



Annual report and financial statements
for the year ended 31 December 2022

McCure Industries Plc

Annual report and financial statements for the year ended 31 December 2022

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MeCure Industries Plc

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Corporate Information

Company Registration Number

RC: 619125

Directors

Mr. Samir Udani	<i>Chairman</i>
Mrs. Dukor Anderline Ndidi	<i>Co-CEO</i>
Mr. Arjun Udani	<i>Co-CEO</i>
Dr. Ajie Obiefuna	<i>Executive Director</i>
Mr. Felix Anaje	<i>Executive Director</i>
Dr. Benedict Agbo	<i>Non-executive Director</i>
Mrs. Avni Udani	<i>Non-executive Director</i>
Mrs. Ayotunde Owoigbe	<i>Non-executive Director</i>
Mr. Chidi Okoro	<i>Non-executive Director</i>

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

MeCure Industries Plc

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Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2022, 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. A special resolution was passed on the 27th October 2022 and a certificate was issued on 16th November 2022 as a registered public limited liability company under the Companies and Allied Matters Act (CAMA).

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 2022 are set out on page 5. The Profit for the year has been transferred to retained earnings. The summarised results are presented below.

	2022	2021
	N'000	N'000
Revenue	26,641,985	20,697,946
Profit before Interest and tax	5,256,221	3,535,365
Income tax	(1,172,380)	(1,121,139)
Profit for the year	2,609,082	672,730

Dividends

The directors do not propose dividend payment in respect of the year ended 31 December 2022 (2021: 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' interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act, the following directors have notified the Company of their respective declarable interest in contracts with which the Company was involved as at 31 December 2022.

The Directors who serve for the year under review are as follows:

Directors

- 1 Mr. Samir Udani
- 2 Mrs. Dukor Anderline Ndidi
- 3 Mr. Arjun Udani
- 4 Dr. Ajie Obiefuna
- 5 Mr. Felix Anaje

MeCure Industries Plc

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Report of the Directors

Shareholders	Ordinary shares of N0.50 held 2022		Ordinary shares of N1.00 held 2021	
	Number	Holding (%)	Number	Holding (%)
The shares of the Company were held as follows:				
Samir Udani	1,291,779,280	32.29%	4,000,000	20.00%
Avni Udani	1,291,779,280	32.29%	3,800,000	19.00%
Amy Udani	-	0.00%	4,000,000	20.00%
Arjun Udani	1,291,779,280	32.29%	4,000,000	20.00%
Anderline Dukor	27,027,024	0.68%	200,000	1.00%
Other Shareholders	97,635,136	2.44%	4,000,000	20.00%
	4,000,000,000	100%	20,000,000	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, 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.

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 (2021: 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.

By order of the Board


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

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

27 March, 2023

McCure Industries Plc

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Statement of Directors' responsibilities


The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. These responsibilities include:

- a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;
- b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

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

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



Mr. Samir Udani
Chairman

_____, 2023



Mrs. Dukor Anderline Nndi
Co-CEO



Independent auditor's report

To the Members of MeCure Industries Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of MeCure Industries Plc ("the Company") as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

What we have audited

MeCure Industries Plc financial statements comprise:

- the statements of financial position as at 31 December 2022;
 - the statements of profit and other comprehensive income for the year then ended;
 - the statements of change in equity for the year ended;
 - the statements of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the *Auditor's responsibilities* for the audit of the consolidated and separate financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the *Directors report, statement of directors' responsibilities and Statement of value added and Five-year financial summary* (but 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information

that we obtained prior to the date of this auditor's report, 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 and those charged with governance for the financial statements

The directors are responsible for the preparation of the consolidated and separated financial statements that give a true and fair view in accordance with International Reporting Standards and the requirements of the Companies and Allied Matters Act and for such internal control as the directors determine in 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the 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 IASs 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 IASs, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 of the entities 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 those charged with governance 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.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The Company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) The Company's statement of financial position and comprehensive income are in agreement with the books of account.

Alexander Johnson & Co



For: Alexander Johnson & Co.
Chartered Accountants
Lagos, Nigeria

7 March 2023

Engagement Partner: Olufemi Johnson
FRC/2016/ICAN/00000014668

McCure Industries Plc

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Statement of profit or loss and other comprehensive income

	Note	2022 N'000	2021 N'000
Revenue	4	26,641,985	20,697,946
Cost of sales	5	(17,489,693)	(13,918,046)
Gross profit		9,152,293	6,779,900
Marketing expenses	6	(957,749)	(974,416)
Administrative expenses	6	(2,938,322)	(2,270,120)
Operating Profit		5,256,221	3,535,365
Profit before Interest and tax		5,256,221	3,535,365
Finance cost	8	(1,474,759)	(1,741,496)
Profit Before Tax		3,781,462	1,793,869
Income tax	9	(1,172,380)	(1,121,139)
Profit for the year		2,609,082	672,730
Other comprehensive income for the year		-	-
Profit for the year		2,609,082	672,730
Basic and diluted earnings/(loss) per share (Naira)	17	1.30	33.64

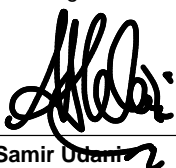
The notes on pages 12 to 26 are an integral part of these financial statements.

McCure Industries Plc
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Statement of Financial Position

	Note	2022 N'000	2021 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	11,900,284	7,989,508
Intangible assets	11	553,417	364,462
Development Cost	11	-	-
Total non-current assets		12,453,700	8,353,970
Current assets			
Inventories	12	8,900,538	7,588,574
Trade and other receivables	13	5,609,614	3,649,583
Cash and cash equivalents	14	31,750	77,717
Total current assets		14,541,902	11,315,874
Total assets		26,995,602	19,669,844
LIABILITIES			
Non-current liabilities			
Working Capital Loan	16	4,492,296	3,298,494
Commercial Paper	16	5,627,730	1,746,580
Term Loan	16	4,541,562	5,700,915
Deferred tax liabilities	9	1,206,466	2,163,715
		15,868,054	12,909,703
Current liabilities			
Trade and other payables	15	569,741	612,084
Bank Overdraft		107,099	144,195
Current tax liabilities	9	1,133,698	1,269,992
Total current liabilities		1,810,538	2,026,272
Total liabilities		17,678,593	14,935,975
EQUITY			
Share capital	18	2,000,000	20,000
Retained profit		7,317,010	4,713,869
Total equity		9,317,010	4,733,869
Total equity and liabilities		26,995,602	19,669,844

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

The financial statements on pages 8 to 28 were approved and authorised for issue by the board of directors on _____ 2023 and were signed on its behalf by:



Mr. Samir Udami
Chairman



Mrs. Dukor Anderline Ndidi
Co-CEO

McCure Industries Plc
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Statement of Changes in Equity

	Share capital N'000	Capital contribution N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2022	20,000	-	4,713,869	4,733,869
Prior Year Adjustment (Deferred Tax)			1,974,059	1,974,059
Capitalization of share capital			(1,980,000)	(1,980,000)
Increase in share capital	1,980,000			-
Profit for the year	-	-	2,609,082	2,609,082
Other comprehensive income	-	-	-	-
Total comprehensive Profit	1,980,000	-	2,603,141	2,603,141
Balance at 31 December 2022	2,000,000	-	7,317,010	9,317,010
At 1 January 2021	20,000	-	4,662,876	4,682,876
Profit for the year	-	-	(621,736)	(621,736)
Prior year adjustment			672,730	672,730
Other comprehensive income	-	-	-	-
Total comprehensive Profit	-	-	50,994	50,994
Balance at 31 December 2021	20,000	-	4,713,869	4,733,869

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

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Statement of Cash Flows

	Notes	2022 N'000	2021 N'000
Cash flows from operating activities			
Cash used in operations	18	2,274,003	2,268,540
Tax paid	9	(291,864)	(40,977)
Net cash used in operating activities		1,982,140	2,227,563
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(5,214,839)	(3,198,655)
Purchase of intangible assets	11	(691,770)	-
Net cash used in investing activities		(5,906,609)	(3,198,655)
Cash flows from financing activities			
Loan repayment		3,915,600	1,225,794
Bank Overdraft		(37,097)	(214,488)
Interest paid		-	-
Capital contribution (capitalization)		-	-
Net cash generated from financing activities		3,878,503	1,011,306
Net (decrease)/increase in cash and cash equivalents		(45,966)	40,213
Cash and cash equivalents at the beginning of the year	14	77,716	37,503
Cash and cash equivalents at the end of the year	14	31,751	77,716

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

MeCure Industries Plc

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Notes to the 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 the 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 following standards have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2018:

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Annual report and financial statements
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Notes to the 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 not been earlier adopted by the Company. The Company's assessment of the impact of these new standards and interpretations (excluding quantitative impact) is set out below.

Title of standard	IFRS 9 <i>Financial Instruments</i>
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The Company has reviewed its financial assets and liabilities and is not expecting any impact from the adoption of the new standard on 1 January 2018.
Date of adoption by company	Not yet adopted

Title of standard	IFRS 15 <i>Revenue from Contracts with Customers</i>
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. It requires that in recognising revenue, the Company must: 1. Identify the contract(s) with the customer 2. Identify performance obligations in the contract(s) 3. Determine the transaction price 4. Allocate the transaction price to performance obligations in the contract 5. Recognise revenue when (or as) the Company satisfies a performance obligation. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	The company's revenue is the fair value of the consideration received or receivable from the sales of manufactured pharmaceutical products & Nutraceuticals net of discount. The new standard will not have a significant impact on the company.
Date of adoption by company	Effective January 1, 2018

Title of standard	IFRS 16 <i>Leases</i>
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The new standard will not have any impact on the Company.
Date of adoption by company	Must be applied for financial years commencing on or after 1 January 2019.

MeCure Industries Plc

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Notes to the Financial Statements

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 split 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.

MeCure Industries Plc

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Notes to the Financial Statements

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.

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.

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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.

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.

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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.

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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.

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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 cheques, 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.

	2022	2021
	N'000	N'000
Due from related parties (note 13)	3,824,260	2,228,838
Cash at bank (note 14)	31,750	77,717
	<u>3,856,009</u>	<u>2,306,555</u>

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.

	2022	2021
	N'000	N'000
Counterparties with external credit rating:		
Due from related parties (note 13)	<u>3,824,260</u>	<u>2,228,838</u>
Fitch ratings of cash and bank balances are:		
B-	23,992	67,748
AAA	1,129	1,129
BBB-	6,629	8,840
	<u>31,750</u>	<u>77,717</u>

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

AAA: Highest credit quality. 'AAA' ratings denote the lowest 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.

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3.1.2 Liquidity risk (continued)

b) Maturity analysis

This analyses the ability of the Company to meet 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.

	2022	2021
	N'000	N'000
Financial assets		
Due from related party (note 21)	3,824,260	2,228,838
Cash and cash equivalents (note 14)	31,750	77,717
	<u>3,856,009</u>	<u>2,306,555</u>
Financial liabilities		
Trade payables (note 15)	501,280	522,847
Accruals, provisions and other liabilities (note 15)	56,035	82,285
Due to related party (note 19)	12,427	6,952
	<u>569,741</u>	<u>612,084</u>

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.

	2022	2021
	N'000	N'000
Foreign currency denominated balances		
Cash and bank balances	16,962	
Trade payables	(78,336)	(37,594)
	<u>(61,374)</u>	<u>(37,594)</u>

The following significant exchange rates applied during the year;

	2022	2021
	Year end spot rate	
United States dollar (USD)	449.05	413.49
	Average rate	
United States dollar (USD)	431.27	397.25

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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:

	2022	2021
	N'000	N'000
Net exchange loss	(3,069)	(1,880)

A 9 percent strengthening 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 2022 and 31 December 2021 respectively.

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.

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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

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4 Revenue	2022	2021
	N'000	N'000
Sales of Multivitamin product	-	2,707,419
Sales of Finished product	26,641,985	17,990,527
	<u>26,641,985</u>	<u>20,697,946</u>

All revenue was generated within Nigeria.

5 Cost of sales	2022	2021
	N'000	N'000
Opening Inventories of raw material	4,872,247	4,736,610
Add: Purchases of raw materials	15,554,187	13,249,480
	<u>20,426,434</u>	<u>17,986,090</u>
Less: Closing Inventories of raw materials	(4,876,787)	(4,872,247)
Material Consumed	15,549,647	13,113,843
Add: Opening Inventories of work-in-progress	940,450	685,440
Less: Closing Inventories of work-in-progress	(870,478)	(940,450)
Add: Opening Inventories of Finished goods	1,775,877	1,510,955
Less: Closing Inventories of Finished goods	(1,698,879)	(1,775,877)
Overheads	30,303	27,533
Depreciation on plant & machineries	1,239,310	963,148
Other direct expenses	523,462	333,454
	<u>17,489,693</u>	<u>13,918,046</u>

6 Expenses by function	2022	2021
	N'000	N'000
Marketing expenses	957,749	974,416
Administrative expenses	2,938,322	2,270,120
	<u>3,896,071</u>	<u>3,244,535</u>

The balances above have been further analysed as follows:

Employee costs (Note 7)	740,499	665,246
Depreciation (Note 11)	64,753	64,203
Utilities	372,462	218,030
Rent	42,600	27,581
Foreign exchange loss - realised	204,879	75,496
Marketing expenses	957,749	974,416
Audit fees & Professional fee	20,800	18,400
Repairs and maintenance	321,012	151,074
Amortization (Note 11)	502,816	364,462
Regulatory expenses	91,874	92,480
Outsourcing fee	93,229	89,812
Insurance	75,439	60,587
Other expenses	407,959	419,725
	<u>3,896,071</u>	<u>3,221,512</u>

7 Employee costs	2022	2021
	N'000	N'000
Salaries and wages	692,402	604,455
Defined contribution benefit	7,483	8,478
Other employment related expenses	40,614	52,312
	<u>740,499</u>	<u>665,246</u>

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8 Finance Cost	2022 N'000	2021 N'000
Bank Comm and Charges	170,471	130,547
Bank Interest	1,304,288	1,610,949
	<u>1,474,759</u>	<u>1,741,496</u>

Interest relates to the interest paid during the year for the term loan

Finance cost	2022 N'000	2021 N'000
Finance cost on borrowing	1,304,288	1,610,949
Exchange loss on borrowings - unrealised	-	-
	<u>1,304,288</u>	<u>1,610,949</u>

9 Taxation	2022 N'000	2021 N'000
a) Current income tax		
Company income tax (provision)	1,006,560	430,455
Education tax	127,138	56,424
Prior year under/(over) provision	(978,129)	(254,672)
Deferred tax charge to the profit or loss	1,016,811	888,932
	<u>1,172,380</u>	<u>1,121,139</u>

b) Current income tax liability	2022 N'000	2021 N'000
Balance at 1 January	1,269,992	1,078,763
<i>Charge for the year:</i>		
Income tax expense	1,006,560	430,455
Education tax	127,138	56,424
Prior year under/(over) provision	(978,129)	(254,672)
Payment during the year	(291,864)	(40,977)
	<u>1,133,698</u>	<u>1,269,992</u>
At 31 December	<u>1,133,698</u>	<u>1,269,992</u>

Prior year adjustment was as a result of the 5-year tax audit carried out by FIRS which resulted to a large tax credit on capital allowance. This then reduced the Deferred tax liabilities of N2.1trillion to N189million.

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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 N1 Billion (31 December 2021: N0.9 billion) for the Company have not been recognised as at 31 December 2022 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:	2022 N'000	2021 N'000
To be recovered after more than 12 months	(1,206,466)	(2,163,715)
To be recovered within 12 months	-	-
	<u>(1,206,466)</u>	<u>(2,163,715)</u>

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 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 liabilities	<u>(2,163,715)</u>	<u>(1,016,811)</u>	<u>1,974,059</u>	<u>(1,206,466)</u>

Deferred income tax assets/(liabilities):	At 1 January 2021 N'000	Credit/ (charge) to P/L N'000	Credit/ (charge) to equity N'000	At 31 December 2021 N'000
Property, plant and equipment	(653,046)	(1,670,158)	-	(2,323,205)
Tax losses charged to profit & loss	-	159,490	-	159,490
Unutilised tax credits	-	-	-	-
Total deferred tax assets/(liabilities)	<u>(653,046)</u>	<u>(1,510,668)</u>	<u>-</u>	<u>(2,163,715)</u>

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10 Property, plant and equipment

	Plant & Machinery N'000	New Factory WIP N'000	Motor Vehicle N'000	Ambulance N'000	WIP Oncology N'000	Total N'000
Cost:						
As at 1 January 2022	10,861,421	1,371,743	55,288	592,243	1,963,213	14,843,908
Additions	1,531,683	3,676,156	7,000	-	-	5,214,839
As at 31 December 2022	12,393,104	5,047,899	62,288	592,243	1,963,213	20,058,747
As at 1 January 2021	9,631,479	1,371,743	49,788	592,243	-	11,645,253
Additions	1,229,942	-	5,500	-	1,963,213	3,198,655
As at 31 December 2021	10,861,421	1,371,743	55,288	592,243	1,963,213	14,843,908
Accumulated depreciation						
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	-	1,304,064
As at 31 December 2022	7,575,538	-	49,907	533,019	-	8,158,463
As at 1 January 2021	5,373,079	-	39,399	414,570	-	5,827,049
Charge for the year	963,148	-	4,979	59,224	-	1,027,351
As at 31 December 2021	6,336,227	-	44,378	473,794	-	6,854,399
Net book value						
At 31 December 2022	4,817,566	5,047,899	12,382	59,224	1,963,213	11,900,284
At 31 December 2021	4,525,194	1,371,743	10,910	118,449	1,963,213	7,989,508

The depreciation charge on Plant & Machinery is classified as cost of sales. The depreciation charge on other categories of property, plant and equipment is classified as administrative expenses.

	2022 N'000	2021 N'000
11 Intangible assets		
Cost:		
As at 1 January and 31 December	3,295,535	3,295,535
Accumulated amortisation:		
As at 1 January	3,295,535	3,272,512
Charge for the year	-	23,023
As at 31 December	3,295,535	3,295,535
Net book value:		
At 31 December	-	-
Intangible asset comprises of E-Pharmacy and IP Software Development		

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	2022	2021
	N'000	N'000
11 Intangible assets - R&D		
Cost:		
As at 1 January and 31 December	2,514,081	1,822,310
Accumulated amortisation :		
As at 1 January	1,457,848	1,093,386
Charge for the year	502,816	364,462
As at 31 December	1,960,664	1,457,848
Net book value:		
At 31 December	553,417	364,462
12 Inventories		
Raw materials	4,876,787	4,872,247
Work-In-Progress	870,478	940,450
Finished goods	3,153,273	1,775,877
	8,900,538	7,588,574
Write-downs of inventories represent the lower of cost or net realisable value as at the reporting date.		
13 Trade and other receivables		
Prepaid expenses	30,148	34,066
Trade receivables	1,540,749	1,198,358
Other receivables	214,457	188,320
Due from related parties (note 21)	3,824,260	2,228,838
	5,609,614	3,649,583
14 Cash and cash equivalents		
Cash-in-hand	1,984	4,276
Cash at bank	29,766	73,441
	31,750	77,717
15 Trade and other payables		
Trade payables	501,280	522,847
Pension and other benefits	5,313	1,969
PAYE and Withholding Tax	5,553	7,974
Accrued salaries	9,597	9,506
Other accrued Expenses	30,371	59,835
Audit fee payable	5,201	3,000
Due to related parties (note 21)	12,427	6,952
	569,741	612,084
All trade payables are due within twelve (12) months.		

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	2022	2021
	N'000	N'000
16 Borrowings		
Current		
Bank O/D	107,099	144,195
Secured Working Capital Loan	4,492,296	3,298,494
Commercial Paper	5,627,730	1,746,580
Term Loan	4,541,562	5,700,915
Total Borrowings	14,768,687	10,890,184

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.
- Secured working capital loan are Bill Finance and IFF by Standard chartered bank and Union bank Plc. These facilities are available for purchases of raw materials and packing materials (Import LC)
- Term Loan represent a long term loan from Standard chartered bank, Globus bank and Public Bond.

	2022	2021
	N'000	N'000
Movement in borrowings of Term Loan		
At 1 January	5,700,915	1,760,000
Additional drawdowns in the year	67,167	4,751,319
Interest expense for the year	386,034	482,702
Principal repayments in the year	(1,419,702)	(810,404)
Interest repayment in the year	(192,851)	(482,702)
At 31 December	4,541,562	5,700,915

	2022	2021
	N'000	N'000
16 Ordinary share capital		
Authorised:		
Ordinary shares of N0.50 each (2021:N1.00 each)	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of N0.50 each (2021:N1.00 each)	2,000,000	20,000

17 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.

	2022	2021
Profit attributable to equity holders of the Company (N'000)	2,609,082	672,730
Weighted average number of ordinary shares in issue ('000)	2,000,000	20,000
Basic and diluted loss per share (Naira)	1.30	33.64

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

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	2022	2021
	N'000	N'000
18 Cash generated from operating activities		
Profit before tax	3,781,462	1,793,869
Adjustment for:		
Depreciation of property, plant and equipment (Note 10)	1,304,064	1,027,351
Amortisation (Note 12)	502,816	387,486
Changes in working capital:		
-Decrease in inventories	(1,311,964)	(655,569)
-Increase in trade and other receivables	(1,960,031)	(455,957)
-Increase in trade and other payables	(42,343)	171,360
Cash used in operations	2,274,003	2,268,540

19 Related parties

The MeCure Industries Plc has a common directors with MeCure Healthcare Limited who is a parent company of MeCure Infracore and MeCure Wecare Limited. MHL have completed full acquisition of MIPL and MWL

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:

	Nature of relationship	2022	2021
		N'000	N'000
a) Finance costs			
	Common Directors (MHL)	-	178,654
	Common Directors (MIPL)	-	21,694

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Notes to the Financial Statements

19 Related parties (continued)

The parent Company of MeCure Infraproject Limited is MeCure Healthcare Limited. MeCure Healthcare Limited is incorporated in Nigeria. Ownership of the parent's shares is distributed widely amongst shareholders.

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

b) Administration	Nature of relationship	2022 N'000	2021 N'000
MeCure Healthcare Limited	Common directors	105.96	-

This relates to shared administrative and finance cost incurred by MeCure Industries Plc on behalf of its sister company, MeCure Healthcare Limited.

c) Sales to related parties	Nature of relationship	2022 N'000	2021 N'000
MeCure Health Care Limited	Common directors	-	-

The receivables from MeCure Healthcare Limited relates to loan repayment and short-term non-interest borrowing from MeCure Industries Plc on behalf of its related companies.

d) Receivables from related parties	Nature of relationship	2022 N'000	2021 N'000
MeCure Healthcare Limited	Common Directors	3,608,210	2,012,788
MeCure Infraproject Limited	Common Directors	80,657	80,657
MeCure Wecare Limited	Common Directors	135,393	135,393
		<u>3,824,260</u>	<u>2,228,838</u>

e) Key management compensation		2022 N'000	2021 N'000
Arjun Udani		30,000	23,000
Avni Udani		24,650	25,000
		<u>54,650</u>	<u>48,000</u>

The directors receive emolument from the Company for the year ended 2022 (2021: N48 million).

20 Directors and employees

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

	2022 Number	2021 Number
Managerial	5	2
Senior staff	8	4
Others	124	108
	<u>137</u>	<u>114</u>

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.

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	2022	2021
	N'000	N'000
Below 400,000		
400,000 - 1,000,000	409,776	368,132
1,000,001 - 3,000,000	167,286	150,285
3,000,001 - 6,000,000	113,934	102,355
Above 6,000,000	49,504	44,473
	<hr/>	<hr/>
	740,499	665,246
	<hr/> <hr/>	<hr/> <hr/>

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

21 Contingent liabilities

There are no contingent liabilities as at the reporting date ended 31st December, 2022

22 Commitments

The Company had no capital commitments as at 31 December 2022 (2021: Nil).

23 Events after reporting period

There is no event after the reporting period.

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Statement of Value Added

	2022		2021	
	N'000	%	N'000	%
Revenue	26,641,985		20,697,946	
Other income	-		-	
Less:				
Bought in materials and services:				
Local	(17,950,738)		(14,390,030)	
Imported	(1,560,934)		(1,251,307)	
Value added	7,130,313	100	5,056,610	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	740,499	10	665,246	13
To pay government:				
Tax expense	1,172,380	16	1,121,139	22
To pay Bankers:				
Interest	1,304,288	18	1,610,949	32
To provide for enhancement of assets and growth:				
Depreciation and amortisation of assets	1,304,064	18	986,545	20
Retained Profit for the year	2,609,082	37	672,730	13
Value added	7,130,313	100	5,056,610	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.

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Five-year financial summary

	IFRS				
	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Financial position					
Capital employed:					
Ordinary share capital	2,000,000	20,000	20,000	20,000	20,000
Retained Earnings	7,317,010	4,713,869	4,662,876	4,004,393	3,700,480
Total equity	9,317,010	4,733,869	4,682,876	4,024,393	3,720,480
Represented by:					
Non-current assets	12,453,700	8,353,970	6,570,153	5,085,525	3,849,282
Current assets	14,541,902	11,315,874	10,164,135	8,605,242	8,362,227
Non-current liabilities	(15,868,054)	(12,909,703)	(10,173,241)	(7,964,738)	(6,726,288)
Current liabilities	(1,810,538)	(2,026,272)	(1,878,170)	(1,701,637)	(1,764,741)
Net assets/ (liabilities)	9,317,010	4,733,869	4,682,877	4,024,393	3,720,480
Net assets/(liabilities) per share (Naira)	4.66	236.69	234.14	201.22	186.02

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.

	IFRS				
	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Financial result					
Revenue	26,641,985	20,697,946	17,418,183	15,813,495	15,172,872
Gross profit	9,152,293	6,779,900	5,568,371	5,159,904	4,977,962
Net operating expenses	(3,896,071)	(3,244,535)	(3,173,314)	(3,024,159)	(2,911,081)
Operating Profit	5,256,221	3,535,365	2,395,057	2,135,745	2,066,881
Finance cost	(1,474,759)	(1,741,496)	(1,448,732)	(1,320,374)	(1,165,159)
Profit before taxation	3,781,462	1,793,869	946,325	815,371	901,723
Tax (expense)/credit	(1,172,380)	(1,121,139)	(287,842)	(511,458)	(474,181)
Profit for the year	2,609,082	672,730	658,483	303,913	427,541
Basic and diluted earnings/(loss) per share (Naira)	1.30	33.64	32.92	15.20	21.38

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.