RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS
31 MARCH 2018

DRAFT

BDO

DIRECTORS, ADVISORS AND REGISTERED OFFICE

Corporate information

Chairman of the Board	Olaogun Badru Atanda
Directors	Mahendra Bharadwaj (Indian- Vice chairman) Hanwant Singh Arora (Indian) Samson Yomi Osewa Harin Mehta (Indian) Mihaly Kaszas (Hungary)
Registered office	2nd floor 52A Campbell Street Lagos
Company Secretary	Mr. Kufre Udoh 24 Abimbola Street Isolo Lagos
Auditors	BDO Professional Services (Chartered Accountants) ADOL House 15, CIPM Avenue Cental Business District Alausa, Ikeja Lagos.
Bankers	Diamond Bank Plc Zenith Bank Plc Standard Chartered Bank Plc Wema Bank Plc Stanbic IBTC Bank Limited CitiBank Nigeria Limited

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF RANBAXY NIGERIA LIMITED

Opinion

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

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements attached as an appendix to our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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. A further description of our responsibilities for the audit of the financial statements is located in an appendix to this report. This description forms part of our audit report.

Report on other legal matters

The Companies and Allied Matters Act, CAP C20, LFN, 2004 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 purpose of our audit.

ii) in our opinion, proper books of account have been kept by the Company, and

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

Lagos, Nigeria

For: BDO Professional Services
Chartered Accountants

Appendix 'A'

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

* Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RANBAXY NIGERIA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	Restated 2017
		N'000	N'000
Revenue	9	4,967,597	3,757,568
Cost of sales	10	(4,634,854)	(3,455,072)
Gross profit		332,743	302,496
Other operating income	11	108,999	954,168
Selling & distribution expenses	12	(438,159)	(357,715)
Administrative expenses	13	(2,240,204)	(1,465,935)
Loss from operating activities		(2,236,621)	(566,986)
Finance income	14	156,920	140,858
Loss before taxation	15	(2,079,701)	(426,128)
Taxation	16(a)	(24,694)	187,093
Loss after tax for the year		(2,104,395)	(239,035)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan	28(a)	-	17,000
Income tax effect		-	(5,100)
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	11,900
Total comprehensive loss for the year		(2,104,395)	(227,135)

The accompanying notes on pages 7 to 37 and other national disclosures on pages 38 and 39 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2018

	Notes	2018	Restated 2017
Non-current assets		N'000	N'000
Property, plant and equipment	17	5,558,083	6,145,403
Intangible assets	18	-	-
Deferred tax asset	16(d)	128,665	153,359
Employee defined benefit asset	19(e)	90,963	77,984
Total non-current assets		5,777,711	6,376,746
Current assets			
Inventory	20	1,516,627	1,999,481
Trade and other receivables	21	1,065,721	640,664
Cash and cash equivalents	22	1,940,110	3,106,694
		4,522,458	5,746,839
Current liabilities			
Borrowings	23(i)	3,096,931	1,818,884
Trade and other payables	24	6,071,735	6,120,315
Provisions	25	23,877	33,311
Taxation	16(c)	6,363	42,125
		9,198,906	8,014,635
Net current liabilities		(4,676,448)	(2,267,796)
Total assets less current liabilities		1,101,263	4,108,950
Non-current liabilities			
Long term borrowings	23(ii)	-	925,887
Employment benefits obligation	19(c)	88,936	66,341
Deferred tax liability	16(d)	-	-
		88,936	992,228
Net assets		1,012,327	3,116,722
Equity			
Share capital	26	40,000	40,000
Share premium	27	38,951	38,951
Revenue reserve	28	933,376	3,037,771
Total equity		1,012,327	3,116,722

The financial statements and notes on pages 3 to 39 were approved by the Board of directors on …………….2018 and signed on its behalf by:

(i)) **Chairman**
)

(ii)) **Managing Director**
)

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Auditors' report, pages 1 and 2

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Share premium	Retained earnings	Total equity
	N'000	N'000	N'000	N'000
Balance at 1 April 2017	40,000	38,951	3,037,771	3,116,722
Comprehensive Income for the year				
Loss for the year	-	-	(2,104,395)	(2,104,395)
Other comprehensive income				
Remeasurement loss on defined benefit plan	-	-	-	-
Total comprehensive loss for the year	-	-	(2,104,395)	(2,104,395)
Contributions by and distributions to owners				
Dividend paid	-	-	-	-
Balance at 31 March 2018	40,000	38,951	933,376	1,012,327
	N'000	N'000	N'000	N'000
Balance at 1 April 2016	40,000	38,951	3,274,906	3,353,857
Comprehensive Income for the year				
Loss for the year	-	-	(239,035)	(239,035)
Other comprehensive income:				
Remeasurement gain on defined benefit plan	-	-	11,900	11,900
Total comprehensive loss for the year	-	-	(227,135)	(227,135)
Contributions by and distributions to owners				
Dividend paid	-	-	(10,000)	(10,000)
Balance at 31 March 2017	40,000	38,951	3,037,771	3,116,722

The accompanying notes on pages 7 to 37 and other national disclosures on pages 38 and 39 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018

	Notes	2018	Restated 2017
Cash flows from operating activities		**N'000**	**N'000**
Loss after taxation		(2,104,395)	(239,035)
Adjustments for:			
Depreciation of property, plant and equipment	17	651,713	102,654
Finance income	14	(156,920)	(140,858)
Employee costs under defined benefit plan		9,616	10,812
Exchange difference on interest bearing loan	23(i)	352,160	843,886
Income tax expense	16(a)	24,694	(187,093)
		(1,223,132)	390,366
Decrease/(increase) in inventory		482,854	(1,328,511)
(Increase)/decrease in trade and other receivables		(425,057)	467,234
(Decrease)/increase in trade and other payables		(48,580)	3,447,132
(Decrease)/increase in provisions		(9,434)	5,288
Cash (absorbed)/generated by operations		(1,223,349)	2,981,509
Tax paid	16(b)	(35,762)	(249,849)
Net cash (outflow)/inflow from operating activities		(1,259,111)	2,731,660
Cash flows from investing activities			
Additions to property, plant and equipment	17	(64,393)	(1,690,566)
Finance income	14	156,920	140,858
Net cash inflow/(outflow) from investing activities		92,527	(1,549,708)
Cash flows from financing activities			
Dividend paid		-	(10,000)
Net cash outflow from financing activities		-	(10,000)
Net (decrease)/ increase in cash and cash equivalents		**(1,166,584)**	**1,171,952**
Cash and cash equivalents at the beginning of the year		3,106,694	1,934,742
Cash and cash equivalents at the end of the year	22	1,940,110	3,106,694

The accompanying notes on pages 7 to 37 and other national disclosures on pages 38 and 39 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

1 Corporate information and principal activities

The Company was incorporated in Nigeria as a limited liability Company on 12 May 1987 under the name Ranmax Laboratories Nigeria Limited. The name was changed to Ranbaxy Nigeria Limited at an extra-ordinary general meeting held on 6 October 1995. The principal activities of the Company continue to be the manufacturing, importation and sale of pharmaceutical products in Nigeria. The Company is a subsidiary of Ranbaxy Laboratories Limited - India up until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industry Limited, India . RNBV a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68% equity interest in the Company. Consequently, SUN Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranbaxy Nigeria Limited while the SUN Pharmaceutical Industries Limited group jointly holds 85.31% of the issued share capital of Ranbaxy Nigeria Limited.

Its registered office is at 2nd floor 52A Campbell Street Lagos and its operational office is located at 24, Abimbola Street, Isolo Lagos.

2 Basis of preparation

a Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the requirements of the Financal Reporting Council of Nigeria Act, No 6, 2011.

The financial statements were authorised for issue by the Board of Directors …………… 2018.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value as mentioned in the accounting policies below.

c. Functional and presentation currency

The Company functional and presentation currency is the Nigerian naira. The financial statements are presented in Nigerian Naira and have been rounded to the nearest thousand except otherwise stated.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3(a) New standards, amendments and interpretation issued adopted by the Company

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in note 8. The other standards did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

3(b) New standards, amendments and interpretation issued but not yet adopted by the Company

The following new/amended accounting standard and interpretation have been issued, but are not mandatory for financial year ended 31 March 2018. They have not been adopted in preparing the financial statements for the year ended 31 March 2018 and are not expected to affect the Company in the period of initial application. In all cases the Company intends to apply this standard from application dates as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.	Annual reporting periods beginning on or after 1 January 2019	The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.
		The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The lease liability is subsequently re-measured to reflect changes in: o the lease term (using a revised discount rate); o the assessment of a purchase option (using a revised discount rate); o the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or o future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset. **Accounting by lessor** Lessor shall continue to account for leases in line with the provision in IAS 17.		

4) **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstatnces. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

i) **Income and deferred taxation**

Ranbaxy Nigeria Limited annually incurs significant amounts of corporate tax liabilities, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

ii) **Impairment of property, plant and equipment**

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

iii) **Impairment of financial assets**

The Company's financial assets that is subject to expected credit loss model is trade receivales for the sales of inventory and cash and cash equivalents. The expected loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

iv) **Legal proceedings**

The Company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued),the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

(iv) **Gratuity**

The cost of defined benefit pension and other post employment medical benefits and the present value of the pension 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, morality rates and future pension increases. 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.

The discount rate is determined on the company's statement of financial position date by reference to market yields on high quality government bonds. The discount rate should reflect the duration of the liabilities of the benefit programme.

5) **Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a **Going concern**

The directors assess the Company's future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead. For this reason, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

b **Foreign currency**

Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

At the end of each reporting period , monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c **Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value-added tax (VAT), rebates and discounts.

(i) **Sale of goods**

The Company manufactures, imports and sells pharmaceutical products in the wholesale market. Sales are recognised based on invoices raised on or before the 25th day of each month for up-country customers(ie customers outsided Lagos) and on or before the 28th day of each month for local customers(ie customers within Lagos). All invoices raised after these dates are recognised in the subsequent month following the month the sales was made.Thus, sales is recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. The product is often sold with retrospective allowance for sales returns based on 0.5% of the aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the invoice, net of estimated volume discounts(if any). Accumulated experience is used to estimate and provide for the sales returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Company's obligation to provide a refund for returned products under the standard terms is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) **Finance income/finance expense**

Finance income comprises interest income on short-term deposits with banks and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

Finance costs constitute mainly interest expenses.

d **Expenditures**

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the income statement is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

The company classifies its expenses as follows:

- Cost of sales;
- Administration expenses; and
- Selling and distribution expenses;

e **Borrowing costs**

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest payable in the income statement in the period in which they are incurred.

f **Property, plant and equipment**

Items of property, plant and equipment are measured at cost and less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised 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 of the item can be measured reliably.

All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhaul.

Leasehold improvements	Over the period of the lease
Plant and Machinery	10-15years
Furniture and Fixtures	5-7years
Generators	4-6 years
Motor Vehicles	4-6 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work in progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is 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 income statement within 'other income' in the year that the asset is derecognised.

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

g **Intangible Assets**

Computer software

Computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. 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. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives for the current and comparative period are as follows:

Computer software	5 years

Derecognition of intangible assets

An intangible assets is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement within 'other income' in the year that the intagible asset is derecognised.

h **Impairment of non-financial assets**

Non-financial assets other than inventories are reviewed at each reporting date 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 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 they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

i **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials

Raw materials which includes purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finsished goods and Work in progress

Cost of finished goods and work in progress includes cost of raw materials, labour, production and attributable overheads based on normal operating capacity and are valued using the weighted average cost.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Goods in transit

Goods in transit are valued at cost incurred to date.

j **Financial Assets**

The company financial assets include trade receivables and cash and short-term deposits. After initial measurement, the subsequent measurement of financial assets depends on their classifications as follows:

ii) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectable, it is written off as 'administrative expenses' in the income statemement. Subsequent recoveries of amounts written off are included in other operating income.

iii) **Cash and equivalents**

Cash and cash equivalents includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months. Bank overdraft are shown within borrowings in current liabilities in the statement of financial position. For the purpose of cash flows, cash and cash equivalents consist of cash and short- term deposits as defined above, net of oustanding bank overdrafts(if any).

k **Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a 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 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.

The Company's financial assets that is subject to expected credit loss model is trade receivales for the sales of inventory and cash and cash equivalents. The expected loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, based on expected loss allowances on the assumptions about risk of recoverability of deposits and short term investments. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history as well as forward looking estimates at the end of each reporting period.

l **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the income statement.

m **Financial liabilities**

Financial liabilities are initially recognised at fair value when the Company become a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company financial liabilities includes: trade payables. Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

n **Borrowings**

Borrowings are recognized initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the income statement. Where transaction costs are material, they are capitalized and amortised over the life of the loan. Interest paid on borrowing is recognized in the income statement for the period.

o **Employee benefits**

The Company operates the following defined contribution and defined benefit schemes for its employees:

(i) **Defined contribution pension scheme**

In line with the provisions of the Pension Reform Act, 2014, the company has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the company at the rate of 8% by employees and 10% by the company of basic salary, transport and housing allowances invested outside the company through Pension Fund Administrators (PFAs) of the employees' choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The monthly contributions made by the Company to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) **Gratuity scheme**

The employee gratuity is a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income (OCI).

Remeasurements, comparising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of

- The date of the plan amendment or curtailment,and
- The date that the company recognises restructuring - related costs

Net interest calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under administrative expenses' in the income statement (by function):

- Service costs comprising current service costs, past-service costs, and non-routine settlements
- Net interest expense or income

(iii) **Short-term benefits**

Short term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed by the entity in the income statement as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

p **Income taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differ from results as reported in the income statement because it includes not only items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Company's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

q **Share capital and Share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

r **Dividend on ordinary shares**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

s **Retained earnings**

General reserve represents amount set aside out of profits of the Company which shall at the discretion of the directors be applied to meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

t **Contingent liability**

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

u **Related party transactions**

Related parties include the related companies, the directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly, including any director (whether executive or otherwise) of that entity. The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions within the Company, the transactions are disclosed separately as to the type of relationship that exists within the Company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

v **Off statement of financial position events**

Transactions that are not currently recognized as assets or liability in the statement of financial position but which nonetheless give rise to credit risks, contingencies and commitments are reported off statement of financial position. Such transactions include letters of credit, bonds and guarantees, indemnities, acceptances and trade related contingencies such as documentary credits. Outstanding unexpired commitments at the year-end in respect of these transactions are shown by way of note to the financial statements.

6) **Financial risk management**

i **General**

Pursuant to a financial policy maintained by the Board of Directors, the Company uses several financial instruments in the ordinary course of business. The Company's financial instruments are cash and cash equivalents, trade receivables, interest-bearing loans and bank overdrafts and trade payables.

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

- Credit risk
- Liquidity risk
- Market risk, consisting of: currency risk, interest rate risk and price risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from Company's receivables from customers. It is the Company's policy to assess the credit risk of new customers before entering into contracts.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management.

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. customers that are grouped as "high risk" are placed on a restricted customer list, and future credit services are made only with approval of the Management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

The maximum credit risk as per statement of financial position,without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

	2018	2017
	N'000	N'000
Trade receivables (Note 21)	844,265	411,084
Cash and cash equivalents (Note 22)	1,940,110	3,106,694
	2,784,375	3,517,778

As at the reporting date there was no concentration of credit risk with certain customers.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

Cash is held with the following institutions

	N'000	N'000
Diamond Bank Plc	997,705	1,970,699
Zenith Bank Plc	506,183	940,067
Standard chartered Bank Limited	1,275	1,114
Citi Bank	322,304	72,122
Wema Bank Plc	112,620	122,354
	1,940,087	3,106,356

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. The following are the contractual maturities of financial liabilities:

As at 31 March 2018	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	3,096,931	3,096,931	3,096,931	-
Trade and other payables	6,071,736	6,071,736	6,071,736	-
	9,168,667	9,168,667	9,168,667	-

As at 31 March 2017	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	2,744,771	2,744,771	1,818,884	956,400
Trade and other payables	6,120,315	6,120,315	6,120,315	-
	8,865,086	8,865,086	7,939,199	956,400

Market risk

Market risk concerns the risk that Company income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the goods imported from the parent company. The company do not hedge their foreign currency transaction but opens a Form M for each foreign transaction to manage the fluctuation of exchange rates.

Foreign currency sensitivity

The Company is exposed to currency risk on recognised assets and liabilities that are denominated in a currency other than the functional currency of the Company. The currency in which these assets and liabilities are primarily denominated are US Dollar (USD).The Company's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2018	2017
Financial asset	USD'000	USD'000
Cash and cash equivalent	1,342	60
Financial liabilities		
Borrowings	(9,338)	(8,974)
Trade payables	(18,474)	(11,231)
Net statement of financial position exposure	(26,470)	(20,145)

	Reporting date spot rate	
	2018	2017
	N	N
USD 1	305.5	305.9

Loss reported in the income statement would have increased/decreased by N290,862 if the exchange rate has increase or decrease by 3%.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the long- term debt obligations with floating interest rates.

(ii) **Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonable possible change interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ (decrease)	Effect on profit before tax	Effect on profit before tax
	in %	Strengthening	Weakening
		N'000	N'000
2018	+/-1	81	(81)
2017	+/-1	62	(61)

7) **Capital management**

The Board of Director’s policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the debt to capital ratio. The Board of Directors also monitors the level of dividend to be paid to holders of ordinary shares. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position.There were no changes in the Company’s approach to capital management during the year.The Company is exposed to externally imposed capital requirements.

The debt-to-adjusted-capital ratio at 31 March 2018 and at 31 March 2017 were as follows:

	2018	2017
	N'000	N'000
Trade and other payables	6,071,736	6,120,315
Borrowings	3,096,931	2,744,771
Less: cash and cash equivalents	(1,940,110)	(3,106,694)
Net debt	7,228,557	5,758,392
Total equity	1,036,595	3,116,722
Total adjusted capital	(6,191,962)	(2,641,670)
Debt to adjusted capital ratio	(117%)	(218%)

8 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 April 2017, where they are different to those applied in prior periods.

8(a) Impact on the financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 8(c) below, IFRS 9 was generally adopted without restating comparative information with the exceptioin of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 March 2017, but are recognised in the opening balance sheet on 1 April 2017.

8(b) IFRS 15 Revenue from Contracts with Customers

Following the adoption of IFRS 15, the tables show the adjustments recognised for each individual line item. The adjustemnts are explained in more detail by explanations provided below:

Balance sheet (extract)	31 March 2017 as originally presented N'000	IFRS 9 N'000	IFRS 15 N'000	31 March. 2017 Restated N'000	1 April 2018 Restated N'000
Non-current assets					
Property, plant and equipment	6,145,403	-	-	6,145,403	6,145,403
Deferred tax asset	153,359	-	-	153,359	153,359
Employee defined benefit asset	77,984	-	-	77,984	77,984
Current assets					
Inventory	1,680,350	-	319,131	1,999,481	1,999,481
Trade and other receivables	1,008,452	-	(367,788)	640,664	640,664
Cash and cash equivalents	3,106,694	-	-	3,106,694	3,106,694
Total assets	12,172,242	-	(48,657)	12,123,585	12,123,585
Non-current liabilities					
Long term borrowings	925,887	-	-	925,887	925,887
Employment benefits obligation	66,341	-	-	66,341	66,341
Deferred tax liability	-	-	-	-	-
Current liabilities					
Borrowings	1,818,884	-	-	1,818,884	1,818,884
Trade and other payables	6,120,315	-	-	6,120,315	6,120,315
Provisions	33,311	-	-	33,311	33,311
Taxation	42,125	-	-	42,125	42,125
Total liabilities	9,006,863	-	-	9,006,863	9,006,863
Net asset	3,165,379	-	(48,657)	3,116,722	3,116,722
Share capital	40,000	-	-	40,000	40,000
Share premium	38,951	-	-	38,951	38,951
Revenue reserve	3,086,428	-	(48,657)	3,037,771	3,037,771
Total equity	3,165,379	-	(48,657)	3,116,722	3,116,722

8(b) **Impact on the financial statements (cont'd)**

Statement of profit or loss and other comprehensive income (extract)	**As originally presented**	**IFRS 9**	**IFRS 15**	**Restated**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	4,125,356	-	(367,788)	3,757,568
Cost of sales	(3,774,203)	-	319,131	(3,455,072)
Gross profit	**351,153**	**-**	**(48,657)**	**302,496**
Loss from operating activities	(518,329)		(48,657)	(566,986)
Loss before taxation	(377,471)	-	(48,657)	(426,128)
Taxation	187,093	-	-	187,093
Loss after tax for the year	**(190,378)**	**-**	**(48,657)**	**(239,035)**
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss				
Remeasurement gain on defined benefit plan	17,000	-	-	17,000
Income tax effect	(5,100)	-	-	(5,100)
Other comprehensive income for the year, net of tax	11,900	-	-	11,900
		-		
Total comprehensive income for the period	(178,478)	-	(48,657)	(227,135)

8(c) **IFRS 9 *Financial Instruments - Impact of adoption***

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 April 2017 resulted in changes in accounting policies but no adjustments has been made to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

i) ***Impairment of Financial assets***

The Company's financial assets that is subject to IFRS 9's new expected credit loss model is trade receivales for the sales of inventory.

The Company was required to revise its impairment methodology under IFRS 9 for its financial assets, although the change in impairment methodology has no impact on the Company's retained earnings and equity. The expected loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ii) ***Trade receivables***

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

8(d) ***IFRS 9 Financial Instruments – Accounting policies applied from 1 April 2017***

Other financial assets
Classification
From 1 April 2017, the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash fllow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

8(e) **IFRS 15 Revenue from contracts with Customers - Impact of adoption**

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2017 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application i.e 1 April 2017:

	IAS 18 carrying amount	**Adjustments**	**IFRS 15 carrying amount**
	31 March 2017		**1 April 2017**
	N'000	**N'000**	**N'000**
Inventory	1,680,350	319,131	1,999,481
Trade and other receivables	1,008,452	(367,788)	640,664

The impact on the Company's retained earnings as at 1 April 2017 is as follows:	**N'000**
Retained earnings - before adjustment	**3,086,428**
Restatement of inventory as a result of cut-off	319,131
Restatement of trade receivables as aresult of cut-off	(367,788)
Adjustment to retained earnings from adoption of IFRS 15	(48,657)
Opening retained earnings at 1 April 2017 - IFRS 9 and IFRS 15	**3,037,771**

		2018	Restated 2017
9)	**Revenue**	**N'000**	**N'000**
	Sales	4,967,597	3,757,568

10)	**Cost of sales**	**N'000**	**N'000**
	Cost of sales	4,634,854	3,455,072

11)	**Other operating income**	**N'000**	**N'000**
	This comprises:		
	Write back of impairment provision	9,580	6,034
	Write back of technical fees waived by Sun Pharmaceuticals	98,764	-
	Realised foreign exchange gain	-	947,493
	Sale of scrap	655	641
		108,999	954,168

12)	**Selling and distribution expenses**	**N'000**	**N'000**
	Selling and promotion expenses	364,891	284,525
	Distribution charges	73,268	73,190
		438,159	357,715

		2018	Restated 2017
13)	**Administrative expenses**	**N'000**	**N'000**
	Salaries and wages (Note 13(a))	389,031	251,695
	Depreciation and amortisation (Note 17)	651,713	102,654
	Audit fee	6,500	5,500
	Professional fees	8,575	11,549
	Transport and travelling expenses	21,629	13,903
	Rent and rates	112,009	63,094
	Repairs and maintenance	17,032	12,311
	Technical know-how expenses	67,150	64,472
	Foreign exchange loss - unrealised	699,815	818,843
	Security services	7,821	2,879
	Regulatory expenses	11,104	32,573
	Electricity	8,692	7,196
	Impairment allowance on trade receivables (Note 21(i))	110,306	-
	Training	2,031	1,080
	Directors fees	435	400
	Bank charges	22,695	6,975
	Insurance	10,522	14,303
	Printing, stationery and communication	22,631	26,550
	Gift and entertainment	408	10,745
	Other administrative expenses	70,105	19,213
		2,240,204	1,465,935

		2018	Restated 2017
13(a)	**Salaries and wages**		
	Employee benefit expenses (including directors) comprises:	N'000	N'000
	Wages and salaries	324,356	203,346
	Workmen and staff welfare	15,079	13,151
	Net benefit expenses	25,051	13,633
	Pension cost	24,545	21,565
		389,031	251,695

		N'000	N'000
(b)	**Directors**		
	The aggregate emoluments of the Directors were:		
	Fees	435	400
	Other emoluments	-	-
		435	400

		N'000	N'000
(i)	Chairman's emoluments(excluding pension contributions) totalled	-	-

		N'000	N'000
(ii)	Emoluments of the highest paid director(excluding pension contributions) amounted to	7,195	6,116

(iii) The table below shows the number of Directors (excluding the Chairman) whose remuneration (excluding pension contributions) in respect of services to the company fall within the bands shown below:

			Number	Number
Up	to	N10,000,000	1	1
N10,000,001	and	above	-	-
			1	1

		Number	Number
(c)	**Employees**		
(i)	The average number of persons employed (excluding Directors) in the Company during the year were as follows:		
	Production	68	67
	Sales and marketing	105	108
	Finance and administration	13	14
		186	189

(ii) The table below shows the number of employees of the Company (other than Directors) who earned over N500,000 during the year and which fell within the bands stated below:

			Number	Number
Up	to	N500,000	-	-
N500,001	-	N1,000,000	37	69
N1,000,001	-	N1,500,000	94	79
N1,500,001	and	above	55	41
			186	189

		2018	Restated 2017
14)	**Finance income**	**N'000**	**N'000**
	Interest on fixed deposit	156,920	140,858

15)	**Loss for the year is arrived at after charging**	**N'000**	**N'000**
	Depreciation of property, plant & equipment (Note 17)	651,713	102,654
	Audit fees	6,500	5,500
	Unrealised loss	699,815	818,843
	And crediting:		
	Exchange gain	-	947,493

16)a	**Income tax expense**		
	Current tax expense	**N'000**	**N'000**
	Company income tax	-	-
	Education tax	-	16,790
	Total current tax expense	-	16,790
	Deferred tax asset	24,694	(203,883)
	Total tax income	24,694	(187,093)

b **Reconciliation of total tax charge**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Nigeria applied to results for the year are as follows:

	N'000	N'000
Loss for the year before tax	(2,079,701)	(426,128)
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2017: 30%)	(623,910)	(127,838)
Effect of income that is exempt from taxation	(1,524,969)	(284,248)
Effect of expenses that are not deductible in determining taxable profit	1,969,333	665,009
Capital allowances	-	(252,923)
Curent year adjusted loss	179,546	-
Education tax	-	16,790
Deferred tax	24,694	(203,883)
	24,694	(187,093)
Effective rate	(1%)	44%

The Company is not liable to pay income tax because it has no total profit for income tax purpose and not liable to pay minimum tax because it has more than 25% foreign equity participation in accordance with the provisions of Companies Income Tax, CAP C21, LFN 2004 (as amended).

No provision has been made for education tax as the Company has no assessable profit in accordance with provision of the Education Tax Act, CAP E4 LFN 2004.

		2018	Restated 2017
c	**Income tax payable**		
	Tax as per statement of financial position	**N'000**	**N'000**
	Balance at the beginning of the year		
	Income tax	33,541	265,771
	Education tax	8,584	9,413
		42,125	275,184
	Under provision		
	Income tax	-	-
	Payments during the year:		
	Income tax	(27,178)	(232,230)
	Education tax	(8,584)	(17,619)
	Provision for the year:		
	Income tax	-	-
	Education tax	-	16,790
	Balance at the end of the year	6,363	42,125

d **Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2017: 30%).

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

Deferred tax assets	N'000	N'000
Balance at the beginning of year	(153,359)	45,424
Charge to Income Statement	24,694	-
Origination of temporary differences	-	(203,883)
Tax income recognises in other comprehensive income	-	5,100
Balance at the end of year	(128,665)	(153,359)

17) **Property, plant and equipment**

Cost	Leasehold Land N'000	Leasehold Improvement N'000	Furniture and fittings N'000	Motor Vehicles N'000	Plant and Machinery N'000	Generator N'000	Assets in progress N'000	Total N'000
At 1 April 2016	167,410	114,662	141,097	310,093	341,489	18,456	3,960,800	5,054,007
Additions	-	-	1,182	39,039	65,150	-	1,585,195	1,690,566
Interest capitalised (Note 22)	-	-	-	-	-	-	178,072	178,072
Transfers	-	3,849,648	1,590		1,872,829		(5,724,067)	-
At 31 March 2017	167,410	3,964,310	143,869	349,132	2,279,468	18,456	-	6,922,645
At 1 April 2017	167,410	3,964,310	143,869	349,132	2,279,468	18,456	-	6,922,645
Additions	1,500	-	4,417	58,476	-	-	-	64,393
At 31 March 2018	168,910	3,964,310	148,286	407,608	2,279,468	18,456	-	6,987,038
Accumulated depreciation and impairment								
At 1 Apri 2016	-	114,662	112,095	250,610	178,765	18,456	-	674,588
Charge for the year	-	27,985	10,963	33,947	29,759	-	-	102,654
At 31 March 2017	-	142,647	123,058	284,557	208,524	18,456	-	777,242
At 1 April 2017	-	142,647	123,058	284,557	208,524	18,456	-	777,242
Charge for the year	-	384,965	8,813	31,651	226,284	-	-	651,713
At 31 March 2018	-	527,612	131,871	316,208	434,808	18,456	-	1,428,955
Carrying amounts as at:								
31 March 2017	167,410	3,821,663	20,811	64,575	2,070,944	-	-	6,145,403
31 March 2018	168,910	3,436,698	16,415	91,400	1,844,660	-	-	5,558,083

The capital work in progress relates to new factory under construction which was capitalised during the year.

i) **Impairment losses recognised in the year**
There were no impairment losses recognised during the year.

ii) **Assets pledged as security**
None of the Company's property was pledged as secuity in the period under review.

iii) **Contractual commitments**

At 31 March 2018, the company had no contractual commitments for the acquisition of property, plant and equipment (2017: Nil).

18) **Intangible assets**

	Computer Software N'000
(i) Cost	
At 1 April 2016	13,137
Additions	-
At 31 March , 2017	**13,137**
At 1 April 2017	13,137
Additions	-
At 31 March , 2018	**13,137**
(i) Accumulated amortisation	
At 1 April 2016	13,137
Amortisation	-
At 31 March , 2017	**13,137**
At 1 April 2017	13,137
Amortisation	-
At 31 March , 2018	**13,137**
Carrying amounts as at:	
31 March 2017	-
31 March 2018	-

19a) **Employee benefit plan**

The Company has a defined benefit gratuity scheme,which is non contributory and is classified as other employment benefits in line with IAS 19. Prior to January 2014, the scheme was not funded. However, with effect from January 2014, a plan asset has been set aside, being managed by Stanbic IBTC Limited, to take care of future obligations, the obligations, service cost and actuarial gains/ (loss) are based on actuarial valuation performed by Sharp View Associates.

The Company's defined benefit pension plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The plan does not operate under any regulatory framework and there is no minimum funding requirements. Because of the volatility in the capital market, the Company's management aim to invest mainly in fixed income securities including government bonds.

The management is of the view that the plan asset would not expose the Company to any form of risk as about 99.8% of the plan asset is invested in federal government bonds and treasury bills.

The following tables summarise the components of net benefit expenses recognised in statement of profit or loss and other comprehensive income and the funded status and amount recognised in the statement of financial position for the respective plan.

b) **Net benefit expenses (recognised in adminstrative expenses as part of staff costs).**

	2018	2017
Current service cost	**N'000**	**N'000**
Interest cost on benefit obligation	**11,074**	**11,047**
Interest return on plan assets	**12,878**	**8,241**
Net benefit asseys	(14,336)	(8,476)
	9,616	**10,812**

c) **2018 changes in the defined benefit and fair value of plan assets**

		Pension cost charged to profit or loss				Remeasurement /(gain)/losses in other comprehensive income					
	1 April 2017 N'000	Service cost N'000	Interest cost/ Income N'000	Sub-total included in profit or loss N'000	Benefit paid N'000	Return on plan(excluding amounts included in net interest expenses N'000	Actuarial changes arising from changes in demographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2018 N'000
Defined benefit obligation	(66,341)	(11,074)	(12,878)	(23,952)	3,122	-	-	(1,765)	(1,765)	-	(88,936)
Fair value of plan assets	77,984	-	14,336	14,336	(3,122)	-	-	1,765	1,765	-	90,963
	11,643	(11,074)	1,458	(9,616)	-	-	-	-	-	-	2,027

d) **Employee benefit plan**
2017 changes in the defined benefit and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement /(gain)/losses in other comprehensive income					
	1 April 2016 N'000	Service cost N'000	Interest Income N'000	Sub-total included in profit or loss N'000	Benefit paid N'000	Return on plan(excluding amounts included in net interest expenses N'000	Actuarial changes arising from changes in demographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2017 N'000
Defined benefit obligation	(63,863)	(11,047)	(8,241)	(19,288)	1,559		-	15,251	15,251	-	(66,341)
Fair value of plan assets	69,318		8,476	8,476	(1,559)	1,749	-	-	1,749	-	77,984
	5,455	(11,047)	235	(10,812)	-	1,749	-	15,251	17,000	-	11,643

e) **Employee benefit plan - continued**

The major categories of plan assets of the fair value of the total plan assets are as follows:

	2018	2017
	N'000	N'000
Investment quoted in active market		
Treasury bills	2,201	1,248
Bonds issued by Nigerian Government	88,484	76,617
Cash and cash equivalents	278	119
	90,963	77,984

f) The valuation assumptions used in determining retirement benefit obligations for the Company's plan are shown below:

Financial Assumptions (Long Term Average)	**2018**	**2017**
	%	%
Discount rate (per annum)	13	13
Average pay increase (per annum)	10	12
Average inflation rate (per annum)	14	9

Demographic Assumptions

Sample age	No of deaths in the year out of 10,000 lives	
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

The rates of mortality assumed for employees are the rates published in A67/70 Ultimate Tables, published jointly the institute and faculty of actuaries in the UK.

Withdrawal from service (Age Band)	%	%
Less than or equal to 30	2.0	2.0
31 - 39	1.5	1.5
40 - 44	1.0	1.0
44 - 50	0	0

20) Inventories

	2018	Restated 2017
	N'000	N'000
Raw materials	700,347	829,552
Work in progress	58,643	48,451
Finished goods	889,713	1,206,499
	1,648,703	2,084,502
Allowance for obsolete spares and slow moving stock 20(i)	(132,076)	(85,021)
	1,516,627	1,999,481

The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.

(i) *Movement in allowance for impairment for trade receivables is as stated below:*

	N'000	N'000
Balance at beginning of the year	85,021	162,941
Impairment allowance/amount written off	47,055	(77,920)
Balance at the end of the year	132,076	85,021

21) Trade and other receivables

	N'000	N'000
Trade receivables	1,003,608	460,121
Allowance for doubtful debts 21(i)	(159,343)	(49,037)
Trade receivables - net	844,265	411,084
Other receivables (Note 21(iii))	131,894	116,094
Loans and advances (Note 21(v))	13,947	18,682
Prepayments (Note 21(vii))	75,615	94,804
	1,065,721	640,664

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

(i) *Movement in allowance for impairment for trade receivables is as stated below:*

	N'000	N'000
Balance at beginning of the year	49,037	49,194
Allowance for impairment no longer required	-	(157)
Allowance for impairment during the year	110,306	-
Balance at the end of the year	159,343	49,037

Trade receivables represents receivables from customers for goods sold and other trading services rendered to them. Trade receivables are stated at amortised cost as at the statement of financial position date. The movement in the impairment allowance for trade receivables has been included in administrative expenses line in the statement of profit or loss and other comprehensive income.

(ii) *The age analysis of trade receivables is as follows:*	N'000	N'000
Not due	55,875	218,933
Past due 1 - 30 days	335,251	21,099
Past due 31- 60days	314,974	57,999
Past due 61-180 days	118,227	21,785
Past due 181-360 days	19,938	91,268
Amount due above 360 days and impaired	159,343	49,037
	1,003,608	460,121

			Restated
(iii)	**Other receivables**	**2018**	**2017**
		N'000	**N'000**
	Advance to contractors	199,220	208,800
	Witholding tax receivables	33,022	23,595
	Others	98,872	92,499
		331,114	324,894
	Impairment of other receivables (Note 21(iv))	(199,220)	(208,800)
		131,894	116,094

(iv)	*Movement in allowance for impairment for other receivables is as stated below:*		
		N'000	**N'000**
	Balance at beginning of the year	208,800	208,800
	Allowance for impairment no longer required	(9,580)	-
	Balance at the end of the year	199,220	208,800

(v)	**Loans and advances**	**N'000**	**N'000**
	Staff advance	18,123	22,858
	Impairment on loans and advances	(4,176)	(4,176)
		13,947	18,682

(vi)	**Movement in impairment on loan and advances**		
	The movements in the allowance for impairment is as follows:		
		N'000	**N'000**
	Balance at beginning of the year	4,176	5,350
	Allowance for impairment no longer required	-	(1,174)
	Balance at the end of the year	4,176	4,176

(vii)	**Prepayments**	**N'000**	**N'000**
	Rent	41,354	56,550
	Insurance	28,841	27,397
	Advertising	1,070	532
	Advance to suppliers	4,350	10,325
		75,615	94,804

			Restated
22)	**Cash and cash equivalents**	**2018**	**2017**
		N'000	**N'000**
	Cash in hand	23	338
	Cash and bank balances	1,240,087	1,190,972
	Short term investments (Note 22 (i))	700,000	1,915,384
		1,940,110	3,106,694

For the purposes of the statement of cashflows, cash and cash equivalents include cash on hand and in banks and short term investments with an original maturity of three months or less, net of outstanding bank overdraft.

(i) **Short term investments**

This represents cash held in fixed deposits in various banks. These investments are placed in short term deposits and are continuously rolled over throughout the period.

23) **Borrowings**

(i)	**Short term borrowings**	**N'000**	**N'000**
	Long term loan due within one year (Note 23(ii)	3,096,931	1,818,884
	The movement in long term loan is as follows:	**N'000**	**N'000**
	Balance at the beginning of the year	2,744,771	1,722,813
	Interest capitalised	443,891	178,072
	Exchange (gain)/ loss	(91,731)	843,886
		3,096,931	2,744,771
	Amount due within one year	(3,096,931)	(1,818,884)
	Amount due after one year	-	925,887

(ii) The Company obtained a loan of $8,000,000 from Ranbaxy Netherlands BV to finance its factory project. The principal amount is to be repaid in 5 equal instalments falling due on November 30 each year starting from 2015. The loan is not securred on any property of the company. The loan is priced at the rate of 6 monthly US dollar LIBOR plus 300bp per annum on the principal amount outstanding and shall be calculated on the basis of actual/360 days. The loan is stated at amortised cost using floating interest rate which approximate effective interest rate.

Accrued interest relates to portion of borrowing cost capitalised during the period but not yet paid as at 31 March 2018

24)	**Trade and other payable**	**N'000**	**N'000**
	Trade payables	238,724	209,182
	Amount due to related parties	5,692,928	5,755,150
	Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	5,931,652	5,964,332
	Other payables and accruals (note 24(a))	140,083	155,983
	Total trade and other payables	**6,071,735**	**6,120,315**

Trade payables are non- interest bearing and are normally settled between 30 days to 60 days terms. Other payables are non- interest bearing and have an average term of six months to one year.

		2018	Restated 2017
(a)	*Other payables and accruals*	₦'000	₦'000
	Withholding tax payable	7,007	25,419
	Value added tax	335	296
	Salary payable	15,482	30,300
	Dividend payable	10,281	2,547
	Pension	482	113
	Incentives and commission payable	26,061	18,000
	Factory relocation provision	23,862	23,862
	Leave encashment	21,027	17,672
	Bonus payable	16,515	21,257
	Sundry payable	19,031	16,517
		140,083	155,983

25)	**Provisions**	**₦'000**	**₦'000**
	Balance at the beginning	33,311	28,023
	Additions during the year	-	5,288
	Write back during the year	(9,434)	-
		23,877	33,311

Provisions represent management estimate of the value of goods sold but are probable of being returned if they are yet to be sold before their expiry date as contained in the contract of sales with the customers.

26)	**Share Capital**		
	Authorised Share capital	**₦'000**	**₦'000**
	40,000,000 Ordinary share of N1 each	40,000	40,000
	Issued and fully paid:		
	40,000,000 Ordinary share of N1 each	40,000	40,000

The Company has one class of ordinary shares which carry no right to fixed income.

27)	**Share Premium**	**₦'000**	**₦'000**
	Balance as at the year end	38,951	38,951

28)	**Revenue reserves**	**N'000**	**N'000**
	Balance at the beginning of the year	3,037,771	3,274,906
	Dividend declared	-	(10,000)
	Loss for the year	(2,104,395)	(239,035)
	Transfer from other comprehensive income (Note 28(a))	-	11,900
	Balance at the end of the year	933,376	3,037,771

(a)	Transfer from other comprehensive income	**N'000**	**N'000**
	Gain on actuarial valuation	-	17,000
	Deferred tax	-	(5,100)
		-	11,900

29) **Related Parties Disclosures**

(a) **Transactions with related parties**

The Company is a subsidiary of Ranbaxy Laboratories Limited - India up until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industry Limited, India . RNBV a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68% equity interest in the Company. Consequently, SUN Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranbaxy Nigeria Limited while the SUN Pharmaceutical Industries Limited group jointly holds 85.31% of the issued share capital of Ranbaxy Nigeria Limited.

The Company enters into various transactions with its related Companies and with other key management personnel in the normal course of business. Details of the significant transactions carried out during the year with the related parties transaction are as follows:

	2018	2017
	N'000	N'000
Borrowings from Ranbaxy Netherlands BV (Note (23))	3,096,931	2,744,771
Due to related parties for materials purchased (Note (24))	5,692,928	5,755,150
	8,789,859	8,499,921

(i) **Identity of related parties**

The related parties to the Company include:

SUN Pharmaceutical Industries Limited - The Company source majority of its raw materials and finished goods from SUN Pharma. The value of the raw materials and finished goods purchased during the year amounted to N2.45 million (2017:N994 million).

The Company also has a Technical Know-how Agreement with SUN Pharma. The technical know how - agreement is duly approved by the National Office for Technology Acquisition and Promotion. The fee payable during the year under agreement is computed as a percentage of Net revenue from locally manufactured products. The technical know- how fees for the year amounted to N67million (2017: N64 million)

(c) **Key management personnel**

The Key management personnels of the Company include its directors (both executive and non-executive) and other identified key management staff.

Olaogun Badru Atanda	Chairman
Mahendra Bharadwaj	Vice chairman
Hanwant Singh Arora	Managing Director
Samson Yomi Osewa	Non-executive Director
Harin Mehta	Non-executive Director
Mihaly Kaszas	Non-executive Director

(d) **Remuneration of key management personnel**

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2018 N'000	2017 N'000
Short term employment benefits	7,195	6,116
Post- employment pension and medical benefits	-	-
Other benefit	-	-
	7,195	6,116

30) **Contingent liabilities**

There were contigent liabilities in respect of legal actions against the Company for which certain potential liability may arise as noted by the Solicitors. However, no provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe that any material liability will eventually be borne by the Company. The details of the matters are detailed below:

(i) **Borex Int. Nig Ltd and Ranbaxy Nigeria Limited (ID/ADR/107/2014)**

Borex is claiming general damages of N205,120,000.00 from Ranbaxy for breach of contract and N87,866,245.00 as accrued & outstanding sums arising out of the contract. Management is contesting vigorously the claims of Borex insisting that most of the items claimed for had already been paid. Management has requested for both parties to meet and reconcile their accounts since 2013 but Borex refused to attend the meeting. The Solicitors believe that Borex chances of success in the suit is slim.

(ii) **Genux Nig. Ltd Vs Ranbaxy Nig. Ltd (ID/ADR/114/2016)**

This is a claim of USD 60,000.00 being the sum purportedly due to the claimant for the structural designs and drawing of Ranbaxy pharmaceutical factory. Management insists that it never engaged the services of the claimant for the said structual drawings & design and it had no contractual relationship with them. In the opinion of the Solicitors, the claimant has not shown any evidence of its being contracted by Ranbaxy. As there is no privity of contract between the parties, the claims will not succeed.

(iii) **Ayodeji Adebayo Vs Ranbaxy Nig. Ltd (CA/L/106/2017)**

Subsequent to her resignation in 2006 the ex-HR head, continues to stake her claim of under payment through her lawyer. She had filed the case in Local Court demanding USD 100,000 (NGN15,000,000 plus interest @ 21% p.a). On the 20th October 2016, Judgemnt was delivered whereby all the claims filed by the claimant and defendant were dismissed by the court. But the Judge went ahead to award a compensation to the claimant to the tune of N12,000,000 plus interest of 10% from date of joining the Company on the ground of discrimation while in the employment of the defendant. Meanwhile, Ranbaxy have filed an appeal and the stay of execution against the judgement in the Court of Appeal . In the opinion of the Solicitors, Ranbaxy has a good chance of setting aside the judgement on appeal, but there is an exposure of N27,983.697(USD 136,000) based on the court Judgement.

31) **Capital expenditure**

There were no commitments to capital expenditure at the date of the statement of financial position (2017 : Nil).

32) **Events after the reporting date**

There has been no material event after the reporting date that has not been taken into account in the preparation of these financial statements.

STATEMENT OF VALUE ADDED

	2018 N'000	%	2017 N'000	%
Revenue	4,967,597		3,757,568	
Investment income	156,920		140,858	
Other income	108,999		954,168	
	5,233,516		4,852,594	
Bought-in-materials and services:				
Foreign	(6,272,473)		(4,924,373)	
Value absorbed	**(1,038,957)**	**(100)**	**(71,779)**	**(100)**
% of value absorbed	**(20%)**		**(1%)**	
Applied as follows:				
To pay employees:				
- Salaries, wages and other benefits	389,031	37	251,695	351
To pay Government:				
- Taxation	24,694	2	(187,093)	(261)
Retained for growth and expansion				
- Depreciation	651,713	63	102,654	143
Loss for the year	(2,104,395)	(203)	(239,035)	(333)
	(1,038,957)	**(100)**	**(71,779)**	**(100)**

RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS, 31 MARCH 2018
OTHER NATIONAL DISCLOSURE
FIVE-YEAR FINANCIAL SUMMARY

	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 December 2014
Statement of financial position					
Net assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	5,777,711	6,376,746	4,448,737	3,942,800	2,893,241
Net current (liabilities)/assets	(4,676,448)	(2,267,796)	(29,194)	700,142	1,182,825
Non-current liabilities	(88,936)	(992,228)	(1,065,687)	(1,656,498)	(1,286,273)
Total assets	1,012,327	3,116,722	3,353,856	2,986,444	2,789,793
Capital and reserves					
Share capital	40,000	40,000	40,000	40,000	40,000
Share premium	38,951	38,951	38,951	38,951	38,951
Revenue Reserve	933,376	3,037,771	3,274,905	2,907,493	2,710,842
Total equity	1,012,327	3,116,722	3,353,856	2,986,444	2,789,793
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	4,967,597	3,757,568	3,471,793	3,323,292	3,948,119
(Loss)/profit before taxation	(2,079,701)	(426,128)	766,661	357,611	545,163
Taxation	(24,694)	187,093	(390,965)	(165,415)	(164,637)
(Loss)/profit after taxation	(2,104,395)	(239,035)	375,696	192,196	380,526