MECURE INDUSTRIES PLC

Annual report and financial statements
for the year ended 31 December 2023

MeCure Industries Plc
Annual report and financial statements
for the year ended 31 December 2023
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Corporate Information

Company Registration Number

RC: 619125

Directors

Mr. Samir Udani	*Chairman*	
Mrs. Dukor Anderline Ndidi	*Co-CEO*	
Mr. Arjun Udani	*Co-CEO*	
Dr. Ajie Obiefuna	*Executive Director*	
Mr. Felix Anaje	*Executive Director*	
Dr. Benedict Agbo	*Non-executive Director*	
Mrs. Avni Udani	*Non-executive Director*	*Resigned January 2023*
Mrs. Ayotunde Owoigbe	*Non-executive Director*	
Mr. Chidi Okoro	*Non-executive Director*	

Independent Auditor

Alexander Johnson & Co.
Chartered Accountants
18, Oremeji Street Off Coker road
Ilupeju
Lagos

Corporate Office

MeCure Industries Plc
Debo Industrial Compound
Plot 6, Block H, Oshodi Apapa Expressway
Oshodi Lagos, Nigeria

Company Secretary
Banwo & Ighodalo
48, Awolowo road, southwest
Ikoyi, Lagos, Nigeria.

Principal Bankers

Standard Chartered Bank
Union Bank of Nigeria Plc
Globus Bank Limited
Access Bank Plc
Fidelity Bank Plc
Zenith Bank Plc
FSDH
Eco bank Plc
Providus Bank Limited

The directors submit their report together with the audited financial statements for the year ended 31 December 2023, to the members of MeCure Industries Plc ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

MeCure Industries Plc was incorporated in Nigeria on 16th March, 2005 under the Companies and Allied Matters Act as a private limited liability Company, and is domiciled in Nigeria. The Company was subsequently re-registered as a public limited company via a special resolution passed on October 27, 2022 and a certificate was issued by the Corporate Affairs Commission on November 16, 2022 in this regard.

Principal activity

The principal activity of the Company is to carry out the business of manufacturing of pharmaceutical products, distribution of pharmaceutical and multivitamin products.

Results and dividends

The Company's results for the year ended 31 December 2023 are set out on page 9. The Profit for the year has been transferred to retained earnings. The summarised results are presented below.

	2023 N'000	**2022 N'000**
Revenue	31,759,011	26,641,985
Profit before Interest and tax	6,080,913	5,256,221
Income tax	(776,305)	(1,172,380)
Profit for the year	2,913,323	2,609,082

Dividends

The Directors recommend a dividend payout of N0.15k per share in respect of the financial performance for the year ended 2023 subject to the approval of the shareholders. (2022: Nil).

Directors

The directors who held office during the year and to the date of this report are set out on page 1.

Directors' shareholding

The directors who held office during the year and to the date of this report together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of section 301 of the Companies and Allied Matters Act are as shown in shareholders' information below.

	Directors	**Holdings**
1	Mr. Samir Udani	1,291,779,280
2	Mrs. Dukor Anderline Ndidi	27,027,024
3	Mr. Arjun Udani	1,272,459,257
4	Dr. Ajie Obiefuna	-
5	Mr. Felix Anaje	1,689,190
6	Dr. Benedict Agbo	-
7	Mrs. Ayotunde Owoigbe	5,067,568
8	Mr. Chidi Okoro	5,067,568

Free float compliance

The Company has submitted its free float compliance plan to the NGX and the Board will ensure that the Company complies within the period set out in the plan.

Shareholders	Ordinary shares of N0.50 held 2023		Ordinary shares of N0.50 held 2022	
The shares of the Company were held as follows:	Number	Holding (%)	Number	Holding (%)
Samir Udani	1,291,779,280	32.29%	1,291,779,280	32.29%
Avni Udani	1,291,779,280	32.29%	1,291,779,280	32.29%
Arjun Udani	1,272,459,257	31.81%	1,291,779,280	32.29%
Anderline Dukor	27,027,024	0.68%	27,027,024	0.68%
Other Shareholders	116,955,159	2.92%	97,635,136	2.44%
	4,000,000,000	100%	4,000,000,000	100%

Employment of disabled persons

The Company maintains a policy of giving equal opportunities and fair consideration to applications for employment by both able and disabled persons having regard to their particular aptitudes and abilities, to develop their experience and knowledge and to qualify for promotion in furtherance of their respective careers.

Employee health, safety and welfare

In addition to providing comprehensive medical care for its employees through designated hospitals and clinics retained for this purpose (HMO), the Company also provides first aid medical facilities within the office premises. Fire prevention and fire fighting gadgets are installed in strategic locations within the Company's premises. To further protect the interest of its workers, the Company runs a contributory pension fund scheme, life assurance for all employees and Employees compensation (NSITF).

The Company is committed to keeping employees informed as much as possible, of its performance and progress and to seek their views, whenever necessary.

Employee development and training

The Company attaches a lot of importance to the training and development of its employees. This has guided the Company's policy of continuous development of its human resources through courses and seminars organised by recognised professional bodies and organisations. Some members of staff benefited from these courses and seminars during the year.

Property, plant and equipment

The movement in property, plant and equipment has been disclosed in Note 12 to the financial statements. In the opinion of the directors, the carrying value of property, plant and equipment is not lower than the amounts shown in the financial statements.

Donations

The Company made no donations to charitable organisations or political association during the year (2022: Nil).

Independent Auditors

Messrs Alexander Johnson & Co. has indicated their willingness to continue in office in accordance with Section 401(2) of the Companies and Allied Matters Act subject to the approval of the shareholders.

By order of the Board

Azeezah Muse-Sadiq (FRC/2018/NBA/00000018554)
For: Banwo & Ighodalo (FRC/2023/COY/649079)
Company Secretary
48, Awolowo Road, South West, Ikoyi
Lagos, Nigeria

Banwo & Ighodalo
(Company Secretary)
48, Awolowo Road, S. W.
Ikoyi, Lagos

28 February 2024

The Directors of MeCure Industries Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council of Nigeria Act, 2011. The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act CAMA (2020)

In preparing the financial statements, the Directors are responsible for:

a) properly selecting and applying accounting policies.

b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.

c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The financial statements of the Company for the year ended 31 December 2023 were approved by the directors on …..28 February.......2024

Going concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Signed On behalf of the Directors of the Company

Samir Udani	Mrs. Dukor Anderline Ndidi
Chairman	Co-CEO
	FRC/2024/PRO/DIR/003/664278

28 February 2024

In accordance with section 405 of the Companies and Allied Act (CAMA) 2020, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,

ii) has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and

iii) certifies that the Company's internal controls are effective as of that date;

We have disclosed:

i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and

ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and

iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signed On behalf of the Directors of the Company

Mrs. Dukor Anderline Ndidi
Co-CEO
FRC/2024/PRO/DIR/003/664278

Ifedamola Oluwasegun
CFO

28 February 2024

** FRC granted a waiver to the CFO to sign the financial statement pending completion of registration.*

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Ilupeju, Lagos.
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Independent Auditor's report

To the Shareholders of Mecure Industries Plc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mecure Industries Plc., which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants, which is consistent with the international Ethics Standards board for Accountants code of Ethics for Professional Accountants (part A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information refers to the Directors' Report as required by the Companies and Allied Matters Act, which we obtained prior to the date of this auditor's report.

The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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 Reporting Standards and the requirements of the Companies and Allied Matters Acts, 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 liquate the Company or cease operations, or have no realistic alternative but to do so.

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 high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material is, 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk 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.
- 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 the Directors' 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 exist, 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 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 of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performances of the Company audit. We remain solely responsible for our audit opinion.
  We communicate with those charged with governance regarding, among other matter, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

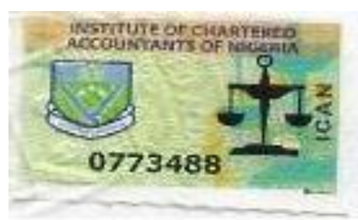
In accordance with the Fifth Schedule of Companies and Allied Matters we expressly state that:

i We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit

ii The Company has kept proper books of account, so far as appears from our examination of those books.

iii The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Bello Haruna Usman **ACA**
FRC/2023/PRO/ICAN/009/000866725
For: Alexander Johnson & Co.
(Chartered Accountants)
Lagos, Nigeria.



Statement of profit or loss and other comprehensive income

	Note	2023 N'000	2022 N'000
Revenue	4	31,759,011	26,641,985
Cost of sales	5	(21,474,634)	(17,791,675)
Gross profit		**10,284,377**	**8,850,311**
Marketing expenses	6	(1,145,329)	(957,749)
Administrative expenses	6	(3,093,708)	(2,636,340)
Other income	7	35,572	-
Operating Profit		6,080,913	5,256,221
Profit before Interest and tax		**6,080,913**	**5,256,221**
Finance cost	8	(2,391,286)	(1,474,759)
Profit Before Tax		**3,689,627**	**3,781,462**
Income tax	9	(776,305)	(1,172,380)
Profit for the year		**2,913,323**	**2,609,082**
Other comprehensive income for the year		-	-
Profit for the year		**2,913,323**	**2,609,082**
Basic and diluted earnings/(loss) per share (Naira)	18	0.73	3.82

The notes on pages 12 to 26 are an integral part of these financial statements.

Statement of Financial Position

	Note	2023 N'000	2022 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	25,407,102	11,900,284
Intangible assets	11	50,601	553,417
Total non-current assets		25,457,703	12,453,701
Current assets			
Inventories	12	8,314,400	8,900,538
Trade and other receivables	13	7,256,230	5,609,614
Cash and cash equivalents	14	707,060	31,750
Total current assets		16,277,690	14,541,902
Total assets		**41,735,393**	**26,995,602**
LIABILITIES			
Non-current liabilities			
Working Capital Loan	16	6,279,468	4,492,296
Term Loan	16	10,161,810	4,541,562
Deferred tax liabilities	9	1,384,704	1,206,466
		17,825,982	10,240,325
Current liabilities			
Trade and other payables	15	874,967	569,741
Commercial Paper	16	9,226,533	5,627,730
Bank Overdraft		43,523	107,099
Current tax liabilities	9	1,534,054	1,133,698
Total current liabilities		11,679,078	7,438,268
Total liabilities		**29,505,060**	**17,678,592**
EQUITY			
Share capital	18	2,000,000	2,000,000
Retained profit		10,230,332	7,317,009
Total equity		**12,230,332**	**9,317,009**
Total equity and liabilities		**41,735,393**	**26,995,602**

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements on pages 9 to 31 were approved and authorised for issue by the board of directors on 28 February 2024 and were signed on its behalf by:

Samir Udani
Chairman

Mrs. Dukor Anderline Ndidi
Co-CEO
FRC/2024/PRO/DIR/003/664278

Statement of Changes in Equity

	Share capital N'000	Capital contribution N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2023	**2,000,000**	**-**	**7,317,009**	**7,342,951**
Profit for the year	-	-	2,913,323	2,913,323
Other comprehensive income	-	-	-	-
Total comprehensive Profit	-	-	2,913,323	2,913,323
Balance at 31 December 2023	**2,000,000**	**-**	**10,230,332**	**12,230,332**
At 1 January 2022	**20,000**	**-**	**4,713,869**	**4,733,869**
Increase in share capital	1,980,000	-	-	-
Profit for the year	-	-	2,609,082	2,609,082
Prior Year Adjustment (Deferred Tax)			1,974,059	-
Capitalization of share capital			(1,980,000)	-
Other comprehensive income	-	-	-	-
Total comprehensive Profit	-	-	2,603,141	2,609,082
Balance at 31 December 2022	**2,000,000**	**-**	**7,317,009**	**7,342,951**

The notes on pages 12 to 26 are an integral part of these financial statements.

	Notes	2023 N'000	2022 N'000
Cash flows from operating activities			
Cash used in operations	19	5,178,752	2,274,003
Tax paid	9	(197,710)	(291,864)
Net cash used in operating activities		**4,981,042**	**1,982,139**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(15,248,379)	(5,214,839)
Purchase of intangible assets	11	-	(691,770)
Net cash used in investing activities		**(15,248,379)**	**(5,906,609)**
Cash flows from financing activities			
Loan repayment		11,006,223	3,915,600
Bank Overdraft		(63,575)	(37,097)
Interest paid		-	-
Capital contribution (capitalization)		-	-
Net cash generated from financing activities		**10,942,647**	**3,878,503**
Net (decrease)/increase in cash and cash equivalents		**675,310**	**(45,966)**
Cash and cash equivalents at the beginning of the year	14	31,750	77,716
Cash and cash equivalents at the end of the year	14	**707,060**	**31,750**

The notes on pages 12 to 26 are an integral part of these financial statements.

1 General information

These financial statements are the financial statements of MeCure Industries Plc ("the Company"). MeCure Industries Limited was incorporated in Nigeria on 16th March, 2005 under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The address of its registered office is:

Debo Industrial Compound
Plot 6, Block H, Oshodi Apapa Expressway
Oshodi Lagos, Nigeria

The principal activity of the Company is to carry out the business of manufacturing of pharmaceutical products, distribution of pharmaceutical and multivitamin products.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements of the MeCure Industries Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate. As first time adoption, appropriate standard are adopted in line with IFRS 1

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies."&" Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed."&" Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 10 & 11

2.2.1 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business as they fall due. The directors are of the opinion that the Company will continue to be in operation in the nearest future. There is no intention on their part to liquidate the entity or to significantly curtail its activities.

2.2.2 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations

The Company has adopted all the accounting standards applicable to it and there are no amendments to IFRSs that are mandatorily effective to the company for periods beginning on or after 1 January 2023

Standard	Content	Effective Date
IAS 16	Property, Plant and Equipment-Proceeds before intended use	1-Jan-23
IAS 8	Amendments to IAS 8-Definition of Accounting Estimate	1-Jan-23
IFRS 10 & IAS 28	IFRS 10 & IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1-Jan-23
IAS 1	Amendment to IAS 1- Classification of Liabilities as Current or Noncurrent Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of Accounting Policies 1-Jan	1-Jan-23

Amendments to IAS 16- Property, Plant and Equipment- Proceeds before Intended Use

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing these items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:
• costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
• costs associated with making the item of property, plant and equipment available for its intended use.
Making this allocation of costs may require significant estimation and judgement.

The amendments also clarify t that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance - e.g. assessing whether the PPE has achieved a certain level of operating margin.
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. It is unlikely that the amendment will have a material impact on the Company's financial statements."

Amendments to IAS 8- Definition of Accounting Estimate

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
Developing an accounting estimate includes both:
• selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
• choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
Developing an accounting estimate includes both:
• selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
• choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets."

Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.When a parent loses control of a subsidiary in a transaction with an associate or Joint Venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.In either case, the loss is recognised in full if the underlying assets are impaired.The effective date of the amendment has been deferred indefinitely by the IASB. However, earlier application of the amendments is permitted. It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Amendments to IAS 1- Classification of Liabilities as Current or Non-Current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.
The existing requirement to ignore management's intentions or expectations for settling liability when determining its classification is unchanged.
The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. It is unlikely that the amendment will have a material impact on the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments was done to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
• requiring companies to disclose their material accounting policies rather than their significant accounting policies;
• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
The amendments are consistent with the refined definition of material:
"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements"
The amendments are effective from 1 January 2023 but may be applied earlier. It is unlikely that the amendment will have a material impact on the Company's financial statements.

2.2.2 Changes in accounting policies and disclosures (continued)

ii) New Standards, amendments, interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are effective for 31 December 2022 reporting periods and have now been earlier adopted by the Company. The Company's assessement of the impact of these new standards and interpretations (excluding quantitative impact) is set out below.

2.3 Foreign currency translation

a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (N).

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2.4 Financial instruments

2.4.1 Financial assets

a) *Classification*

The Company classifies its financial assets as loans and receivables. The Company does not hold any financial assets in any other financial instrument category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company’s loans and receivables comprise trade receivables, due from related parties and cash and cash equivalents, and are included in current and non current assets depending on their contractual settlement date. They are classified as current if they are to be settled within one year and non-current if they are to be settled after one year.

c) *Recognition and measurement*

Loans and receivables are initially recognized at fair value using the effective interest rate method. Subsequently, loans and receivables are carried at amortised cost less any impairment.

2.4.2 Financial liabilities

a) *Classification*

Financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

b) *Financial liabilities at amortised cost*

These include trade payables, due to related parties and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are spilt into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

c) *Recognition and measurement*

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

2.4.3 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

2.4.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.5 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.5 Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured and when risks and rewards have passed to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable from sale of pharmaceutical products & Multivitamins net of discounts. This amount excludes value added tax and any amount remittable to third parties.

2.6 Employee benefits

2.6.1 Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

The Company operates a defined contribution pension scheme. The Company also make provision for employees' compensation (NSITF), Industrial Training Fund (ITF) and Medical services managed by an HMO.

2.6.2 Defined contribution scheme

The Company operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The employee contributes 8% while the Company contributes 10% of monthly emoluments of the employees in compliance with the Pension Reform Act 2014. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Company. The contributions are recognised as employee benefit expense when they are due.

2.7 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities.

In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

The cash flows from investing and financing activities are determined by using the direct method.

2.8 Cash and cash equivalents

Cash and cash equivalents represent a net of cash and bank balances as well as short term investments that are readily convertible to cash. Cash and cash equivalents comprise cash in hand and current balances with banks.

2.9 Leases

The Company is a lessee and it classifies its leases as operating leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.10 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The Construction Work in Progress is not depreciated. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are put to use.

Land is not depreciated by the Company. Depreciation of property, plant and equipment is calculated using the straight-line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful life (years)
Plant & Machinery	10
New Factory (WIP)	NIL
Motor Vehicle	10
Ambulance	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

2.10 Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other income or loss" in statement of profit or loss and other comprehensive income.

2.11 Intangible assets

Intangible assets include computer softwares. Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of the software is five years for E-Pharmacy and ten years for IP Software.

2.12 Finance cost

Finance cost comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest

2.13 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Income tax

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country, Nigeria, where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balance on a net basis.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of inventory is determined using the First-In, First-Out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Financial risk management

3.1 Financial risk factors

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management is carried out by the board of directors. The finance department identifies, evaluates and hedges financial risks. The board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

3.1.1 ***Credit risk***

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

a) **Management of credit risk**

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

3.1.1 *Credit risk (continued)*

a) **Management of credit risk (continued)**

Goods sold to super distributors, distributors and wholesalers are required to be settled in cash or using debit note such as post-dated chqeques, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to distributors, specific industry sectors and/or regions.

Below is a breakdown of all financial assets exposed to credit risk.

	2023 N'000	2022 N'000
Due from related parties (note 13)	5,169,255	3,824,260
Cash at bank (note 14)	707,060	31,750
	5,876,315	3,856,009

b) **Credit quality**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Counterparties with external credit rating:	2023 N'000	2022 N'000
Due from related parties (note 13)	5,169,255	3,824,260
Fitch ratings of cash and bank balances are:		
B-	531,792	23,992
BBB-	16,434	6,629
CC	158,834	1,129
	707,060	31,750

The definition of credit ratings of cash and bank balances is listed below:

CC: Lower credit quality. 'CC' ratings denote the very low expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

B-: Medium credit quality. 'B-' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

BBB-: Semi-medium credit quality. 'BBB-' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

3.1.2 *Liquidity risk*

a) Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors funding requirements to ensure it has sufficient cash to meet operational needs.

The Company has incurred indebtedness in the form of trade payables, overdrafts and loans. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities.

3.1.2 *Liquidity risk (continued)*

b) Maturity analysis

This analyses the ability of the Company to meets its financial obligation as they fall due. All financial assets and financial liabilities are current in nature and all fall due within one year. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2023 N'000	2022 N'000
Financial assets		
Due from related party (note 21)	5,169,255	3,824,260
Cash and cash equivalents (note 14)	707,060	31,750
	5,876,315	3,856,009

	2023 N'000	2022 N'000
Financial liabilities		
Trade payables (note 15)	775,346	501,280
Accruals, provisions and other liabilities (note 15)	99,024	56,035
Due to related party (note 19)	597	12,427
	874,967	569,741

3.1.3 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to interest rate risk and foreign exchange rate risk.

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk.

b) Foreign exchange risk

Foreign exchange 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. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Company’s cash flow and future profits. The Company is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira.

Foreign currency denominated balances	2023 N'000	2022 N'000
Cash and bank balances	6,245	16,962
Trade payables	-	(78,336)
	6,245	(61,374)

The following significant exchange rates applied during the year;	2023	2022
	Year end spot rate	
United States dollar (USD)	899.39	431.27
	Average rate	
United States dollar (USD)	665.33	431.27

3.1.3 Market risk (continued)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 9% depreciation of the Naira against the US Dollar as shown below:

	2023 N'000	2022 N'000
Net exchange loss	3,122	(3,069)

A 100% strenghtening of the Naira against the above currency at the reporting date would have had the equal but opposite effect to the amounts shown above.

c) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company does not hold any financial instruments whose value changes with changes in market prices and is not exposed to price risk.

3.2 Capital management

3.2.1 Risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The Company is geared as at 31 December 2023 and 31 December 2022 respectively.

	2023 N'000	2022 N'000
Total borrowings	19,388,343	10,169,292
Long term payables	-	-
Less: Cash and cash equivalents excluding bank overdrafts (note 16)	707,060	31,750
Net debt	18,681,283	10,137,542
Total equity	12,230,332	9,317,009
Total capital	30,911,615	19,454,552
Gearing ratio	60%	52%

3.3 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All the Company's financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy.

3.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

4 Critical accounting estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in Note 10, together with information about the basis of calculation.

a) Income and deferred tax

The Company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.

a) Impairment assessment of financial instruments

Management assesses trade receivable balances for objective evidence of impairment based on the following triggers:
- Trade receivables that have exceeded the credit limit days.
- Trade receivables that have exceeded the credit limit amounts
- Trade receivables with existing legal litigations
- Past relationship with customer

For the receivable balances that possess the above stated impairment triggers, the following are performed:
- Management determines a cash flow projection on how it intends to recover its receivable from the customers/debtors.
- The present values of the estimated cash flow are determined using the prime lending rate as at relevant periods.

b) Impairment of non-financial asset

The Company assesses at the end of the reporting period if there is any objective evidence that an asset or a group of assets is impaired. The following instances may give rise to an impairment:

• A decline in the asset's market value that is significantly greater than would be expected
• Significant adverse changes that have taken place or are expected in the near future technological, market , economic or legal environment in which the entity operates.
• Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount.
• Obsolescence or physical damage affecting the asset.
• Deterioration in the expected level of the asset's performance.
• Management's own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts

		2023	2022
4	**Revenue**	**N'000**	**N'000**
	Sales of Finished product	31,759,011	26,641,985
		31,759,011	26,641,985

All revenue was generated within Nigeria.

		2023	2022
5	**Cost of sales**	**N'000**	**N'000**
	Opening Inventories of raw material	4,876,787	4,872,247
	Add: Purchases of raw materials	19,287,386	15,554,187
		24,164,173	20,426,434
	Less: Closing Inventories of raw materials	(4,853,360)	(4,876,787)
	Material Consumed	19,310,813	15,549,647
	Add: Opening Inventories of work-in-progress	870,478	940,450
	Less: Closing Inventories of work-in-progress	(1,380,470)	(870,478)
	Add: Opening Inventories of Finished goods	1,698,879	1,775,877
	Less: Closing Inventories of Finished goods	(2,080,570)	(1,698,879)
	Overheads	413,715	332,285
	Depreciation on plant & machineries	1,676,107	1,239,310
	Other direct expenses	965,682	523,462
		21,474,634	17,791,675

		2023	2022
6	**Expenses by function**	**N'000**	**N'000**
	Marketing expenses	1,145,329	957,749
	Administrative expenses	3,093,708	2,636,340
		4,239,036	3,594,089

The balances above have been further analysed as follows:

	2023	2022
Employee costs (Note 7)	559,885	442,201
Depreciation (Note 11)	65,453	64,753
Utilities	340,368	372,462
Rent	83,986	42,600
Foreign exchange loss - realised	297,885	204,879
Marketing expenses	1,145,329	957,749
Audit fees & Professional fee	20,800	20,800
Professional fees	355,023	-
Repairs and maintenance	295,314	321,012
Amortization (Note 11)	502,816	502,816
Regulatory expenses	29,193	91,874
Outsourcing fee	19,983	93,229
Insurance	56,433	75,439
Other expenses	466,569	404,275
	4,239,036	3,594,089

		2023	2022
7	**Employee costs**	**N'000**	**N'000**
	Salaries and wages	467,215	394,104
	Defined contribution benefit	1,571	7,483
	Other employment related expenses	91,099	40,614
		559,885	442,201

		2023	2022
7	**Other Income**	**N'000**	**N'000**
	Interest income	18,468	-
	Sale of scrap inventories	17,104	-
		35,572	-

		2023	2022
8	**Finance Cost**	**N'000**	**N'000**
	Bank Comm and Charges	46,244	170,471
	Bank Interest	2,345,042	1,304,288
		2,391,286	1,474,759

Interest relates to the interest paid during the year for the term loan, bank overdraft and Commercial paper

	2023	2022
Finance cost	**N'000**	**N'000**
Finance cost on borrowing	2,345,042	1,304,288
Exchange loss on borrowings - unrealised	-	-
	2,345,042	1,304,288

		2023	2022
9	**Taxation**	**N'000**	**N'000**
a)	**Current income tax**		
	Company income tax (provision)	448,256	1,006,560
	Education tax	149,811	127,138
	Prior year under/(over) provision		(978,129)
	Deferred tax charge to the profit or loss	178,238	1,016,811
	Total tax charge to profit or loss	776,305	1,172,380

		2023	2022
		N'000	**N'000**
b)	**Current income tax liability**		
	Balance at 1 January	1,133,698	1,269,992
	Charge for the year:		
	Income tax expense	448,256	1,006,560
	Education tax	149,811	127,138
	Prior year under/(over) provision		(978,129)
	Payment during the year	(197,710)	(291,864)
	At 31 December	1,534,054	1,133,698

9 Taxation (continued)

d) Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of N159 Million (31 December 2022: N159 million) for the Company have not been recognised as at 31 December 2023 because the Directors are of the opinion that it is probable that future taxable profits will not be available against which they can be utilised.

The analysis of deferred tax assets/(liabilities) is as follows:	**2023 N'000**	**2022 N'000**
To be recovered after more than 12 months	(1,384,704)	(1,206,466)
To be recovered within 12 months	-	-
	(1,384,704)	(1,206,466)

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss (P/L) are attributable to the following items:

Deferred income tax assets/(liabilities):	**At 1 January 2023 N'000**	**Credit/ (charge) to P/L N'000**	**Credit/ (charge) to equity N'000**	**At 31 December 2023 N'000**
Property, plant and equipment	(1,365,956)	(178,238)		(1,544,194)
Tax losses charged to profit & loss	159,490	-	-	159,490
Unutilised tax credits	-	-	-	-
Total deferred tax liabilities	(1,206,466)	(178,238)	-	(1,384,704)

Deferred income tax assets/(liabilities):	**At 1 January 2022 N'000**	**Credit/ (charge) to P/L N'000**	**Credit/ (charge) to equity N'000**	**At 31 December 2022 N'000**
Property, plant and equipment	(2,323,205)	(1,016,811)	1,974,059	(1,365,956)
Tax losses charged to profit & loss	159,490	-	-	159,490
Unutilised tax credits			-	-
Total deferred tax assets/(liabilities)	(2,163,715)	(1,016,811)	1,974,059	(1,206,466)

10 Property, plant and equipment

	Plant & Machinery N'000	Motor Vehicle N'000	Ambulance N'000	New Factory WIP N'000	WIP Oncology N'000	Total N'000
Cost:						
As at 1 January 2023	**12,393,104**	**62,288**	**592,243**	**5,047,899**	**1,963,213**	**20,058,747**
Additions	2,862,620	-	-	12,385,759	-	15,248,379
Transfered	1,505,350			(1,505,350)		
As at 31 December 2023	**16,761,074**	**62,288**	**592,243**	**15,928,308**	**1,963,213**	**35,307,126**
As at 1 January 2022	**10,861,421**	**55,288**	**592,243**	**1,371,743**	**1,963,213**	**14,843,908**
Additions	1,531,683	7,000	-	3,676,156	-	5,214,839
As at 31 December 2022	**12,393,104**	**62,288**	**592,243**	**5,047,899**	**1,963,213**	**20,058,747**
Accumulated depreciation						
As at 1 January 2023	**7,575,538**	**49,907**	**533,019**	**-**	**-**	**8,158,463**
Charge for the year	1,676,107	6,229	59,224			1,741,560
As at 31 December 2023	**9,251,645**	**56,136**	**592,243**	**-**	**-**	**9,900,023**
As at 1 January 2022	**6,336,227**	**44,378**	**473,794**	**-**	**-**	**6,854,400**
Charge for the year	1,239,310	5,529	59,224			1,304,063
As at 31 December 2022	**7,575,538**	**49,907**	**533,019**	**-**	**-**	**8,158,463**
Net book value						
At 31 December 2023	**7,509,429**	**6,153**	**-**	**15,928,308**	**1,963,213**	**25,407,102**
At 31 December 2022	**4,817,566**	**12,382**	**59,224**	**5,047,899**	**1,963,213**	**11,900,284**

The depreciation charge on pharmaceutical manufacturing equipment is classified as cost of sales. The depreciation charge on other categories of property, plant and equipment is classified as administrative expenses. Capital work in progress represent the development cost and is not qualifiy for depreciation until completion.

The company has assets WIP in regards to a new Amoxiclav Beta Lactum Manufacturing Plant, a plant to manufacture Corticosteroids, Track & Trace equipment and Initital investment towards CRO (Bioequivalence study setup)

The company intends to put these assets to use before half-year 2024

11	**Intangible assets - R&D**	**2023 N'000**	**2022 N'000**
	Cost:		
	As at 1 January and 31 December	2,514,081	2,514,081
	Accumulated amortisation :		
	As at 1 January	1,960,664	1,457,848
	Charge for the year	502,816	502,816
	As at 31 December	**2,463,480**	**1,960,664**
	Net book value:		
	At 31 December	50,601	553,417

12	**Inventories**	**2023 N'000**	**2022 N'000**
	Raw materials	4,853,360	4,876,787
	Work-In-Progress	1,380,470	870,478
	Finished goods	2,080,570	1,698,879
	Oncology Stock FGR	-	1,454,394
		8,314,400	8,900,538

Write-downs of inventories to net realisable value amounted to N8.314 million These were recognised as an expense during the year ended 31 December 2023 and included in 'cost of sales' in profit or loss.

13	**Trade and other receivables**	**2023 N'000**	**2022 N'000**
	Prepaid expenses	115,402	30,148
	Trade receivables	1,502,963	1,540,749
	Other receivables	468,610	214,457
	Due from related parties (note 21)	5,169,255	3,824,260
		7,256,230	5,609,614

14	**Cash and cash equivalents**	**2023 N'000**	**2022 N'000**
	Cash-in-hand	3,578	1,984
	Cash at bank	703,482	29,766
		707,060	31,750

15	**Trade and other payables**	**2023 N'000**	**2022 N'000**
	Trade payables	775,346	501,280
	Pension and other benefits	1,104	5,313
	PAYE and Withholding Tax	15,196	5,553
	Accrued salaries	25,080	9,597
	Other accrued Expenses	30,621	30,371
	Audit fee payable	27,024	5,201
	Due to related parties (note 21)	597	12,427
		874,967	569,741

All trade payables are due within twelve (12) months.

		2023	2022
		N'000	N'000
16	**Borrowings**		
	Current		
	Bank O/D	43,523	107,099
	Secured Working Capital Loan	6,279,468	4,492,296
	Commercial Paper	9,226,533	5,627,730
	Term Loan	10,161,810	4,541,562
	Total Borrowings	25,711,335	14,768,687

Details of bank borrowings are:

- Bank O/D represent facility provided by Standard chartered bank and Union bank Plc. These facility are for working capital are renewed annually.

- The Standard Chartered bank & Union Bank loan relates to bill financing agreement entered into in 2020 for a tenor of 24 months granted to Mecure Industries Plc renewable at expiry. The loan was used for working capital. The unpaid portion of the loan has been represented into non-current liabilities at the balance sheet date

- The term loan Standard Chartered represents a loan for expansion of the factory granted to MeCure Industries Limited in 2022. The tenor of the loan is 36 months with a fixed rate of 16%. The unpaid portion of the loan has been represented in the non-current liabilities at the balance sheet date.

'- The Term loan granted to MeCure Industries from Globus bank represents the CBN Intervention fund with a tenor of 7yrs inclusive of a moratorium period of 1year. The average interest rate is 9% fixed rate. The unpaid portion of the loan has been represented in the non-current liabilities at the balance sheet date.

- Public Bond was a loan under an SPV registered as MeCure Industries SPV Plc (a subsidiary of MeCure Industries Plc) for a tenor of 5years granted to MeCure Industries in 2021 for the construction of factory. The Bond is currently in series 1 with an interest rate of 13% fixed rate. The unpaid portion of the loan has been represented in the non-current liabilities at the balance sheet date.

- The Stanbic IBTC Trustees bridge loan for 12 months representing a combination of funds from NSIA and Stanbic Infrastructure funds as a bridge to bond granted to Mecure Industries Plc. The loan is Construction Warehouse Loan. The unpaid portion of the loan has been represented into non-current liabilities at the balance sheet date.

	2023	2022
	N'000	N'000
Movement in borrowings of Term Loan		
At 1 January	4,541,562	5,700,915
Additional drawdowns in the year	7,094,351	67,167
Interest expense for the year	499,027	386,034
Principal repayments in the year	(1,474,103)	(1,419,702)
Interest repayment in the year	(499,027)	(192,851)
At 31 December	10,161,810	4,541,562

		2023	2022
17	**Ordinary share capital**	N'000	N'000
	Authorised:		
	Ordinary shares of N0.50 each (2022:N0.50 each)	2,000,000	2,000,000
	Issued and fully paid:		
	Ordinary shares of N0.50 each (2022:N0.50 each)	2,000,000	2,000,000

18 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	2023	2022
Profit attributable to equity holders of the Company (N'000)	2,913,323	2,609,082
Weighted average number of ordinary shares in issue ('000)	4,000,000	683,333
Basic and diluted loss per share (Naira)	0.73	3.82

Diluted EPS is the same as the basic earning per share as there are no potential securities convertible to ordinary

19 Cash generated from operating activities

	2023 N'000	2022 N'000
Profit before tax	3,689,627	3,781,462
Adjustment for:		
Depreciation of property, plant and equipment (Note 10)	1,741,560	1,304,063
Amortisation (Note 12)	502,816	502,816
Changes in working capital:		
-Decrease in inventories	586,138	(1,311,964)
-Increase in trade and other receivables	(1,646,616)	(1,960,031)
-Increase in trade and other payables	305,226	(42,343)
Cash used in operations	**5,178,752**	**2,274,003**

20 Related parties

MeCure Industries Plc has common directors and shareholders with MeCure Healthcare Limited. MeCure Healthcare Limited is incorporated in Nigeria.

A number of transactions were entered into with related parties in the normal course of business in an arms length basis. These are disclosed below:

20 Related parties (continued)

a)	**Receivables from related parties**	**Nature of relationship**	**2023 N'000**	**2022 N'000**
	MeCure Healthcare Limited	Common Directors	5,132,440	3,608,210
	MeCure Infraproject Limited	Common Directors	-	80,657
	MeCure Wecare Limited	Common Directors	-	135,393
			5,132,440	3,824,260

e) Key management compensation

	2023 N'000	**2022 N'000**
Arjun Udani	24,000	-
Amy Udani	-	24,000
Avni Udani	16,000	24,000
Mrs. Dukor Anderline Ndidi	12,780	3,400
Dr. Ajie Obiefuna	400	500
Mr. Felix Anaje	13,000	200
	66,180	52,100

The directors receive emolument from the Company for the year ended 2023 (2022: N52.10 million).

21 Directors and employees

a) The average number of persons (excluding directors) employed by the Company during the year was as follows:

	2023 Number	**2022 Number**
Managerial	5	5
Senior staff	8	8
Others	126	124
	139	137

b) The table below shows the number of employees (excluding directors), who earned over N400,000 as emoluments in the year and were within the bands stated.

	2023 N'000	**2022 N'000**
Below 400,000		-
400,000 - 1,000,000	525,677	409,776
1,000,001 - 3,000,000	214,601	167,286
3,000,001 - 6,000,000	146,159	113,934
Above 6,000,000	63,506	49,504
	949,942	740,499

c) Staff costs for the above persons have been disclosed in Note 8.

22 Contingent liabilities

There are no contingent liabilities as at the reporting date ended 31st December, 2023

23 Commitments

The company has commitments to close and bring into operations the new Amoxiclav Beta Lactum Manufacturing Plant, a plant to manufacture Corticosteroids, Track & Trace implementation and CRO (Bioequivalence study setup) by end of H1 2024, as at 31 December 2023 (2022: Nil).

24 Events after reporting period

There is no event after the reporting period.

Statement of Value Added

	2023 N'000	%	2022 N'000	%
Revenue	31,759,011		26,641,985	
Other income	-		-	
Less:				
Bought in materials and services:				
Local	(21,549,065)		(18,516,646)	
Imported	(1,873,832)		(1,610,143)	
Value added	8,336,115	100	6,515,197	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	559,885	7	442,201	7
To pay government:				
Tax expense	776,305	9	1,172,380	18
To pay Bankers:				
Interest	2,345,042	28	1,304,288	20
To provide for enhancement of assets and growth:				
Depreciation and amortisation of assets	1,741,560	21	987,245	15
Retained Profit for the year	2,913,323	35	2,609,082	40
Value added	8,336,115	100	6,515,197	100

Value added depicts wealth created by the Company alongside its employees' efforts and how that wealth has been distributed among various stakeholders. The various stakeholders comprise of the employees, shareholders, government, creditors and the wealth that is retained in the business.

Five-year financial summary

Financial position	IFRS 2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Capital employed:					
Ordinary share capital	2,000,000	2,000,000	20,000	20,000	20,000
Retained Earnings	10,230,332	7,317,009	4,713,869	4,662,876	4,004,393
Total equity	12,230,332	9,317,009	4,733,869	4,682,876	4,024,393
Represented by:					
Non-current assets	25,457,703	12,453,701	8,353,970	6,570,153	5,085,525
Current assets	16,277,690	14,541,902	11,315,874	10,164,135	8,605,242
Non-current liabilities	(17,825,982)	(10,240,325)	(12,909,703)	(10,173,241)	(7,964,738)
Current liabilities	(11,679,078)	(7,438,268)	(2,026,272)	(1,878,170)	(1,701,637)
Net assets/ (liabilities)	12,230,332	9,317,009	4,733,869	4,682,876	4,024,393
Net assets/(liabilities) per share (Naira)	6.12	4.66	236.69	234.14	201.22

Net assets per share is calculated by dividing net assets of the company by the number of ordinary shares outstanding at the end of the reporting period.

Financial result	IFRS 2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Revenue	31,759,011	26,641,985	20,697,946	17,418,183	15,813,495
Gross profit	10,284,377	8,850,311	6,779,900	5,568,371	5,159,904
Net operating expenses	(4,239,036)	(3,594,089)	(3,244,535)	(3,173,314)	(3,024,159)
Operating Profit	6,045,341	5,256,221	3,535,365	2,395,057	2,135,745
Other income	35,572	-	-	-	-
Finance cost	(2,391,286)	(1,474,759)	(1,741,496)	(1,448,732)	(1,320,374)
Profit before taxation	3,689,627	3,781,462	1,793,869	946,325	815,371
Tax (expense)/credit	(776,305)	(1,172,380)	(1,121,139)	(287,842)	(511,458)
Profit for the year	2,913,323	2,609,082	672,730	658,483	303,913
Basic and diluted earnings/(loss) per share (Naira)	0.73	3.82	33.64	32.92	15.20

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.