates a defined contribution scheme wherein both the Company and the employees contribute 10% and 8% respectively of the employee's total emolument (basic pay, housing and transport allowance) to a Pension Fund Administrator. As at 31 December 2018, the Company had a liability of N86.8 million (2017: N77 million) as unremitted pension contribution under this scheme.</p>		
17.3 Dividend payable		
At January 1	900	900
Returned dividend	4,085	-
Unclaimed dividend transferred to retained income	(129)	-
At December 31	4,856	900
Proposed dividend		
<p>In respect of the current year, the directors did not propose any dividend (2017: 5 kobo) per ordinary share to be paid to shareholders. Dividend to shareholders is now accounted for on the date of declaration as it does not meet the criterion of present obligation as per IAS 37. Any proposed dividend will be subject to withholding tax at the appropriate rate and it is payable to shareholders whose names appear in the Register of Members at closure date. The gross dividend to be paid is nil (2017: N10.847million).</p>		
18. Revenue		
Pharma	580,026	868,094
Consumer	443,780	725,285
	1,023,806	1,593,379

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
19. Cost of sales		
Pharma	244,869	336,194
Consumer	319,366	454,522
Manufactured goods:		
Depreciation and impairment	58,204	39,514
	622,439	830,230
 20. Other operating income		
Interest income	101	4
Insurance claim	-	2,430
Miscellaneous income	11,122	949
	11,223	3,383
 21. Other operating gains (losses)		
Foreign exchange gains (losses)		
Net foreign exchange gains	7	756
 22. Selling and distribution expenses		
Advert and publicity	17,263	8,954
Rebate and promotion	40,611	120,201
Distribution and freight	34,307	63,034
	92,181	192,189

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
23. Administrative expenses		
Audit fee	4,725	4,725
Bank charges	1,051	1,747
Consulting and professional fees	28,916	40,040
Donations	262	38
Entertainment	766	1,048
Insurance	10,363	11,323
Rent	1,500	1,500
Newspaper	61	522
Transport and traveling	2,906	2,481
Motor vehicle expenses	2,318	1,481
Postage	4,337	3,868
Printing and stationery	2,199	2,223
Repairs and maintenance	10,303	8,050
Agbara estate charge	11,047	7,721
Security	16,556	17,424
Miscellaneous expense	604	206
AGM expenses	2,773	4,889
Personnel cost (note 23.1)	406,994	361,968
Depreciation, amortisation and impairments	17,871	17,949
Director's benefit (note 23.2)	32,863	42,498
Secretarial fees	3,150	4,084
Judgment debt 1	3,896	-
	575,461	535,785
23.1 Personnel cost		
Staff salary	213,019	225,303
Staff gratuity	88,938	26,350
Staff welfare	76,061	75,561
Medical expenses	5,554	5,606
Staff training and development	1,292	933
Pension	22,130	28,215
	406,994	361,968
23.2 Director's benefit		
Directors travelling allowance	17,500	17,500
Directors emoluments - fees	1,450	1,450
Directors sitting allowance	13,154	22,868
Other expenses	759	680
	32,863	42,498

24. Operating profit (loss)

Operating (loss)/profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fee (net of VAT)	4,500	4,500
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The auditor did not supply any other service to the company.

Remuneration, other than to employees

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand 2018 2017

24. Operating profit (loss) (continued)

Remuneration, other than to employees	28,916	43,020
Consulting and professional services	3,150	1,105
Secretarial services	<u>32,066</u>	<u>44,125</u>

Employee costs

Staff salary	213,019	225,303
Staff gratuity	88,938	26,350
Staff welfare	76,061	75,561
Medical expense	5,554	5,606
Staff training and development	1,292	933
Pension	22,130	28,215
Total employee costs	<u>406,994</u>	<u>361,968</u>

Average number of persons employed during the year

Management staff	7	7
Other staff	103	110
	<u>110</u>	<u>117</u>

The table shows the number of employees whose earnings during the year fell within the ranges shown below:

N830,000 - N1,080,000	47	47
N1,080,001 - N1,350,000	2	3
N1,350,001 - N1,880,000	25	27
N1,880,001 - N2,430,000	19	22
N2,430,001 - N4,000,000	10	10
N4,000,001 - N5,950,000	4	5
N5,950,001 - N7,000,000	-	1
N7,000,001 - N8,950,000	-	-
N8,950,001 and above	3	2
	<u>110</u>	<u>117</u>

Depreciation and amortisation

Depreciation of property, plant and equipment	76,075	57,463
Total depreciation and amortisation	76,075	57,463
Less: Depreciation and amortisation included in cost of merchandise sold and inventories	(58,204)	(39,514)

Total depreciation and amortisation expensed **17,871** **17,949**

25. Finance costs

Current borrowings	938	-
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Finance cost relates to accrued interest on promissory note issued by the company to United Investment Ltd and a director. All in respect of the borrowings of N50 million during the year.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand 2018 2017

26. Taxation

Major components of the tax expense

Current

Education tax	-	1,606
Company income tax	9,277	10,779
	<u>9,277</u>	<u>12,385</u>

Deferred

Originating and reversing temporary differences	-	14,324
	<u>9,277</u>	<u>26,709</u>

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss)/profit	(255,983)	39,314
Tax at the applicable tax rate of 30% (2017: 30%)	(76,795)	11,794

Tax effect of adjustments on taxable income

Deferred tax (asset)/liability	-	14,324
Expenses not deductible for Tax purposes	44,779	17,165
Adjustment to tax in respect of prior periods - loss relief	32,016	(24,097)
Income not liable to tax	-	(1,379)
Education tax	-	1,606
Other items - effect of minimum tax option	9,277	10,779
	<u>9,277</u>	<u>30,192</u>

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand

2018

2017

27. Operating segments

Pharma Deko Plc is engaged in the manufacturing and marketing of high quality pharmaceutical and consumer products. The Company has three reportable segments which serve as the Company's strategic business units. These operating segments are assessed and strategic decisions are made on the basis of operating segment results. The following summary describes the operations in each of the reportable segments:

Pharma: This refers to the pharmaceutical products of the Company;
 Consumer: This refers to the production of beverages and;
 Contract: This refers to the use of the Company's facility for manufacturing and packaging of goods and services to third parties.

Due to the nature of the Company's operations and the relationship among the above segments (sharing of production lines), the assets and the liabilities of the Company cannot be determined on a segmental basis and does not form part of the information provided to management for segmental review. Hence, such information is not disclosed as part of operating segments.

Also Administrative Expenses and Interest Expenses are distributed proportionately to all segments due to the reason mentioned above.

2018	Pharma	Consumer	Total
External revenue (segment revenue)	580,026	443,780	1,023,806
Raw materials & other consumables	(244,869)	(319,366)	(564,235)
Depreciation	(25,260)	(32,944)	(58,204)
Selling and distribution expenses	(52,224)	(39,957)	(92,181)
Admin. expenses	(360,535)	(275,847)	(636,382)
Interest expense	(531)	(407)	(938)
Segment profit/(loss) before income tax	<u>(103,393)</u>	<u>(224,741)</u>	<u>(328,134)</u>

2017	Pharma	Consumer	Total
External revenue (segment revenue)	868,094	725,285	1,593,379
Raw materials & other consumables	(340,394)	(454,522)	(794,916)
Depreciation	(15,122)	(20,192)	(35,314)
Selling and distribution expenses	(104,707)	(87,481)	(192,188)
Admin. expenses	(291,903)	(243,883)	(535,786)
Total profit/(loss) for segments	<u>115,968</u>	<u>(80,793)</u>	<u>35,175</u>

Reconciliation of operating segment revenue to company revenue

Revenue for segments	1,023,806	1,593,379
Discontinued operations	-	-
Company revenue	<u>1,023,806</u>	<u>1,593,379</u>

Reconciliation of operating segment profit/(loss) to company profit/(loss) before tax

Total profit/(loss) for segments	(328,134)	35,175
Sales of scrap	11,122	949
Profit (loss) on exchange differences	7	756
Insurance claim	-	2,430
Interest income	101	4
Company profit/(loss) before income tax	<u>(316,904)</u>	<u>39,314</u>

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
28. Other comprehensive income		
Components of other comprehensive income - 2018		
	Gross	Tax
Items that will not be reclassified to profit (loss)		Net
Movements on revaluation		
Gains (losses) on property revaluation	137,545	(13,754)
		<u>123,791</u>
29. Earnings per share		
Basic (loss) earnings per share		
(Loss)/earnings per share from continued Operations (kobo)	(122.00)	6.00
From discontinued operations	-	-
	<u>(122.00)</u>	<u>6.00</u>
The calculation of the basic earnings/(loss) per share was based on the profit/(loss) for the year and weighted average number of ordinary shares outstanding:		
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent	(265,260)	12,605
		<u>12,605</u>
Dividends per share		
Interim	-	-
Final	-	0.05
In 2017, the final dividend was declared and authorised after the end of the reporting period. The dividend has therefore not been recognised as a liability in the reporting period. It has been disclosed for information purposes only.		
30. Cash (used in)/generated from operations		
Loss before taxation	(255,983)	39,314
Adjustments for:		
Depreciation and amortisation	76,075	57,463
Gains on foreign exchange	(7)	(756)
Finance costs	938	-
Movements in retirement benefit assets and liabilities	73,168	(4,597)
Changes in working capital:		
Inventories	(26,445)	102,266
Trade receivables	(37,759)	(124,566)
Other receivables and prepayment	119,979	85,427
Trade payables	(14,764)	29,812
Other payables	17,364	(37,200)
	<u>(47,434)</u>	<u>147,163</u>
31. Tax paid		
Balance at beginning of the year	(113,356)	(110,894)
Current tax for the year recognised in profit or loss	(9,277)	(12,385)
Balance at end of the year	121,027	113,356
	<u>(1,606)</u>	<u>(9,923)</u>

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand	2018	2017
32. Dividends paid		
Dividends	<u>(10,841)</u>	<u>(10,847)</u>

33. Capital commitments

There are no material commitment for capital expenditure not provided for in these financial statements.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand **2018** **2017**

34. Related parties

Related party transactions

The Chairman of the Board of Directors is related to:

- (i) The Legal Adviser to the Company - Chief Rotimi Williams Chambers. In 2018, services valued at N1,550,000 (2017: N10,500,000) was rendered to the company by the Chambers.
- (ii) The Secretary to the Company - Unity Trustees Limited. The value of services rendered to the company during the year was N5,310,000 (2017: N4,084,000).
- (iii) Impact Business Consulting Services - The value of consultancy services rendered to the Company during the year is Nil (2017: N17.7 million).

Mr. Alegieuno

The company's guest house located at Awka close, Agbara Estate belongs to Mr. Alegieuno, a Director of the Company. The rent of the guest house was negotiated at N1,500,000 per annum, payable in advance.

Chairman's and directors' emoluments

Short-term directors' benefits	32,863	42,498
Fees - chairman	250	250
Fees - other directors	1,200	1,200
Emoluments as executives	33,913	43,548
	35,363	44,998

The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N5,000,000 - N7,000,000	-	-
N7,000,001 - N9,000,000	-	-
N9,000,001 - N12,000,000	1	1
N12,000,000 and above	1	1
	2	2

Transaction with key personnel

The key management personnel of the company comprises of both the board of directors and the management team.

Short term benefits (board of directors)

Fees:

Chairman	250	250
Other directors	1,200	1,200
	1,450	1,450

Other emoluments:

Chairman	-	-
Other directors	17,500	17,500
	17,500	17,500

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	169,522	169,522	169,522
Cash and cash equivalents	8	37,687	37,687	37,687
		207,209	207,209	207,209

2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	131,763	131,763	131,763
Cash and cash equivalents	8	62,958	62,958	-
		194,721	194,721	131,763

Categories of financial liabilities

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	68,098	68,098	-
Borrowings	15	50,000	50,000	-
		118,098	118,098	-

2017

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	82,862	82,862	-

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

Figures in Naira thousand

2018

2017

36. Financial risk management

The Company has exposure to the following risks from its use of financial instruments

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

36.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the Executive Management to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The company's Internal Audit oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

36.2 Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from clients and other related parties.

Trade and other receivables	169,522	131,763
Other receivables and prepayment	48,416	110,736
Cash and cash equivalents	37,687	62,958
	<u>255,625</u>	<u>305,457</u>

36.3 Cash and cash equivalents

The cash and cash equivalents held as at 31 December 2018 was N37.6 million (2017: N62.9 million). The cash and cash equivalents are held by banks and financial institutions in Nigeria.

36.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the company has various credit arrangements with some banks which can be utilised to meet its liquidity requirements.

Typically, the credit terms with clients are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS - CONT'D

36.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

36.6 Currency risk

The Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the Naira. The currency in which these transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the company aims to reduce the impact of short-term fluctuations on earnings. The company's significant exposure to currency risk relates to its purchases that are mainly in USD. Although the company has various measures to mitigate exposure to foreign exchange rate movement over the longer term, the gains/losses on foreign exchange balances impact on the income statement. The company monitors the movement in the currency rates on an on-going basis.

36.7 Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

Debts	50,000	-
Less: Cash and cash equivalents	(37,687)	(62,958)
Total equity	<u>1,590,356</u>	<u>1,742,536</u>
Adjusted capital	<u>1,602,669</u>	<u>1,679,578</u>
 Debts to adjusted capital ratio	 <u>3</u>	 <u>-</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

37. Contingent liabilities

There is a dispute in respect of canning contract between Pharma Deko Plc and Guinness Nigeria Ltd which was terminated by the latter on 21st October 2008. The Arbitrator awarded the sum of N195,167,986.87 in favor of Pharma Deko Plc with interest at 4% and the sum of N21,222,421.43 in favor of Guinness Plc. In total, the net sum of N175,699,317.99 was awarded in favour of Pharma Deko Plc. However, management had initiated steps to recover the award.

38. Event after reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

VALUE ADDED STATEMENT

Figures in Naira thousand

	2018	2018	2017	2017
		%		%

“Value added” is the measure of wealth the company has created in its operations by “adding value” to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the company for the replacement of assets and the further development of operations.

Value Added

Value added by operating activities

Revenue	1,023,806		1,593,379	
Bought - in materials and services	(832,353)		(1,135,789)	
Other operating income	11,223		3,383	
Other operating gains (losses)	7		756	
	<u>202,683</u>	<u>100</u>	<u>461,729</u>	<u>100</u>

Value Distributed

To Pay Employees

Salaries, wages, medical and other benefits (including directors)	439,857		404,466	
	<u>439,857</u>	<u>217</u>	<u>404,466</u>	<u>88</u>

To Pay Providers of Capital

Finance costs	938		-	
	<u>938</u>	<u>-</u>	<u>-</u>	<u>-</u>

To Pay Government

Income tax	9,277		12,385	
	<u>9,277</u>	<u>5</u>	<u>12,385</u>	<u>3</u>

To be retained in the business for expansion and future wealth creation:

Value reinvested

Depreciation and amortisation	17,871		17,949	
Deferred tax	-		14,324	
	<u>17,871</u>	<u>9</u>	<u>32,273</u>	<u>7</u>

Value retained

Retained profit	(265,260)		12,605	
	<u>(265,260)</u>	<u>(131)</u>	<u>12,605</u>	<u>3</u>
Total Value Distributed	<u>202,683</u>	<u>100</u>	<u>461,729</u>	<u>100</u>

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

FIVE YEAR FINANCIAL SUMMARY

Figures in Naira thousand	2018	2017	2016	2015	2014
Statement of Financial Position					
Assets					
Non-current assets	1,812,288	1,736,358	1,744,661	1,317,719	2,000,586
Current assets	510,849	534,236	579,383	1,252,363	838,643
Total assets	2,323,137	2,270,594	2,324,044	2,570,082	2,839,229
Liabilities					
Non-current liabilities	186,991	100,068	100,349	72,340	116,089
Current liabilities	545,790	427,991	482,920	712,545	1,791,935
Total liabilities	732,781	528,059	583,269	784,885	1,908,024
Equity					
Share capital	488,475	488,475	488,475	488,495	293,766
Revaluation reserves	1,365,223	1,241,432	1,241,432	1,034,607	1,434,608
Retained (loss)/earnings	(263,342)	12,628	10,868	262,095	(797,169)
Total equity	1,590,356	1,742,535	1,740,775	1,785,197	931,205
Total equity and liabilities	2,323,137	2,270,594	2,324,044	2,570,082	2,839,229
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	1,023,806	1,593,379	1,095,109	1,481,964	1,566,190
Cost of sales	(622,439)	(830,230)	(595,558)	(769,751)	(642,268)
Gross profit	401,367	763,149	499,551	712,213	923,922
Other operating income	11,223	3,383	31,930	885,443	9,370
Other operating gains (losses)	7	756	5,615	-	-
Other operating expenses	(667,642)	(727,974)	(745,619)	(1,311,458)	(695,179)
Operating (loss) profit	(255,045)	39,314	(208,523)	286,198	238,113
Finance costs	(938)	-	-	-	(87,942)
Derecognition of loan liability	-	-	-	415,476	-
(Loss) profit before taxation	(255,983)	39,314	(208,523)	701,674	150,171
Taxation	(9,277)	(26,709)	(10,182)	(42,410)	(49,164)
(Loss) profit from continued operations	(265,260)	12,605	(218,705)	659,264	101,007
(Loss) profit for the year	(265,260)	12,605	(218,705)	659,264	101,007
Retained (loss) income for the year	(265,260)	12,605	(218,705)	659,264	101,007

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**PHARMA
DEKO PLC** Rc.6711

MANAGEMENT TEAM



Abibu Adekunle
Managing Director



Ayinde Adegboyega
Chief Finance Officer (Ag.)



Isola Olukayode
Head, Operations



Johnson Oluwatosin
Superintendent Pharmacist



Ojelabi Dapo
Quality Assurance Manager



Engr. Ayodele Femi
Engineering Head

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SHAREHOLDERS' PROXY FORM

49TH ANNUAL GENERAL MEETING to be held at Darlington Hall, Plot CDE Industrial Crescent, Off Town Planning, Lagos State on Thursday, 23 May, 2019 at 12 noon

I/We *
 (Name of Shareholder(s) in Block Letters)

Being a member of Pharma Deko Plc hereby appoint
****** or failing him/her the Chairman of the meeting as my/our proxy to act and vote on my/our behalf at the Annual General Meeting of the company to be held on 23 May, 2019 and at any adjournment thereof.

Dated this day of, 2019.

Shareholder's Signature

Number of Shares Held:

S/N	RESOLUTION	FOR	AGAINST
1.	To receive the audited Financial Statements for the year ended 31st December, 2018, together with the report of the Directors and Auditors thereon.		
2.	To re-elect/elect the following Directors who retire by rotation: a. Mr. G. A. Alegieuno b. Mr. E.A. Anaba c. Chief J.O. Anyigbo		
3.	To re-appoint the Firm of SIAO (Chartered Accountants as Auditors		
4.	To authorize the Directors to fix the remuneration of the Auditors.		
5.	To elect/re-elect members of the Audit Committee.		

Please indicate with an 'x' in the appropriate box how you wish your vote to be cast on the resolution set out 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.

- (A) Write your name in BLOCK LETTERS in the space marked *
- (B) Write the name of your proxy where marked ** and ensure that the form is signed by you and/or any other shareholder (in case of joint shareholders).
- (C) If the shareholder is a corporate body, this form must be under its common seal or under hand of some officers or attorney duly authorized on the behalf.
- (D) To be valid, the executed proxy form should be stamped by the Commissioner of Stamp duties and must be deposited at the office of the Company Secretary no less than 48 hours before the 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 not to be a member of the company) who will attend the meeting and vote on your behalf instead of the Chairman.

Please Affix
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Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent
South West Ikoyi
Lagos

E-DIVIDEND MANDATE ACTIVATION FORM



Affix
Current
Passport

(To be stamped by Bankers)

Write your name at the back of
your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Apel Capital & Trust Ltd.
8, Alhaji Bashorun Street
Off Norman Williams Str, S.W Ikoyi Lagos.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s)

Joint\Company's Signatories

Company Seal (If applicable)

TICK	NAME OF COMPANY	SHARE HOLD ER'S
	AICO BALANCE FUND	
	ANINO INT'L PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	FIRST ALUMINUM PLC	
	INTERLINKED TECHNOLOGIES PLC	
	INTERNATIONAL BREWERIES PLC	
	LAGOS COMMODITIES & FUTURES EXCHANGE	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	NCR (NIGERIA) PLC	
	NEM INSURANCE PLC	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

Email: registrars@apel.com.ng

W: www.apel.com.ng

Tel : +234 (1) 293 2121

+234 (0) 704 612 6698

Address : 8, Alhaji Bashorun Street,
Off Norman Williams Crescent,
S.W. Ikoyi Lagos

Please Affix
Postage Stamp

Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent
South West Ikoyi
Lagos

SHAREHOLDER INFORMATION FORM



PHARMA DEKO PLC

SHAREHOLDER INFORMATION FORM

Dear Sir,

As a shareholder of Pharma Deko Plc. We seek below information for our records:

SURNAME: _____ FIRST NAME: _____

OTHER NAME: _____

POSTAL ADDRESS: _____

EMAIL ADDRESS: _____

MOBILE NUMBER: _____

Thank you.

Yours faithfully,

Shareholder's signature /Date

Joint Shareholder's signature /Date

Kindly return the duly completed form to:



Declaration

I hereby declare that the information I have provided is true and correct and that I shall be held liable for any mis information.

Shareholder's Signature

Email: registrars@apel.com.ng

Tel : +234 (1) 293 2121

Address : 8, Alhaji Bashorun Street,

W: www.apel.com.ng

+234 (0) 704 612 6698

Off Norman Williams Crescent,
S.W. Ikoyi Lagos

Please Affix
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8, Alhaji Bashorun Street
Off Norman Williams Crescent
South West Ikoyi
Lagos

AUTHORITY TO ELECTRONICALLY RECEIVE CORPORATE INFORMATION

We would like to introduce to our members/shareholders the electronic delivery of corporate information such as annual reports, financial statements and proxy form. This is in line with modern developments in electronic communications and is geared towards circumventing late receipt of corporate information.

Members may elect to this service, as an alternative to receiving paper copies of corporate information and materials. Members can elect to receive an electronic copy of Company's information via email or to receive such corporate information through a compact disc sent by post.

In the event that a member elects to use this service, Pharma-Deko Plc will take all necessary steps to ensure that our members' information within our control is not used for wrongful or illegal purposes.

To take advantage of this service, kindly complete the authority to electronically receive information attached below and return to The Company Secretary at 1, Shagamu Avenue, Ilupeju, Lagos or our Registrars at 8, Alhaji Balogun Street, Off Norman Williams Crescent, South/West Ikoyi, Lagos



ELVIS E. ASIA
FOR: UNITY TRUSTEES LIMITED
COMPANY SECRETARY
1, Shagamu Avenue, Ilupeju, Lagos

I/We.....being a member / members of

Pharma Deko Plc hereby authorise(s) the Company to send me /us and hereby agree to receive all future corporate information of the Company electronically.

Signature:

E-mail(s):

GSCS Clearing House Number (CHN):

Postal Address:.....

Telephone Number:.....

Date:.....

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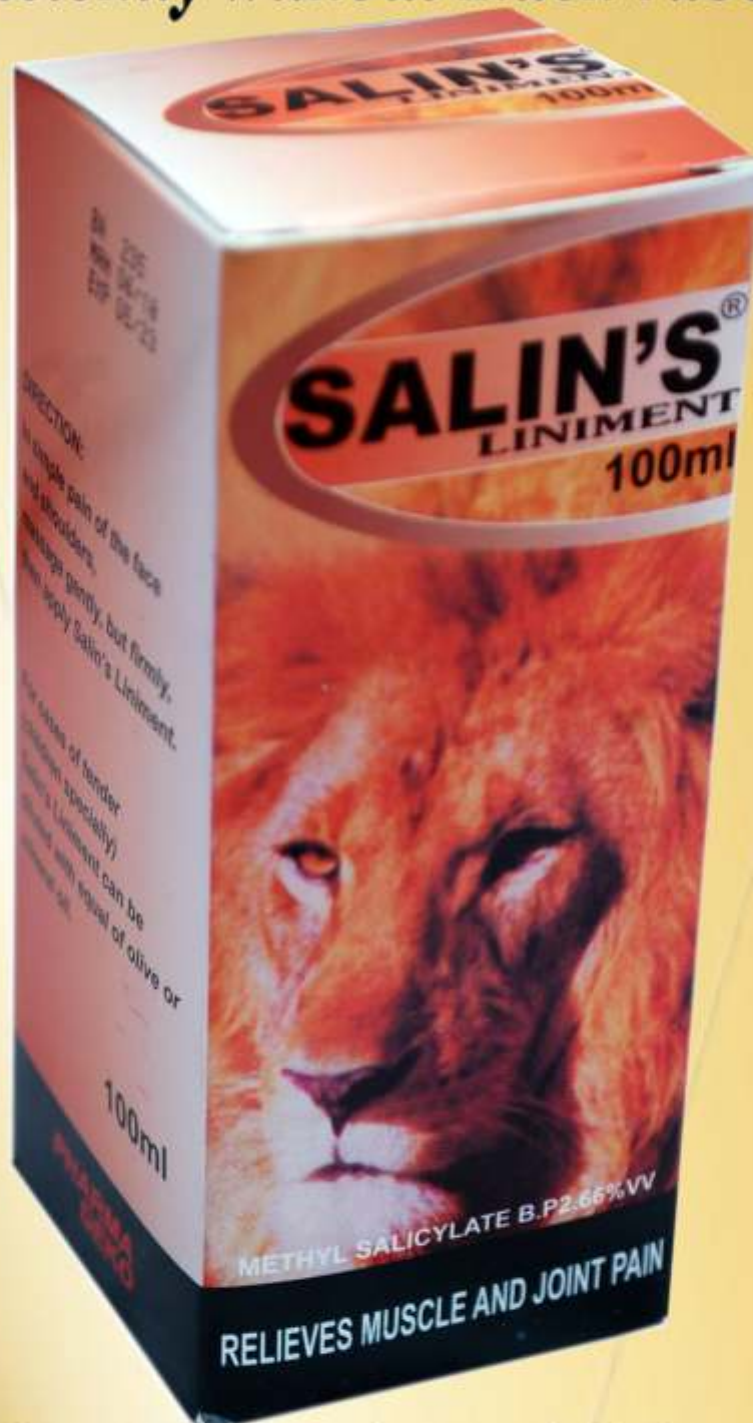
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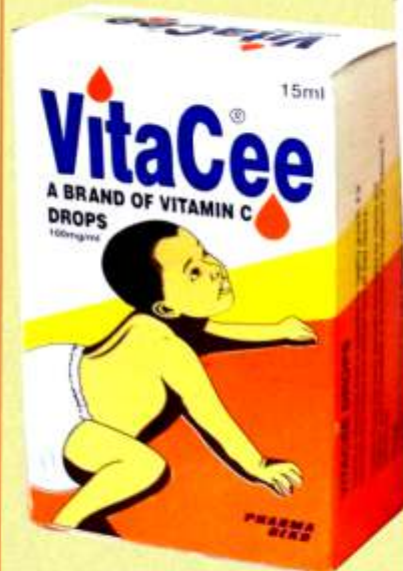
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BRIEF HISTORY

Pharma Deko Plc with headquarters at Plot C1/1, Okene Close, Agbara Industrial Estate, Agbara Ogun State, Nigeria, formally known as PARKE DAVIS & CO (NIG) LTD in 1962, is today a growing, innovative and dynamic pharmaceutical and consumer manufacturing company. Pharma Deko Plc turned 50 years in 2012.

QUALITY STATEMENT

Pharma Deko Plc is committed to the production and delivery of quality products and services that conform to quality standards as prescribed in International Monographs (European Pharmacopeia, British Pharmacopeia, and United State Pharmacopeia) and Company Standards. Our strive for quality is continuous in recognition of the dynamic nature of standards and customer expectation. Quality to us is satisfying the customer's requirement

**PHARMA-DEKO PLC. ...Providing Healthy Solutions
Generations To Generations Have Depended On Us.**

Customer Care Lines: 08169622189, 08159060293 Plot C1/1, Okene Close, Agbara Industrial Estate, Agbara, Ogun State
Website: www.pharmadekopl.com Email Address: info@pharmadekopl.com

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