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GLAXOSMITHKLINE CONSUMER NIGERIA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER, 2015

GlaxoSmithKline Consumer Nigeria Plc
Statements of comprehensive income
For the period ended 30 September, 2015

	Note	GROUP			COMPANY		
		Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Revenue	4	23,040,004	30,521,127	23,211,782	23,040,004	30,521,127	23,211,782
Cost of sales		(15,632,759)	(19,786,112)	(15,329,314)	(15,632,759)	(19,786,112)	(15,329,314)
Gross profit		7,407,245	10,735,015	7,882,469	7,407,245	10,735,015	7,882,469
Other operating income	5	49,908	81,108	193,185	49,908	68,623	193,185
Selling and distribution costs		(4,285,560)	(5,638,693)	(4,494,875)	(4,285,560)	(5,638,691)	(4,494,875)
Administrative expenses		(1,638,466)	(2,010,494)	(1,430,100)	(1,636,289)	(2,005,651)	(1,426,455)
Other operating expenses	6	(873,608)	(1,029,760)	(199,742)	(873,608)	(1,030,237)	(200,219)
Licence fee recovery	7		552,908	-		552,908	-
Operating profit		659,519	2,690,084	1,950,937	661,696	2,681,967	1,954,106
Finance costs	8	(2,675)	(5,115)	(3,255)	(2,675)	(5,115)	(3,255)
Finance income	9	44,115	67,247	114,142	34,584	57,055	107,169
Profit before tax		700,959	2,752,216	2,061,824	693,605	2,733,907	2,058,020
Income tax expense		(215,017)	(903,374)	(579,597)	(215,017)	(903,374)	(579,597)
Profit for the year attributable to owners of the parent		<u>485,942</u>	<u>1,848,842</u>	<u>1,482,227</u>	<u>478,588</u>	<u>1,830,533</u>	<u>1,478,423</u>
Other comprehensive income: Items that will not be reclassified to profit or loss:							
Remeasurements on post employment benefit obligations		-	(3,715)	-	-	(3,715)	
Income tax effect		-	1,115	-	-	1,115	
Other comprehensive income for the year, net of tax		<u>-</u>	<u>(2,600)</u>	<u>-</u>	<u>-</u>	<u>(2,600)</u>	
Total comprehensive income for the year, net of tax		<u>485,942</u>	<u>1,846,242</u>	<u>1,482,227</u>	<u>478,589</u>	<u>1,827,933</u>	<u>1,478,423</u>
Earnings per share (Kobo)							
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent	13	<u>51</u>	<u>193</u>	<u>155</u>			

GlaxoSmithKline Consumer Nigeria Plc
Statements of financial position
For the period ended 30 September, 2015

	Note	GROUP			COMPANY		
		Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Assets							
Non-current assets							
Property, plant and equipment	14	13,151,298	13,419,393	12,752,944	13,151,298	13,419,393	12,752,945
Current assets							
Investment in subsidiary	15	-	-	-	160	160	160
Inventories	16	7,813,532	7,589,550	6,630,569	7,813,532	7,589,550	6,630,569
Trade and other receivables	17	6,036,399	4,977,242	7,239,744	6,036,399	4,977,242	7,239,944
Prepayments	19	349,744	310,170	771,939	349,740	307,988	781,307
Cash and short- term deposits	20	2,449,288	1,696,512	1,632,345	2,242,653	1,494,703	1,433,555
		<u>16,648,963</u>	<u>14,573,474</u>	<u>16,274,596</u>	<u>16,442,484</u>	<u>14,369,643</u>	<u>16,085,533</u>
Total assets		<u>29,800,262</u>	<u>27,992,867</u>	<u>29,027,540</u>	<u>29,593,783</u>	<u>27,789,037</u>	<u>28,838,478</u>
Equity and liabilities							
Equity							
Issued share capital	21	478,351	478,351	478,351	478,351	478,351	478,351
Share premium	21	51,395	51,395	51,395	51,395	51,395	51,395
Retained earnings		12,186,914	12,418,497	12,054,482	11,997,545	12,236,482	11,886,970
Total equity		<u>12,716,660</u>	<u>12,948,243</u>	<u>12,584,228</u>	<u>12,527,290</u>	<u>12,766,227</u>	<u>12,416,716</u>
Non-current liabilities							
Employee benefit liability	22	154,892	130,975	150,216	154,892	130,975	150,216
Deferred tax liability	12	1,692,834	1,692,834	1,950,422	1,692,834	1,692,834	1,950,421
		<u>1,847,726</u>	<u>1,823,809</u>	<u>2,100,638</u>	<u>1,847,726</u>	<u>1,823,809</u>	<u>2,100,637</u>
Current liabilities							
Trade and other payables	23	14,652,154	11,891,919	13,593,348	14,649,350	11,889,114	13,590,809
Income tax payable	12	583,722	1,328,896	749,326	569,417	1,309,886	730,315
		<u>15,235,876</u>	<u>13,220,815</u>	<u>14,342,675</u>	<u>15,218,767</u>	<u>13,199,000</u>	<u>14,321,124</u>
Total liabilities		<u>17,083,602</u>	<u>15,044,624</u>	<u>16,443,313</u>	<u>17,066,493</u>	<u>15,022,809</u>	<u>16,421,762</u>
Total equity and liabilities		<u>29,800,262</u>	<u>27,992,868</u>	<u>29,027,541</u>	<u>29,593,783</u>	<u>27,789,036</u>	<u>28,838,478</u>

GlaxoSmithKline Consumer Nigeria Plc
Consolidated statement of changes in equity
For the period ended 30 September, 2015

For the period ended 30 Septemeber, 2015	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2015	478,351	51,395	12,418,497	12,948,243
Profit for the year			485,942	485,942
Other comprehensive income			-	-
Total comprehensive income			485,942	485,942
Dividend			(717,526)	(717,526)
At 30 September 2015	478,351	51,395	12,186,914	12,716,660
For the year ended December, 2014	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2014	478,351	51,395	11,815,968	12,345,714
Profit for the year	-	-	1,848,842	1,848,842
Other comprehensive income	-	-	(2,600)	(2,600)
Total comprehensive income	478,351	51,395	1,846,242	1,846,242
Dividend	-	-	(1,243,712)	(1,243,712)
At 31 December 2014	478,351	51,395	12,418,497	12,948,243
For the period ended 30 September, 2014	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2014	478,351	51,395	11,815,968	12,345,714
Profit for the year			1,482,227	1,482,227
Other comprehensive income			-	-
Total comprehensive income			1,482,227	1,482,227
Dividend			(1,243,712)	(1,243,712)
Unclaimed dividend now statute				-
At 30 September 2014	478,351	51,395	12,054,483	12,584,229

GlaxoSmithKline Consumer Nigeria Plc
Financial Statements
For the period ended 30 September, 2015

Company statement of changes in equity

For the period ended 30 September, 2015	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2015	478,351	51,395	12,236,482	12,766,228
Profit for the year			478,589	478,589
Other comprehensive income			-	-
Total comprehensive income			478,589	478,589
Dividend			(717,526)	(717,526)
At 30 Septemeber 2015	478,351	51,395	11,997,545	12,527,291

For the year ended December, 2014	Issued share capital N000	Share premium N000	Retained Earnings N000	Total equity N000
As at 1 January 2014	478,351	51,395	11,652,261	12,182,007
Profit for the year	-	-	1,830,533	1,830,533
Other comprehensive income	-	-	(2,600)	(2,600)
Total comprehensive income	-	-	1,827,933	1,827,933
Dividend	-	-	(1,243,712)	(1,243,712)
At 31 December 2014	478,351	51,395	12,236,482	12,766,228

For the period ended 30 September, 2014	Issued share capital N000	Share premium N000	Retained Earnings N000	Total equity N000
As at 1 January 2014	478,351	51,395	11,652,261	12,182,007
Profit for the year	-	-	1,478,423	1,478,423
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,478,423	1,478,423
Dividend	-	-	(1,243,712)	(1,243,712)
At 30 Septemeber 2014	478,351	51,395	11,886,972	12,416,718

GlaxoSmithKline Consumer Nigeria Plc
Statements of cash flows
For the period ended 30 September, 2015

		GROUP			COMPANY		
	Note	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Operating activities							
Profit before tax		700,959	2,752,216	2,061,824	693,605	2,733,907	2,058,018
Non-cash adjustment to reconcile profit before tax to net cash flows							
Depreciation of property, plant and equipment	14	1,072,284	1,144,230	859,575	1,072,284	1,144,230	859,575
Loss/(gain) on disposal of property, plant and equipment	5	479	(8,250)	(6,987)	479	(8,250)	(6,987)
Interest on short term deposit	9	(18,673)	(59,487)	(45,750)	(9,142)	(49,295)	(38,777)
Exchange gain	5	-	(44,549)	-	-	(44,549)	-
Unrealised exchange loss/(gain) on operating activity	6	657,836	893,137	76,604	657,836	893,137	76,604
Finance costs	8	2,675	5,115	3,255	2,675	5,115	3,255
Net charge on defined benefit obligations	22	23,917	28,125	14,107	23,917	28,125	14,107
Impairment of trade receivables	18	144,825	102,608	75,461	144,825	102,608	75,461
Working capital adjustments:							
Increase in inventories		(223,983)	(1,973,210)	(1,014,229)	(223,983)	(1,973,210)	(1,014,229)
Increase in trade receivables		(1,203,982)	(1,024,940)	(3,260,294)	(1,203,982)	(991,566)	(3,227,121)
(Increase)/Decrease in prepayments		(39,575)	192,054	(269,037)	(41,752)	187,646	(284,996)
Increase in trade and other payables		1,769,351	209,331	2,727,292	1,769,351	215,318	2,733,547
		2,886,113	2,216,380	1,221,824	2,886,113	2,243,216	1,248,459
Defined benefit obligation paid	22	-	(36,974)	-	-	(36,974)	-
Interest paid	8	(2,675)	(5,115)	(3,255)	(2,675)	(5,115)	(3,255)
Income tax paid	12	(960,191)	(822,239)	(822,239)	(955,486)	(822,239)	(822,239)
Net cash flows from operating activities		1,923,247	1,352,052	396,329	1,927,952	1,378,888	422,965
Investing activities							
Proceeds from sale of property, plant and equipment		12,681	43,615	32,521	12,681	43,615	32,521
Interest received	9	18,673	59,487	45,750	9,142	49,295	38,777
Purchase of property, plant and equipment	14	(817,349)	(2,477,134)	(1,516,197)	(817,349)	(2,477,134)	(1,516,197)
Net cash flows used in investing activities		(785,995)	(2,374,032)	(1,437,927)	(795,526)	(2,384,224)	(1,444,899)
Financing activities							
Dividends paid to equity holders (local)		(384,477)	(1,243,712)	(1,243,712)	(384,477)	(1,243,712)	(1,243,712)
Net cash flows used in financing activities		(384,477)	(1,243,712)	(1,243,712)	(384,477)	(1,243,712)	(1,243,712)
Net decrease in cash and cash equivalents		752,776	(2,265,692)	(2,285,310)	747,950	(2,249,049)	(2,265,648)
Cash and cash equivalents at 1 January		1,696,512	3,917,655	3,917,656	1,494,702	3,699,202	3,699,202
Exchange gain on cash and cash equivalents		-	44,549	-	-	44,549	-
Cash and cash equivalents at the end of the period	20	2,449,288	1,696,512	1,632,347	2,242,652	1,494,702	1,433,554

1 Corporate information

The consolidated financial statements of the Group authorised for issue by the directors on 25 March 2015 consist of those of GlaxoSmithKline Consumer Nigeria Plc ('company') and its wholly owned subsidiary – Winster Pharmaceuticals Limited which has no turnover for the current year following the sale of its only product to a third party on 30 April 2012. The Company is a public limited liability company incorporated in 1971 and domiciled in Nigeria where its shares are publicly traded. 46.4% of the shares of the company are held by Setfirst Limited and Smithkline Beecham Limited (both incorporated in the United Kingdom); and 53.6% by Nigerian shareholders. The ultimate parent and ultimate controlling party is GlaxoSmithkline Plc, United Kingdom (GSK Plc UK). GSK Plc UK controls the company through Setfirst Limited and Smithkline Beecham Limited.

The registered office of the company is located at 1 Industrial Avenue, Ilupeju, Lagos.

The principal activities of the Group are manufacturing, marketing and distribution of consumer healthcare and pharmaceutical products.

2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.1.1 New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the group:

(i) IAS 32 Financial Instrument: Presentation

An amendment to IAS 32 'Offsetting financial assets and financial liabilities' was issued in December 2011 and became effective from 1 January 2014. The amendment provides additional guidance on when financial assets and financial liabilities may be offset.

(ii) IFRIC 21 Levies

IFRIC 21 was issued on 20 March 2013 and is effective for annual periods beginning on or after 1 January 2014. The Standard identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

2.1.2 New standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. The Group intends to adopt these standards when they become effective.

(i) IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

(ii) IFRS 15 Revenue from contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2.1.2 New standards and interpretations not yet adopted (continued)

(iii) **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

(iv) **Amendments to IAS 34: Interim financial reporting**

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective and is not expected to have any impact on the Group.

(v) **Amendments to IAS 19: Defined Benefit Plans - Employee Contributions**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group as neither employees nor third parties contribute to the defined benefit plan.

(vi) **Amendments to IAS 27: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The impact on the results and financial position of the Group is currently being assessed.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary (Winster Pharmaceutical Limited) as at 30 September 2015.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2.2 Basis of consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The investments in subsidiary is valued at cost within the company financial statements.

2.3 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the noncontrolling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

2.4 Foreign currency translation

(i) Functional and presentation currency

The Group measures the items in its financial statements using the currency of the primary economic environment in which it operates (the functional currency); the financial statements are presented in Nigerian Naira which is the Group's presentation and functional currencies.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is recognised in profit or loss when goods or products are supplied to external customers against orders received and title and risk of loss has passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the revenue process is being regarded as complete.

Revenue represents the net invoice value, after deduction of any trade, cash or volume discounts that can be reliably estimated at point of sale, less accruals for estimated future rebates and returns.

Interest income

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, which is generally when it is approved by shareholders.

2.6 Taxes

Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA), CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2% of the assessable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, less accumulated depreciation and/or accumulated impairment loss if any. Such cost includes the cost of replacing component parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

- Leasehold land	Over the life of the lease
- Buildings	Lower of lease term or 50 years
- Plant and machinery	10 to 15 years
- Furniture, fittings and equipment	4 to 7 years
- Motor vehicles	4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

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

2.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

2.9 Financial instruments — initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. For all the years presented the Group's financial assets are classified as loans and receivables.

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs.

Trade and other receivables

Trade receivables are carried at amortised cost amount less any allowance for impairment. When a trade receivable is determined to be uncollectable, it is written off, firstly against any provision available and then to profit or loss.

Subsequent recoveries of amounts previously provided for are credited to profit or loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables 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.

In the case of trade receivables, allowance for impairment is made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions.

2.9 Financial instruments — initial recognition and subsequent measurement (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expense in the profit or loss.

(iii) Financial liabilities at amortised cost Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include only trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss. In the case of trade and other payables, the amortised cost equals the nominal value.

Derecognition

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

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and cash on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.12 Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.13 Pensions and other post employment benefits

The Group operates a gratuity scheme for a certain category of employees and a pension fund scheme for the benefit of all of its employees.

- (i) Gratuity scheme: these are benefits payable to employees on retirements or resignation and are unfunded. The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for this defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised immediately in the income.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on Federal Government Bond), less past service costs.

- (ii) Pension fund scheme: the Group in line with the provisions of the Pension Reform Act 2014, which repealed the Pension Reform Act No. 2 of 2004, has a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the company's contribution is charged to the profit or loss. The Group contributes 10% while the employees contribute 8% of the pensionable emoluments.
- (iii) Bonus plan: the group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit for the year and the performance rating of each staff. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Segment report

The group defines its segments on the basis of business sectors. The segments are reported in a manner consistent with internal reporting guidelines provided by the GSK Group (UK).

The Group's segment report has been prepared in accordance with IFRS 8 based on operating segment and product ownership identified by the group and takes geographical reporting into considerations. The operating segment consist of Pharmaceuticals (Prescription drugs and vaccines) and Consumer Healthcare (Oral care, OTC medicines and nutritional healthcare). The Group's management reporting process allocates segment revenue and related cost on the basis of each operating segment. There are no sales between the operating segments.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

2.17 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Research and development

Research and development expenditure is charged to the income statement in the period in which it is incurred. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted by the balance sheet date.

Going concern

The directors do not consider Winster Pharmaceutical Limited (the wholly owned subsidiary) to be a going concern. This is as a result of the sale of the company's only product - Cafenol, to a third party on 30 April 2012. The implication of this is that the assets of the company have been stated at their realisable values and liabilities are all treated as current.

Gratuity benefits

The cost of defined benefit gratuity plans and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria.

Further details about the assumptions used are given in Note 23.

Year end translation rate

IAS 21 requires that at each reporting period, monetary assets and liabilities be translated using the closing rate. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. In prior years, translation of monetary assets and liabilities has been done using the CBN rate.

During the year, the Central Bank of Nigeria issued a directive stating that importation of some specified items shall be funded from the interbank foreign exchange market only. Consequently, the group had various rates available to it at which to translate year end monetary balances as follows:

- The CBN rate;
- The GSK group rate; and
- The interbank rate

In translating year end monetary assets and liabilities, the GSK group rates have been utilised. This has been compared with the interbank rate at the same date and the difference is not considered to have a material impact on these financial statements.

Royalty

Accruals are made in these financial statements based on management's best estimate of the amounts it would require to settle the underlying obligations. The group has accrued for royalty payable to a related party on the basis of 1% of revenue. Prior approval obtained from the National Office for Technology Acquisition and Promotion (NOTAP) was 0.75% of revenue. Management considers it to be appropriate to accrue based on 1% of revenue as this is the amount agreed with the related party. The eventual amount approved by NOTAP may differ from what has been provided and where this happens, the difference will be credited to the income statement in the period in which it is determined. Had the accrual been made on the basis of 0.75% of turnover, the effect on the income statement would have been a write back of N152 million.

2.6 Taxes

Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA), CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2% of the assessable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, less accumulated depreciation and/or accumulated impairment loss if any. Such cost includes the cost of replacing component parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

- Leasehold land	Over the life of the lease
- Buildings	Lower of lease term or 50 years
- Plant and machinery	10 to 15 years
- Furniture, fittings and equipment	4 to 7 years
- Motor vehicles	4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

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

2.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized as an operating expense in the profit or loss on a straight-line basis over the lease term.

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4 Segment information

The chief operating decision maker has been identified as the Management Team. For management purposes, the group is organised into business units based on their products and has two reportable segments as follows:

Consumer Healthcare consisting of oral care, over-the-counter (OTC) medicines and nutritional healthcare, Pharmaceuticals consisting of prescription, pharmaceuticals and

Executive Management monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. The Agbara GMS site manufacturing plant produces goods for the consumer healthcare segment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

30 September 2015	Consumer Healthcare products N'000	Pharmaceutical s N'000	Total segments N'000
Revenue			
External customers	16,552,533	6,487,470	23,040,004
Inter-segment	-	-	-
	<u>16,552,533</u>	<u>6,487,470</u>	<u>23,040,004</u>
Results			
Depreciation	1,003,200	-	1,003,200
	<u>1,003,200</u>	<u>-</u>	<u>1,003,200</u>
Operating (loss)/profit	<u>163,144</u>	<u>496,375</u>	<u>659,519</u>
Operating assets	<u>14,762,042</u>	<u>1,886,921</u>	<u>16,648,963</u>
Operating liabilities	<u>14,759,345</u>	<u>47,701</u>	<u>14,807,046</u>
Other disclosures:			
Capital expenditure	817,349		817,349
	<u>817,349</u>		<u>817,349</u>
Unallocated:			
- Deferred tax liability			1,692,834
- Income tax			583,722
Total liabilities per balance sheet			<u>17,083,602</u>
			<u>17,083,602</u>
31 December 2014	Consumer healthcare N'000	Pharmaceutical s N'000	Total segments N'000
Revenue			
External customers	21,408,137	9,112,990	30,521,127
Inter-segment	-	-	-
	<u>21,408,137</u>	<u>9,112,990</u>	<u>30,521,127</u>
Results			
Depreciation	1,144,230	-	1,144,230
	<u>1,144,230</u>	<u>-</u>	<u>1,144,230</u>
Operating profit	<u>1,000,592</u>	<u>1,689,492</u>	<u>2,690,084</u>
Operating assets	<u>26,326,697</u>	<u>1,666,170</u>	<u>27,992,867</u>

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Operating liabilities	11,999,968	22,926	12,022,894
Unallocated:			
- Deferred tax liability			1,692,834
- Income tax			1,328,896
Total liabilities per balance sheet			<u>15,044,624</u>
Other disclosures:			
Capital expenditure	<u>2,477,134</u>	<u>-</u>	<u>2,477,134</u>
30 September 2014			
Revenue			
External customers	16,074,228	7,137,554	23,211,782
Inter-segment	-	-	-
	<u>16,074,228</u>	<u>7,137,554</u>	<u>23,211,782</u>
Results			
Depreciation	<u>859,575</u>	<u>-</u>	<u>859,575</u>
Operating profit	<u>1,083,071</u>	<u>867,865</u>	<u>1,950,936</u>
Operating assets	<u>24,313,885</u>	<u>4,713,655</u>	<u>29,027,540</u>
Operating liabilities	<u>13,670,173</u>	<u>73,391</u>	<u>13,743,565</u>
Unallocated:			
- Deferred tax liability			1,950,422
- Income tax			749,326
Total liabilities per balance sheet			<u>16,443,313</u>
Other disclosures:			
Capital expenditure	<u>1,516,197</u>	<u>-</u>	<u>1,516,197</u>

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For the period ended 30 September, 2015

Adjustments and eliminations

Finance income and expenses are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and investment in subsidiary are not allocated to segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment. There are no inter-segment revenue.

	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Reconciliation of profit			
Segment operating profit	659,519	2,690,084	1,950,937
Finance income	44,115	67,247	114,142
Finance costs	(2,675)	(5,115)	(3,255)
Group profit/total segment profit	<u><u>700,960</u></u>	<u><u>2,752,216</u></u>	<u><u>2,061,824</u></u>
Nigeria	22,970,825	30,467,862	23,200,047
Other West Africa	69,179	53,265	11,735
Group total revenue	<u><u>23,040,004</u></u>	<u><u>30,521,127</u></u>	<u><u>23,211,782</u></u>

The 'Other West Africa' represents revenue generated from exports of goods to Ghana.

	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Non-current assets			
Nigeria	13,151,298	13,419,393	12,752,944
Other West Africa	-	-	-
Group total non-current assets	<u><u>13,151,298</u></u>	<u><u>13,419,393</u></u>	<u><u>12,752,944</u></u>

	GROUP			COMPANY		
	months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	months ended 30 September 2014
Reconciliation of deferred tax liabilities	N'000	N'000	N'000	N'000	N'000	N'000
12 net						
At 1 January	1,692,834	1,950,422	1,950,422	1,692,834	1,950,422	1,950,422
Tax (income) / expense during the year recognised in profit or loss	-	(256,473)			(256,473)	
Tax (income) / expense during the year recognised in other comprehensive income	-	(1,115)	-		(1,115)	-
At 31 December	<u>1,692,834</u>	<u>1,692,834</u>	<u>1,950,422</u>	<u>1,692,834</u>	<u>1,692,834</u>	<u>1,950,422</u>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
Reconciliation of income tax liabilities	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	1,328,896	991,967	991,967	1,309,886	972,957	972,957
Prior year over provision	-	(679)	-	-	(679)	-
Tax charge in income statement	<u>215,017</u>	<u>1,159,847</u>	<u>579,597</u>	<u>215,017</u>	<u>1,159,847</u>	<u>579,597</u>
	1,543,913	2,151,135	1,571,564	1,524,903	2,132,125	1,552,554
Company income tax paid	(124,252)	(770,849)	(770,848)	(123,958)	(770,849)	(770,848)
Education tax paid	<u>(835,939)</u>	<u>(51,390)</u>	<u>(51,390)</u>	<u>(831,528)</u>	<u>(51,390)</u>	<u>(51,390)</u>
At 30 September and December	<u>583,722</u>	<u>1,328,896</u>	<u>749,326</u>	<u>569,417</u>	<u>1,309,886</u>	<u>730,315</u>

	GROUP			COMPANY		
	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N 000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N 000
13 Earnings per share						
Net profit attributable to ordinary equity holders of the parent	485,942	1,848,842	1,482,227	478,588	1,830,533	1,478,423
Weighted average number of ordinary shares for basic earnings per share	956,701	956,701	956,701	956,701	956,701	956,701
Basic earnings per share (kobo)	51	193	155			

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and the basic earnings per share both have the same value.

14 Property, plant and equipment	Leasehold land	Buildings	Plant and machinery	Construction in progress	Furniture, fittings and equipment	Motor vehicles	Total
	N 000	N 000	N 000	N 000	N 000	N 000	N 000
Cost							
At 1 January 2014	633,590	1,457,579	6,547,538	2,983,189	3,979,417	659,819	16,261,132
Additions			1,118,639		319,263	78,295	1,516,197
Capitalisation of construction in progress	-	40,851	118,299	(310,445)	142,289	9,006	-
Disposals			(4,307)		(48,403)	(97,379)	(150,089)
At 30 September 2014	633,590	1,498,430	7,780,168	2,672,744	4,392,566	649,741	17,627,240
At January 2014	633,591	1,457,580	6,547,538	2,983,189	3,979,420	659,819	16,261,136
Additions				1,960,102	384,700	132,332	2,477,134
Capitalisation of construction in progress		40,851	136,720	(392,182)	185,917	28,694	-
Disposals		-	(4,633)	-	(56,866)	(104,501)	(166,000)
At 31 December 2014	633,591	1,498,431	6,679,625	4,551,109	4,493,171	716,344	18,572,270
Additions		913		457,149	179,156	180,131	817,349
Capitalisation of construction in progress	-	988,959	1,729,628	(3,348,016)	629,429	-	-
Disposals			(147)	(6)	(10,067)	(54,625)	(64,845)
At 30 September 2015	633,591	2,488,303	8,409,106	1,660,236	5,291,689	841,850	19,324,774
Depreciation							
At 1 January 2014	97,309	168,583	2,460,652		1,048,411	364,326	4,139,280
Charge for the year	8,035	26,759	341,799		380,836	102,141	859,570
Disposals			(4,306)		(43,157)	(77,092)	(124,555)
At 30 September 2014	105,344	195,342	2,798,145	-	1,386,089	389,375	4,874,294
At 1 January 2014	97,309	168,583	2,460,652		1,048,411	364,326	4,139,280
Charge for the year	10,714	35,733	451,236		508,538	138,009	1,144,230
Disposals			(4,526)		(44,484)	(81,623)	(130,633)
At 31 December 2014	108,023	204,316	2,907,362	-	1,512,464	420,712	5,152,876
Charge for the year	8,035	41,567	416,980		486,896	118,806	1,072,284
Disposals			(49)		(9,069)	(42,567)	(51,685)
At 30 September 2015	116,058	245,883	3,324,293	-	1,990,291	496,951	6,173,475
Net book values:							
At 30 September 2015	517,533	2,242,420	5,084,813	1,660,236	3,301,397	344,899	13,151,298
At 31 December 2014	525,568	1,294,115	3,772,263	4,551,109	2,980,706	295,632	13,419,393
At 30 September 2014	528,246	1,303,088	4,982,024	2,672,744	3,006,476	260,366	12,752,944

15 Investment in subsidiary	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Investment in subsidiary	-	-	-	160.00	160	160

This represents investment in Winster Pharmaceuticals Limited, a wholly owned subsidiary company, which is measured at cost. Winster has no turnover for the current year following the sale of its only product to a third party in 2012. The results of the company have been consolidated in these financial statements.

16 Inventories	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Raw materials and consumables	2,668,591	2,935,542	2,671,666	2,668,591	2,935,542	2,671,666
Work in progress	52,639	11,256	13,718	52,639	11,256	13,718
Finished goods	5,092,303	4,642,752	3,945,185	5,092,303	4,642,752	3,945,185
Total inventories at the lower of cost and net realisable value	7,813,532	7,589,550	6,630,569	7,813,532	7,589,550	6,630,569

17 Trade and other receivables	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	5,237,897	4,287,736	4,632,763	5,237,897	4,287,736	4,632,963
Receivables from related parties	20,080	104,094	252,837	20,080	104,094	252,837
Employee loans and advances	244,745	276,515	306,780	244,745	276,515	306,780
Advances to suppliers	83,797	41,273	1,565,620	83,797	41,273	1,565,620
Other receivables	449,879	267,624	481,744	449,879	267,624	481,744
	6,036,399	4,977,242	7,239,744	6,036,399	4,977,242	7,239,944

Terms and conditions relating to related party receivables are disclosed in Note 25.

Trade receivables are non-interest bearing and are generally on 60 day terms. The customers are wholesalers and are based within Nigeria.

18 Trade and other receivables

	GROUP	COMPANY
	Individually impaired N'000	Individually impaired N'000
At 1 January 2014	138,375	138,375
Charge for the year	98,696	98,696
Unused amounts reversed	(23,235)	(23,235)
30 September 2014	213,836	213,836
At 1 January 2015	240,983	240,983
Charge for the period	135,811	135,811
Write offs	(96,206)	(96,206)
AT 30 September 2015	280,588	280,588

Group and Company	Past due but not impaired			Impaired trade receivables		
	Total N'000	Neither past due nor impaired N'000	61 - 90 days N'000	Gross amount N'000	Impairment loss N'000	Net receivables N'000
30 September 2015	5,237,898	3,311,261	1,752,140	455,084	(280,588)	174,496
31 December 2014	4,287,737	3,410,824	838,974	278,921	(240,983)	37,938
30 September 2014	4,632,763	3,423,233	1,195,211	228,354	(213,836)	14,518

With the exception of trade receivables stated above, all other receivables are neither past due nor impaired and the company does not have a policy of requesting for collateral on these receivables.

The fair values of trade and other receivables are the same as their carrying amounts.

	GROUP			COMPANY		
	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
19 Prepayments						
Rent	264,343	198,387	264,202	264,343	196,205	261,093
Insurance	26,114	75,780	74,097	26,114	75,780	74,097
Other prepayments	59,277	36,003	433,640	59,283	36,003	446,117
	349,744	310,170	771,939	349,740	307,988	781,307
20 Cash and short-term deposits						
Cash at banks and on hand	2,449,288	1,494,773	1,174,535	2,242,653	1,494,703	1,134,341
Short-term deposits	-	201,739	457,810	-	-	299,215
	2,449,288	1,696,512	1,632,345	2,242,653	1,494,703	1,433,556

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash and short-term deposits. Short-term deposit are with commercial banks and have a tenure of between 30 and 90 days. All cash and short-term deposit are neither past due nor impaired.

21 Issued capital and share premium

	GROUP			COMPANY		
	Nine months ended 30 September 2015 Thousands	31 December 2014 Thousands	Nine months ended 30 September 2014 Thousands	Nine months ended 30 September 2015 Thousands	31 December 2014 Thousands	Nine months ended 30 September 2014 Thousands
Authorised shares						
Ordinary shares of 50k each	960,000	960,000	960,000	960,000	960,000	960,000
Ordinary shares of 50k each	480,000	480,000	480,000	480,000	480,000	480,000
Ordinary shares issued and fully paid						
Ordinary shares of 50k each	956,701	956,701	956,701	956,701	956,701	956,701
Ordinary shares of 50k each	478,351	478,351	478,351	478,351	478,351	478,351
Share premium	51,395	478,351	51,395	51,395	478,351	51,395

22 Post employment benefit plans

The group operates a defined benefit gratuity plan covering substantially all of its employees. The plan was discontinued in 2010 for management and senior staff leaving only the junior staff. No contribution is made to separately administered funds.

The defined benefit plans are designed to provide income to individuals during their retirement years. This is accomplished by setting aside a provision during an employee's working years so that at retirement, funds matching the accumulated provisions are made available to eligible staff. The scheme is not funded, hence future payments will be funded through cash flows from operations.

The following tables summarise the components of net benefit expense recognised in the profit or loss and amounts recognised in the statement of financial position for the plan.

	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Net benefit expense (recognised in administrative expenses)						
Current service cost	23,917	9,900	14,107	23,917	9,900	14,107
Interest cost on benefit obligation	-	18,225	-	-	18,225	-
Net benefit expenses	23,917	28,125	14,107	23,917	28,125	14,107

22 Post employment benefit plans Changes in the present value of the defined benefit obligation

	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Benefit liability						
Defined benefit obligation as at 1 January	130,975	136,109	136,109	130,975	136,109	136,109
Current service cost	23,917	9,900	14,107	23,917	9,900	14,107
Interest cost	-	18,225	-	-	18,225	-
Benefits paid	-	(36,974)	-	-	(36,974)	-
	154,892	127,260	150,216	154,892	127,260	150,216
Remeasurement loss :						
- arising from changes in assumption	-	(11,913)	-	-	(11,913)	-
- arising from experience	-	15,628	-	-	15,628	-
	-	3,715	-	-	3,715	-
Defined benefit obligation at 31 December	154,892	130,975	150,216	154,892	130,975	150,216

	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
23 Trade and other payables						
Trade payables	1,919,217	317,532	209,761	1,919,118	317,433	209,663
Amounts due to related parties (Note 25)	10,427,940	9,823,681	9,563,478	10,427,940	9,823,681	9,563,478
Unclaimed dividend	845,050	221,517	221,517	845,050	221,517	221,517
Other payables	731,040	533,931	588,009	731,040	533,931	588,009
Accruals	728,907	995,258	3,010,583	726,202	992,552	3,008,142
	14,652,154	11,891,919	13,593,348	14,649,350	11,889,114	13,590,809

24 Trade and other payables (continued)

Terms and conditions of the above financial and non-financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables and accruals are non-interest bearing and have an average term of six months.
- Dividends payable are non-interest bearing and are normally settled on demand.
- Terms and conditions relating to related party receivables are disclosed in Note 25.

The fair values of trade and other payables are equal to their carrying amounts as the impact of discounting is not considered to be significant.

24 Related party disclosures

The financial statements include the financial statements of the company and those of Winster Pharmaceutical Limited, a wholly owned subsidiary which was incorporated in Nigeria. The Group share of the equity of Winster Pharmaceutical Limited remains at 100% throughout all reporting period shown. There are no restrictions on the ability of the subsidiary to use assets of the Group, or settle its obligations.

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 30 September 2015, 31 December 2014 and 30 September 2014.

GlaxoSmithKline Consumer Nigeria Plc
Notes to the financial statements (continued)
For the period ended 30 September, 2015

	GROUP		COMPANY	
	Amounts owed by related parties N'000	Amounts owed to related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000
Subsidiary:				
Winster Pharmaceuticals Limited:				
- 30 September 2015	-	-	-	-
- 31 December 2014	-	-	-	-
- 30 September 2014	-	-	-	-
Other sister companies:				
GSK Pharmaceutical Nigeria Limited				
- 30 September 2015	-	395,715	-	395,715
- 31 December 2014	-	196,244	-	196,244
- 30 September 2014	-	219,806	-	219,806
GSK Biological Manufacturing Limited				
- 30 September 2015	-	87,623	-	87,623
- 31 December 2014	-	133,300	-	133,300
- 30 September 2014	-	70,793	-	70,793
Gsk Healthcare-Singapore				
- 30 September 2015	-	-	-	-
- 31 December 2014	-	-	-	-
- 30 September 2014	42,916	-	42,916	-
GSK Consumer Trading Services Corp				
- 30 September 2015	-	678,954	-	678,954
- 31 December 2014	-	123,233	-	123,233
- 30 September 2014	-	245,994	-	245,994
GlaxoSmithkline Dungravan				
- 30 September 2015	-	617,756	-	617,756
- 31 December 2014	-	687,443	-	687,443
- 30 September 2014	-	615,528	-	615,528
GlaxoSmithkline Export Limited UK				
- 30 September 2015	-	8,325,330	-	8,325,330
- 31 December 2014	-	8,112,332	-	8,112,332
- 30 September 2014	-	7,314,310	-	7,314,310
GW NIGERIA LTD				
- 30 September 2015	-	-	-	-
- 31 December 2014	-	-	-	-
- 30 September 2014	-	414,023	-	414,023
GlaxoSmithKline Consumer Trading Servic				
- 30 September 2015	-	67,374	-	67,374
- 31 December 2014	-	349,551	-	349,551
- 30 September 2014	-	82,852	-	82,852
GlaxoSmithkline Pakistan Limited				
- 30 September 2015	-	1,994	-	1,994
- 31 December 2014	-	24,918	-	24,918
- 30 September 2014	-	-	-	-
GlaxoSmithkline Limited, Kenya				
- 30 September 2015	9,881	-	9,881	-
- 31 December 2014	16,967	-	16,967	-
- 30 September 2014	608	-	608	-

GlaxoSmithKline Consumer Nigeria Plc
Notes to the financial statements (continued)
For the period ended 30 September, 2015

24 Related party disclosures (continued)

	GROUP		COMPANY	
	Amounts owed by related parties N'000	Amounts owed to related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000
GlaxoSmithKline Inc.(Canada PH)				
- 30 September 2015		-		-
- 31 December 2014	-	8,188	-	8,188
- 30 September 2014	-	7,613	-	7,613
SB CORPORATE				
- 30 September 2015		-		-
- 31 December 2014	-	-	-	-
- 30 September 2014		763	-	763
GlaxoSmithkline Corp C.B. Usa				
- 30 September 2015		-		-
- 31 December 2014	-	3,284	-	3,284
- 30 September 2014	-	-	-	-
GSK OPS UK Area				
- 30 September 2015	4,668		4,668	
- 31 December 2014	855	-	855	
- 30 September 2014	-	18,515	-	18,515
Inter Com - GlaxoSmithkline South Africa				
- 30 September 2015		257		257
- 31 December 2014	7,313	-	7,313	-
- 30 September 2014	11,633		11,633	
GlaxoSmithKline Consumer Healthcare Pte. Ltd.				
- 30 September 2015				
- 31 December 2014	73,427	-	73,427	-
- 30 September 2014	-	-	-	-
Glaxo Group Limited - Corporate				
- 30 September 2015	5,532		5,532	
- 31 December 2014	5,532	-	5,532	-
- 30 September 2014	5,532	-	5,532	-
SB CORP - GlaxoSmithkline Clifton				
- 30 September 2015		3,595		3,595
- 31 December 2014				
- 30 September 2014		2,940		2,940
SB Services Unlimited				
- 30 September 2015		249,343		249,343
- 31 December 2014				
- 30 September 2014		225,945		225,945
GLAXO GROUP LTD - R & D				
- 30 September 2015				
- 31 December 2014				
- 30 September 2014		30,212		30,212
GSK Setfirst Plc				
- 30 September 2015				
- 31 December 2014	-	-	-	-
- 30 September 2014	-	314,183		314,183
GlaxoSmithKline Services Unlimited				
- 30 September 2015				
- 31 December 2014	-	185,188	-	185,188
- 30 September 2014	-		-	
Total				
- 30 September 2015	20,080	10,427,940	20,080	10,427,940
- 31 December 2014	104,094	9,823,681	104,094	9,823,681
- 30 September 2014	60,689	9,563,477	60,689	9,563,477

Transactions and balances receivable and payable at the year are further analysed as follows:

	GROUP			COMPANY		
	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014	Nine months ended 30 September 2015	31 December 2014	Nine months ended 30 September 2014
	N'000	N'000	N'000	N'000	N'000	N'000
Receivable from related parties:						
Local	-	-	-	-	-	-
Foreign	20,080	104,094	252,837	20,080	104,094	252,837
	<u>20,080</u>	<u>104,094</u>	<u>252,837</u>	<u>20,080</u>	<u>104,094</u>	<u>252,837</u>
Payable to related parties:						
Local	395,715	196,244	219,806	395,715	196,244	219,806
Foreign	10,032,225	9,627,437	9,343,673	10,032,225	9,627,437	9,343,672
	<u>10,427,940</u>	<u>9,823,681</u>	<u>9,563,478</u>	<u>10,427,940</u>	<u>9,823,681</u>	<u>9,563,477</u>

24 Related party disclosures (continued)

There were no sales to related parties for the period ended 30 September 2015 (December 2014:Nil; September 2014:Nil).

The ultimate parent

The ultimate parent of the Group is GlaxoSmithKline Plc, United Kingdom.

25 Insider Trading

The Company has adopted a Securities Trading Policy regarding securities transactions by its Directors. The company has made specific enquiries of all Directors and there has not been any non compliance with the listing rules and the Issuer's code of conduct regarding securities transaction by directors.

26 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk are mainly the Group's loans and receivables and short-term deposits.

(i) Interest rate risk

The Group places surplus funds with its Group Corporate bankers on short term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and not affected by fluctuations in rates during the tenor. Each fixed deposit is covered by a certificate of deposit issued by the bank.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (i.e.when revenue/expense and asset/liabilities are denominated in a different currency from the Group's functional currency), the Group's exposure for the reporting period shown is mainly due to related party receivables and payables denominated in foreign currencies.

The group manages its foreign currency risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. The group invoices goods to its foreign third party in the functional currency - the Nigerian Naira (NGN). The Group's foreign currency risk is mainly as a result of exposure to the GBP and USD and arises predominantly as a result of amounts receivable and payable to related parties.

Financial risk management objectives and policies (continued)

Capital management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 September 2015

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within a reasonable level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

GlaxoSmithKline Consumer Nigeria Plc
Notes to the financial statements (continued)
For the period ended 30 September, 2015

	GROUP			COMPANY		
	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000	Nine months ended 30 September 2015 N'000	31 December 2014 N'000	Nine months ended 30 September 2014 N'000
Trade and other payables (Note 24)	14,652,154	11,891,919	13,593,348	14,649,350	11,889,114	13,590,809
Less: cash and short-term deposits (Note 2)	(2,449,288)	(1,696,512)	(1,632,345)	(2,242,653)	(1,494,703)	(1,433,556)
	<u>12,202,866</u>	<u>10,195,407</u>	<u>11,961,003</u>	<u>12,406,697</u>	<u>10,394,411</u>	<u>12,157,253</u>
Equity	<u>12,716,660</u>	<u>12,948,243</u>	<u>12,584,228</u>	<u>12,527,290</u>	<u>12,766,227</u>	<u>12,416,716</u>
Capital and net debt	<u>24,919,526</u>	<u>23,143,650</u>	<u>24,545,231</u>	<u>24,933,987</u>	<u>23,160,639</u>	<u>24,573,970</u>
Gearing ratio	49%	44%	49%	50%	45%	49%