GlaxoSmithKline Consumer Nigeria PLC.
(RC 8726)

do more
feel better
live longer

2017 Annual Report & Financial Statements

Do these hurt your teeth?

Change to Sensodyne.

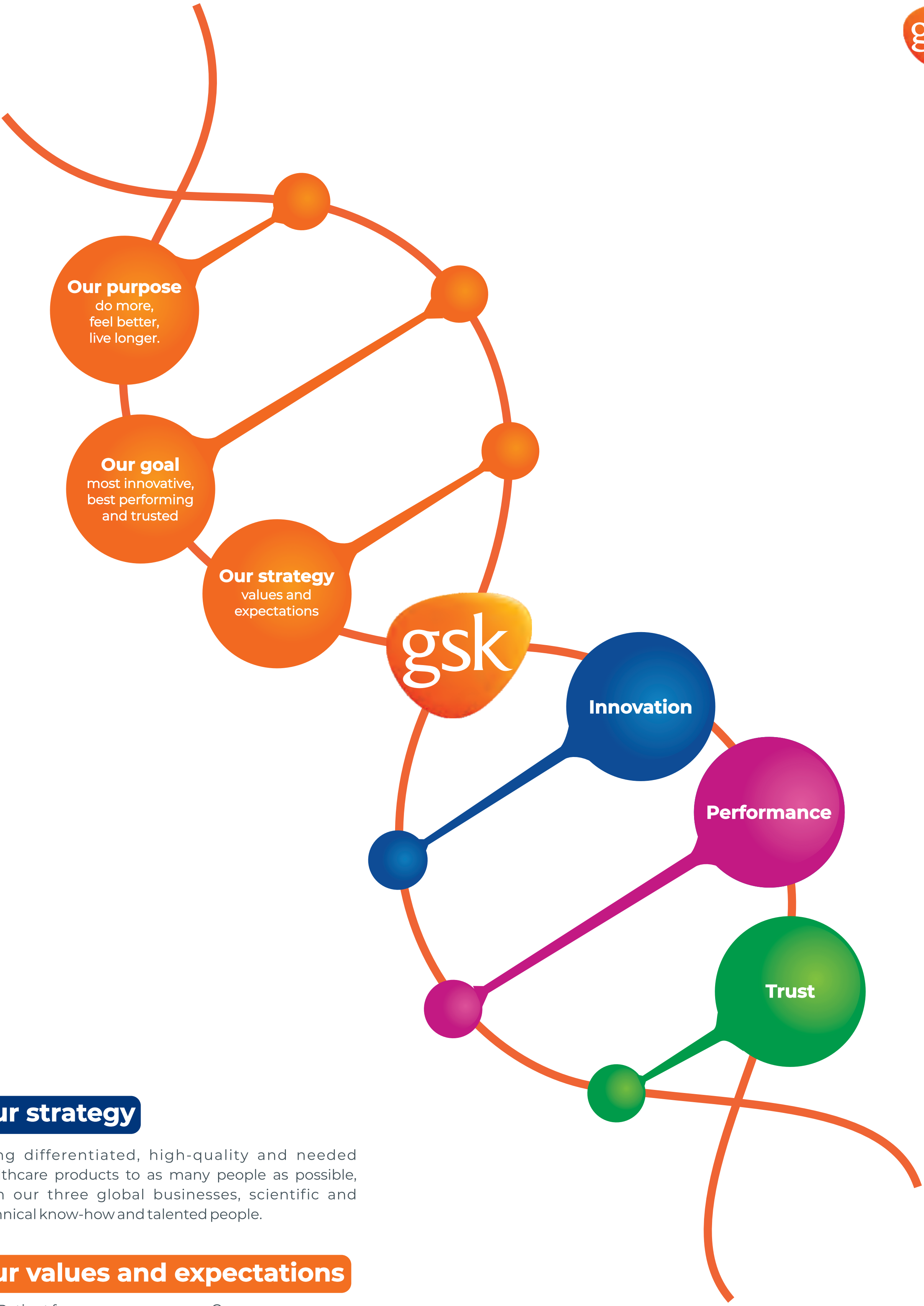
Endorsed by

NIGERIAN DENTAL ASSOCIATION

No.1 DENTIST RECOMMENDED BRAND FOR SENSITIVE TEETH

Dr Yinka Lesi

Our DNA



Our strategy

Bring differentiated, high-quality and needed healthcare products to as many people as possible, with our three global businesses, scientific and technical know-how and talented people.

Our values and expectations

- Patient focus
- Transparency
- Respect
- Integrity.
- Courage
- Accountability
- Development
- Teamwork.

Our families, friends, patients and consumers, all trust the Quality of our products.

That is why we are committed to the very best in Quality, all the time, every time.

Contents

Financial Highlights

THE GROUP

Continuing Operations	2017 N'000	2016 N'000	% Growth
Revenue	16,089,728	14,384,785	12
Gross profit	4,479,568	8,966,411	-50
Profit before interest charges and tax	1,124,269	185,999	504
Finance costs	-	(108)	-100
Profit before tax	1,124,269	185,891	505
Income tax/(expense) credit	(637,836)	2,192,254	-129
Profit after tax for the year	486,433	2,378,145	-80
Discontinued Operations			
(Loss)/profit for the year	-	(1,406,387)	-100
Profit after tax from the disposal of drinks business	-	3,229,339	-100
Total profit after tax for the year from continuing and discontinued operations	486,433	4,201,097	-88
Share capital	597,939	597,939	0
Shareholders funds	17,172,087	17,044,415	1
Earnings per share (kobo)	41	351	-88
Net asset per share	14	14.25	1

Notice of the **47th Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of GlaxoSmithKline Consumer Nigeria PLC will be held at the Shell Nigeria Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos, on Thursday 24th May 2018 at 11 o'clock in the forenoon to transact the following business:

ORDINARY BUSINESS

1. To lay before the members, the report of the Directors and the audited financial statements for the year ended 31st December 2017 together with the reports of the Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect/ re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors
5. To elect the members of the Audit Committee

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.
7. To authorize the Company to procure goods and services necessary for its operations from related companies in compliance with the NSE Rules Governing Transactions with Related Parties or Interest Persons.

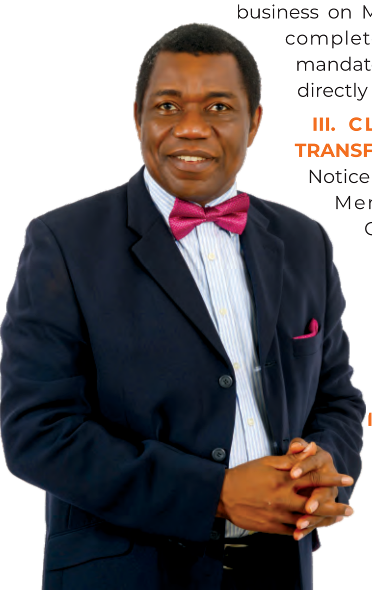
NOTES:

I. PROXY

Any member of the Company entitled to attend and vote at this Meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form is enclosed herewith and also available on the company website www.gsk.com.ng. Proxy forms must be completed and deposited at the office of the Company's Registrars, GTL Registrars, 274, Murtala Muhammed Way, Yaba, P.M.B 12717, Lagos, not later than 48 hours before the time of the meeting.

II. PAYMENT OF DIVIDEND

If the dividend recommended is approved, dividend would be paid electronically on Friday 25th May 2018 to holders of shares whose names appear in the Register of Members at the close of business on Monday 23rd April 2018, and who have completed the e-dividend registration and mandated the Registrar to pay their dividends directly into their bank accounts.



III. CLOSURE OF THE REGISTER AND TRANSFER BOOKS

Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from the commencement of business on Tuesday 24th April 2018 to Friday 4th May 2018, both days inclusive, for the purpose of qualifying for dividend and attendance at the Annual General Meeting Members.

IV. NOMINATIONS FOR THE AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

V. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

This is to inform all Shareholders that the Registrars of the Company are holding share certificates and dividend warrants which have been returned by the Post Office as "unclaimed". Some dividend warrants sent to shareholders' registered addresses or their bankers too are yet to be presented for payment or returned to the Registrars' Office for revalidation.

Any member affected by this notice should please write to the Company Secretary/Registrars or call at the Company's registered office during normal working hours.

Shareholders are encouraged to update their mailing addresses by forwarding the latest information to the Company or its registrars, GTL Registrars Limited to assist in the distribution of dividend warrants and share certificates.

VI. E-DIVIDEND

Shareholders who are yet to complete the e-dividend registration are advised to download the Registrar's E-Dividend Mandate Activation Form, which is also available on our website - www.gsk.com/ng or GTL's website - www.gtlregistrars.com complete and submit to the Registrar or their respective Banks.

VII. SECURITIES HOLDERS' RIGHTS

Rule 19:12 of the Rule Book of the Nigerian Stock Exchange reserves the right of Shareholders and other holders of the Company's Securities to ask questions not only at the meeting but also in writing prior to the meeting. Such Shareholders or holders of other securities may submit to the office of the Company Secretary written memoranda of their questions, observations or concerns arising from the Annual Reports & Accounts at least one week before the Annual General Meeting and forward copies to the relevant regulatory bodies.

Dated this 16th day of March 2018.
By Order of the Board

Uche Uwechia, Esq.
Company Secretary
FRC/2013/NBA/00000001970
GlaxoSmithKline Consumer Nigeria PLC
GSK Nigeria House,
1, Industrial Avenue, Ilupeju,
P.M.B. 21218, Ikeja, Lagos.
Dated this 17th day of March 2017.

Directors, Officers and Professional Advisers

Directors

Mr. Edmund C. Onuzo	Chairman
Mr. Bhushan Akshikar(Indian)	Managing Director(appointed with effect from 20/03/18)
Mr. Dayanand T. Sriram(Indian)	(resigned with effect from 20/03/2018)
Mr. Samuel Kuye	
Mr. Tunde Lemo, OFR	
Mrs. Lubabatu Bello	
Mr.Aderemi Adediran	(resigned with effect from 12/01/2018)
Mr. Puneet Sharma(Indian)	(resigned with effect from 27/07/2017)
Mr. Kareem Hamdy(Egyptian)	(appointed with effect from 27/07/2017)

Company Secretary

Uchenna Uwechia, Esq.

Head, Corporate Reporting

Nelson Sanni

Registered Office

GSK House, 1, Industrial Avenue, Ilupeju, P.M.B. 21218, Ikeja, Lagos.
Tel: +234-1-2711000, Fax: +234-1-2716172
Investors e-mail: ng.investors@gsk.com
Website:www.gsk.com/ng

External Auditors' Office

Deloitte & Touche,
Civil Centre Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island,
Lagos, Nigeria. **Tel:** +234 (1)2717800

Registrar and Transfer Office

GTL Registrars Limited (Formerly Union Registrars Limited)
274, Murtala Muhammed Way, Yaba, P.M.B 12717, Lagos.
Tel: +234-(0)1-01-2793160-2, +234-1-2917745, +234-(0)2917714

Bankers

Citibank Nigeria Limited,
Standard Chartered Bank Limited,
Zenith Bank Plc,
United Bank for Africa Plc,
Stanbic-IBTC Bank Plc,
First Bank Nigeria Ltd.

Members of the Audit Committee

Mr Kashimawo A. Taiwo	Members' Representative (Chairman)
Mr. Sunday O. Ogunnowo	Members' Representative
Mr. Yakubu T. Mosuro	Members' Representative
Mr. Samuel Kuye	Director
Mr. Tunde Lemo, OFR	Director
Mr. Bhushan Akshikar	Director

Company Profile

Who we are

We are a science-led global healthcare company. We have three world-leading businesses that research, develop and manufacture innovative pharmaceutical medicines, vaccines and consumer healthcare products.

We are committed to widening access to our products, so that more people can benefit, no matter where they live in the world or what they can afford to pay.

We are on a mission to help people do more, feel better, live longer.

Our employees put our values at the heart of everything they do. In Nigeria, we are a company of 290+ individuals united by our mission and our four values:

Be patient focused | Act with integrity | Demonstrate respect for people | Operate with transparency

History and Affiliation

GlaxoSmithKline Consumer Nigeria Plc (GSK), an affiliate of GlaxoSmithKline worldwide, was incorporated in Nigeria on 23rd June 1971 and commenced business on 1st July 1972, under the name Beecham Limited. Its Head office is located at 1, Industrial Avenue,Ilupeju, Lagos.The Company was quoted on the Nigerian Stock Exchangein 1977. In 1982, in order to expand our operations in the country, an ultra-modern drinks factory was established in Agbara Industrial Estate, Ogun State, which was expanded to include facilities to manufacture Oral Healthcare (OHC) and Wellness products.

In September 2016, GSK Consumer Nigeria Plc concluded the divestment of the Drinks Business - Lucozade and Ribena, including its bottled water-Hydropure - and transferred ownership to Suntory Beverage & FoodNigeria limited. This divestment included 65 percent of the manufacturing site in Agbara of which the drinks production equipment was a part.

The new Consumer Healthcare Business in Nigeria retains 35 percent of the manufacturing facility for the manufacture and packaging of consumer healthcare products - Panadol, Andrews Liver Salt, Horlicks and Macleans. Other GSK consumer healthcare brands include Sensodyne, Voltaren, Otrivin and CAC 1000.

In line with our commitment to continuous improvement, we have regularly upgraded our facilities to meet our consumer demand.

Responsible Business

As a business, we have a responsibility to the society, and society has expectations of us. Our goal is to meet those responsibilities and expectations - and, where possible, exceed them. We constantly evolve in forward-looking commitments across the four areas of our responsible business approach: Health for all, Our

Company Profile

behaviour, Our people, Our planet.

Commitment to Quality, Research and Development

Research is at the heart of everything we do. Through research, we either develop more effective ways of treating diseases for which medicines are already available or identify conditions which, as yet, have no treatment at all. GSK Nigeria takes full advantage of the facilities of our parent company in ensuring that the safety and well-being of everyone who uses our products remain our number one priority. We also continue to partner with NAFDAC, and other government regulatory agencies, in the fight against counterfeits and fake products.

Human Capital and Work Environment

We continue to engage excellent human capital throughout the strata of our workforce. We promote a work environment that supports an informed, empowered and resilient workforce. In line with our principle of diversity and inclusion, we encourage all our employees to build a culture that engages and values all people. By way of training and development, we explore opportunities to place our employees on exchange programmes and secondments in different parts of the world.

Ethics and Business Practices

GSK aligns with its global commercial ethics code as well as a code of conduct to guide its business practices. All employees are aware of these codes and are required to observe the rules of conduct in relation to business and regulations. We also place priority on the ethical conduct of our employees and third-party vendors, by ensuring that they are familiar with our Anti-Bribery & Corruption Programme (ABAC). The ABAC programme is part of GSK's response to the threat and risk of bribery and corruption.

Value-add to Society

At GSK, we believe how we do business is as important as what we do - it's what makes us different - so we are challenging industry norms by changing the way we work.

We provide employment opportunities for hundreds of people and develop graduates up to leadership levels. We also absorbseasonal employees on industrial attachment.GSK, which is an icon in the country's healthcare industry, is unrelenting in its mission of improving the quality of human life of the Nigerian citizenry by enabling them to do more, feel better and live longer.

Our mission is to improve the quality of human life by enabling people to do more, feel better and live longer. This underpins everything we do.

REINTRODUCING
Andrews®
Liver Salts
ORIGINAL
gsk
Andrews®
1
2
3
4
5
6
WORKS ON 6 SYMPTOMS OF HEARTBURN FAST
Andrews®
LIVER SALTS
Sodium Bicarbonate, Citric Acid and Magnesium Sulphate
5g
Fast effective relief from stomach upsets
GETS TO WORK IN SECONDS*
If symptoms persist after two days, consult your doctor
1 Sour Or Bitter Taste
2 Burning Sensation In The Throat
3 Burning Sensation In The Chest
4 Burning Sensation In The Stomach
5 Stomach Discomfort
6 Heaviness*
*Due to acid indigestion or gastric acid
Andrews® Liver Salts (Sodium Bicarbonate 2.0 g, Citric Acid Anhydrous 1.944 g and Magnesium sulphate Dihydrate 0.873 g). For full prescribing information refer to the summary of product characteristics dated October 2006 as approved by NAFDAC. Made by GlaxoSmithKline Consumer Nigeria Plc RC. 8726 Igbesa Road, Agbara, Ogun State. Under licence from GlaxoSmithKline Plc, Brentford, England. Andrews and Andrews Liver Salt are registered trademarks of the GlaxoSmithKline Group of Companies. References: *Johnson S, Surolik J. A Comparison of the Effect of Regular ENO and Placebo on Intragastric pH. Practical Gastroenterology 2009. List of 6 Symptoms: 1. Bitter or sour taste in mouth, 2. burning sensation in throat, 3. burning sensation in chest, 4. burning sensation in stomach, 5. stomach discomfort and 6. Heaviness**. **Due to acid indigestion or gastric acid (** on "heaviness"). Roger Jones and Karen Ballard. Healthcare seeking in gastro-oesophageal reflux disease: a qualitative study. European Journal of Gastroenterology & Hepatology 2008, 20:269-275. FDA: 21 CFR 331.11(d). 2011

Chairman's Statement

Dear Distinguished Shareholders, Representatives of Regulators here present, Representatives of our External independent Auditors, our Registrars, fellow Directors, gentlemen of the Press, representatives of Management and Staff here present, ladies and gentlemen. I would like to welcome each and every one of you on behalf of the Board of Directors, to the 47th Annual General Meeting of our great company.

Notwithstanding the very challenging environment that we find ourselves as a country and company, I wish to express my sincere gratitude, first to God, for His infinite benevolence, to you our esteemed shareholders for your unflinching support and to my committed colleagues for their invaluable cooperation and unwavering commitment; in directing the affairs of our company; in these difficult times.

Business Environment

The past year can best be described as a period of gradual healing for Nigeria's economy given the precarious macro-economic environment coupled with the recession that plagued the nation in the preceding year 2016 due to decline in oil production, foreign exchange scarcity, power and fuel shortages, all of which together resulted in a growth contraction of 1.5 percent.

However, in 2017, the economy began to experience a turnaround from the downward trends of 2016, particularly in the second quarter, signalling positive economic indicators of the economy's ability to rebound. This growth trend was reflected in the World Bank's latest report of "Doing Business" that showed Nigeria moving 24 notches up to the 145th position, ranking us as one of the top 10 most improved economies in the world.

The Government is taking significant steps to improve the 'ease of doing business' by tackling the factors that have belaboured economic performance with vigorous economic recovery growth plans. Our desire is to support the Government to improve the perception of Nigeria as an investment friendly country and ultimately, build a stable business environment. This can only be achieved through a more integrated

Chairman's Statement Cont'd

approach and stronger collaboration.

It is within the context of the environment described above, that I hereby present to you my statement.

The Capital Market
For the first time in three years the Nigerian stock market closed the year 2017 on a positive note, as the NSE All-Share Index, returned 42.30 percent year-on-year. Market capitalization also grew positively to close at N13.61tn against N9.25tn recorded at the end of 2016.

The S&P Dow Jones indices, ranked the Nigerian Stock Exchange as one of the 5 best capital markets in the world for 2017. According to the rating body, the 42.30 percent growth recorded by the Nigerian Stock Exchange made it the fifth-best performing capital market after Argentina, Turkey, Hong Kong and the United States. In a similar vein, Alexa rankings ranked the NSE as the highest stock exchange website in Africa.

The Healthcare Sector
For the healthcare sector, the year 2017 was a challenging one, however, despite the setbacks, the country recorded some notable triumphs. The year recorded back to back disease outbreaks, from a different strain of the seasonal meningitis outbreak earlier on in the year in Northern Nigeria to Lassa fever and the unanticipated emergence of monkey pox in several Nigerian States. However, despite these setbacks, the country recorded notable successes.

Interestingly, a lot of advocacy went into the fight towards Universal Health Coverage for Nigeria in 2017. The push for the Universal Health Coverage became one of the leading issues in the Nigerian healthcare space. Additionally, the year also made space for discussions around how business principles could elevate the practice of healthcare in Nigeria, which became the centre of focus at the 2017 Future of Health Conference themed, "the Business of Health."

Although the Federal Government has taken steps to ensure improvements in the healthcare sector, by reviewing upwards the statutory allocation to health, we believe that collaboration with Government from the private sector will help to achieve an even more remarkable success.

Performance & Operating Results
Moving forward from the divestment of our Drinks Business to Suntory Beverage & Food Nigeria Limited in September 2016, we have been able to adequately align with our global business in 2017 by focusing on our core competence of healthcare to help drive a nimbler organisation. Although it is early days, we believe that our immediate focus of making our smaller business more efficient and profitable would yield the desired results. Turnover grew by 12% against the previous year to close ₦16.089billion. However, the impact of devaluation and increased cost of doing business led to a significant drop in profit before tax against the previous year. An income tax write down of over ₦637.8m further affected the profit after tax to a figure of ₦486.4m which is an 88% decline against the previous year.

Dividend
Despite the challenging operating environment, the Directors have decided to sustain the tradition of consistent reward to shareholders of the company by proposing a final dividend of ₦478 million representing 40 kobo per 50kobo share and a special dividend of ₦8.49 billion representing ₦7.10 per share to be paid to shareholders. The special dividend if approved will be subject to withholding tax deduction while the final dividend will not be subject to withholding tax deductions as it is to be paid out of the retained pioneer earnings.

Our People
We recognise that our people are critical to sustaining high performance and value. In that light, we continue to create avenues for creativity, originality, and problem-solving to enable the expression of values and passions so that they can have a greater sense of identity with the business they work for, inspiring them to develop new and better ways to do their work. The Board and management are not unmindful of the need to ensure that our people are fit for purpose and able to deliver on the corporate objectives and performance targets. We would therefore continue to focus on building a performance driven organization and ensure that we maximize staff productivity and development.

GSK Women's Leadership Initiative Launch
GSK Nigeria launched the Women's Leadership Initiative (WLI) on October 11, 2017 which has grown to become the largest employee resource group in GSK with over 4000 members globally. The WLI global vision is to develop, promote and retain women by honing on 3 strategic focuses: growth and development; engagement; and inclusion & diversity.

New Open Office Plan
In October 2017, GSK Nigeria embraced a new and modern office space plan to facilitate the well-being of all our employees by improving our communication, collaboration and productivity as a team. Our new space plan is helping to foster team-spirit by encouraging frequent sharing of ideas and create a social space to drive innovation with all hands-on deck.

Chairman's Statement Cont'd

Partnership with SOS Children's Village
In September 2017, GSK once again sponsored the SOS Villages of Nigeria with over N40m for the 14th year in a row to provide education and upkeep. The mutual benefits of corporate-charity partnerships for our employees was evident as a staff led-initiative enabled our people experience a greater sense of identity with the business as they raised funds to stock a children's library at the SOS Children's Village in Isolo for over 100 children. Additionally, they donated over 120 volunteer hours in reading to the children and to making this project possible.

Marketing and Sales Initiatives
Our route-to-market strategy launched in the last quarter of 2015 has continued to yield returns from the threefold increase in outlets reached by end of 2016. This was followed up with several sales and marketing initiatives in 2017 which included increased spend on digital advertising across brands; investment in visibility of our brands including the new digital campaign on Panadol (Tale of Tough), making Panadol one of the most visible wellness brands in the country; Macleans relaunch with new graphics and investment behind distribution expansion in the North.

Manufacturing Infrastructure
We would continue to focus on upgrading and optimizing our facility in Agbara to increase the local manufacturing of our products. Within this context, GSK will continue to review, from a strategic standpoint, the best local manufacturing option to improve our local manufacturing capabilities and product range.

The Board
Since the last Annual General Meeting, there have been some changes in the composition of the Board.

The following Executive Directors resigned their appointments from the Board to pursue other interest outside the Company:

- Mr. Puneet Sharma (with effect from 27th July 2017).
- Mr. Aderemi Adediran (with effect from 12th January 2018).
- Mr. Dayanand Thandalam Sriram, the former Managing Director, (with effect from 20th March 2018).

I would like to thank them for their contributions and we wish them success in their future endeavours.

Mr. Kareem Hamdy and Mr. Bhushan Akshikar were appointed as Executive Director and Managing Director of the Company with effect from 27th July 2017 and 20th March 2018 respectively. In accordance with Section 249(2) of the Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria 2004, a resolution will be proposed at the Annual General Meeting approving their appointments. I welcome them to the Board.

I would want to use this opportunity to sincerely thank my fellow directors for their indefatigable support and commitment to the Company all through the year.

Future Outlook
Distinguished shareholders, there is no doubt that the environment in which we operate will remain challenging, more so as we approach another election period. The task before the board and Management is to drive those strategic objectives that would not only keep the business afloat in these trying times, but also to become more efficient and profitable. As such invest in A&P behind our brands, launch new product under core brands and keep costs down as a key focus area in an inflationary environment will be key to our success.

Conclusion
Distinguished shareholders, I want to specially thank you again for your great support and remarkable commitment during the 2017 business year. Be assured that GSK will continue to deploy appropriate business strategies and realignment of the company's objectives to focus more closely on wellness, oral healthcare and new business.

It is because of all of us gathered here, that GSK has remained a highly relevant, responsive and result-focused company. Our wish is to consolidate on the gains made and intensify internal reforms to further increase our efficiency and development effectiveness by improving project performance and outcome.

Finally, I wish to express my sincere gratitude to the staff and management of our dear company, and all our stakeholders including our suppliers, distributors, media and regulators for your continued and consistent cooperation and support.

God bless GlaxoSmithKline; God bless Nigeria!

Thank you for your kind attention.

Mr. Edmund Onuzo
Chairman
16th March 2018

Board Members
& Company Secretary

1. Mr. Edmund C. Onuzo
2. Mrs. Lubabatu Bello
3. Mr. Tunde Lemo, OFR
4. Mr. Samuel Kuye
5. Mr. Kareem Hamdy
6. Mr. Bhushan Akshikar
7. Mr. Uche Uwechia Esq. (Company Secretary)

Board of Directors Cont'd

Mr. Edmund C. ONUZO, 68
[Chairman]
Nationality: Nigerian
Appointment Date: 1st June, 2006 as a Non- Executive Director; 12th June, 2014 as Chairman

The Chairman of the Board of Directors, who holds a Bachelor's degree in Agric Economics, started his career in Levers Brothers Nigeria as a Sales Office Manager in 1977.

He rose to increasing levels of responsibilities until he became the General Sales Manager in 1987. He joined SmithKline Beecham in 1990 as Sales Controller. In 1995 he became the executive director, Pharmaceuticals and Consumer Healthcare and moved to Ghana in 1997 as the Managing Director of SmithKline Beecham Ltd with responsibility for the Pharma and Consumer businesses in the Anglophone West African countries. Following the merger of SmithKline Beecham and Glaxo Wellcome in 2001, he was appointed Sales Director for GlaxoSmithKline Pharmaceutical Anglophone West Africa. Late in 2005, he took on the responsibility of managing the sales and marketing functions of GlaxoSmithKline Pharmaceutical until his retirement in December 2005.

He was first appointed to the Board as a Non-Executive director on 1st June, 2006 and the Chairman effective 12th June 2014.

Mr. Bhushan AKSHIKAR, 47
[Managing Director]
Nationality: Indian
Appointment Date: 24th March, 2018 as a Managing Director.

Mr. Akshikar is currently the Managing Director of GlaxoSmithKline Consumer Nigeria Plc. He holds a post graduate MBA in Marketing and a Bachelor's Degree in Pharmaceutical Sciences from the University of Mumbai, India.
Over the past two decades, Bhushan has gained rich and broad commercial experience in the healthcare industry, having worked in varying positions of increasing responsibility. He joined the Company in 2011 and has been responsible for driving GSK India's renewed foray in respiratory/CNS areas and simultaneously leading the large legacy business units of Classic and Established brands. Prior to joining GSK, Bhushan had worked with Johnson & Johnson for over 16 years across diverse markets like India, South Korea and Belgium where he led both specialty and established business units.

He was appointed as a Non-Executive Director of GlaxoSmithKline on 9th March, 2017 and the Managing Director of the Company effective 20th March 2018.

Mr. Samuel KUYE, 64
[Non Executive Director]
Nationality: Nigerian
Appointment Date: 12th June, 2014

Mr. Kuye, Chartered Accountant and Fellow of the Institute of Chartered Accountants of Nigeria (FCA).

He is currently the Chief Executive of SEOOM Limited, a Management and Financial Consultancy firm. He started his career in Nestle Nigeria in 1974 where he held various positions in Finance and Control as well as management of the company's Pension Fund and the Nestle group. He was the Asst. Group Controller of the Nestle Group for Southern African Region, and worked at the Nestle Group's headquarters in Switzerland as Controller, responsible for 6 countries in Asia (Philippines, Malaysia, Thailand, Indonesia, Vietnam and Singapore).

In 2000, he returned from Switzerland to Nigeria as the Finance & Control Director and Chief Financial Officer of Nestle Nigeria until 2004 when he was transferred to Egypt. After 36 years with the Nestle Group, he retired as Finance & Control Director and Chief Financial Officer of the Nestle Group for Turkey.

He was appointed to the Board as an Independent Non-Executive Director on 12th of June 2014

Mr. Tunde LEMO, OFR, 58
[Non Executifve Member]
Nationality: Nigerian
Appointment Date: 1st December, 2014

Mr. Lemo started his career in Arthur Andersen & Co Chartered Accountants in 1985 and over the years, he held various other positions in Finance and Control as well as providing significant leadership and top management training both in the public and private sectors.

He was the Managing Director of Wema Bank Plc prior to his appointment as the Deputy Governor in charge of Operations, Central Bank of Nigeria from 2003 to 2014; he was also Deputy Governor, Financial Systems Surveillance.

He is a Fellow of the institute of Chartered Accountant of Nigeria as well as a Fellow of the Chartered Institute of Bankers. He was awarded with the prestigious National honour of the Officer of the Federal Republic (OFR) in November, 2011.

He was appointed to the Board as an Independent Non-Executive Director on 1st December 2014.

Mrs. Lubabatu BELLO, 61
[Non Executive Director]
Nationality: Nigerian
Appointment Date: 1st December, 2014

Mrs. Bello, a Pharmacist, is the Managing Director and Principal Pharmacist, Ludam Pharmaceuticals and General Enterprises Limited since 1990.

She is a consultant to many Pharmaceutical bodies including the National Agency for the Control of Aids, F.C.T, Abuja. She is also a Director of Consolidated Commercial Ventures Limited amongst others. Mrs. Bello started her career with Ahmadu Bello Teaching Hospital, Kaduna in 1984 as a Senior Pharmacist. She is a member of many professional bodies including the Pharmaceutical Society of Nigeria and Pioneer member, Nigerian Association of Lady Pharmacists.

She was appointed to the board as an Independent Non-Executive Director on 1st December 2014.

Mr. Kareem HAMDY, 34
[Executive Director]
Nationality: Egyptian
Appointment Date: 27th June, 2017

Mr. Hamdy has over 12 years' experience in FINANCIAL MANAGEMENT & ACCOUNTING, BUSINESS PARTNERING, STRATEGIC PLANNING, CHANGE MANAGEMENT AND CORPORATE FINANCE MANAGEMENT.

Mr. Hamdy Joined GlaxoSmithKline Dubai as the Finance and Supply Chain Manager in 2011; a role he occupied for 2 years before being promoted to Finance Business Partner in 2013. He moved to GlaxoSmithKline UK as the Bison, IPT and Finance Transformation Business Implementation Lead in 2015.

Prior to joining GSK, Mr. Hamdy worked as Financial Planning Analysist for Mobility Etisalat Saudi Arabia from 2008-2010 and was a Senior Analyst from 2010 to 2011. He also worked at Unilever and Coca-Cola International Egypt during the early years of his career.

He was appointed as an Executive Director of GlaxoSmithKline effective July 27, 2017.

Management Team

1. Bhushan Akshikar (Managing Director)
2. Kareem Hamdy (Finance Director)
3. Peter Obasa (Site Director, Manufacturing Site)
4. Uche Uwechia (Company Secretary)
5. Omongiade Ehighebolo (Head of Comms. & Govt. Affairs)
6. Oziofu Okwuosa (HR Manager)
7. Rabiu Olowo (Head, Internal Audit)
8. Olusesan Tunji-Abimbola (Head of Procurement)
9. Jordan Kamau (Ethics and Compliance Manager)
10. Soji Awotiwon (National Sales Manager)
11. Sherifat Akinwonmi (Tech Manager)
12. Arit Onwusah (Regulatory Affairs Manager)
13. Isaac Ajayi (Security and EHS Manager)
14. Sarah Amadi (Project Manager)

Corporate Responsibility Report

GlaxoSmithKline, a responsible company

At GSK, our mission is to improve the quality of human life by enabling people to do more, feel better and live longer. Our commercial success depends on growing a diverse business, creating innovative new products of value, making them widely accessible and operating efficiently. We have three primary areas of business: Pharmaceuticals, Vaccines and Consumer Health.

Being a responsible business helps us create the products that patients and healthcare payers really need, foster the right conditions for business growth, motivate our employees, operate efficiently and gain the trust of our stakeholders.

We create value by researching and manufacturing products that improve people's health and wellbeing, and making them as widely available as possible. By delivering innovation and expanding access to our products we bring shared value to society and to our shareholders.

We report our responsible business performance across four areas:

Health for all | Our behaviour | Our People | Our Planet

Health for All

GSK Innovation Award

In June 2017, Alma Sana, a social enterprise aimed at reducing health inequalities among populations in developing and developed countries was awarded the GSK Innovation award for $100,000 for stimulating uptake and demand for immunisation with the use of a bracelet. The innovation uses the simple bracelets to empower mothers by presenting them with a constant reminder of their baby's vaccination schedules through symbols embedded in the bracelet, turning their babies' 'jewelry' into a vaccine calendar and check-list.

The Nigeria-based project group was one of four worldwide to have won a share of the fourth Healthcare Innovation Award from global healthcare company GlaxoSmithKline (GSK) and Save the Children. This is the first time that an innovation in Nigeria has been recognized and Alma Sana is the only winner in Africa this year.

Awarding this recipient is especially important to Nigeria's public health where children are disproportionately unimmunized in comparison to the rest of the world with the nations' immunization schedule only at 25.3 per cent as of 2013.

GSK AMR Campaign Partnership with NCDC

To celebrate the Antibiotics Awareness Week in November 2017, GSK partnered with the Nigerian Center for Disease Control (NCDC) in Abuja to drive a national campaign to build awareness on Anti-Microbial Resistance. The impact of this campaign is crucial in helping to minimize the global threat of Antimicrobial Resistance (AMR), which poses significant barriers to public health.

Our Behaviour

All our business decisions are guided by our values of Transparency, Respect for People, Integrity and Patient focus. Our commitment to a responsible values-based business means putting the interests of patients and consumers first. We recognize that we need to be open about what we do, how we do it and the challenges we face. Our employment practices are designed to create a culture in which all GSK employees feel valued, respected, empowered and inspired to achieve our goals. We are committed to always acting legally and fairly within the spirit of all laws, regulations and policies.

We align with our strong global policy and compliance programmes and expect same standards from our suppliers, contractors and business partners. All our employees are aware of these programmes and are required to observe these rules of conduct in relation to business regulations. We continue to reiterate our message of zero-tolerance to unethical behaviour through our Ethical Leadership Certification Programme and the Anti-Bribery & Corruption Programme (ABAC), which is part of our response to the threat and risk of bribery and corruption.

Our People

We recognize that our people are critical to sustaining high performance and value. In that light, we continue to provide avenues for creative originality to enable the expression of values and passions so that they can have a greater sense of identity with the business they work for, inspiring them to develop new and better ways to carry out their responsibilities. Some of the avenues are listed below:

GSK Women's Leadership Initiative Launch

GSK Nigeria launched the Women's Leadership

Corporate Responsibility Report Cont'd

Initiative (WLI) on October 11, 2017. The WLI global vision is to develop, promote and retain women by honing on 3 strategic focuses: growth, development, engagement, inclusion and diversity. WLI has grown to become the largest employee resource group in GSK with over 4000 members globally.

GSK Office Renovation

In October 2017, GSK Nigeria embraced a new and modern office space plan to facilitate the wellbeing of all our employees by improving our communication, collaboration and productivity as a team. The new space plan is helping to foster team-spirit by encouraging frequent sharing of ideas and to create a social space to drive innovation with all hands-on deck.

Child Sponsorship

In September 2017, GSK for the 14th year in a row since 2004, sponsored the SOS Villages of Nigeria with over N40m to provide education and upkeep.

Employee Volunteering

The mutual benefits of corporate-charity partnerships for our employees was evident in September 2017 as a staff led-initiative enabled our people experience a greater sense of identity with the business. As a team, employees raised funds to stock the children's library with age appropriate books at the SOS Children's Village in Isolo. Additionally, they donated over 120 volunteer hours in reading to the children and to making this project possible.

Pulse

Since GSK launched PULSE- a skills-based volunteering initiative- 8 years ago, 705 employees have volunteered with 120 NGOs to help solve healthcare challenges. To date, employees of GSK Nigeria have volunteered for various programmes along with other GSK employees from Kenya, US, Taiwan and the UK who have been placed on assignment to impact Nigeria through the Clinton Health Access Initiative in Abuja. Pulse creates an opportunity annually where up to 100 employees are matched with an NGO for 3 or 6 months full-time.Through PULSE, our employees devote their time and skills to create positive change in our communities around the world. This gives them a unique chance to step out of GSK, develop themselves as they go through this transformational journey, and bring back fresh insights and ideas to GSK. In return, our NGO partners benefit from expertise of GSK employees to support their most pressing needs.

Project Plus

The Project Plus initiative which launched in 2008 as a means of building capability with patent medicine dealers and sellers has reached 75,000 PMS since 2013. The objective is to provide PMDs with basic business skills, educate them on the management of pain and fever, indigestion and constipation, oral health and sensitivity and allergic rhinitis and to help them better understand the benefits of GSK brands.

This GSK initiative implemented in conjunction with the Pharmacists Council of Nigeria (PCN) is aimed at combating counterfeiting which poses a major public health risk. The goal is to ensure that Nigerians at the grassroots are aware of the associated risk of this illegal practice and have access to original drugs.

Our Planet

Energy

Our outstanding energy conservation initiatives resulted in 15% reduction in carbon emission over target in 2017. Our plan to improve Overall Equipment Effectiveness (OEE) will further help reduce energy usage/carbon emission.

Water

We over-achieved water consumption target with 18% reduction in consumption in 2017.

Waste

GSK applies the principles of the internationally recognized Waste Management to best manage and protect the environment such as waste avoidance, reduction of waste; resource recovery, reuse and recycling; and disposal in an environmentally responsible way. In 2017, we are pleased to announce that we achieved a Zero to landfill status on waste management. This is significant in comparison to the previous year of 2016 where we reduced our solid waste to landfill by 50%. We achieved this through diligent waste management by diverting OTC blister wastes to Geo-cycle (Lafarge) for reuse in their operations.

Additionally, as of March of 2017 we completed a 100% milestone in our Environment Hazard Assessment Concertation Program (EHAC). The objective of this programme is to assess the potential environmental impact associated with wastewater discharges from GSK manufacturing sites before discharge into receiving streams or water bodies. As part of this process, we monitor our discharge to the municipal treatment plant through weekly laboratory analysis by a government accredited laboratory. We are now at a sustainability stage of improving our processes prior to the NPI launch (New Product Launch) to ensure we maintain a cleaner environment by monitoring through strict change controls, newly introduced chemicals that could impact the environment.

Safety

As part of our commitment to improving our safety culture and with an average employee (permanent and contingent) participation of 97% YE, we achieved Zero RIIR (Reportable Incident Injury Rate) in 2017 by leveraging on ZAP reporting (Zero Accident Promotion).

Corporate Governance Report

GlaxoSmithKline Consumer Nigeria PLC(GSK) is committed to carrying out its operations based on high ethical standards and compliance with laws and regulations. GSK is equally committed to communicating and engaging effectively with our stakeholders and the wider society in a transparent and consistent manner. With sound corporate governance, we create and uphold trust with our employees, investors, customers, governments and other stakeholders.

The Board, Management and Staff are obligated to carry out their functions in compliance with the regulatory requirements of the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE), the Financial Reporting Council of Nigeria (FRC), GSK Policies and other extant laws and regulations in line with global corporate governance best practices.

1. The Board and its Committees

The Board has overall responsibility for ensuring that the Company is effectively managed and achieves its strategic objectives as agreed by the Board and mandated by the 2011 SEC Code of Corporate Governance for Public Companies ("the Code"). To enable it exercise this responsibility, the Board requires from Management the appropriate information concerning the business, including relevant information on risk exposures, internal controls and external developments.

The Company's Articles of Association provide that the Company's Board shall consist of not more than eight directors. As at date, the Board comprises of 6 directors, 4 of which are Non-Executive Directors and 2 Executive Directors, including the Managing Director and the Finance Director. The Board is headed by a Non-Executive Chairman who provides leadership. The other 3 Non-executive directors are Independent.

2. The Board Appointment Process

The process for the appointment of new directors is as follows: Appointees are identified and short-listed by the Governance & Remuneration Committee in line with the required skill and experience; presented to the Board for approval and then to the shareholders at a general meeting for final approval.

3. The Role of the Board

Specific issues reserved to the Board or its Committees amongst other roles as contained in the Code, include:

- Composition of the Board and its Committees.
- The appropriation and distribution of profits.
- Approval of strategic plans. The Board is responsible for monitoring the implementation of the Company's strategy as approved.
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning and scientific and commercial strategies.
- Oversight over Risk Management including defining the Company's risk appetite, receiving regular reports on major risks and exposures as well as appropriate mitigants.
- Acquisitions, disposals, licensing transactions, mergers and joint ventures, capital investments, and major organisation changes.
- Periodic and regular review of actual business performance relative to established objectives.
- Review and approval of internal controls and risk management policies and processes.
- Overseeing the effectiveness and adequacy of internal control system.
- Ensuring the integrity of financial report.

The Board, which is headed by a non-executive Chairman, exercised its oversight function for the period under review.

4. Board Membership

Name	Designation
Mr. Edmund C. Onuzo	Chairman
Mr. Dayanand Thandalam Sriram (Indian)	Managing Director(resigned wef 20 March 2018)
Mr. Bhushan Akshikar (Indian)	Managing Director (appointed wef 20 March 2018)
Mr. Samuel Kuye	Independent Non-Executive Director
Mr. Tunde Lemo OFR	Independent Non-Executive Director
Mrs. Lubabatu Bello	Independent Non-Executive Director
Mr. Puneet Sharma (Indian)	Executive Director, Finance (resigned wef 27 July 2017)

Corporate Governance Report Cont'd

Mr. Kareem Hamdy (Egyptian)	Executive Director, Finance (appointed wef 27 July 2017)
Mr. Aderemi Adediran	Executive Director (resigned wef 12 January 2018)

5. Record of Directors' Attendance

The Board held a total of 5 (Five) meetings during the year, Four of which were duly scheduled with one an adjourned meeting. In accordance with Section 258(2) of the Companies and Allied Matters Act cap C.20, Laws of the Federation of Nigeria 2004, the record of Directors' attendance at meetings during year 2017 is available for inspection at the Annual General Meeting. Membership and attendance of Board meetings are set out below:

Name	9/3/17	17/3/17	30/5/17	27/7/17	23/11/17
Mr. Edmund C. Onuzo	✓	✓	✓	✓	✓
Mr. Dayanand Thandalam Sriram (Indian)	✓	✓	✓	✓	✓
Mr. Samuel Kuye	✓	✓	✓	✓	✓
Mr. Tunde Lemo OFR	✓	✓	✓	✓	✓
Mrs. Lubabatu Bello	✓	X	✓	✓	✓
Mr. Aderemi Adediran	✓	X	✓	✓	✓
Mr. Puneet Sharma (Indian)	✓	✓	✓	CM	CM
Mr. Bhushan Akshikar (Indian)	✓	✓	✓	X	✓
Mr. Kareem Hamdy (Egyptian)	NYM	NYM	NYM	NYM	✓

KEYS: = present **X** = absent with apology **AAD** = Attended by alternate director **CM** = Ceased to be a Member **NYM**= Not yet a member

6. Company Secretary

The Company has a functional Company Secretariat department that supports and assists the Board and Management in implementing the code and developing good corporate governance practices and culture. The Company Secretary is Mr. Uche Uwechia Esq.

7. Committees of the Board

a. Governance and Remuneration Committee

The Committee is mandated to review and recommend to the Board eligible persons for appointment as Directors or executive members as well as review and make recommendations on the remuneration of Directors and senior officers of the company. The Committee met two times during the year. The table below shows the members who served on the committee in 2017 and their attendance at the meetings.

Directors	08/03/17	23/11/17
Mr. Edmund C. Onuzo	✓	✓
Mr. Dayanand Thandalam Sriram (Indian)	✓	✓
Mr. Tunde Lemo OFR	X	✓

b. Audit Committee

The Committee comprises of six members, three of whom are shareholders representatives, one of which is the Chairman, Mr. K. A. Taiwo. In accordance with section 359(5) of the Companies and Allied Matters Act Cap C20 LFN 2004, the following members and directors were elected and nominated pursuant to Section 359(4) of the said Act and will serve on the committee up to the conclusion of the 47th Annual General Meeting. The meetings of the Committee were held five times during the period under review (January - October 2017).

Corporate Governance Report Cont'd

Members	25/01/17	9/03/17	16/03/17	27/07/17	25/10/17
Mr. K.A. Taiwo, FCA	✓	✓	✓	✓	✓
Chief. S.O. Ogunnowo	✓	✓	✓	✓	✓
Mr. Y. T. Mosuro	✓	✓	✓	✓	✓
Mr. Samuel Kuye	✓	✓	✓	✓	✓
Mr. Tunde Lemo, OFR	X	✓	✓	X	✓
Mr. Bhushan Akshikar	NYM	NYM	✓	X	✓

KEYS: = present **X** = absent with apology **AAD** = Attended by alternate director **CM** = Ceased to be a Member **NYM**= Not yet a member

The functions of the Committee as set out in its mandate are in accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004 and clause 30 of the Code.

c. Risk Management Committee

The Committee is mandated to review and recommend to the Board the risk management framework for the company and monitor the development of, compliance with and periodic review of the Company's corporate governance policies and practices. The Committee met twice during the year. The table below shows the members who served on the committee in 2017 and their attendance at the meeting.

Directors	08/03/17	24/10/17
Mr. Samuel Kuye	✓	✓
Mr. Tunde Lemo, OFR	X	✓
Mr. Lubabatu Bello	✓	✓
Mr. Adediran Aderemi	✓	✓

KEYS: = present **X** = absent with apology **AAD** = Attended by alternate director **CM** = Ceased to be a Member **NYM**= Not yet a member

d. Finance Committee

The Committee is mandated to review and make recommendations to the Board of Directors with respect to the Company's annual and long-term financial strategies and objectives. The Committee met 4 (Four) times during the year. The table below shows the members who served on the committee in 2017 and their attendance at the meetings.

Directors	25/01/17	27/04/17	10/05/17	23/10/17
Mr. Edmund Onuzo	✓	✓	✓	✓
Mr. Dayanand Thandalam Sriram	✓	✓	✓	✓
Mr. Samuel Kuye	✓	✓	X	✓
Mr. Tunde Lemo, OFR	X	✓	✓	✓
Mr. Puneet Sharma	✓	✓	✓	CM
Mr. Kareem Hamdy	NYM	NYM	NYM	✓

KEYS: = present **X** = absent with apology **AAD** = Attended by alternate director **CM** = Ceased to be a Member **NYM**= Not yet a member

e. Administrative Committee

The Committee consists of the Managing Director, Mr. Dayanand Thandalam Sriram and the Finance Director, Mr. Kareem Hamdy. The committee meets on an ad-hoc basis to approve the affixing of the Company's Seal to documents and authorize the change of signatories in respect of bank accounts operated by the Company in the normal course of business. These decisions are subject to ratification by the Board of Directors.

Corporate Governance Report Cont'd

8. Separation of the position of the Chairman and CEO

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

9. Board Evaluation

An evaluation was carried for the Board in 2016/2017 by The Society for Corporate Governance Nigeria. The Board has commenced the implementation of the recommendations of the external consultant including holding a strategy session and improving gender diversity.

10. Directors standing for re-election and their biographical details

The Directors to retire by rotation at this Annual General Meeting in accordance with Section 259 of the Companies and Allied Matters Act, Cap C20 LFN 2004, as well as Article 91 of the company's Articles of Association are Mr. Edmund C. Onuzo, Mr. Samuel Kuye, who, being eligible, offer themselves for re-election. Details of their biographies are contained in Page 14 of the Annual Reports.

11. Management Team

The day to day management of the business is the responsibility of the Managing Director who is assisted by a Management Team made up of Heads of all the departments in the Company. The Management Team holds regular meetings to deliberate on critical issues affecting the day to day running of the organization. The Company has in place a documented succession plan for every executive and senior management role within the Company. The composition of the Management Team is as set out in Page of the Annual Reports.

12. Risk Management, Internal Control and Compliance

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets in line with the SEC Code, the relevant statutes and GSK policies. The system of internal control is to provide reasonable assurance against material misstatement or loss.

There exists an effective internal control and Compliance function within the Company which gives reasonable assurance against any material misstatement or loss. The Board's responsibilities in this regard include oversight of internal audit and control, risk assessment and compliance, continuity and contingency planning, and formalization and improvement of the Company's business processes. The Board ensures that there exist robust risk management policies and mechanisms to ensure identification of risk and effective control.

13. Insiders Trading

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

The Board ultimately has the responsibility for the Company's compliance with the rules relating to insider trading. The Company's directors, executives and senior employees are prohibited from dealing with the Company's shares in accordance with the Investments & Securities Act, 2007. As required by law, the shares held by directors are disclosed in the annual report.

14. The Anti Bribery & Corruption (ABAC) Program

There is no greater priority for GSK than the ethical conduct of its people. GSK exist to improve patients' lives, everything we do must be in the best interest of the patient. No matter where we operate in the world, in our interactions with patients, prescribers, payers and governments, we must live our values of respect for people, transparency, integrity and patient focused. Nowhere is GSK's commitment to ethical conduct more evident than in the area of corruption prevention and detection. At GSK, our attitude towards corruption in all its forms is simple: it is one of zero tolerance.

To fully support its zero-tolerance attitude to corruption and un-ethical practices, the Company has rolled out the ABAC programme. The programme sets out procedures and guidance on how to manage the risk of corruptionwhen dealing with third parties:

- To ensure compliance with GSK-POL-007 - Preventing Corrupt Practices and Maintaining Standards of Documentation (the "GSK Anti-Bribery and Corruption Policy").
- To ensure that GSK hold itself and its business partners to the highest standards of integrity and adherence with all relevant laws and regulations.
- To provide the protective contractual provisions for use when contracting with third parties and to provide guidance on ongoing monitoring
- To identify potential corruption red flags and mitigate potential exposure to corruption risks that GSK encounters through our third party interactions.

Corporate Governance Report Cont'd

- To ensure that key decisions related to third party selection and payment are appropriately documented.

15. Code of Conduct & Whistle Blowing

Our Code of Conduct and accompanying training, seeks to ensure everyone at GSK understands how to put our values into practice. Mandatory training on the Code helps our employees gain the confidence to make the right decisions and report any concerns through our Speak up programme.

Our Speak up programme offers people within and outside GSK a range of channels to voice concerns and report misconduct without fear of reprisal. These include telephone and internet channels run by independent external operators to enable anonymous reporting.

We updated the Code of Conduct in 2014 to reinforce the critical role our values play in protecting our reputation and commercial success.

16. Complaints Management Policy

GlaxoSmithKline Consumer Nigeria PLC has in place a Complaints Management Policy (the Policy) in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework for handling shareholder compliant in a fair, impartial, efficient and timely manner. The Policy can be accessed via the company's website.

17. Remuneration Policy

The Company has a Remuneration Policy in place in accordance with the requirements of the Securities and Exchange Commission. The remuneration and benefits paid to the directors of GlaxoSmithKline Consumer Nigeria PLC are fully disclosed in Note 27 to the Financial Statements in the Annual Report.

18. Regulatory Returns to the Securities & Exchange Commission (SEC) and The Nigerian Stock Exchange (NSE)

The Company is in compliance with the following regulatory requirements:

SEC:

- Return on Code of Corporate Governance in Nigeria
- Return on Monitoring of Unclaimed Dividend by Public Companies
- Submission of Quarterly Un-audited trading Results
- Submission of Full Year Audited Statement of Accounts

NSE:

- Interim Financial Reporting
- Submission of Quarterly Un-audited trading Results
- Submission of Full Year Audited Statement of Accounts

19. Accountability, Reporting and Corporate Communication.

The Board ensures timely, accurate and continuous disclosure of information and activities of the Company to all shareholders, stakeholders, regulators and the general public so as to provide a balanced and fair view of the company including its non-financial matters. The Company has a functional website at www.gsk.com/ng.

20. Unclaimed Dividend Fund

Total unclaimed dividend fund in the Company stood at **₦680,252,893 as at 31st December 2017.**
In recent times, the Company has taken steps to ensure that all Shareholders can retrieve all their unclaimed dividends. The steps are highlighted below.

- **A list of Unclaimed Dividend was circulated along with the 2017 Annual Report**
- **A form for e-allotment was included in the 2008-2012, 2014-2016 Annual Reports for shareholders to complete and return.**
- **The issue of unclaimed dividend was highlighted in the Notices of the AGM as well as in the 2017 Annual reports.**
- **Our Registrars (GTL Registrars) has opened 6 branches outside Lagos State to better serve as a distribution point for shareholders.**
- **Some of the shareholders who have completed and returned their forms to the Registrars were paid their Dividend through the e- payment platform by the Registrars in the current year**

The Company and the Registrars are working together to ensure that there is an increase in the number of shareholders who subscribe to the e-dividend process for dividend payment in 2016 and going forward. All shareholders are encouraged to fill out the e-dividend payment form attached to the Annual Report and return same to the Registrars for processing. Shareholders are strongly advised to contact the Company's Registrars or the Company Secretary to retrieve their unclaimed dividends.

Uchenna Uwechia
Company Secretary
16th March, 2018

Information in Respect of General Mandate

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 68 to 69 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

In order to ensure smooth operations, the Company will continue to procure goods and services that are necessary for its operations from related companies in the next financial year and hereby seeks a general mandate from shareholders for the related company transactions of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued Share Capital of the Company.

Relevant items for the consideration of the Shareholders are stated below:

I. The class of interested persons with which the Company will be transacting during the next financial year are subsidiaries of GlaxoSmithKline PLC UK;
ii. The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations;
iii. The rationale for the transactions is that they are indispensable to the operations of the company, cost effective and makes the products of the Company to be competitive;
iv. The method and procedure for determining transaction prices are based on the transfer pricing policy;
v. KPMG Advisory Services, the transfer pricing consultants of the Company, gave opinion based on the transfer pricing compliance exercise it earlier conducted that the method and procedure in (iv) are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the issuer and its minority shareholders;
vi. The Audit Committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices as earlier reviewed by KPMG Advisory Services are adequate;
vii. The Company shall obtain a fresh mandate from shareholders if the method and procedure in (iv) become inappropriate; and
viii. The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the general mandate.

Financial Statements

Directors' Report

For the year ended 31 December 2017

The Board of Directors of GlaxoSmithKline Consumer Nigeria Plc ("GSK" or the "company") is pleased to present the annual report together with the company's audited financial statements for the year ended 31 December 2017 which discloses the state of affairs of the company.

1 Principal activities

The company is engaged in the manufacture, marketing and distribution of a wide range of healthcare brands that are well established in Nigeria. These include the Consumer Healthcare brands such as Panadol, Andrews Liver Salt, Macleans and Sensodyne and a range of internationally acclaimed pharmaceuticals, including Ampiclox, Amoxil and Augmentin (antibiotics), Zentel (the anthelmintic), Colart and vaccines.

2 Operating results

The following is a summary of the group operating results from continuing operations:

In Thousands of Naira	Group		Company	
	2017	2016	2017	2016
Revenue	16089728	14384785	16089728	14384785
Profit for the year before taxation	1124269	3678880	1123136	3678880
Taxation	-637836	522217	-637836	522217
Profit for the year attributable to owners of the parent	486433	4201097	485300	4201097
Taxation	16522753	16395081	16330883	16204344

3 Dividend

Your Board is pleased to recommend to members a final dividend of ₦478 million representing 40 kobo per 50 kobo share and a special dividend of ₦8.491billion representing ₦7.10 per share subject to the approval of shareholders. The dividend will be payable on 25 May 2018. The special dividend if approved will be subject to withholding tax deduction while the final dividend will not be subject to withholding tax deductions as it is to be paid out of the retained pioneer earnings.

4 Directors

The Directors who served during the year and to the date of this report are:

Mr. Edmund C. Onuzo	Chairman
Mr. Bhushan Akshikar (Indian)	Managing Director (appointed with effect from 20 March 2018)
Mr. Dayanand T. Sriram (Indian)	Resigned with effect from 20 March 2018
Mr. Samuel Kuye	
Mr. Tunde Lemo OFR	
Mrs. Lubabatu Bello	
Mr. Adediran Aderemi	Resigned with effect from 12 January 2018
Mr. Punnet Sharma (Indian)	Resigned with effect from 27 July 2017
Mr. Kareem Hamdy (Egyptian)	Finance Director (Appointed with effect from 27 July 2017)

5 Board changes

Since the last Annual General Meeting, there have been some changes in the composition of the Board. Mr. Puneet Sharma, Mr. Adediran Aderemi and Mr. Dayanand Thandalam Sriram resigned their appointments from the board with effect from 27 July 2017 ,12 January 2018 and 20 March 2018 respectively. Mr. Kareem Hamdy was appointed as an Eecutive Director of the company with effect from 27 July 2017 and Mr. Bhushan Akshikar was appointed as Managing Director of the company with effect from 20 March 2018 . In accordance with Section 249(2) of Companies Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria 2004, a resolution will be proposed at the Annual General Meeting approving his appointment as an Executive Director.

Directors' Report Cont'd

For the year ended 31 December 2017

6 Directors to retire by rotation

The Directors to retire by rotation at this Annual General Meeting in accordance with Article 91 of the company's Articles of Association are Mr. Edmund. C. Onuzo and Mr. Samuel Kuye, who, being eligible, offer themselves for re-election. Their Biographical details are contained in the directors section of the annual report.

7 Directors' interest in share capital

The directors' interests in the Company's ordinary shares as at 31 December 2017 were as follows:

Name	Direct Holding	Indirect Holding	Total
Mr. Edmund C. Onuzo	113210	11170	124380
Mr. Thandalam Dayanand Sriram	-	-	-
Mr. Samuel Kuye	923	93750	94673
Mr. Tunde Lemo	100000	-	100000
Mrs. Lubabatu Bello	0	0	0
Mr. Adediran Aderemi	-	-	-
Mr. Puneet Sharma	-	-	-
Mr. Bhushan Akshikar	-	-	-
Mr. Kareem Hamdy	-	-	-

8 Beneficial ownership

None of the directors has any beneficial interest in shares of the company except as stated in paragraph 7 above. Mr. Edmund C. Onuzo is a joint beneficial owner of the 11,170 ordinary shares held by Edmund and Charity Onuzo while Mr. Samuel Kuye is a joint beneficial owner of the 93,750 ordinary shares held by Stanbic IBTC Asset Management Limited.

9 Directors' interest in contracts

None of the directors had notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, of any declarable interest in contracts with which the company is involved as at 31 December 2017.

10 Value of assets

Particulars of the changes arising from additions and disposal of fixed assets during the year are contained in Note 15 to the financial statements. Details of the other assets of the company as at 31 December 2017 are given in Notes 17-20 to the financial statements.

11 Analysis of shareholding

The issued and fully paid-up share capital of the company is N597, 938,244 divided into 1,195,876,488 ordinary shares of 50k each. Of this 512,635,649 shares equivalent to 53.6 per cent are held by Nigerian shareholders, while 444,065,541 shares equivalent to 46.4 per cent are held by GlaxoSmithKline PLC UK through its wholly owned subsidiaries, Setfirst Limited and SmithKline Beecham Limited as at 31 December 2017.

Range	Number of shareholders	Holders %	Number of holdings	% shareholding
1-1000	9,432	35.36	3,867,840	0.32
1,001-5,000	10,300	38.61	25,712,070	2.15
5,001- 10,000	3,193	11.97	21,600,609	1.81
10,001- 50,000	3,036	11.38	60,652,526	5.07
50,001 – 100,000	350	1.31	23,355,302	1.95
100,001 – 500,000	263	0.99	51,167,855	4.28
500,001 – 1,000,000	42	0.16	29,584,169	2.47

Directors' Report Cont'd

For the year ended 31 December 2017

Range	Number of shareholders	Holders %	Number of holdings	% shareholding
1,000,001 – Above	60	0.22	979,936,117	81.94
Total	**26,676**	**100**	**1,195,876,448**	**100**

12 Substantial interest in shares

According to the Register of Members, the following shareholders of the company held more than 5 per cent of the issued share capital of the company on 31 December 2017:

Shareholder	Number of shares held	% Holding
Setfirst Limited	326593793	27.31
Smithkline Beecham Limited	228488132	19.11
Stanbic Nominees Limited	151, 053, 176	12.63

13 Unclaimed dividends

The unclaimed dividend in the books of the company as at 31 December 2017 was N680, 252,893.56 . They were in respect of Payments 28 to 40 of the shareholders of GlaxoSmithKline Consumer Nigeria plc and its legacy companies. The Company continues to take steps in conjunction with the Registrars, to ensure the Shareholders receive their dividend.

14 Donations

We work as a partner with under-served communities within the country supporting programmes that are innovative, sustainable and bring real benefits to these communities. We are dedicated to strengthening the fabric of communities through providing health and education initiatives and support for local civic and cultural institutions that improve the quality of life.

Our cash giving was targeted primarily at the SOS Villages Nigeria and we donated the sum of N4.2 million to the SOS village. Further details on our works with communities are contained in the Corporate Responsibility Report.

In compliance with section 38 (2) of the Companies and Allied Matters Act Cap C 20, Laws of the Federation of Nigeria 2004 the company did not make any donation or gift to any political party, political association or for any political purpose during the year under review.

15 Human resources development

During the year, the company invested in the training and development of its workforce through in-plant and external trainings (both local and overseas). Training areas include leadership, IT and technical skills, as well as team-building initiatives.

The company carried out periodic talent review to identify its existing talent pool as well as strengthen its human capital. In 2017, the company paid very close attention to the differentiated development plan of its workforce which was tied to its articulated 4-point GSK-Expectations for Individuals and for Leaders. Deepening and strengthening the talent pool remains a strong imperative for the business in view of its aggressive growth agenda.

As a company with a very strong ethical culture, during the year we rolled out extensive compliance and ethics training with emphasis on strong ethical and compliance behaviours. It is a fundamental belief that our performance at GSK must be backed by integrity.

In recognition of the fact that seamless communication within the team is integral to high performance, GSK's communication channels are designed to keep employees informed, engaged and involved in activities across all areas of our organization. The Company encourages two-way, open and honest communication with employees. Employees are encouraged to speak up whenever they have concerns. The company has in place, a very strong and elaborate confidential line reporting structure that enables employees to raise their concerns without fear of victimization or reprisal.

Directors' Report Cont'd

For the year ended 31 December 2017

The company's code of conduct for employees is based on the company's core values of Transparency, Respect for others, Integrity and Patient Focus. Above all, the conduct of every employee is expected to achieve the company's mission of improving the quality of human life by enabling people to do more, feel better and live longer.

16 Employment of physically challenged persons

The company continued to pursue its policy of non-discrimination in matters of employment and is committed to offering people with disabilities access to the full range of recruitment and career opportunities to develop to their fullest potential. Currently, the company has in its employment a staff that is physically challenged.

17 Diversity and inclusion

GSK is committed to employment policies free from discrimination against existing or potential employees on the grounds of age, race, ethnic and national origin, gender, sexual orientation, faith or disability. The company's workforce consists of a fair proportion of the genders and is drawn from diverse tribes and cultures within and outside Nigeria. The company continues to recognize the need for diversity and inclusion in leadership including the need to promote gender equality and equity in leadership.

18 Environment health and safety

The company operated in an environmentally responsible manner. To meet our mission and implement our strategy, employee health and performance initiatives focus on the health factors that enable employees to perform at the highest level by sustaining energy and engagement. The programmes developed to deliver this health strategy range from the traditional – such as immunisations, smoking control, and weight management – to cutting-edge programmes in the areas of team and personal resilience, ergonomics and Energy for Performance. They are complimented by our commitment to flexible working that enables employees to do their best work in an environment that helps them integrate their work and personal lives. The company had invested heavily to improve the work environment to make it more stimulating and fun. The health and safety of our employees, visitors and contractors is a high priority for GSK and hazards associated with our operations are continually identified, assessed and managed to eliminate or reduce risks. The company regularly updates its staff on current issues as they relate to diseases including HIV/AIDS, Ebola, Asthma, Lassa Fever, malaria, cancer and other serious diseases through health talks, health assessments and information sharing.

19 Major distributors

The company's products are distributed through Key distributors who cover the entire country.

20 Suppliers

The company obtains all its raw materials from both overseas and local suppliers. Amongst its overseas suppliers are companies in the GlaxoSmithKline Group.

21 General licensing agreement

The company has a general license and technical service agreement with Beecham Group plc, a member of the GlaxoSmithKline group of companies. Under the agreements, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the company's products; new products development and training of personnel abroad. Access is also provided for the use of patents, brands, inventions and know-how. The agreements require the approval of the National Office for Technology Acquisition and Promotion. In addition, the company is involved in seeking out and testing appropriate local raw materials of the required specification to substitute for their imported equivalents.

22 Acquisition of own shares

The company did not purchase its own shares during the year.

23 Independent auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act, Deloitte have indicated their willingness to continue in office and pursuant to Section 361(1) (b) of that Act, a resolution will be proposed at the Annual General Meeting to empower the directors to determine their remuneration.

By Order of the Board

Uche Uwechia, Esq.
Company Secretary
FRC/2013/NBA/00000001970

Registered office:
GlaxoSmithKline Consumer Nigeria plc
GSK House, 1 Industrial Avenue,
Ilupeju, Lagos.

Statement of Directors' Responsibilities

For the year ended 31 December 2017

The Directors of GlaxoSmithKline Consumer Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and Company as at 31 December 2017, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act No 6, 2011.

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

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company.
- Maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclosure with reasonable accuracy at any time, the financial positions of the Group and Company, to ensure that the financial statements of the Group and Company are in compliance with the IFRS.
- Maintaining statutory accounting records in compliance with the legislations of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group and Company: and
- Preventing and detecting fraud and other irregularities.

Going concern:

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

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2017 were approved by the directors on 16th March 2018.

On behalf of the Directors of the Group.

Mr. Edmund C. Onuzo
Chairman
FRC/2015/IODN/00000011038

Mr. Dayanand Thandalam Sriram
Managing Director
FRC/2014/IODN/00000010391

Independent Auditors' Report

Report on the Audit of the Consolidated and Separate Financial Statements

To the Shareholders of GlaxoSmithKline Consumer Nigeria Plc

Opinion

We have audited the accompanying consolidated and separate financial statements of GlaxoSmithKline Consumer Nigeria Plc ("the Company") and its subsidiary (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of GlaxoSmithKline Consumer Nigeria Plc as at 31 December 2017 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. Having conducted the audit in accordance with relevant ISAs and other relevant local legislation, we have evaluated the merits of each of the issues communicated with those charged with governance and we have determined that there are no Key Audit Matter to report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004; we expressly state that:

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

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

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

Abraham Udenani,
FCA - FRC/2013/ICAN/00000000853
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
March, 2018

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF GLAXOSMITHKLINE CONSUMER NIGERIA PLC

In accordance with Section 359(6) of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria 2004 we confirm that we have examined the Auditors' Report for the year ended 31st December 2017.

In our opinion, the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

We have reviewed the scope and planning of the audit and the External Auditors' Management Letter for the year under review as well as Management responses thereon.

We are satisfied with the responses to our questions and the state of affairs at GlaxoSmithKline Consumer Nigeria plc.

Mr. K.A. Taiwo FCA
Chairman, Audit Committee
FRC/2013/1CAN/00000002890
Lagos, Nigeria
Dated this 16th day of March 2018

Members of the Audit Committee and the Company Secretary

1. Mr. K. A. Taiwo (Chairman) 2. Mr. S. O. Kuye 3. Mr. Tunde Lemo, OFR 4. Chief S.O. Ogunnowo
5. Mr. Bhushan Akshikar 6. Mr. Y.T. Mosuro 7. Mr. Uche Uwechia, Esq. (Company Secretary)

Consolidated and Separate
Statement of Profit and Loss and Other Comprehensive Income

		Group		Company	
In Thousands of Naira	**Notes**	**2017**	**2016**	**2017**	**2016**
Continuing Operations					
Revenue	5	16,089,728	14,384,785	16,089,728	14,384,785
Cost of sales	6(C)	(11,610,160)	(5,418,374)	(11,610,160)	(5,418,374)
Gross profit		4,479,568	8,966,411	4,479,568	8,966,411
Investment income	7	1,195,632	171,556	1,194,372	171,556
Other gains and losses	8	(34,257)	(5,999,708)	(34,257)	(5,999,708)
Selling and distribution costs	6(B)	(2,730,190)	(2,255,043)	(2,730,190)	(2,255,043)
Administrative expenses	6(B)	(1,786,484)	(1,182,078)	(1,786,357)	(1,182,078)
Royalty fee	6(A)	-	484,861	-	484,861
Finance costs	12	-	(108)	-	(108)
Profit before tax		1,124,269	185,891	1,123,136	185,891
Income tax (expense)/credit	13.1	(637,836)	2,192,254	(637,836)	2,192,254
Profit after tax for the year from continuing operations		486,433	2,378,145	485,300	2,378,145
Discontinued operations					
Loss for the year from discontinued operations	10	-	(1,406,387)	-	(1,406,387)
Profit after tax from the disposal of drinks business	10.2	-	3,229,339	-	3,229,339
Total profit after tax for the year		**486,433**	**4,201,097**	**485,300**	**4,201,097**
Other comprehensive income net of income tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement loss on post-employment benefit obligations	23	-	11,504	-	11,504
Income tax effect	13.2	-	(3,451)	-	(3,451)
Other comprehensive income for the year, net of tax		**-**	**8,053**	**-**	**8,053**
Total comprehensive income for the year, net of tax		**486,433**	**4,209,150**	**485,300**	**4,209,150**
Profit for the year attributable to:					
Shareholders of the Company		486,433	4,201,097	485,300	4,201,097
Non-controlling interest		-	-	-	-
		486,433	4,201,097	485,300	4,201,097
Total comprehensive income for the year attributable to:					
Shareholders of the Company		486,433	4,209,150	485,300	4,209,150
Non-controlling interest		-	-	-	-
		486,433	4,209,150	485,300	4,209,150
Basic and diluted earnings per share (Kobo)					
From continuing operations	14	41	199	41	199
From continuing and discontinuing operations	14	41	351	41	351

The accompanying notes and other national disclosures form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position

As at 31 December 2017

		Group		Company	
In Thousands of Naira	**Notes**	**2017**	**2016**	**2017**	**2016**
Assets					
Non-current assets					
Property, plant and equipment	15	2,311,992	2,112,922	2,311,992	2,112,922
Investment in subsidiary	16	-	-	160	160
Deferred tax asset	13.4	-	637,836	-	637,836
Other assets	19	2,928	10,973	2,928	10,973
		2,314,920	2,761,731	2,315,080	2,761,891
Current assets					
Inventories	17	3,368,426	4,440,834	3,368,426	4,440,834
Trade and other receivables	18	6,811,164	5,374,710	6,811,164	5,374,710
Other assets	19	691,020	396,531	691,020	396,531
Cash and bank balances	20	13,309,649	15,215,273	13,100,501	15,007,263
		24,180,259	25,427,348	23,971,111	25,219,338
Total assets		**26,495,179**	**28,189,079**	**26,286,191**	**27,981,229**
Equity and liabilities					
Equity					
Issued share capital	21.1	597,939	597,939	597,939	597,939
Share premium	21.2	51,395	51,395	51,395	51,395
Retained earnings		16,522,753	16,395,081	16,330,883	16,204,344
Total equity		17,172,087	17,044,415	16,980,217	16,853,678
Non-current liabilities					
Retirement benefits obligations	23	-	302	-	302
Deferred tax liability	13.4	-	-	-	-
Total non-current liabilities		-	302	-	302
Current liabilities					
Trade and other payables	24	9,246,065	9,177,856	9,237,474	9,175,048
Income tax payable	13.3	77,027	1,966,506	68,500	1,952,201
Total current liabilities		9,323,092	11,144,362	9,305,974	11,127,249
Total liabilities		9,323,092	11,144,664	9,305,974	11,127,551
Total equity and liabilities		**26,495,179**	**28,189,079**	**26,286,191**	**27,981,229**

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 16th March 2018 and signed on its behalf by:

Mr. Edmund C. Onuzo
Chairman
FRC/2015/IODN/00000011038

Mr. Dayanand Thandalam Sriram
Managing Director
FRC/2014/IODN/00000010391

Mr. Nelson A. Sanni FCA
Head, Corporate Reporting
FRC/2013/ICAN/00000004921

The accompanying notes and other national disclosures form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2017

In Thousands of Naira	Share Capital	Share Premium	Retained Earnings	Total
Group				
At 1 January 2016	597,939	51,395	12,535,880	13,185,214
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred			8,812	8,812
Payment of dividend			(358,761)	(358,761)
At 31 December 2016	**597,939**	**51,395**	**16,395,081**	**17,044,415**
Profit for the year	-	-	486,433	486,433
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	486,433	486,433
Payment of dividend	-	-	(358,761)	(358,761)
At 31 December 2017	**597,939**	**51,395**	**16,522,753**	**17,172,087**

In Thousands of Naira	Share Capital	Share Premium	Retained Earnings	Total
Company				
At 1 January 2016	597,939	51,395	12,345,143	12,994,477
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred		-	8,812	8,812
Payment of dividend	-	-	(358,761)	(358,761)
At 31 December 2016	597,939	51,395	16,204,344	16,853,678
Profit for the year	-	-	485,300	485,300
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	485,300	485,300
Payment of dividend	-	-	(358,761)	(358,761)
At 31 December 2017	597,939	51,395	16,330,883	16,980,217

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December 2017

		Group		Company	
In Thousands of Naira	**Notes**	**2017**	**2016**	**2017**	**2016**
Cash flows from operating activities					
Profit for the year		486,433	4,201,097	485,300	4,201,097
Adjustment for:					
Income tax expense recognised in profit or loss		637,836	(518,766)	637,836	(518,766)
Depreciation of property, plant and equipment	15	357,628	705,225	357,628	705,225
Gain on disposal of property, plant and equipment	8	(119,475)	(12,791)	(119,475)	(12,791)
Interest on term deposits	7	(1,195,632)	(181,051)	(1,194,372)	(181,051)
Unrealised exchange loss on operating activity	8	386,571	2,484,225	386,571	2,484,225
Finance costs recognised in profit or loss	12	-	307	-	307
Net charge on defined benefit obligations	23	-	168,943	-	168,943
Impairment of trade and other receivables		189,088	341,033	189,088	341,033
Working capital adjustments:					
Decrease in inventories		1,072,408	2,977,404	1,072,408	2,977,404
(Increase)/decrease in trade receivables		(1,625,542)	520,522	(1,625,542)	520,522
Increase in other assets		(286,444)	(121,959)	(286,444)	(121,959)
Decrease in trade and other payables		(163,806)	(9,017,381)	(169,589)	(9,017,381)
		(260,935)	1,546,808	(266,591)	1,546,808
Defined benefit obligation paid		-	(133,948)		(133,948)
Income tax paid	13.3	(1,889,479)	(402,048)	(1,883,701)	(402,048)
Net cash generated by operating activities		(2,150,414)	1,010,812	(2,150,292)	1,010,812
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		222,245	12,095,087	222,245	12,095,087
Interest received		1,195,632	181,051	1,194,372	181,051
Purchase of property, plant and equipment	15	(674,519)	(1,149,101)	(674,519)	(1,149,101)
Net cash flows generated by/(used in) investing activities		743,358	11,127,037	742,098	11,127,037
Cash flows from financing activities					
Special dividend paid to shareholders of the Company		-	(355,907)	-	(355,907)
Interest paid	12	-	(307)	-	(307)
Dividend paid to shareholders of the Company		(358,761)	(192,223)	(358,761)	(192,223)
Net cash flows used in financing activities		(358,761)	(548,437)	(358,761)	(548,437)
Net increase in cash and cash equivalents		(1,765,817)	11,589,412	(1,766,955)	11,589,412
Cash and cash equivalents at 1 January		15,215,273	3,638,323	15,007,263	3,430,313
Exchange loss on cash and cash equivalents		(139,807)	(12,462)	(139,807)	(12,462)
Cash and cash equivalents at 31 December	20	**13,309,649**	**15,215,273**	**13,100,501**	**15,007,263**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1 Corporate information

The Company is a public limited liability company incorporated in 1971 and domiciled in Nigeria where its shares are publicly traded. 46.4% of the shares of the Company are held by Setfirst Limited and Smithkline Beecham Limited (both incorporated in the United Kingdom); and 53.6% by Nigerian shareholders. The ultimate parent and ultimate controlling party is GlaxoSmithKline Plc, United Kingdom (GSK Plc UK). GSK Plc UK controls the Company through Setfirst Limited and Smithkline Beecham Limited.

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

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

The consolidated financial statements of the Group for the year ended 31 December 2017 comprise the result and the financial position of GlaxoSmithKline Consumer Nigeria Plc (the Company) and its wholly owned subsidiary– Winster Pharmaceuticals Limited which has no turnover for the current year following the sale of its only product to a third party on 30 April 2012.

The separate financial statements of the Company for the year ended 31 December 2017 comprise those of the Company only.

These consolidated and separate financial statements for the year ended 31 December 2017 have been approved for issue by the directors on 16 March, 2018.

2.0 Application of new and revised International Financial Reporting Standard (IFRS)

The following standards issued by the International Accounting Standards Board (IASB) have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017.

2.1 Amendments to IFRs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments."

2.1 Amendments to IFRs that are mandatorily effective for the current year

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

1. Unrealised losses on a debit instruments measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's hold expects to recover the carrying amount of the debt instruments by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flow:
2. When an entity assesses whether taxable profits will be available against which it can utilise deductible temporary difference and the tax law restricts the utilisation of losses to deduction against income of specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary difference of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary difference with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary difference.

The amendments apply retrospectively.

Amendments to IFRS 12 Disclosure of interest in other entities

The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017. See section on New and revised IFRSs that are not mandatorily effective (but allow early application), for a summary of the other amendments included in this package that are not yet effective

Standard	Subject of Amendments	Details
IFRS 12 *Disclosure of interest in other entities*	Clarification of the scope of the Standard	IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associated or joint ventures that are classified(or included in a disposal that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments apply retrospectively

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 2017

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers (and related clarifications)[1]
IFRS 16	Leases[2]
Amendments to IFRS [2]	Classification and Measurement of share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 40	Transfer of investment Property[1]
Annual improvements to IFRS Standards	2014-2016 cycle[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

[3] Effective for annual periods beginning on or after a date to be determined

*The IASB has also issued Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts', which is effective for the annual periods beginning on or after 1 January 2018; however, it is not applicable to GlaxoSmithKline Consumer Nigeria Plc as the Group does not issue any insurance contracts.

(i) IFRS 9 Financial Instruments (as revised in 2014)

In July 2014. the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for:

(a) The classification and measurement of financial assets and financial liabilities,

(b) Impairment methodology, and

(c) General hedge accounting, IFRS 9 (as revised in 2014) will supersede IAS 39

Financial Instruments: Recognition and Measurement upon its effective date

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- A debt instruments that (i) is held within the business model whose objective is achieved both by collecting contractual cash flows and selling financial asset and (ii) has contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at FVTOCI, unless the asset is designed at FVTPL under the fair value option
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit and loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability credit risk are not subsequent reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented as profit or loss

Phase 2: Impairment of financial asset.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit loss under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of the hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the type of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about and entity's risk management activities have been introduced.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time except for those relating to:

1. The presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; AND
2. Hedge accounting, for which an entity may choose to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitions provisions for (i) classification and measurement of financial assets; (ii) impairments of financial assets; and (iii) hedge accounting.

Although GSK continues to assess the impact of IFRS 9, it does not expect that the new standard will have a material impact on the result of the Group.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the following revenue Standards and interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction contract
- IFRIC 13 Customer Loyalty Programme
- IFRIC 15 Agreements for the Construction of Real Estate.
- IFRIC 18 Transfer of Assets from Customer; and
- SIC 31 Revenue Barter Transactions Involving Advertising Service

"As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contract with customers.

Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new Revenue standard introduces a 5-step approach to revenue recognition and measurement:

- **Step 1:** Identify the contract(s) with a customer
- **Step 2:** Identify the performance obligations in the contract
- **Step 3:** Determine the transaction price
- **Step 4:** Allocate the transaction price to the performance obligations in the contract
- **Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation

Far more prescriptive guidance has been introduced by the new Revenue standard:

- Whether or not a contract (or combination of contracts) contains more than one promised good and service, and if so when and how the promised goods or service should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.
- Whether the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue-that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue is recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and cost to fulfil a contract can be recognised as an asset. Extensive disclosure is also required by the new Standard.

IFRS 15, together with the clarifications thereto issued in April 2016, is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only contract that are not completed contract at the date of initial applications (for example, 1

January 2018 for an entity with a 31 December year-end). The Clarification to IFRS 15 also introduces additional practical expedients for entities transitioning to IFRS on (i) contract modifications that occurred prior to the beginning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented.

Although GlaxoSmithKline Consumer Nigeria Plc continues to assess the impact of IFRS 15, it does not expect that the new standard will have a material impact on the result of the Group.

(iii) IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and their treatments in the financial statements of both leases and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

- IAS 17 Leases;
- IFRIC 4 Determining whether an Arrangement contains a Lease
- SIC-15 Operating Leases-Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Identification of a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contract on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

a) the right to obtain substantially all of the economic benefits from the use of an identified asset and

b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive rights and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting it removes the distinction between operating and finance leases under IAS 17 and requires lessee to recognise a right-of-use asset and a lease liability a lease commencement for all leases, except for short-term lease and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, among others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low values assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosure is also required by the new Standard.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earnings (or other component of equity as appropriate)

IFRS 16 is required to be implemented by the Group from 1 January 2019. The Group is assessing the potential impact of the new standard and it does not expect that the new standard will have a material impact on the result of the Group.

(iv) Amendments to IFRS 2 Classification and Measurement of Shared-based Payment Transactions

The amendments clarify the following

1. In estimating the fair value of a cash settled share-based payment, the accounting for the effect of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   (a) the original liability is derecognised

   (b) the equity-settled share-based payment is recognised as the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

   (c) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January, 2018 with earlier application permitted. Specific transaction provisions apply. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements as the Group does not have any cash-settled, share-based payments arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

(v) Amendments to IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associates or Joint Venture.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale of contribution of assets between an investor and its associates or joint venture.

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associates or joint venture.
- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in transaction with an associate or joint venture that is accounted for using equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements.

(vi) Amendments to IAS 40 Transfer of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under constructions (i.e. change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provision applies. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements.

(vii) Amendments to IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associates or Joint Venture.

Annual Improvements to IFRS 2014-2016 Cycle

The annual Improvements include amendments to numbers of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interest in Other Entities, which is effective for annual periods beginning on or after 1 January 2017

Standard	Subject of Amendments	Details
IFRS *First-time Adoption of International Financial Reporting Standards*	Deletion of Short-term exceptions for first-time adopters	The amendments delete certain short-term exemption in IFRS 1 because the reporting period to which the exemption applied have already passed. As such, these exemptions are no longer applicable.
IAS 28 *Investments in Associates and Joint Ventures*	Measuring an associate or joint ventures at fair value	The amendments clarify that the options for a venture capital organisation and other similar entities to measure investments in associates and joint venture, and the election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method the amendments make a similar clarification that this choice is available for each IE associate of IE joint venture. The amendments apply retrospectively with earlier application permitted.

(viii) IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (for example, a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning of after 1 January 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provision applies to prospective application. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated and separate financial statements as the Group

3 Summary of significant accounting policies

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

3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2017 and the requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Finance Reporting Council (FRC) Act of Nigeria.

3.2 Basis of preparation and measurement

The consolidated and separate financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair values as explained in the accounting policies below and are presented in Naira. All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

3.3 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 31 December 2017.

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

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

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

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

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

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

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

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

3.4 Business combinations

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

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried as cost established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.6 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated and separate financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.7 Revenue recognition

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

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

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

Dividend and Interest income

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss. Dividend is recognised when the Group's right to receive the payment is established, which is generally when it is approved by shareholders.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.8 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Current income tax

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

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

Deferred tax

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

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

probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

3.10 Property, plant and equipment

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

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

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

January 2013 are not capitalised, while PCs purchased and capitalised before that date continue to be depreciated until the end of their useful life (normally 3 or 4 yrs) in order to align with the ultimate parent company's policy.

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

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

3.11 Leases

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases, all other leases are classified as finance leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.12 Financial instruments — initial recognition and subsequent measurement

(I) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and other receivables

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

Trade and other receivables

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

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

Derecognition

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

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

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

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

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

Financial assets carried at amortised cost

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

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

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

(iii) Financial liabilities at amortised cost

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition

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

(iv) Offsetting of financial instruments

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

3.13 Inventories

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

3.14 Cash and bank balances

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

3.15 Impairment of non-current assets

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

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

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

3.16 Pensions and other post-employment benefits

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

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

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

Past service costs are recognised immediately in the income.

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

The scheme was discontinued in the current year (2017) and all outstanding liabilities has been transferred to Pension Fund Administrator as at 31st December 2017.

(ii) Pension fund scheme: The Group in line with the provisions of the Pension Reform Act 2014, which repealed the Pension Reform Act No. 2 of 2004, has a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit or loss. The Group contributes 10% while the employees contribute 8% of the pensionable emoluments.

(iii) Bonus plan: The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit for the year and the performance rating of each staff. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.17 Segment report

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

3.18 Provisions

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

3.19 Borrowings

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

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

3.20 Borrowing cost

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

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

3.21 Dividend

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

3.22 Share capital

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

3.23 Disposal groups held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3.24 Research and development

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

3.25 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. Significant accounting judgments, estimates and assumptions

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

Judgments

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

Going concern

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

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs.

Estimates and assumptions

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

Taxes

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

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

Year-end translation rate

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

During the year, the rate available to the company are shown below:

- The CBN rate
- Inter-bank rate and
- The GSK UK Group rate

In translating year end monetary assets and liabilities, inter-bank rates which represents the rate at which the company funded its foreign currency transactions have been utilised. "

Royalty

In prior years, royalty accruals were made in the financial statements based on management's best estimate of the amounts it would require to settle the underlying obligations. The Group did not make any royalty accruals in the current financial year due to changes in regulation by the financial reporting council of Nigeria FRCN that accrual is allowed upon prior approval by the National Office for Technology Acquisition and Promotion (NOTAP). In view of the divestment of the drinks business in 2016 which accounted largely for the prior year accruals, the group considered that seeking NOTAP approval will not results to material benefits to the trading parties in the current year.

5 The following represents the Group and Company's revenue for the year from continuing operations excluding investment income

	Group & Company	
In Thousands of Naira	**2017**	**2016**
Revenue from the sale of goods	16,089,728	14,384,785
Revenue from rendering of service	-	-
	16,089,728	**14,384,785**

5.1 Segment information

Product and services from which reportable segments derive their revenue

The Chief Operating Decision Maker has been identified as the Management Team. For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

Consumer Healthcare segment consisting of oral care, over-the-counter (OTC) medicines and nutritional healthcare; and Pharmaceuticals segment consisting of antibacterial, vaccines and prescription drugs.

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

There are no sales between business segments.

The Group's reportable segments under IFRS 8 are as follows:

Consumer Healthcare	Oral Care
	Over-the-Counter (OTC) Medicine
	Nutritional Healthcare
Pharmaceuticals	Antibacterial
	Vaccines
	Prescription drugs

5.2 Segment revenue and results

The following is an analysis of the Group's revenue and results, assets and liabilities from continuing operations by reporting segment. The Drinks business (Lucozade and Ribena brands) was discontinued in 2017. The comparative segment information below does not include any amount from the discontinued operation which is described in more detail in Note 10 for the prior year. Segment performance is measured based on revenue and operating profit, as management believes such information is the most relevant in evaluating results of segments relative to other entities.

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Consumer Healthcare	Pharma-ceuticals	Non-Operational Income	Total
2017 Segment Results				
Revenue	5,732,799	10,356,929	-	16,089,728
Cost of sales	(4,058,761)	(7,551,399)	-	(11,610,160)
Gross Profit	1,674,038	2,805,530	-	4,479,568
Operating expenses	(2,568,313)	(1,948,359)	-	(4,516,674)
Operating(loss)/profit	(894,275)	857,171	-	(37,106)
Investment income	-	-	1,195,637	1,195,632
Other gains and losses	192,315	(872,695)	646,116	(34,257)
(Loss)/profit before tax	**(701,960)**	**(15,524)**	**1,841,753**	**1,124,269**
Segment assets & liabilities				
Non-current assets excluding deferred tax	2,311,992	-		2,311,992
Net additions to non - current assets, excluding deferred tax	2,928	-		2,928
Total non-current assets excluding deferred tax	2,314,920	-		2,314,920
Current assets	22,124,110	2,056,149		24,180,259
Total asset excluding deferred tax	**24,439,030**	**2,056,149**		**26,495,179**
Segment liabilities excluding deferred tax	**9,151,236**	**171,856**		**9,323,092**

In Thousands of Naira	Consumer Healthcare	Pharma-ceuticals	Non-Operational Income	Total
2016 Segment Results				
Revenue	5,268,880	9,115,905	-	14,384,785
Cost of sales	(1,654,773)	(3,763,601)	-	(5,418,374)
Gross profit	3,614,107	5,352,304	-	8,966,411
Operating expenses	(1,667,771)	(1,769,350)	-	(3,437,121)
Operating profit	1,946,336	3,582,954	-	5,529,290
Investment income	171,556	-	-	171,556
Other gains and losses	(363,487)	(5,636,221)	-	(5,999,708)
Finance cost	(108)	-	-	(108)
Royalty	484,861	-	-	484,861
Profit/(loss) before tax	**2,239,158**	**(2,053,267)**	**-**	**185,891**
Segment assets & liabilities				
Non-current assets excluding deferred tax	2,112,922	-	-	2,112,922
Net additions to non-current assets, excluding deferred tax	10,973	-	-	10,973

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Consumer Healthcare	Pharma-ceuticals	Non-Operational Income	Total
2016 Segment Results Cont'd				
Total non-current assets excluding deferred tax	2,123,895	-	-	2,123,895
Current assets	22,179,932	3,247,416	-	25,427,348
Total asset excluding deferred tax	**24,303,827**	**3,247,416**	**-**	**27,551,243**
Segment liabilities excluding deferred tax	**5,850,077**	**5,294,587**	**-**	**11,144,664**

The accounting policies of the segments are the same as the Group's accounting policies describe in Note 3. This is the measure reported to the management for the purpose of resources allocation and measurement

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3. The segment reporting represents profit before tax earned by each segment without allocation of central administration cost, investment income and finance cost.

For the purpose of monitoring segments performance and allocating resources between segments:

- All assets are allocated to reportable segment other than deferred tax asset. assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments
- All liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segments assets.

5.3 Other Segment information

In Thousands of Naira	Depreciation and Amortisation	
	2017	**2016**
Consumer healthcare	357,628	302,733
Pharmaceuticals	-	-
	357,628	**302,733**

5.4 Geographical information

The Group generates 99.67% of its revenue from continuing operations in Nigeria while the balance represents exports to Ghana.

5.5 Information about major customer

The Pharmaceuticals segment has a major customer with total sales of N10.12 billion (2016: N9.06 billion) contributing more than 10% of the Group's total revenue.

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

6 The following represents the Group and Company's selling and administrative expenses.

	Group		Company	
In Thousands of Naira	**2017**	**2016**	**2017**	**2016**
Payroll costs	1,124,026	1,835,482	1,124,026	1,835,482
Electricity, fuel & utility	63,423	77,606	63,423	77,606
Repairs and maintenance - office	9,384	22,481	9,384	22,481
Repairs and maintenance - vehicle	33,642	69,231	33,642	69,231
Repairs and maintenance - other	81,045	121,550	81,045	121,550
Insurance	31,477	40,664	31,477	40,664
Depreciation	182,386	218,198	182,386	218,198
Rent and rates	157	180,543	157	180,543
Security & facility expenses	21,554	58,650	21,554	58,650
Canteen expenses	16	167	16	167
Freight cost	83,382	773,517	83,382	773,517
Travel and expenses	34,265	163,605	34,265	163,605
Telecom cost	36,886	165,300	36,886	165,300
Audit fees	17,000	28,000	17,000	28,000
Consultancy	90,746	139,015	90,746	139,015
Advert and promotion	612,747	1,190,659	612,747	1,190,659
Bank charges	64,845	52,235	64,718	52,235
Postage	11,290	6,677	11,290	6,677
Other office supplies	6,504	16,506	6,504	16,506
Other business expenses	66,997	214,179	66,997	214,179
Inter-departmental allocation*	1,755,814	1,248,731	1,755,814	1,248,731
Net impairment of trade and other receivables	114,481	341,032	114,481	341,032
Bad debt write off	74,607	-	74,607	-
	4,516,674	**6,964,028**	**4,516,547**	**6,964,028**

*Interdepartmental allocation represents shared service expenses

6(A) Royalty fee recovery

The Company has a licence agreement with Glaxo Group Limited and SmithKline Beecham Limited. The agreement covers the products of the overseas companies produced and marketed by GlaxoSmithKline Consumer Nigeria Plc, and other support enjoyed by GSK Consumer Nigeria Plc under the agreement. The fees payable under the agreement are computed at 1% of revenue of the category products for the licence agreement. The amounts charged (N1.215bn) in the past years has been reversed to profit in 2016 upon company's inability to obtain approval from the National Office for Technology Acquisition Promotion Council. Out of the total reversal of (N1.215bn), N484million for consumer products reported under statement of comprehensive income of continued operations and N731million for (Lucozade and Ribena) discontinued operations reported under Note 10. There was none in the current year.

6(B) Expense by nature have been disclosed in the statement of comprehensive income as follows:

	Group		Company	
In Thousands of Naira	**2017**	**2016**	**2017**	**2016**
Selling and distribution	2,730,190	2,255,043	2,730,190	2,255,043
Administrative expenses	1,786,484	1,182,078	1,786,357	1,182,078
Discontinued operations (Note 10)	-	3,526,907	-	3,526,907
	4,516,674	**6,964,028**	**4,516,547**	**6,964,028**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
6(C) Cost of Sales	**2017**	**2016**	**2017**	**2016**
Materials consumed	11,300,121	4,403,335	11,300,121	4,403,335
Depreciation	155,929	84,535	155,929	84,535
Production overheads	154,110	930,504	154,110	930,504
	11,610,160	**5,418,374**	**11,610,160**	**5,418,374**

The Company received two categories of credit notes from the trading partners (GSK group), they are as follows: (a) Pricing adjustment amounting to N1.6bn (2016: N4.6bn) applied to cost of sales in (Note 6c) and (b) Promotional assistance for the parent company's brands in the sum of N0.643bn (2016: N0.928bn) which has been adjusted against selling & distribution and administrative expenses (Note 6b).

In Thousands of Naira	Group		Company	
6(D) Employee benefits expense (continuing operations)	**2017**	**2016**	**2017**	**2016**
Wages and salaries	1,597,135	1,635,273	1,597,135	1,635,273
Defined contribution	80,369	79,098	80,369	79,098
Defined benefit	-	19,298	-	19,298
	1,677,504	**1,733,669**	**1,677,504**	**1,733,669**

In Thousands of Naira	Group		Company	
7 Investment income	**2017**	**2016**	**2017**	**2016**
Interest income on short-term deposits	1,195,632	171,556	1,194,372	171,556
8 Other gains and losses				
Profit from sale of property, plant and equipment	119,475	12,791	119,475	12,791
Realised foreign exchange losses	(504,033)	(3,697,589)	(504,033)	(3,697,589)
Unrealised foreign exchange losses	(386,571)	(2,484,225)	(386,571)	(2,484,225)
Provision no longer required	565,000	-	565,000	-
Other sundry income	171,872	169,315	171,872	169,315
	(34,257)	**(5,999,708)**	**(34,257)**	**(5,999,708)**
9 Profit before tax				
Profit before tax from continuing operation has been arrived at after charging:				
Audit fees	17,000	28,000	17,000	28,000
Impairment loss on receivables	189,088	341,033	189,088	341,033
Depreciation (Note 15.4)	357,628	302,733	338,315	302,733
Net foreign exchange loss	890,604	6,181,814	890,604	6,181,814
10 Discontinued operations				
Revenue	-	9,731,698	-	9,731,698
Cost of sales	-	(8,316,181)	-	(8,316,181)
Gross profit	-	1,415,517	-	1,415,517
Operating expenses	-	(3,526,907)	-	(3,526,907)
	-	(2,111,390)	-	(2,111,390)

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
10 Discontinued operations	**2017**	**2016**	**2017**	**2016**
Investment income	-	9,495	-	9,495
Other losses	-	(34,711)	-	(34,711)
Royalty fee recovery	-	730,418	-	730,418
Finance costs	-	(199)	-	(199)
Loss before tax from discontinued operations	**-**	**(1,406,387)**	**-**	**(1,406,387)**

10.1 At the Annual and Extra-Ordinary General Meetings held on 4th July, 2016, the board of directors and shareholders approved the non-binding offer made to the company by Suntory Beverages and Foods Nigeria Limited for the purchase of the company's Drinks business (Lucozade and Ribena brands). Subsequently the deal formalities were started and concluded on 30th September 2016 with the disposal of the Drinks business to Suntory Beverages and Foods Nigeria Limited. Details of assets disposed and the calculation of the profit on disposals are disclosed in Note 10.2.

In Thousands of Naira	Group & Company	
10.2 Statement of profit from the Drinks business proposal		
Consideration received	-	20,997,900
Value of property, plant and equipment sold	-	(12,054,577)
Value of inventories sold	-	(1,580,000)
Deduction for distribution contract migration	-	(397,687)
Deal related expenses	-	(1,349,135)
Profit on disposal before tax	-	5,616,501
Tax on discontinued operations	-	(1,670,037)
Profit after tax from the disposal of drinks business	-	3,946,464
Special dividend (Note 10.3)	-	(717,125)
Profit after tax and special dividend	**-**	**3,229,339**

10.3 Special dividend represents a 60k dividend per ordinary share approved by the shareholders at the Extraordinary General Meeting held on 4 July 2016 to be paid out of the proceeds of the disposed Drinks business as "special dividend".

In Thousands of Naira	Group		Company	
11 Net cash inflow on disposal of drinks business	**2017**	**2016**	**2017**	**2016**
Consideration received in cash and cash equivalents	-	20,997,900	-	20,997,900
Less: cash and cash equivalent balance disposed off	-	-	-	-
	-	**20,997,900**	**-**	**20,997,900**
12 Finance costs				
Interest on bank loans and overdrafts	**-**	**(108)**	**-**	**(108)**
13 Taxes				
Income statement:				
13.1 Current income tax:				
Company income tax	-	215,573	-	215,573

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
13.1 Current income tax Cont'd	**2017**	**2016**	**2017**	**2016**
Education tax	-	19,470	-	19,470
Tax arising from prior year	-	53,333	-	53,333
	-	288,376		288,376
Deferred tax:				
Relating to origination and reversal of temporary differences	637,836	(2,480,630)	637,836	(2,480,630)
Total income tax recognised in the current year relating to continuing operations	**637,836**	**(2,192,254)**	**637,836**	**(2,192,254)**
The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit before tax from continuing operations				
Profit before tax from continuing operations	1,124,269	185,891	1,123,136	185,891
Income tax expense calculated at 30% (2016 : 30%)	337,281	55,767	336,941	55,767
Education Tax	-	19,470	-	19,470
Effect of income tax that is exempt from taxation	(2,196)	(215,970)	(2,196)	(215,970)
Effect of expense that are not deductible in determining taxable profit	-	-	-	-
Deferred tax	302,751	(2,051,521)	302,751	(2,051,521)
Income tax expense recognised in profit or loss (relating to continuing operations)	**637,836**	**(2,192,254)**	**637,836**	**(2,192,254)**

The tax rate used for the year 2017 and 2016 reconciliations above is the corporate tax rate of 30%.

13.2 Statement of other comprehensive income:

Deferred tax related to items charged or credited directly to equity during the year:

In Thousands of Naira	Group		Company	
	2017	**2016**	**2017**	**2016**
Deferred tax charge on re-measurement	-	3,451	-	3,451
Statement of financial position:				
13.3 Current tax liabilities:				
At 1 January	1,966,506	410,141	1,952,201	395,836
Tax charge/(income) in income statement:				
Tax on continuing operations (Note 13.1)	-	288,376	-	288,376
Tax on discontinued operations (Note 10)	-	1,670,037	-	1,670,037
	1,966,506	2,368,554	1,952,201	2,354,249
Company income tax paid	(1,041,462)	(361,659)	(1,035,684)	(361,659)
Education tax paid	(35,121)	(40,389)	(35,121)	(40,389)
Tax arising from prior year paid	(23,918)	-	(23,918)	-
Capital Gains Tax paid	(788,978)	-	(788,978)	-
At 31 December	**77,027**	**1,966,506**	**68,500**	**1,952,201**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
	2017	2016	2017	2016
Deferred tax balances:				
Reflected in the statement of financial position as follows:				
Deferred tax assets	-	(637,836)	-	(637,836)
Deferred tax liabilities	-	-	-	-
Deferred tax asset	**-**	**(637,836)**	**-**	**(637,836)**

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

In Thousands of Naira Group and Company	At 1 January	Recognised in profit or loss	Recognised in other comprehensive	At 31 December
2017				
Property, plant & equipment	376,246	(376,246)	-	-
Defined benefit obligation Provision	(19,002)	19,002	-	-
Provisions	(740,144)	740,144	-	-
Unrealised exchange difference	(254,936)	254,936	-	-
	(637,836)	**637,836**	**-**	**-**
2016				
Property, plant & equipment	1,841,880	(1,465,634)	-	376,246
Defined benefit obligation Provision	(22,453)	-	-	(19,002)
Provisions	(252,918)	(487,226)	3,451	(740,144)
Unrealised exchange difference	272,834	(527,770)	-	(254,936)
	1,839,343	**(2,480,630)**	**3,451**	**(637,836)**

Deferred tax computation resulted in a deferred tax asset of N413 million arising from reversing provisions due to timing differences, mainly in respect of property, plant and equipment of discontinued operations-Drinks Business. Therefore, the Directors are of the opinion that the Deferred Tax Asset should not be recognised in these financial statements since there will be no profits in future periods from the Drinks Business, against which this will be utilised.

In Thousands of Naira	Group		Company	
14 Earnings per share	**2017**	**2016**	**2017**	**2016**
Net profit attributable to ordinary equity holders of the parent from continuing operations **(N'000)**	486,433	2,378,145	485,300	2,378,145
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations **(N'000)**	486,433	4,201,097	485,300	4,201,097
Weighted average number of ordinary shares for basic and diluted earnings per share **(N'000)**	1,195,876	1,195,876	1,195,876	1,195,876
Basic and diluted earnings per share (kobo)-continuing operations	41	199	41	199
Basic and diluted earnings per share (kobo)-continuing and discontinued operations	41	351	41	351

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

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

15 Property, plant and equipment

In Thousands of Naira	Leasehold Land	Buildings	Plant and machinery	Construction in progress	Furniture, Fittings and equipment	Motor vehiches	Total
Group and Company							
Cost:							
At 1 January 2016	633,591	2,488,303	12,113,898	2,610,357	1,492,920	822,178	20,161,247
Additions	-	5,985	24,561	1,070,731	1,543	46,281	1,149,101
Transfers	-	388,811	76,772	(534,638)	57,505	11,550	-
Disposal of drinks business*	(171,082)	(2,425,761)	(10,707,243)	(2,699,127)	(271,979)	(205,133)	(16,480,325)
Disposals - others	-	-	(857)	(25,626)	(22,090)	(126,997)	(175,570)
At 31 December 2016	462,509	457,338	1,507,131	421,697	1,257,899	547,879	4,654,453
Additions	-	68,054	72,317	415,454	18,577	100,117	674,519
Transfers	(713)	713	280,009	(280,009)	-	-	-
Adjustments (Note 15.1)	-	-	-	(15,051)	-	-	(15,051)
Disposals	-	-	(9,984)	(78,383)	(5,000)	(200,736)	(294,103)
At 31 December 2017	461,796	526,106	1,849,473	463,708	1,271,476	447,260	5,019,818
Depreciation:							
At 1 January 2016	118,737	259,248	4,907,416	-	664,171	460,333	6,409,905
Charge for the year	9,526	24,904	478,400	-	67,825	124,570	705,225
Disposal of drinks business*	(15,207)	(183,683)	(3,951,013)	-	(165,684)	(110,160)	(4,425,747)
Disposals - others	-	-	(857)	-	(19,998)	(126,997)	(147,852)
At 31 December 2016	113,056	100,469	1,433,946	-	546,314	347,746	2,541,531
Charge for the year	7,863	10,971	161,089	-	50,420	127,285	357,628
Disposals	-	-	(5,097)	-	(5,000)	(181,236)	(191,333)
At 31 December 2017	120,919	111,440	1,589,938	-	591,734	293,795	2,707,826
Net book value:							
At 31 December 2017	**340,877**	**414,665**	**259,535**	**463,708**	**679,742**	**153,465**	**2,311,992**
At 31 December 2016	**349,453**	**356,869**	**73,185**	**421,697**	**711,585**	**200,133**	**2,112,922**

* This represents the property, plant and equipment disposed in 2016 to Suntory Beverages and Foods Nigeria Limited in respect of the Drinks business (Lucozade and Ribena brands).

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

15.1 Adjustments

Adjustments represents capital work-in-progress written-off to profit or loss during the year.

15.2 Assets pledged as security

There was no asset pledged as security for a loan during the year.

15.3 Capital commitments

Capital commitments in respect of property, plant and equipment amounted to N24 million (2016: N1.4 billion).

In Thousands of Naira	Group		Company	
15.4 Depreciation	**2017**	**2016**	**2017**	**2016**
Continuing operation	357,628	302,733	357,628	302,733
Discontinued	-	402,492	-	402,492
	357,628	**705,225**	**357,628**	**705,225**
16 Investment in subsidiary				
Investment in subsidiary	**-**	**-**	**160**	**160**

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

In Thousands of Naira	Group		Company	
17 Inventories	**2017**	**2016**	**2017**	**2016**
Raw materials and consumables	741,981	742,743	741,981	742,743
Work in progress	23,135	13,977	23,135	13,977
Finished goods	2,554,379	3,569,456	2,554,379	3,569,456
Engineering spares	48,931	114,658	48,931	114,658
Total inventories	**3,368,426**	**4,440,834**	**3,368,426**	**4,440,834**

In Thousands of Naira	Group			Company		
17.1 Inventories - By Segment	**Consumer Healthcare**	**Pharma-ceuticals**	**Total**	**Consumer Healthcare**	**Pharma-ceuticals**	**Total**
Raw materials and consumables	741,981	-	741,981	742,743	-	742,743
Work in progress	23,135	-	23,135	13,977	-	13,977
Finished goods	715,740	1,838,639	2,554,379	1,164,740	2,404,716	3,569,456
Engineering spares	48,931	-	48,931	114,658	-	114,658
	1,529,787	**1,838,639**	**3,368,426**	**2,036,118**	**2,404,716**	4,440,834

The cost of inventories from continuing operations recognised as an expense and included in cost of sales amounted to N11.3billion (2016: N4.4 billion).

The amount of inventories written off and included in cost of sales was N83 million (2016: N246 million).

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
18 Trade and other receivables	**2017**	**2016**	**2017**	**2016**
Trade and other receivables				
Trade receivables (Note 18.1)	3,339,728	2,469,468	3,339,728	2,469,468
Receivables from related parties (Note 25)	3,146,441	169,539	3,146,441	169,539
Employee loans and advances	101,208	163,596	101,208	163,596
Due from Lucozade Ribena Suntory (Note 18.3)	-	1,442,795	-	1,442,795
Transitional service fee and distributor contract recovery	-	556,249	-	556,249
Others receivables (Note 18.2)	223,787	573,063	223,787	573,063
	6,811,164	**5,374,710**	**6,811,164**	**5,374,710**

In Thousands of Naira	Group & Company	
18.1 Trade receivables	**2017**	**2016**
Trade receivables	3,476,908	2,530,628
Impairment loss	(137,180)	(61,160)
	3,339,728	**2,469,468**

Trade receivables are non-interest bearing and are generally on 55 day terms. GlaxoSmithKline Consumer Nigeria Plc sells through distributors within Nigeria. GlaxoSmithKline Consumer Nigeria Plc 's policy states that a provision of 100% should be made on all receivables over 360 days, 75% is made on doubtful debts with invoices overdue for 181 to 360 days' bracket while 50% is made on invoices with 91 to 180 days.

In Thousands of Naira	Group & Company	
18.1 Trade receivables	**2017**	**2016**
61-90 days	-	4,061
Average days	-	57
Movement in the allowance for doubtful debts		
Balance at 1 January	61,160	380,697
Additional provision	144,527	894,204
Recoveries	(68,507)	(557,001)
Write offs	-	(656,740)
Balance at 31 December	**137,180**	**61,160**
Age of impaired trade receivables		
91-180 days	89,815	26,918
>180 days	47,365	34,242
	137,180	**61,160**

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

In Thousands of Naira	Group & Company	
18.2 Other receivables	**2017**	**2016**
Other receivables	336,855	573,063
Impairment loss for the year	(38,461)	-
Write offs	(74,607)	-
	223,787	**573,063**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

18.3 Lucozade Ribena Suntory receivables relate to the trading arrangement under the Sales and Distribution Agreement in 2016 which was settled in 2017.

In Thousands of Naira	Group		Company	
19 Other assets	**2017**	**2016**	**2017**	**2016**
Prepayment of manufacturing raw materials	618,416	208,301	618,416	208,301
Prepaid rent	43,455	111,269	43,455	111,269
Prepaid insurance	16,411	32,043	16,411	32,043
Other prepayments	15,666	55,891	15,666	55,891
	693,948	**407,504**	**693,948**	**407,504**
Current	691,020	396,531	691,020	396,531
Non-Current	2,928	10,973	2,928	10,973
	693,948	**407,504**	**693,948**	**407,504**

20 Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the consolidated and separate statement of cash flows can be reconciled to related items in the consolidated and separate statements of financial position as follows:

In Thousands of Naira	Group		Company	
Cash at bank:	**2017**	**2016**	**2017**	**2016**
Current account balances	3,481,800	3,966,704	3,272,652	3,758,694
Short term deposit (45-60 days)	8,900,000	7,613,688	8,900,000	7,613,688
Restricted Cash (Note 20.1)	927,849	3,634,881	927,849	3,634,881
	13,309,649	**15,215,273**	**13,100,501**	**15,007,263**

20.1 Restricted cash comprises N263m equivalent of USD forward cover purchased against pending bills with CBN for revalidation and N664m as Unclaimed dividend returned by the Registrar to the Company which has been invested in line with regulatory requirement.

In Thousands of Naira	Group		Company	
21 Issued capital and premium	**2017**	**2016**	**2017**	**2016**
Authorised shares	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	750,000	750,000	750,000	750,000
21.1 Ordinary shares issued and fully paid				
	Thousands	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	**597,939**	**597,939**	**597,939**	**597,939**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
21.2 Share Premium	**2017**	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
	51,395	**51,395**	**51,395**	**51,395**

22 Dividend

On 7th July 2016, a dividend of 30k per share (N359 million) was approved by the shareholders to be paid to the holders of fully paid shares from the retained pioneer earnings as well as a special dividend (N717 million) as disclosed on note 10.3.

In respect of the current year, the Directors proposed a special dividend of N7.10k per 50k share (from reserves) amounting to N8.491 billion and a final dividend of 40k per 50k share amounting to N478 million for the year ended 31 December 2017 subject to appropriate withholding tax deductions. The final dividend is to be paid out of the retained pioneer earnings of N915 million. These dividends are subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

23 Retirement benefit obligations

The Group operated a defined benefit gratuity plan covering substantially all of its employees in previous years. It discontinued the senior staff in 2010 while the junior staff continued up to 2016. The plan has been discontinued in the current financial year (2017) due to the exit of junior staff resulting from the divestment of the drinks business to Suntory Beverages and food Nigeria Ltd in 2016. The table below represents both historical data and the discontinuation in 2017, having transferred all outstanding liabilities to Pension Fund Administrator as at 31 December 2017.

The defined benefit plans are designed to provide income to individuals during their retirement years. This is accomplished by setting aside a provision during an employee's working years so that at retirement, funds matching the accumulated provisions are made available to eligible staff. The scheme is fully funded; hence future payments will be funded through cash flows from the fund administrator.

In Thousands of Naira	Group		Company	
	2017	**2016**	**2017**	**2016**
Net benefit expense (recognised in administrative expenses)				
Current service cost	-	12,539	-	12,539
Plan amendment	-	-	-	-
Interest cost on benefit obligation	-	19,625	-	19,625
Net benefit expenses	-	32,164	-	32,164
Changes in the present value of the defined benefit obligation				
Benefit liability				
Defined benefit obligation as at 1 January	302	169,245	-	169,245
Current service cost	-	12,539	-	12,539
Interest cost	-	19,625	-	19,625
		(133,948)		(133,948)
Benefits paid	-	-	-	-
Benefit awaiting disbursement	-	(4,122)	-	(4,122)
Plan amendment	(302)	-	-	-
Fair value of plan assets		(51,533)	-	(51,533)
	-	11,806	-	11,806

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
23 Retirement benefit obligations (Cont'd)	**2017**	**2016**	**2017**	**2016**
Remeasurement loss :				
- arising from changes in assumption	-	(2,079)	-	(2,079)
- arising from experience	-	(9,425)	-	(9,425)
	-	(11,504)	-	(11,504)
Defined benefit obligation at 31 December	**-**	**302**		**302**

The principal assumptions used in determining gratuity plan benefit obligations for the Group's plan are shown below:

	2017	2016	2017	2016
23 Retirement benefit obligations (Cont'd)	**%**	**%**	**%**	**%**
Average long term discount rate (p.a)	-	15.50	-	15.50
Average long term pay increase (p.a)	-	14.00	-	14.00
Average long term rate of inflation (p.a)	-	12.00	-	12.00
Mortality rate in service (Age band):	-		-	
Less than or equal to 30		3.00		3.00
31-39	-	2.00	-	2.00
40-49	-	2.00	-	2.00
50-60	-	0.00	-	0.00
Mortality rate in service Sample age				
25	-	7	-	7
30	-	7	-	7
35	-	9	-	9
40	-	14	-	14
45	-	26	-	26

The scheme is exposed to risk of changes in discount rate, salary increase and mortality experience. A sensitivity analysis of the changes in presented below:

In Thousands of Naira	Group		Company	
23 Retirement benefit obligations (Cont'd)	**2017**	**2016**	**2017**	**2016**
Base figure	-	51,835	-	51,835
Discount rate (+1%)	-	46,447	-	46,447
Discount rate (-1%)	-	57,975	-	57,975
Salary increase (+1%)	-	58,257	-	58,257
Salary increase (-1%)	-	46,132	-	46,132
Mortality experience (improved by 1 year)	-	51,821	-	51,821
Mortality experience (worsen by 1 year)	-	51,847	-	51,847

The following payments are expected contributions to the defined benefit plan in future years:

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group & Company	
23 Retirement benefit obligations (Cont'd)	**2017**	**2016**
Within the next 12 months (next annual reporting period)	-	416
Between 2 and 5 years	-	5,312
Between 5 and 10 years	-	74,787
	-	**80,515**

In Thousands of Naira	Group		Company	
24 Trade and other payables	**2017**	**2016**	**2017**	**2016**
Trade payables	875,140	134,378	874,345	133,590
Amounts due to related parties (Note 25)	6,075,841	5,151,022	6,075,841	5,151,022
Unclaimed dividends (Note 24.1)	513,850	631,136	513,850	631,136
Unpaid dividend due to related parties (Note 24.2)	-	501,845	-	501,845
Pension payable	23,473	23,473	23,473	23,473
Other payables	342,242	242,882	336,464	242,883
Accruals	1,415,519	2,493,120	1,413,501	2,491,099
	9,246,065	**9,177,856**	**9,237,474**	**9,175,048**

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

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

24.1 Unclaimed dividends

These are the amounts returned by the Registrar to the company in line with regulatory requirement. The corresponding asset is disclosed in note 20.

24.2 Unpaid dividend

The dividend payable to the related parties remained unpaid as at 31st December 2016 due to difficult in sourcing for foreign currency. However, payment has been made in the current year.

In Thousands of Naira	Group		Company	
24.3 Pension payable	**2017**	**2016**	**2017**	**2016**
Balance at 1 January	23,473	23,026	23,473	23,026
Addition during the year	145,403	120,216	145,403	120,216
Remittance to administrators	(145,403)	(119,769)	(145,403)	(119,769)
Balance at 31 December	**23,473**	**23,473**	**23,473**	**23,473**

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

25 Related party disclosures

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

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 31 December 2017 and 31 December 2016.

	GROUP AND COMPANY		GROUP				COMPANY			
In Thousands of Naira	Purchases from related parties		Amount owed by related parties		Amount owed to related parties		Amount owed by related parties		Amount owed to related parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Subsidiary:										
Winster Pharmaceuticals Limited:	-	-	5,778	-		-	5,778	-	-	-
Other sister companies:							-	-	-	
GSK Pharmaceutical Nigeria Limited	-	-	-	-	1,069,730	548,241	-	-	1,069,730	548,241
GSK Biological Manufacturing Limited	10,738	18,461	-	-	11,537	31,971	-	-	11,537	31,971
GSK Consumer Trading Services Cerp	-	-	-	-		-	-	-	-	-
GlaxoSmithkline Dungravan	-	-	-	-	429,766	920,252	-	-	429,766	920,252
GlaxoSmithkline Export Limited UK	6,434,598	5,374,002	-	-	4,399,186	3,151,625	-	-	4,399,186	3,151,625
GlaxoSmithKline Consumer Trading Services (JDE)	932,058	1,634,039	500,429	-	-	-	500,429	-	-	-
GlaxoSmithkline Uk Ltd Ph	-	-		-	-	66,576	-	-	-	66,576
GlaxoSmithkline Limited, Kenya	2,180	-	34,700	25,654	-	-	34,700	25,654	-	-
Gw South Africa Pty		-		-	-	16,473	-		-	16,473
GSK CTS Uk	141,160	-		-	165,622	106,114	-		165,622	106,114
GSK OPS UK Area	-	-	43,802	18,324	-	-	43,802	18,324	-	-
Inter Com - GlaxoSmithkline South Africa	-	5,576	-	-	-	-	-	125,561	-	-
GlaxoSmithKline Consumer Healthcare Pte. Ltd.	-	7,945	20,914	125,561	-	26,409	20,914	-	-	26,409
GlaxoSmithkline Consumer Healthcare Singapore	-	-	2,508,744	-	-	-	2,508,744	-	-	-
P.T. Sterling Products Indonesia	-	-	11,376	-	-	-	11,376	-	-	-
GlaxoSmithKline Services Unlimited	-	-	20,696	-	-	283,361	20,696	-	-	283,361
Total	**7,520,734**	**7,040,023**	**3,146,441**	**169,539**	**6,075,841**	**5,151,022**	**3,146,441**	**169,539**	**6,075,841**	**5,151,022**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Group		Company	
25 Related party disclosures (Cont'd)	**2017**	**2016**	**2017**	**2016**
Receivable from related parties:				
Local	-	-	-	-
Foreign	3,146,441	169,539	3,146,441	169,539
	3,146,441	**169,539**	**3,146,441**	**169,539**
Payable to related parties:				
Local	1,069,730	548,241	1,069,730	548,241
Foreign	5,006,111	4,602,781	5,006,111	4,602,781
	6,075,841	**5,151,022**	**6,075,841**	**5,151,022**

There were no sales to related parties for the year ended 31 December 2017 (2016: nil).

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

Terms and conditions of transactions with related parties
Purchases from related parties are for inventory items as well as IT support services provided.

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

In Thousands of Naira	Group		Company	
26 Compensation of key management personnel of the Group	**2017**	**2016**	**2017**	**2016**
Short-term employee benefits	259,796	251,731	259,796	251,731
Defined contribution	31,729	30,253	31,729	30,253
Total compensation paid to key management personnel	**291,525**	**281,984**	**291,525**	**281,984**

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel.

Key management includes directors and members of senior management.

Other than the disclosures already shown above, there were no other transactions with key management personnel in the year (2016: nil)

27 Directors and employees information

in Numbers	Group & Company	
27.1 Employees	**2017**	**2016**
Administration	61	70
Sales and distribution	27	36
Marketing	5	5
Production	66	69
	159	**180**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

Winster Pharmaceuticals Limited does not have employees.

The number of employees of the Company, other than directors, who earned more than N900,000 in the year were as follows:

in Numbers			Group & Company	
27.1 Employees (Cont'd)			**2017**	**2016**
900,001	to	1,000,000	-	-
1,000,001	to	1,500,000	-	-
1,500,001	to	2,000,000	-	12
2,000,001	to	2,500,000	13	13
2,500,001	to	3,000,000	22	15
3,000,001	to	3,500,000	22	21
3,500,001	to	4,000,000	18	16
4,000,001	to	4,500,000	7	11
4,500,001	to	5,000,000	7	9
5,000,001	to	5,500,000	7	6
5,500,001	to	6,000,000	5	10
6,000,001	and	above	58	67
			159	**180**

	2017	2016
27.2 Directors The remuneration paid to directors of the Group was:	**78,596**	**60,088**

Fees and other emoluments disclosed above (including pension contribution) includes amounts paid to:

	2017	2016
The Chairman	**7,645**	**9,176**
The highest paid director	**46,326**	**32,283**

The number of directors including the Chairman and the highest paid director who received fees and other emoluments including pension contributions is as follows:

in Numbers			Group & Company	
			2017	**2016**
-	to	1,000,000	3	7
1,000,001	to	2,000,000	-	-
2,000,001	to	3,000,000	-	-
3,000,001	to	8,000,000	5	4
8,000,001	to	9,000,000	-	-
9,000,001	to	30,000,000	-	1
30,000,001	and above		1	1
			9	**13**

28 Contingent liabilities

Legal claim contingency

In June 2011, damages amounting to N1.2 billion were awarded against the Company and its parent with respect to trademark and copyright infringements of the Panadol label at the Federal High Court. The Company filed for a stay of execution and also appealed the judgment.

The Court granted the stay of execution on the condition that the judgement sum be deposited into an interest yielding account, pending determination of the appeal at the Court of Appeal. GSK has filed another application at the Court of Appeal for a variation of the order to the acceptance of a bank guarantee instead of lodging the amount in court.

Various applications were filed by the parties at the Court of Appeal. The Appellants, GSK and its parent company have filed the brief of argument dated January 8, 2016 and have applied to the court for a date for the definite hearing of the Appeal. Subsequently, the Court notified parties that judgment will be delivered on Monday 6th March, 2017.

On 6th March 2017 when the Appeal came up for hearing, the Court set aside the judgment of the Federal High Court that awarded the sum of N700 million (Seven Hundred Million) as special damages and reduced the general damages from N500 million (Five Hundred Million) to N50 million (Fifty Million Naira) only.

The following should be noted:

- Under the licensing and trademark agreements between the Company and its parent, the Company will be indemnified by its parent entity for any claims arising from the use of the Panadol trademark.
- The Panadol brand has moved from the eclipse device (the subject of the litigation) to the Beacon livery as part of a global brand strategy.
- The Group is currently involved in some other civil actions in court either as defendant, co-defendant or as plaintiff. The cases are at various stages of adjudication and our solicitors are adequately protecting and promoting our interest. The Company has a total contingent liabilities amounted to N84m. Based on the facts, it is the opinion of the directors that the effect of the current actions will not be material.

29 Financial risk management objectives and policies

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

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

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

Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

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

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

In Thousands of Naira	Liabilities		Assets	
	2017	2016	2017	2016
USD	3,723,181	4,404,038	616,745	-
GBP	-	-	177,035	271,532
Others	-	848,977	-	-

The following table details the Group's sensitivity to a 10% increase/decrease in Naira against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes loans to foreign related parties within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower.

	USD Impact		GBP Impact		OTHERS	
	2017	2016	2017	2016	2017	2016
Profit or loss	310,644	440,404	(17,704)	(27,153)	-	84,898

The only subsidiary (Winster Pharmaceuticals) does not have any balances denominated in foreign currencies

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and cash and short term deposit, including deposits with banks, amount due from related parties and staff loans.

The Group manages employee loans by ensuring that each employee does not exceed a loan greater than one-third of his or her net pay, and only employees who meet this requirement receives a loan facility from the Company. Additionally, any employee granted a loan in excess of the above limit must have a staff benefit (defined benefit) as collateral.

In respect of bank balances, the Group maintains balances in Agusto & Co rated banks.

In Thousands of Naira	Credit rating by counter party								
	Unrated	BBB	B	AAA	A	B+	AA-	A+	Total
Group									
Cash in bank and short term deposits (2017)	265,036	33,345	147,564	922,721	-	1,473,046	-	10,467,937	**13,309,649**
Cash in bank and short term deposits (2016)	62,004	-	-	640,017	2,604,461	6,430,882	5,477,909	-	**15,215,273**

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	Credit rating by counter party								
	Unrated	**BBB**	**B**	**AAA**	**A**	**B+**	**AA-**	**A+**	**Total**
Company									
Cash in bank and short term deposits (2017)	265,036	33,345	147,516	922,721		1,473,046		10,258,837	**13,100,501**
Cash in bank and short term deposits (2016)	62,004			640,017	2,396,500	6,430,833	5,477,909	-	**15,007,263**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment, the Group uses a single credit rating for all its customers. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews. Any shipments to major customers are generally within the credit limits approved by management based on the independent risk assessment of each customer. The credit terms to customers is short to ensure adequate monitoring and early detection of delinquency. At 31 December 2017, the Group had 62 customers. One customer owed the Group N1.92billion which represents 58% of the Group's total trade receivables. The customer's debt is covered by a bank guarantee from a reputable bank. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent industries and are located in different jurisdictions.

The directors are of the opinion that there is no credit risk in relation to related party receivables. The Group is in total control of all decisions made by the subsidiary. Historically the parent company has not defaulted in fulfilling its obligations to the Group. Monthly reconciliation and confirmation of balances are carried out with all related parties.

Credit quality policies and procedures as well as management's assessment of the quality of financial assets is the same for all periods presented, except where shown otherwise.

Liquidity risk

The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. The objective is to maintain a balance between working capital and medium term business expansion funding requirements. Access to sources of short and medium term funding is sufficiently available and the Group has secured adequate overdraft facilities with its bankers which have rarely been utilised.

In Thousands of Naira	On demand	3 to 12 months	Total
Group			
As at 31 December 2017			
Other current financial liabilities	-	-	-
Trade and other payables	3,170,226	6,075,841	9,246,067
	3,170,226	**6,075,841**	**9,246,067**
As at 31 December 2016			
Other current financial liabilities	-	-	-
Trade and other payables	4,448,879	4,728,977	9,177,856
	4,448,879	**4,728,977**	**9,177,856**
Company			
As at 31 December 2017			
Other current financial liabilities	-	-	-

Notes to the Consolidated and Separate Financial Statements Cont'd

For the year ended 31 December 2017

In Thousands of Naira	On demand	3 to 12 months	Total
Trade and other payables	3,161,637	6,075,841	9,237,478
	3,161,637	**6,075,841**	**9,237,478**
As at 31 December 2016			
Other current financial liabilities			
Trade and other payables	3,947,034	5,228,014	9,175,048
	3,947,034	**5,228,014**	**9,175,048**

All financial assets (trade and other receivables, and cash and short term deposits) are classified as loans and receivables.

All financial liabilities (trade and other payables) are classified as financial liabilities at amortised cost.

Financial instrument fair value estimation

a) Financial instrument fair value estimation

The Group holds a number of financial assets.

Fair values of financial assets and financial liabilities

Financial assets utilised by the Group during the years ended 31 December 2017 and 31 December 2016, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities – Financial instruments/assets included within current assets and liabilities (excluding cash) are generally short-term in nature and accordingly their fair values approximate to their book values.

Cash – The carrying value of cash approximates to its fair value because of its short-term nature.

In deriving the fair value, the financial instruments/assets are classified as level 1, 2 or 3 depending on the valuation method applied in determining their fair value.

The different levels have been defined as follows:

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

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

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

b) Financial liabilities and assets

Set out below is a comparison by category of the carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 December 2017 and 31 December 2016. None of the financial assets and liabilities has been reclassified during the year.

	2017	2016
in Thousands of Naira	Carrying amount and fair value	Carrying amount and fair value
Loans and receivables		
- Cash and bank balances	13,309,649	15,215,273
- Trade and other receivables (excluding non-financial assets)	3,339,728	2,469,468
	16,649,377	**17,684,741**
Financial liabilities		
- Trade and other payables (except non-financial assets)	**6,950,983**	**5,285,400**

Capital management

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2017.

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

In Thousands of Naira	Group		Company	
	2017	2016	2017	2016
Trade and other payables (Note 24)	9,246,067	9,177,856	9,237,478	9,175,048
Less: cash and bank balances (Note 20)	13,309,649	15,215,273	13,100,501	15,007,263
	(4,063,582)	(6,037,417)	(3,863,023)	(5,832,215)
Equity	17,172,087	17,044,415	16,980,217	16,853,678
Capital and net debt	13,108,505	11,006,998	13,117,194	11,021,463
Gearing ratio (Cap to Zero)	-	-	-	-

30 Fair Value of Financial Instrument

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

31 Events after the reporting date

There were no events occurring after the reporting period that could have a material effect on the state of affairs of the Group as at 31 December 2017 which have not been adequately provided for or disclosed in these financial statements.

32 Financial commitments

The Company has no financial commitment as at the year ended 31st December, 2017.

Other National Disclosure

Consolidated and Separate Statement of Value Added

	Group				Company			
	2017 N'000	%	2016 N'000	%	2017 N'000	%	2016 N'000	%
Turnover	16,089,728		14,384,785		16,089,728		14,384,785	
Other income	1,195,632		171,556		1,195,632		171,556	
	17,285,360		14,556,341		17,285,360		14,556,341	
Bought-in-materials								
- Local	(6,263,612)		(5,765,566)		(6,264,142)		(5,765,566)	
- Imported	(7,862,347)		(6,568,314)		(7,862,950)		(6,568,314)	
	(14,125,959)		(12,333,880)		(14,127,092)		(12,333,880)	
Value added	**3,159,401**	**100**	**2,222,461**	**100**	**3,158,268**	**100**	**2,222,461**	**100**
Applied as follows:								
Employees								
Salaries and benefits	1,677,504	53	1,733,669	78	1,677,504	53	1,733,669	78
Provider of funds								
Interest	-	-	108	-	-	-	108	-
Government								
Taxation	-	-	288,376	13	-	-	288,376	13
The Future								
Depreciation	357,628	11	302,793	14	357,628	11	302,793	14
Profit or loss account	486,433	15	2,378,145	107	485,300	15	2,378,145	107
Deferred tax charge / (credit)	637,836	21	(2,480,630)	(112)	637,836	21	(2,480,630)	(112)
	3,159,401	**100**	**2,222,461**	**100**	**3,158,268**	**100**	**2,222,461**	**100**

Value added represents the additional wealth which the Group and Company have been able to create by its own and its subsidiary's effort. The Statement shows the allocation of that wealth to employees, government, providers of funds and that retained for future creation of more wealth. This statement is based on continuing operations.

Five Years' Financial Summary - The Group

For the year ended 31 December 2017

In Thousands of Naira	2017	2016	2015	2014	2013
Assets employed					
Non-current assets	2,314,920	2,123,895	13,874,242	13,419,394	12,121,857
Deferred tax assets	-	637,836	-	-	-
Net current assets	14,857,167	14,282,986	1,319,560	1,352,659	2,310,388
Deferred taxation liability	-	-	(1,839,343)	(1,692,834)	(1,950,422)
Retirement benefits	-	(302)	(169,245)	(130,975)	(136,109)
	17,172,087	**17,044,415**	**13,185,214**	**12,948,244**	**12,345,714**
Financed by					
Share capital	597,939	597,939	597,939	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	16,522,753	16,395,081	12,535,880	12,418,498	11,815,968
	17,172,087	**17,044,415**	**13,185,214**	**12,948,244**	**12,345,714**
Turnover and Profit					
Turnover	16,089,728	14,384,785	15,391,585	30,521,127	29,183,675
Gross profit	4,479,568	8,966,411	5,425,772	10,801,472	11,602,050
Profit before interest charges and taxation	1,124,269	185,999	1,057,920	2,757,331	4,315,342
Interest charges		(108)	(1,040)	(5,115)	(514)
Profit before taxation	1,124,269	185,891	1,056,880	2,752,216	4,314,829
Taxation	(637,836)	2,192,254	(192,467)	(903,374)	(1,395,659)
Profit after taxation	**486,433**	**2,378,145**	**864,413**	**1,848,842**	**2,919,170**
Profit before taxation as a percentage of turnover	7%	1.3%	6.9%	9.0%	14.8%
Proposed dividend***	478,350	358,761	358,761	717,526	1,243,712
Dividend per share (kobo)	40	30	30	75	130
Earnings per share (kobo)	41	199	96	193	305

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.

Five Years' Financial Summary - The Company

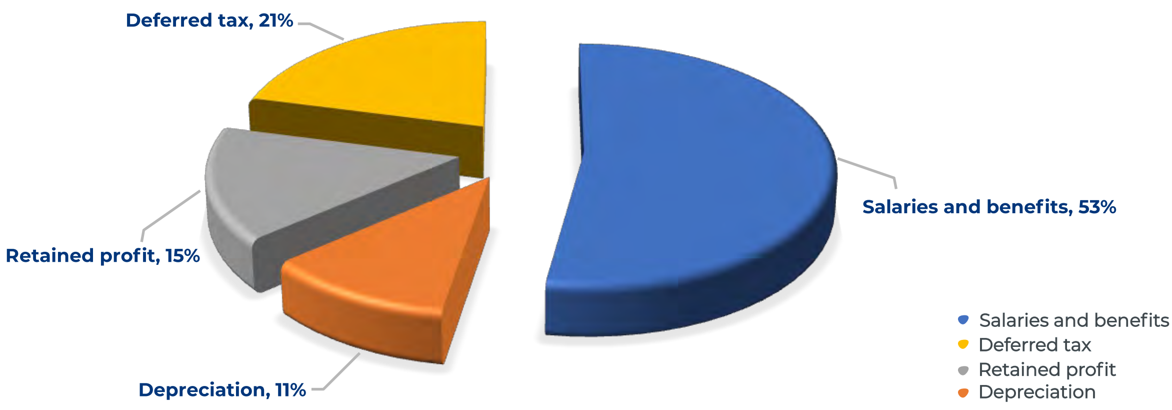
For the year ended 31 December 2017

In Thousands of Naira	2017	2016	2015	2014	2013
Assets employed					
Non-current assets	2,315,080	2,124,055	13,874,402	13,419,554	12,122,017
Deferred tax assets	-	637,836	-	-	-
Net current assets	14,665,137	14,092,089	1,128,663	1,170,483	2,146,521
Deferred taxation liability	-	-	(1,839,343)	(1,692,834)	(1,950,422)
Retirement benefits	-	(302)	(169,245)	(130,975)	(136,109)
	16,980,217	**16,853,678**	**12,994,477**	**12,766,228**	**12,182,007**
Financed by					
Share capital	597,939	597,939	597,939	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	16,330,883	16,204,344	12,345,143	12,236,482	11,652,261
	16,980,217	**16,853,678**	**12,994,477**	**12,766,228**	**12,182,007**
Turnover and Profit					
Turnover	16,089,728	14,384,785	15,391,585	30,521,127	29,183,675
Gross profit	4,479,568	8,966,411	5,425,772	10,801,472	11,602,050
Profit before interest charges and taxation	1,123,136	185,999	1,057,920	2,739,022	4,312,070
Interest charges	-	(108)	(1,040)	(5,115)	(514)
Profit before taxation	1,123,136	185,891	1,056,880	2,733,907	4,311,556
Taxation	(637,836)	2,192,254	(192,467)	(903,374)	(1,395,659)
Profit after taxation	**485,300**	**2,378,145**	**864,413**	**1,830,533**	**2,915,897**
Profit before taxation as a percentage of turnover	7%	1.3%	6.9%	9%	14.8%
Proposed dividend***	478,350	358,761	358,761	717,526	1,243,712
Dividend per share (kobo)	40	30	30	75	130
Earnings per share (kobo)	41	199	96	193	305

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.

Statement of Value Added

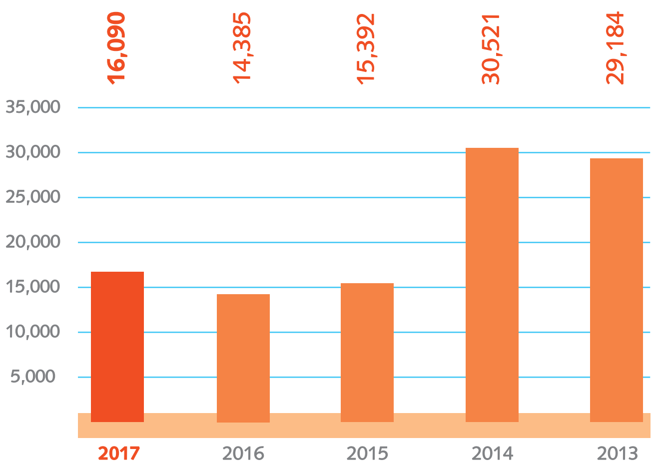
For the year ended 31 December 2017



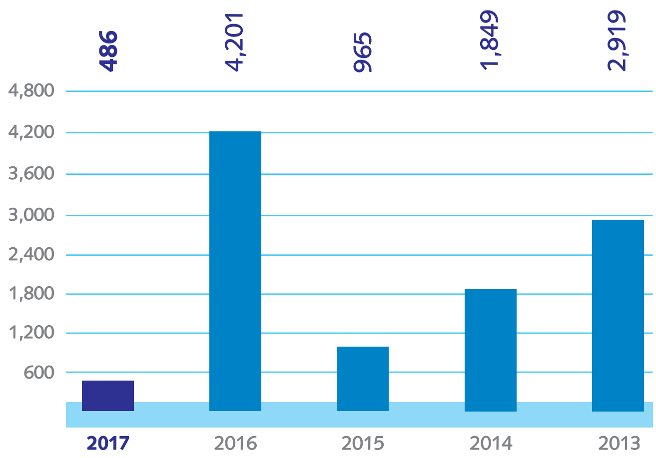
Five Year Financial Trend

For the year ended 31 December 2017

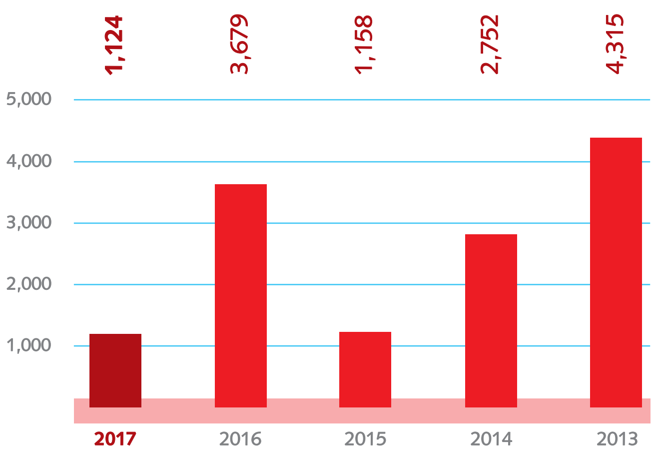
Turnover
(in millions of Naira)



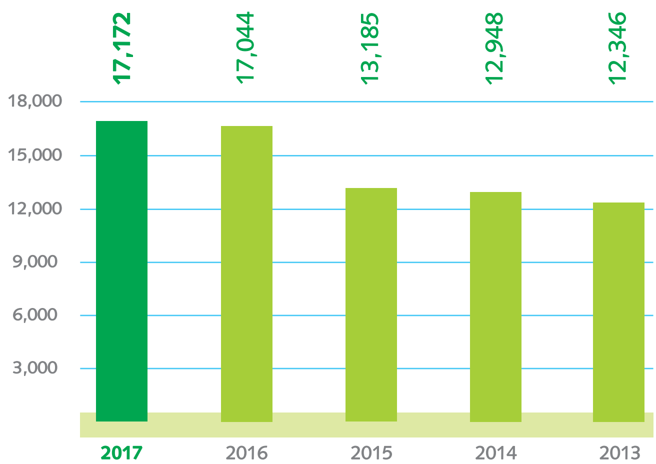
Profit After Tax
(in millions of Naira)



Profit Before Tax
(in millions of Naira)



Shareholders' Funds
(in millions of Naira)



Shareholders' Information

For the year ended 31 December 2017

YEAR	AUTHORIZED SHARE CAPITAL	VALUE (NAIRA)	FULLY ISSUED SHARE CAPITAL	VALUE (NAIRA)	DESCRIPTION
1980	8,000,100	4,000,050	11,717,386	5,858,693	
1981	16,000,144	8,000,072	23,434,772	11,717,386	BONUS:1:1
1982	16,000,144	8,000,072	23,434,772	11,717,386	
1983	16,000,144	8,000,072	23,434,772	11,717,386	
1984	32,000,176	16,000,088	46,869,544	23,434,772	BONUS:1:1
1985	32,000,176	16,000,088	46,869,544	23,434,772	
1986	32,000,176	16,000,088	46,869,544	23,434,772	
1987	32,000,176	16,000,088	46,869,544	23,434,772	
1988	56,000,308	28,000,154	82,021,706	41,010,853	BONUS:3:4
1989	56,000,308	28,000,154	82,021,706	41,010,853	
1990	84,000,462	42,000,231	123,032,560	61,516,280	BONUS:1:2
1991	84,000,462	42,000,231	123,032,560	61,516,280	
1992	126,000,694	63,000,347	184,548,840	92,274,420	BONUS:1:2
1993	126,000,694	63,000,347	184,548,840	92,274,420	
1994	252,001,388	126,000,694	369,097,680	184,548,840	BONUS:1:1
1995	400,000,000	200,000,000	553,646,520	276,823,260	BONUS:1:2
1996	800,000,000	400,000,000	664,375,827	332,187,914	BONUS:1:5
1997	800,000,000	400,000,000	664,375,827	332,187,914	
1998	800,000,000	400,000,000	664,375,827	332,187,914	
1999	800,000,000	400,000,000	797,250,992	332,187,914	BONUS:1:5
2000	800,000,000	400,000,000	797,250,992	398,625,496	
2001	800,000,000	400,000,000	797,250,992	398,625,496	
2002	800,000,000	400,000,000	797,250,992	398,625,496	
2003	800,000,000	400,000,000	797,250,992	398,625,496	
2004	800,000,000	400,000,000	797,250,992	398,625,496	
2005	960,000,000	480,000,000	956,701,190	478,350,595	BONUS:1:5
2006	960,000,000	480,000,000	956,701,190	478,350,595	
2007	960,000,000	480,000,000	956,701,190	478,350,595	
2008	960,000,000	480,000,000	956,701,190	478,350,595	
2009	960,000,000	480,000,000	956,701,190	478,350,595	
2010	960,000,000	480,000,000	956,701,190	478,350,595	
2011	960,000,000	480,000,000	956,701,190	478,350,595	
2012	960,000,000	480,000,000	956,701,190	478,350,595	
2013	960,000,000	480,000,000	956,701,190	478,350,595	
2014	960,000,000	480,000,000	956,701,190	478,350,595	
2015	960,000,000	480,000,000	956,701,190	478,350,595	
2016	1,500,000,000	750,000,000	1,195,876,488	597,938,244	BONUS 1:4
2017	1,500,000,000	750,000,000	1,195,876,488	597,938,244	

Shareholders' Information

For the year ended 31 December 2017

Bonus History

DATE ISSUED	NUMBER ISSUED (UNIT)	BONUS RATIO
1979	500,003	BONUS: 1:3
1981	8,000,044	BONUS:1:1
1984	16,000,088	BONUS:1:1
1988	24,000,132	BONUS:3:4
1990	28,000,154	BONUS:1:2
1992	42,000,231	BONUS:1:2
1994	126,000,693	BONUS:1:1
1995	126,000,693	BONUS:1:2
1996	75,600,416	BONUS:1:5
1999	132,875,166	BONUS:1:5
2005	159,450,199	BONUS:1:5
2015	239,175,298	BONUS: 1:4

Ten-Year Dividend History

YEAR	DIVIDEND NOS	DIVIDEND PAID (GROSS) (N '000)	DIVIDEND PER SHARE (KOBO)	DATE PAID
2007	30	430,515,535.50	0.45	28-05-08
2008	31	574,020,714.00	0.60	22-05-09
2009	32	717,525,892.50	0.75	26-05-10
2010	33	1,148,041,428.00	1.20	25-05-11
2011	34	1,148,041,428.00	1.20	25-05-12
2012	35	1,243,711,547.00	1.30	24-05-13
2013	36	1,243,711,547.00	1.30	12-06-14
2014	37	717,525,892.50	0.75	12-06-15
2015	38	358,762,946.40	0.30	05-07-16
2016	39	717,525,892.80	0.60	12-10-16
2017	40	358,762,946.40	0.30	01-07-17

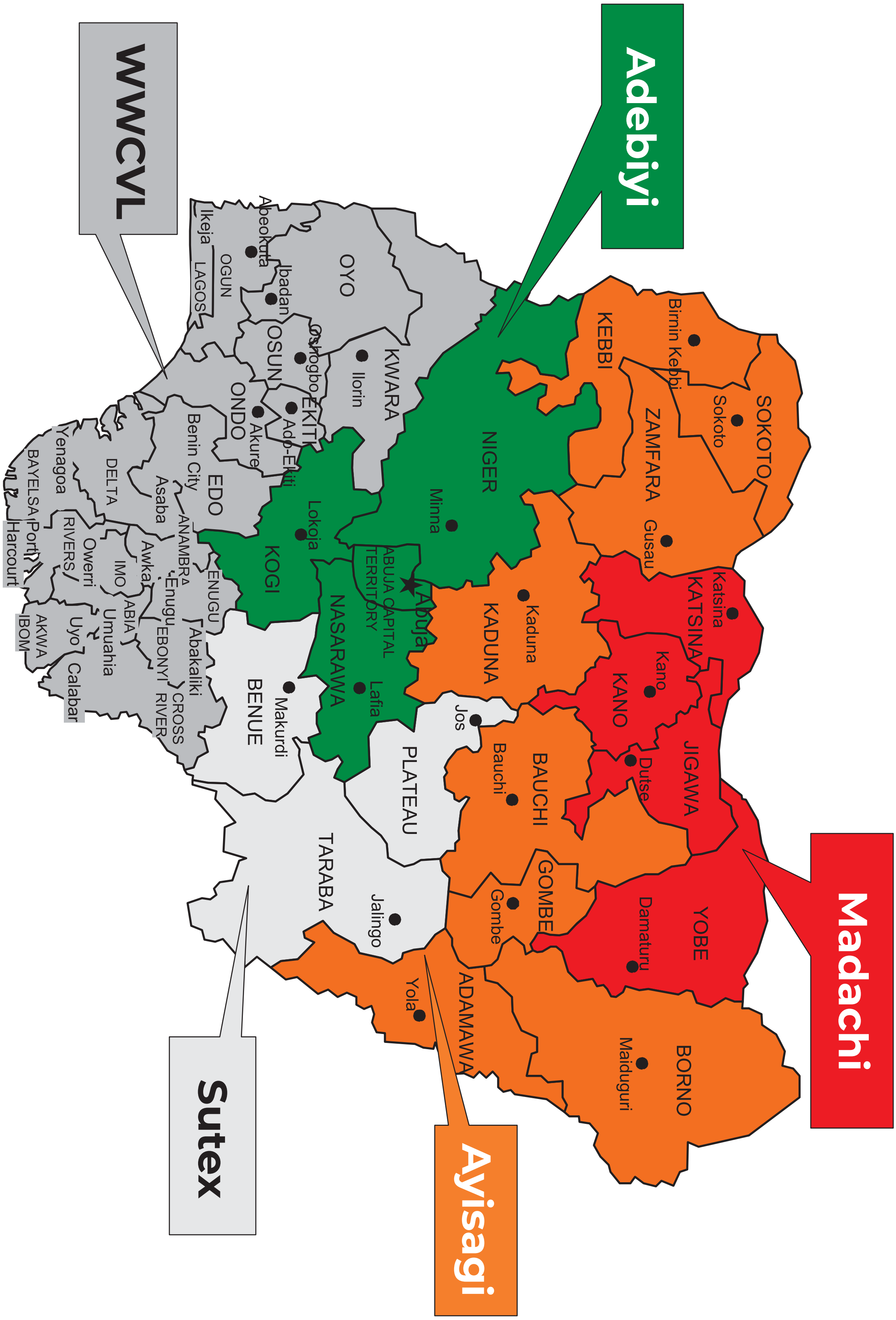
Unclaimed Dividend as at 31/12/2017	
YEAR	AMOUNT UNCLAIMED (N)
2006	17,673,157.44
2007	15,771,103.32
2008	17,608,390.26
2009	24,253,805.70
2010	28,976,779.33
2011	124,200,565.92
2012	84,521,371.32
2013	89,529,386.31
2014	89,500,847.67
2015	47,454,456.95
2016	33,340,161.00
2016	68,380,888.44
2017	39,041,979.90
TOTAL	**680,252,893.56**

Unclaimed Dividend Warrants

Our records show that dividend warrants in respect of the unclaimed dividends listed in the attached Unclaimed Dividend List have not been presented while a number have been returned to the Registrars as unclaimed and undeliverable.

For Unclaimed Dividends,
Contact:
The Managing Director
GTL Registrars Limited,
274, Murtala Muhammed Way, Yaba,
P.M.B. 12717,
Lagos.

GSK Distributors & Territories



List of Distributors

1. J. O. Adebiyi & Sons Nigeria Ltd
2. Ayisagi Nig Ltd
3. Sutex Pharmaceutical Ltd
4. Madachi Pharmaceutical Co. Ltd.
5. World Wide Commercial Ventures Limited

NEW LOOK

NEW PACK SIZE. NEW BLISTER. SAME PRODUCT

Contains Paracetamol and Caffeine.

Always read label. Not recommended for use during pregnancy. Do not give to children under 12 years. If symptoms persist after 2 days, please consult your doctor.

Contains Paracetamol.

Always read label. If symptoms persist after 2 days, please consult your doctor.

CHAWA/CHPAN/0044/17.

2017 in Retrospect

GSK 46th Annual General Meeting

As a publicly owned company, we know that we have a responsibility to our shareholders and aim to protect their interest in every business decision. In 2017, our Board of Directors and management again met with our shareholders at the Annual General Meeting to review events of the year and rub minds on the way forward to becoming the first and best Fast Moving Consumer Healthcare Company.

Cross section of shareholders reviewing the Annual report at the 46th Annual General Meeting

The chairman reading his statement at the 46th Annual General Meeting

The Directors standing for the national anthem at the 46th Annual General Meeting

The Former MD, TS Dayanand welcoming the shareholders representatives in the statutory Audit committee

Shareholders signifying their interest to contribute to discussion at the 46th Annual General Meeting

Directors and representatives of management and staff at the 46th Annual General Meeting

2017 in Retrospect Cont'd

2017 Lagos City Marathon

GSK representatives and Abraham Kiptum, winner of the 2017 Lagos City Marathon.

GSK representatives congratulating the 2nd and 3rd runner up at the 2017 Lagos city Marathon

Sensodyne Dental Business Seminar

Dr Bode Ijarogbe (NDA president), Mr. Solomon Avbioroko (Lecturer LBS), with GSK Representatives at the Sensodyne Dental Business

Dr Bode Ijarogbe (NDA president), Mr. Ikechkwu Kelikume (Lecturer LBS), with GSK Representatives at the Sensodyne Dental Business Conference.

2017 in Retrospect Cont'd

Visit to S.O.S.

The Leadership of GSKN presenting 2017 sponsorship cheque to SOS village.

Managing Director Pharma and Consumer with representatives of the Management of SOS village at the 2017 engagement.

Letter from GTL Registrars

Dear Shareholder,

Introducing the E-dividend Mandate Management System (E-DMMS)

We are pleased to inform you that dividends on your shareholdings can now be paid directly into your preferred Bank Account.

This is made possible with the e-Dividend Mandate Platform that allows you to register/validate your e-dividend at any bank branches nationwide or at any of the {name of registrar} Registrars offices.

The platform also provides you a quick and convenient way to enjoy the benefits of the direct cash settlement (DCS) from your Registrars, whilst minimizing the incidents of unclaimed dividends

Please visit any bank branches nationwide or any of the GTL registrars' offices or visit http://www.gtlregistrars.com/wp-content/uploads/2017/03/E-Divdend-Mandate.pdf

It is easy and it is a one-off exercise!!!

The Managing Director
GTL Registrars Limited
(Formerly Union Registrars Ltd)
274, Murtala Muhammed Way
Yaba
P.M.B. 12717
Lagos.


gsk
TOUGH
HEADACHE
TOUGH
BACK PAIN
TOUGH
JOINT PAIN
CHUKWUDI
Empowering the Women of Nigeria
Chukwudi helps women of low-income communities set up their own fish farms, giving them sustainable income and financial freedom.
NEW PACK
Panadol
Extra
Extra effective pain relief
10x10 CAPLETS
RELIEVES
HEADACHE
BACK PAIN
MENSTRUAL PAIN
JOINT PAIN
DENTAL PAIN

GLAXOSMITHKLINE CONSUMER NIGERIA PLC
ANNUAL GENERAL MEETING TO BE HELD AT THE
SHELL NIGERIA HALL, MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS.
ON THURSDAY 24TH MAY, 2018 AT 11 A.M.

do more
feel better
live longer

I/We*...

(Name of Shareholder(s) IN BLOCK LETTERS PLEASE)

of...

....Being

a shareholder(s) of GlaxoSmithKline Consumer Nigeria PLC hereby appoint

**..of...

....

....

or failing him the Chairman of the Meeting as my/our Proxy to act and vote on my behalf at the Annual General meeting of the Company to be held on 24th May, 2018 and at any adjournment thereof.

Dated this ....day of................2018

Shareholders' Signature...

*Shareholder's name are to be inserted in block letters please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

A shareholder(s) who is/are unable to attend an Annual General Meeting is/are allowed by law to vote by proxy. The above form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Provision has been made on the proxy form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked) the name of any person, whether a shareholder(s) of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.

A member voting in his own right as a member and also voting as proxy or representative for another or other members should fill one voting paper for his own holding and a separate paper for each of the members he is representing. Similarly, those present who are acting as proxy for more than one other members must complete a separate voting form for each member they represent.

NUMBER OF SHARES		
ORDINARY RESOLUTIONS	FOR	AGAINST
1. To declare a dividend		
2a. To elect Directors		
I. Mr. Bhushan Akshikar		
ii. Mr. Kareem Hamdy		
2b. Re-elect Directors retiring by rotation		
I. Mr. Edmund C. Onuzo		
ii. Mr. Samuel Kuye		
3. To authorize the Directors to fix the remuneration of the Auditors.		
4. To elect Members of the Audit Committee		
5. To fix the remuneration of the Directors		
SPECIAL RESOLUTION		
6. To authorize the Company to procure goods and services from related parties.		

Please indicate an 'x' in the appropriate box how you wish your votes to be cast on the resolutions set out above.

Unless so instructed the proxy will vote or abstain from voting at his/her discretion. Please sign the above proxy form and post it to reach the Registrars or the Company Secretary at the registered office of the Company not later than 48 hours before the time of holding the meeting.

If executed by a Corporation, the proxy form should be sealed with the Common Seal.

TO BE VALID, THIS FORM HAS TO BE DUTY STAMPED

Proxy Form

Please admit bearer of this form or his/her duly appointed proxy to the Annual General Meeting of GlaxoSmithKline Consumer Nigeria PLC to be held at the Shell Nigeria Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on Thursday, 24th May, 2018.

Name of person attending ....

Shareholder ....

No of shares held...

Proxy ....

Signature ....

Important:

(I) This admission form must be produced by the shareholder/proxy in order to obtain admittance to the Annual General Meeting.

(ii) Shareholders or their proxies are requested to sign the admission form before attending the meeting.

Uche Uwechia, Esq.
Company Secretary

Shareholders Admission Form

Affix
N50.00 Postage Stamp
Here

The Managing Director
GTL Registrars Limited
(Formerly Union Registrars Ltd)
274, Murtala Muhammed Way
Yaba, Lagos.

Application Form

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

In our quest to update shareholders data with the current technology in the capital market i.e. e-Bonus and e-Dividend, we require

you to complete this form with the following information:-

Tel Nos: ______ CSCS A/C No: ______ STOCK BROKING FIRM ______

E-Mail Add: ______ Name of Bank ______

Branch of Bank ______ Bank Acct No ______ Branch Code ______

No of Units held ______

NAME OF SHAREHOLDER/ CORPORATE SHAREHOLDER ______

PRESENT/NEW ADDRESS: ______

REGISTRAR'S USE

Name: ....

Signature: ....

Date: ....

NAME OF COMPANY IN WHICH YOU HAVE SHARES

☐ **GLAXOSMITHKLINE CONSUMER NIGERIA PLC**

Please notify our Registrars, GTL Registrars Limited of any change in telephone, address and bank whenever it occurs.

Yours faithfully,

GLAXOSMITHKLINE CONSUMER NIGERIA PLC

Note : Please be informed that by filling and sending this form to our Registrar, GTL Registrars Limited for processing, you have applied for the e-Dividend and e-Bonus; thereby, authorizing GLAXOSMITHKLINE CONSUMER NIGERIA PLC to credit your account (in respect of dividends and bonuses) electronically.

PLEASE COMPLETE AND RETURN TO
GTL Registrars Limited
(former Union Registrars LTD)
274, Murtala Muhammed Way, Yaba, Lagos.

GLAXOSMITHKLINE CONSUMER NIGERIA PLC
(RC8726)

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal.

Affix
N50.00 Postage Stamp
Here

The Managing Director
GTL Registrars Limited
(Formerly Union Registrars Ltd)
274, Murtala Muhammed Way
Yaba, Lagos.

Electronic Delivery Mandate Form

Dear Sir/ Madam,

In line with the Company's Articles of Association and to enable you receive your Annual reports, Financial Statements and other documents promptly, please complete the below form and return to either of the following addresses.

The Managing Director
GTL Registrars Limited,
274, Murtala Muhammed Way, Yaba, Lagos.
info@gtlregistrars.com

OR

The Company Secretary,
GlaxoSmithKline Consumer Nigeria PLC,
1, Industrial Avenue, Ilupeju, Lagos.
ng.investors@gsk.com

Uche Uwechia
Company Secretary

MY/OUR E-MAIL ADDRESS: ______________________________

____

DESCRIPTION OF SERVICE

By enrolling in electronic delivery service, you have agreed to receive future announcements/ shareholder communication materials stated above by E-mail. These materials can be made available to you electronically either semi-annually or annually. Annual Report, Proxy Form, Prospectus and Newsletters are examples of shareholder communications that can be available to you electronically. The subscription enrolment will be effective for all your holdings in GlaxoSmithKline Consumer Nigeria Plc on an ongoing basis unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128(6) of September 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to Shareholders by electronic means."

____

Name (Surname first)

____

Signature and date

Affix
N50.00 Postage Stamp
Here

The Managing Director
GTL Registrars Limited
(Formerly Union Registrars Ltd)
274, Murtala Muhammed Way
Yaba, Lagos.

Notes

Notes

Anti-Bribery & Corruption Programme
- ABAC

"Our attitude towards corruption is simple: it is one of **zero** tolerance."


gsk
TOUGH
HEADACHE
TOUGH
BACK PAIN
TOUGH
JOINT PAIN
CHUKWUDI
Empowering the Women of Nigeria
Chukwudi helps women of low-income communities set up their own fish farms, giving them sustainable income and financial freedom.
NEW PACK
Panadol
Extra
Extra effective pain relief
10x10 CAPLETS
GlaxoSmithKline Consumer Nigeria PLC.
1, Industrial Avenue, Ilupeju, Lagos. P.M.B. 21218, Ikeja, Lagos, Nigeria.
T: +234 1 271 1000 W: www.gsk.com/ng
GSK Factory
KM 32, Igbesa Road, Agbara Industrial Estate, Agbara, Ogun State.
Designed by: EQUIPPE STREAMS | +234-809-688-7777, +1-438-833-2163
equippestreams@gmail.com