GLAXOSMITHKLINE CONSUMER NIGERIA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Contents

The Board of Directors of GlaxoSmithKline Consumer Nigeria Plc ("GSK" or the "company") is pleased to present the annual report together with the group and company's audited financial statements for the year ended 31 December 2014 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, Sensodyne, Phensic, Lucozade, and Ribena, and a range of internationally acclaimed pharmaceuticals, including Ampiclox, Amoxil and Augmentin (antibiotics), Zentel (the anthelmintic), Halfan (the anti-malarial) and vaccines.

2 Operating results

The following is a summary of the group operating results:

	GROUP		COMPANY	
	2014 N'000	**2013 N'000**	**2014 N'000**	**2013 N'000**
Revenue	30,521,127	29,183,675	30,521,127	29,183,675
Profit for the year before taxation	2,752,216	4,314,829	2,733,907	4,311,555
Taxation	(903,374)	(1,395,659)	(903,374)	(1,395,659)
Profit for the year attributable to owners of the parent	1,848,842	2,919,170	1,830,533	2,915,896
Retained earnings	12,418,498	11,815,968	12,236,482	11,652,261

3 Dividend

Your Board is pleased to recommend to members a dividend of N717.5 million to be paid for the year to shareholders, representing 75k per ordinary share subject to the approval of shareholders. The dividend will be payable on 12 June 2015. Withholding tax at the applicable rate will be deducted at the time of payment and will be paid to the appropriate state or federal tax authorities.

A bonus issue of one new share for every four existing shares is being recommended for the approval of shareholders at the next Annual General Meeting

4 Directors

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

Mr. Edmund Onuzo	Chairman
Mr. Dayanand Thandalam Sriram (Indian)	Managing Director (appointed with effect from 12 June 2014)
Mr. Jonathan Murray (British)	Finance Director
Mr. Jonathan Girling (British)	
Mr. Justin Korte (South African)	
Mr. Chinedum Okereke	
Mr. Samuel Kuye	(appointed with effect from 12 June 2014)
Mr. Lekan Asuni	(appointed with effect from 12 June 2014)
Mr. Babatunde Lemo, OFR	(appointed with effect from 1 December 2014)
Mrs. Lubabatu Bello	(appointed with effect from 1 December 2014)
Chief Olusegun O. Osunkeye, OFR, OON	(resigned with effect from 12 June 2014)
Engr. Mansur Ahmed	(resigned with effect from 12 June 2014)
Mr. Madike Seye	(resigned with effect from 12 June 2014)
Mrs. Osaretin Jaiyeola	(resigned with effect from 31 July 2014)

5 Board changes

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

Mr. Dayanand Thandalam Sriram was appointed the Managing Director of the Company with effect from 12th June, 2014. We warmly welcome Mr. Dayanand to the Board and wish him a successful and rewarding tenure in office. In accordance with Section 249(2) of Companies and Allied Matters Act, (CAP C20) Laws of the Federal Republic of Nigeria, 2004, a resolution will be proposed at the Annual General Meeting approving his appointment as the Managing Director.

Mr. Samuel Kuye and Mr. Lekan Asuni were appointed as directors of the company with effect from 12th June 2014. Mr. Babatunde Lemo and Mrs. Lubabatu Bello were also appointed as directors of the company with effect from 1 December 2014. 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 their appointments as non-executive directors.

Finally, Chief Olusegun Osunkeye, Engr. Mansur Ahmed and Mr. Madike Seye resigned their appointments from the Board with effect from 12 June 2014 respectively while Mrs. Osaretin Jaiyeola resigned her appointment from the Board with effect from 31 July 2014. We thank them for making themselves available in the service and transformation of our Company. Their various transformational initiatives will remain a guide to the present and future generations of the Board and Management. We wish all of them tremendous success in their future endeavours.

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 Onuzo, Mr. Jonathan Girling and Mr. Jonathan Murray, who, being eligible, offer themselves for re-election.

7 Directors' interest in share capital

The directors' interests in the Company's ordinary shares as at either 31 December 2014 and 28 February 2015 were as follows:

Name	Direct holding	Indirect	Total
Mr. Edmund C. Onuzo	203,504	-	203,504
Mr. Thandalam Dayanand Sriram	-	-	-
Mr. Jonathan Murray	-	-	-
Mr. Jonathan Girling	-	-	-
Mr. Justin Korte	-	-	-
Mr. Chinedum Okereke	-	-	-
Mr. Samuel Kuye	739	75,000	75,739
Mr. Lekan Asuni	-	-	-
Mr. Babatunde Lemo	-	-	-
Mrs. Lubabatu Bello	-	-	-

8 Beneficial ownership

None of the directors has any beneficial interest in shares of the company except as stated in paragraph 7 above.

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 either at 31 December 2014 or 28 February 2015.

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 2014 are given in Notes 16 to 20 to the financial statements.

11 Analysis of shareholding

The issued and fully paid-up share capital of the company is N478,350,595 divided into 956,701,190 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 2014.

Range	Number of shareholders	Holders %	Number of holdings	% shareholding
1-1000	9,693	38.16	4,151,600	0.43
1,001-5,000	10,317	40.61	26,189,940	2.74
5,001- 10,000	2,512	9.89	18,237,559	1.91
10,001- 50,000	2,304	9.07	47,979,457	5.02
50,001 – 100,000	266	1.05	18,901,593	1.98
100,001 – 500,000	209	0.82	45,506,156	4.75
500,001 – 1,000,000	38	0.15	27,401,820	2.86
1,000,001 – Above	63	0.25	768,333,065	80.31
Total	**25,402**	**100**	**956,701,190**	**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 2014:

Shareholder	Number of shares held	% Holding
Setfirst Limited	261,275,035	27.31
Smithkline Beecham Limited	182,790,506	19.11
Stanbic Nominees Limited	96,486,569	10.08

13 Unclaimed dividends

The unclaimed dividend in the books of the company as at 28 February 2015 was N720m. They were in respect of Payments 25 to 36 of the shareholders of GlaxoSmithKline Consumer Nigeria plc and its legacy companies.

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 2014, the company paid very close attention to the differentiated development plan of its workforce which was tied to its articulated 6-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.

The company's code of conduct for employees is based on the company's core values of integrity, performance, innovation, enthusiasm of entrepreneur, passion and sense of urgency. 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, malaria, cancer and other serious diseases through health talks, health assessments and information sharing.

19 Major distributors

The company's products are distributed through numerous distributors who are spread across the whole 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. 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.

Following the sale of Lucozade and Ribena brands by GSK PLC UK to Suntory, the new trading arrangement for the bottling and sale of the two brands is with Lucozade Ribena Suntory Limited, a Suntory subsidiary, following a novation arrangement effective 1 January 2014.

22 Acquisition of own shares

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

23 Independent auditors

In accordance with, and in compliance with the Securities and Exchange Commission Code of Corporate Governance which requires that external auditors who have audited the Company's account for ten (10) years be changed, Messrs. PricewaterhouseCoopers are not eligible to continue in office having audited the Company's account for over 10 years. The process of appointing new auditors is expected to be concluded before the 44th Annual General Meeting.

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
25 March 2015

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

a. the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b. the company establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;

c. the company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied;

d. it is appropriate for the financial statements to be prepared on a going-concern basis unless it is presumed that the company will not continue in business;

e. there is a risk management framework; succession planning and the appointment, training, remuneration and replacement of board members and senior management;

f. there is an effective communication and information dissemination policy and effective communication with shareholders;

g. periodic performance appraisal and compensation of board members and senior executives; and

h. ethical standards are maintained; and in compliance with the laws of Nigeria.

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

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

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

Mr. Edmund C. Onuzo	Mr. Dayanand Thandalam Sriram
FRC/2015/IODN/00000011038	FRC/2014/IODN/00000010391
25 March 2015	25 March 2015

GlaxoSmithKline Consumer Nigeria Plc
Statement of comprehensive income
For the year ended 31 December 2014

		GROUP		COMPANY	
	Note	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Revenue	4	30,521,127	29,183,675	30,521,127	29,183,675
Cost of sales	6	(19,786,112)	(17,581,625)	(19,786,112)	(17,581,625)
Gross profit		10,735,015	11,602,050	10,735,015	11,602,050
Other operating income	5	81,108	82,460	68,623	79,207
Selling and distribution costs	6	(5,638,693)	(5,338,249)	(5,638,691)	(5,338,249)
Administrative expenses	6	(2,010,494)	(2,086,869)	(2,005,651)	(2,082,908)
Other operating expenses	7	(1,029,760)	(104,450)	(1,030,237)	(104,860)
Licence fee recovery	8	552,908	-	552,908	-
Operating profit		2,690,084	4,154,942	2,681,967	4,155,240
Finance costs	9	(5,115)	(514)	(5,115)	(514)
Finance income	10	67,247	160,401	57,055	156,829
Profit before tax		2,752,216	4,314,829	2,733,907	4,311,555
Income tax expense	13	(903,374)	(1,395,659)	(903,374)	(1,395,659)
Profit for the year attributable to owners of the parent		1,848,842	2,919,170	1,830,533	2,915,896
Other comprehensive income: Items that will not be reclassified to profit or loss:					
Remeasurements on post employment benefit obligations	23	(3,715)	10,280	(3,715)	10,280
Income tax effect	13	1,115	(3,084)	1,115	(3,084)
Other comprehensive income for the year, net of tax		(2,600)	7,196	(2,600)	7,196
Total comprehensive income for the year, net of tax		1,846,242	2,926,366	1,827,933	2,923,092
Earnings per share (Kobo)					
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent	14	193	305		

The notes on pages 15 to 42 form an integral part of these financial statements.

GlaxoSmithKline Consumer Nigeria Plc
Statement of financial position
For the year ended 31 December 2014

		GROUP		COMPANY	
	Note	**2014 N'000**	**2013 N'000**	**2014 N'000**	**2013 N'000**
Assets					
Non-current assets					
Property, plant and equipment	15	13,419,394	12,121,857	13,419,394	12,121,857
Current assets					
Investment in subsidiary	16	-	-	160	160
Inventories	17	7,589,550	5,616,340	7,589,550	5,616,340
Trade and other receivables	18	4,977,242	4,054,910	4,977,242	4,088,284
Prepayments	19	310,170	502,901	307,988	496,310
Cash and short- term deposits	20	1,696,512	3,917,655	1,494,703	3,699,202
		14,573,474	14,091,806	14,369,643	13,900,296
Total assets		27,992,868	26,213,663	27,789,037	26,022,153
Equity and liabilities					
Equity					
Issued share capital	21	478,351	478,351	478,351	478,351
Share premium	21	51,395	51,395	51,395	51,395
Retained earnings		12,418,498	11,815,968	12,236,482	11,652,261
Total equity		12,948,244	12,345,714	12,766,228	12,182,007
Non-current liabilities					
Employee benefit liability	23	130,975	136,109	130,975	136,109
Deferred tax liability	13	1,692,834	1,950,422	1,692,834	1,950,422
		1,823,809	2,086,531	1,823,809	2,086,531
Current liabilities					
Trade and other payables	24	11,891,919	10,789,451	11,889,114	10,780,658
Income tax payable	13	1,328,896	991,967	1,309,886	972,957
		13,220,815	11,781,418	13,199,000	11,753,615
Total liabilities		15,044,624	13,867,949	15,022,809	13,840,146
Total equity and liabilities		27,992,868	26,213,663	27,789,037	26,022,153

The financial statements on pages 10 to 44 were approved and authorised for issue by the Board of Directors on 25 March 2015 and signed on its behalf by:

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

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

Mr. Nelson A. Sanni
FRC/2013/ICAN/00000004921

The notes on pages 15 to 42 form an integral part of these financial statements.

GlaxoSmithKline Consumer Nigeria Plc
Consolidated statement of changes in equity
For the year ended 31 December 2014

Group

For the year ended 31 December 2014	Note	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2014	21	478,351	51,395	11,815,968	12,345,714
Profit for the year		-	-	1,848,842	1,848,842
Remeasurements on post employment benefit obligations, net of tax		-	-	(2,600)	(2,600)
Total comprehensive income		-	-	**1,846,242**	**1,846,242**
Dividend	22	-	-	(1,243,712)	(1,243,712)
Total transactions with owners recognised directly in equity		-	-	(1,243,712)	(1,243,712)
At 31 December 2014		**478,351**	**51,395**	**12,418,498**	**12,948,244**

For the year ended 31 December 2013		Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2013	21	478,351	51,395	10,133,314	10,663,060
Profit for the year		-	-	2,919,170	2,919,170
Remeasurements on post employment benefit obligations, net of tax		-	-	7,196	7,196
Total comprehensive income		-	-	**2,926,366**	**2,926,366**
Dividend	22	-	-	(1,243,712)	(1,243,712)
Total transactions with owners recognised directly in equity		-	-	(1,243,712)	(1,243,712)
At 31 December 2013		**478,351**	**51,395**	**11,815,968**	**12,345,714**

The notes on pages 15 to 42 form an integral part of these financial statements.

GlaxoSmithKline Consumer Nigeria Plc
Company statement of changes in equity
For the year ended 31 December 2014

Company

For the year ended 31 December 2014	Note	Issued share capital N'000	Share premium N'000	Retained Earnings N'000	Total equity N'000
As at 1 January 2014	21	478,351	51,395	11,652,261	12,182,007
Profit for the year		-	-	1,830,533	1,830,533
Remeasurements on post employment benefit obligations, net of tax		-	-	(2,600)	(2,600)
Total comprehensive income		-	-	**1,827,933**	**1,827,933**
Dividend	22	-	-	(1,243,712)	(1,243,712)
Total transactions with owners recognised directly in equity		-	-	(1,243,712)	(1,243,712)
At 31 December 2014		**478,351**	**51,395**	**12,236,482**	**12,766,228**

For the year ended 31 December 2013	Note	Issued share capital N'000	Share premium N'000	Retained Earnings N'000	Total equity N'000
As at 1 January 2013	21	478,351	51,395	9,972,881	10,502,627
Profit for the year		-	-	2,915,896	2,915,896
Remeasurements on post employment benefit obligations, net of tax		-	-	7,196	7,196
Total comprehensive income		-	-	**2,923,092**	**2,923,092**
Dividend	22	-	-	(1,243,712)	(1,243,712)
Total transactions with owners recognised directly in equity		-	-	(1,243,712)	(1,243,712)
At 31 December 2013		**478,351**	**51,395**	**11,652,261**	**12,182,007**

The notes on pages 15 to 42 form an integral part of these financial statements.

GlaxoSmithKline Consumer Nigeria Plc
Statement of cash flows
For the year ended 31 December 2014

		GROUP		COMPANY	
		2014	**2013**	**2014**	**2013**
	Note	**N'000**	**N'000**	**N'000**	**N'000**
Operating activities					
Profit before tax		2,752,216	4,314,829	2,733,907	4,311,555
Non-cash adjustment to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment	15	1,144,230	926,036	1,144,230	926,036
Gain on disposal of property, plant and equipment	5	(8,250)	(12,590)	(8,250)	(12,590)
Interest on short term deposit	10	(59,487)	(137,305)	(49,295)	(133,734)
Exchange gain	5	(44,549)	(40,499)	(44,549)	(40,499)
Unrealised exchange loss/(gain) on operating activity	7	893,137	(23,938)	893,137	(23,936)
Finance costs	9	5,115	514	5,115	514
Net charge on defined benefit obligations	23	28,125	27,820	28,125	27,820
Impairment of trade receivables	18	102,608	45,608	102,608	46,018
Working capital adjustments:					
Increase in inventories		(1,973,210)	(1,061,037)	(1,973,210)	(1,107,536)
Increase in trade receivables		(1,024,940)	(602,445)	(991,566)	(441,625)
Decrease in prepayments		192,054	35,399	187,646	41,421
Increase in trade and other payables		209,331	2,539,881	215,318	2,540,784
		2,216,380	6,012,273	2,243,216	6,134,228
Defined benefit obligation paid	23	(36,974)	(9,593)	(36,974)	(9,593)
Interest paid	9	(5,115)	(514)	(5,115)	(514)
Income tax paid	13	(822,239)	(1,160,408)	(822,239)	(1,128,095)
Net cash flows from operating activities		1,352,052	4,841,758	1,378,888	4,996,026
Investing activities					
Proceeds from sale of property, plant and equipment		43,617	33,192	43,617	33,192
Interest received	10	59,487	137,305	49,295	133,734
Purchase of property, plant and equipment	15	(2,477,134)	(4,233,435)	(2,477,134)	(4,233,435)
Net cash flows used in investing activities		(2,374,030)	(4,062,938)	(2,384,222)	(4,066,509)
Financing activities					
Dividends paid to equity holders of the parent	22	(1,243,712)	(1,243,712)	(1,243,712)	(1,243,712)
Net cash flows used in financing activities		(1,243,712)	(1,243,712)	(1,243,712)	(1,243,712)
Net decrease in cash and cash equivalents		(2,265,690)	(464,892)	(2,249,046)	(314,194)
Cash and cash equivalents at 1 January		3,917,655	4,365,986	3,699,202	3,996,835
Exchange gain on cash and cash equivalents		44,549	16,561	44,549	16,561
Cash and cash equivalents at 31 December	20	1,696,514	3,917,655	1,494,705	3,699,202

The notes on pages 15 to 42 form an integral part of these financial statements.

1. Corporate information

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

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

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

2. Summary of significant accounting policies

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

2.1. Basis of preparation

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

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

2.1.1 *New and amended standards adopted by the group*

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

(i) IAS 32 Financial Instrument: Presentation

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

(ii) IFRIC 21 Levies

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

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

New standards and interpretations not yet adopted

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

(i) IFRS 9 Financial Instruments

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

(ii) IFRS 15 Revenue from contracts with Customers

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

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

2.1.2 *New standards and interpretations not yet adopted (continued)*

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

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

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

(iv) Amendments to IAS 34: Interim financial reporting

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

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

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary (Winster Pharmaceutical Limited) as at 31 December 2014.

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.

2.2 Basis of consolidation (continued)

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

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

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

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

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

2.3 Business combinations

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

2.4 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.5 Revenue recognition

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

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

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

Interest income

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

Dividends

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

2.6 Taxes

Current income tax

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

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

Deferred tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

2.7 Property, plant and equipment

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

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

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

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

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

2.8 Leases

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

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

2.9 Financial instruments — initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and other receivables

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

Trade and other receivables

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

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

Derecognition

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

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

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

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

(ii) Impairment of financial assets

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

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

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

Financial assets carried at amortised cost

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

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

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

(iii) Financial liabilities at amortized cost

Initial recognition and measurement

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

Subsequent measurement

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

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

Derecognition

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

(iv) Offsetting of financial instruments

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

2.10 Inventories

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

2.11 Cash and short-term deposits

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

2.12 Impairment of non-current assets

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

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

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

2.13 Pensions and other post employment benefits

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

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

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

Past service costs are recognised immediately in the income.

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

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

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

2.14 Segment report

The group defines 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 segment consist of Pharmaceuticals (Prescription drugs and vaccines) and Consumer Healthcare (Oral care, OTC medicines and nutritional healthcare). The Group's management reporting process allocates segment revenue and related cost on the basis of each operating segment. There are no sales between the operating segments.

2.15 Provisions

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

2.16 Borrowings

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

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

2.17 Borrowing cost

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

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

2.18 Dividend

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

2.19 Share capital

Ordinary shares are classified as equity.

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

2.20 Research and development

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

3. Significant accounting judgments, estimates and assumptions

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

Judgments

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

Estimates and assumptions

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

Taxes

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

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

Going concern

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

Gratuity benefits

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

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

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

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

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

Year end translation rate

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

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

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

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

Royalty

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

4 Segment information

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

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

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

There are no sales between business segments. The Pharmaceuticals segment has a major customer with total sales of N8.99 billion (2013: N8.40 billion) contributing more than 10% of the Group's total revenue.

31 December 2014	**Consumer Healthcare products N'000**	**Pharmaceuticals N'000**	**Total segments N'000**
Revenue			
External customers	21,408,137	9,112,990	30,521,127
Inter-segment	-	-	-
	21,408,137	9,112,990	30,521,127
Results			
Depreciation	1,144,230	-	1,144,230
Operating profit	1,000,592	1,689,492	2,690,084
Operating assets	26,326,698	1,666,170	27,992,868
Operating liabilities	11,999,968	22,926	12,022,894
Unallocated:			
- Deferred tax liability			1,692,834
- Income tax			1,328,896
Total liabilities per balance sheet			15,044,624
Other disclosures:			
Capital expenditure	2,477,134	-	2,477,134

31 December 2013	**Consumer Healthcare products N'000**	**Pharmaceuticals N'000**	**Total segments N'000**
Revenue			
External customers	20,539,303	8,644,372	29,183,675
Inter-segment	-	-	-
	20,539,303	8,644,372	29,183,675
Results			
Depreciation	926,036	-	926,036
Operating profit	2,717,081	1,437,861	4,154,942

4. Segment information (continued)

Operating assets	23,044,260	3,169,403	26,213,663
Operating liabilities	10,923,560	2,000	10,925,560
Unallocated:			
- Deferred tax liability			1,950,422
- Income tax			991,967
Total liabilities per balance sheet			13,867,949
Other disclosures:			
Capital expenditure	4,233,435	-	4,233,435

Adjustments and eliminations

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

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

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

	2014	**2013**
	N'000	**N'000**
Reconciliation of profit		
Segment operating profit	**2,690,084**	**4,154,942**
Finance income	67,247	160,401
Finance costs	(5,115)	(514)
Group profit/total segment profit	2,752,216	4,314,829

Geographic information

Revenue from external customers	**2014**	**2013**
	N'000	**N'000**
Nigeria	30,467,862	29,098,242
Other West Africa	53,265	85,433
Group total revenue	30,521,127	29,183,675

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

Non-current assets	**2014**	**2013**
	N'000	**N'000**
Nigeria	13,419,394	12,121,857
Other West Africa	-	-
Group total non-current assets	13,419,394	12,121,857

		GROUP		COMPANY	
		2014	2,013	2014	2,013
		N'000	N'000	N'000	N'000
5	**Other operating income**				
	Profit from sale of property, plant and equipment	8,250	12,590	8,250	12,590
	Income from sale of obsolete items as scrap	12,240	7,519	12,240	7,519
	Realised Exchange gain	44,549	40,499	44,549	40,499
	Other sundry income	16,069	21,852	3,584	18,599
		81,108	82,460	68,623	79,207
6	**Expenses by nature**				
	Raw materials, consumables and goods purchased for resale	16,473,331	14,638,957	16,473,331	14,638,957
	Depreciation (Note 15)	1,144,230	926,036	1,144,230	926,036
	Facility expenses	70,345	77,718	70,345	77,639
	Write-down of inventories	160,598	154,320	160,598	154,320
	Employment benefit expense (Note 12)	2,880,986	2,283,942	2,880,986	2,283,942
	Electricity, Fuel & Utility	348,827	326,803	348,775	326,524
	Pharmaceutical products marketing support cost	623,536	319,642	623,536	319,642
	Consultancy	238,726	167,396	237,669	166,428
	Bank charges	29,837	29,024	29,833	28,710
	Repairs & maintenance	584,331	697,387	584,331	697,387
	Employee training, medicals and offices supplies	563,742	612,867	563,742	612,667
	Auditor's remuneration	27,721	25,019	27,721	25,019
	Transport expense	1,136,186	1,264,354	1,136,186	1,264,354
	Advertising cost	2,569,629	2,607,177	2,569,629	2,607,177
	Rent and rates	368,450	367,268	363,662	363,026
	Telecoms	104,137	116,976	104,137	116,976
	Insurance	65,347	77,109	65,347	77,109
	Licence fee expense	30,773	281,796	30,773	281,796
	Miscellaneous expenses	14,567	32,952	15,623	35,073
		27,435,299	25,006,743	27,430,454	25,002,782
	Expenses by nature have been disclosed in the statement of comprehensive income as follows:				
	Cost of sales	19,786,112	17,581,625	19,786,112	17,581,625
	Selling and distribution costs	5,638,693	5,338,249	5,638,691	5,338,249
	Administrative expenses	2,010,494	2,086,869	2,005,651	2,082,908
		27,435,299	25,006,743	27,430,454	25,002,782
7	**Other operating expenses**				
	Impairment loss on trade receivables	102,608	45,608	102,608	46,018
	Unrealised Exchange loss	893,137	-	893,137	-
	Other sundry expenses	34,015	58,842	34,492	58,842
		1,029,760	104,450	1,030,237	104,860

8 Reversal of accruals

Excess accruals totalling N552.9 million (2013; Nil) for licence fees payable to Glaxo Group Limited were reversed in the year as they were no longer required.

9 Finance costs

		GROUP		COMPANY	
		2014	2013	2014	2013
		N'000	N'000	N'000	N'000
	Interest on bank loans and overdrafts	5,115	514	5,115	514
10	**Finance income**				
	Interest income on short-term deposit	59,487	137,305	49,295	133,734
	Interest income on loans to staff	7,760	23,096	7,760	23,095
	`	67,247	160,401	57,055	156,829

11 Depreciation and costs of inventories included in the consolidated income statement

	GROUP 2014 N 000	GROUP 2013 N 000	COMPANY 2014 N 000	COMPANY 2013 N 000
Included in cost of sales:				
Cost of raw materials, consumables and goods purchased for resale recognised as an expense	16,473,331	14,638,957	16,473,331	14,638,957
Depreciation	840,218	677,498	840,218	677,498

	GROUP 2014 N 000	GROUP 2013 N 000	COMPANY 2014 N 000	COMPANY 2013 N 000
Included in administrative expenses:				
Depreciation	304,012	248,538	304,012	248,538

12 Employee benefits expense

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Wages and salaries	2,748,611	2,183,788	2,748,611	2,183,788
Defined contribution	104,250	72,334	104,250	72,334
Defined benefit	28,125	27,820	28,125	27,820
	2,880,986	2,283,942	2,880,986	2,283,942

13 Taxes

The major components of income tax expense are:

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Income statement:				
Current income tax:				
Company income tax	1,059,902	880,545	1,059,902	880,545
Education tax	99,945	58,703	99,945	58,703
Deferred tax:				
Relating to origination and reversal of temporary differences	(256,473)	456,411	(256,473)	456,411
Income tax expense reported in the income statement	903,374	1,395,659	903,374	1,395,659
Statement of other comprehensive income:				
Deferred tax related to items charged or credited directly to equity during the year:				
Deferred tax charge on remeasurement	(1,115)	3,084	(1,115)	3,084

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2014 and 2013 is as follows:

	GROUP 2014 N'000	GROUP 2013 N'000	COMPANY 2014 N'000	COMPANY 2013 N'000
Accounting profit before income tax	2,752,216	4,314,829	2,733,907	4,311,555
At Nigeria's statutory income tax rate of 30% (2013: 30%)	825,665	1,294,449	820,172	1,293,467
Tax impact of:				
Profit on export sales	(4,533)	(11,429)	(4,533)	(11,429)
Education tax	99,945	58,703	99,945	58,703
Effect of other permanent differences	(17,703)	53,936	(12,210)	54,918
	903,374	1,395,659	903,374	1,395,659

Deferred tax

Deferred tax relates to the following:

	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Income statement				
Accelerated depreciation for tax purpose	42,707	477,000	42,707	477,000
Impairment loss on trade receivables	(72,295)	-	(72,295)	-
Provision for increase in stock write off	(48,179)	-	(48,179)	-
Post-employment benefit	77,086	(9,779)	77,086	(9,779)
Unrealised exchange difference	(255,792)	(10,810)	(255,792)	(10,810)
Deferred tax	(256,473)	456,411	(256,473)	456,411

13 Taxes (continued)

Statement of financial position	**GROUP**		**COMPANY**	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Accelerated depreciation for tax	2,120,661	2,077,954	2,120,661	2,077,954
Impairment loss on trade receivables	(72,295)	-	(72,295)	-
Provision for increase in stock write off	(48,179)	-	(48,179)	-
Post-employment benefit	(39,412)	(115,383)	(39,412)	(115,383)
Unrealised exchange difference	(267,941)	(12,149)	(267,941)	(12,149)
Net deferred tax liabilities	1,692,834	1,950,422	1,692,834	1,950,422
Reflected in the statement of financial position as follows:	**N'000**	**N'000**	**N'000**	**N'000**
		-		-
Deferred tax liabilities	1,692,834	1,950,422	1,692,834	1,950,422
Deferred tax liabilities net	1,692,834	1,950,422	1,692,834	1,950,422
Reconciliation of deferred tax liabilities net				
At 1 January	1,950,422	1,490,927	1,950,422	1,490,927
Tax (income) / expense during the year recognised in profit or loss	(256,473)	456,411	(256,473)	456,411
Tax (income) / expense during the year recognised in other comprehensive income	(1,115)	3,084	(1,115)	3,084
At 31 December	1,692,834	1,950,422	1,692,834	1,950,422

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

	GROUP		**COMPANY**	
	2014	**2013**	**2014**	**2013**
Reconciliation of income tax	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January	991,967	1,213,127	972,957	1,161,804
Prior year over provision	(679)	-	(679)	-
Tax charge in income statement	1,159,847	939,248	1,159,847	939,248
	2,151,135	2,152,375	2,132,125	2,101,052
Company income tax paid	(770,849)	(1,062,147)	(770,849)	(1,031,854)
Education tax paid	(51,390)	(98,261)	(51,390)	(96,241)
At 31 December	1,328,896	991,967	1,309,886	972,957

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	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	N'000	**N 000**	**N'000**	**N 000**
14 Earnings per share				
Net profit attributable to ordinary equity holders of the parent	1,848,842	2,919,170	1,830,533	2,915,896
Weighted average number of ordinary shares for basic earnings per share	956,701	956,701	956,701	956,701
Basic earnings per share (kobo)	193	305		

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

15 Property , plant and equipment Group and Company	**Leasehold land N'000**	**Buildings N'000**	**Plant and machinery N'000**	**Construction in progress N'000**	**Furniture, fittings and equipment N'000**	**Motor vehicles N'000**	**Total N'000**
Cost							
At 1 January 2013	633,591	1,255,371	5,782,839	1,570,033	2,279,225	647,447	12,168,506
Additions	-	5,093	-	3,872,527	230,095	125,720	4,233,435
Capitalisation of construction in progress	-	197,116	766,494	(2,459,371)	1,477,716	18,045	-
Disposals	-	-	(1,795)	-	(7,616)	(131,393)	(140,804)
At 31 December 2013	633,591	1,457,580	6,547,538	2,983,189	3,979,420	659,819	16,261,137
Additions	-	-	-	1,960,102	384,700	132,332	2,477,134
Capitalisation of construction in progress	-	40,851	136,720	(392,182)	185,917	28,694	-
Disposals	-	-	(4,633)	-	(56,866)	(104,501)	(166,000)
At 31 December 2014	633,591	1,498,431	6,679,625	4,551,109	4,493,171	716,344	18,572,271
Depreciation							
At 1 January 2013	86,594	136,345	2,066,800	-	698,982	344,725	3,333,446
Charge for the year	10,715	32,238	395,647	-	357,035	130,401	926,036
Disposals	-	-	(1,795)	-	(7,607)	(110,800)	(120,202)
At 31 December 2013	97,309	168,583	2,460,652	-	1,048,411	364,326	4,139,280
Charge for the year	10,714	35,733	451,236	-	508,538	138,009	1,144,230
Disposals	-	-	(4,526)	-	(44,484)	(81,623)	(130,633)
At 31 December 2014	108,023	204,316	2,907,362	-	1,512,464	420,712	5,152,877
Net book values:							
At 31 December 2014	525,568	1,294,115	3,772,263	4,551,109	2,980,707	295,632	13,419,394
At 31 December 2013	536,282	1,288,997	4,086,886	2,983,189	2,931,010	295,493	12,121,857

16 Investment in subsidiary	**GROUP**		**COMPANY**	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
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 it's only product to a third party in 2012. The results of the company have been consolidated in these financial statements.

	GROUP		**COMPANY**	
	2014	**2013**	**2014**	**2013**
17 Inventories	**N'000**	**N 000**	**N'000**	**N'000**
Raw materials and consumables	2,935,542	2,247,240	2,935,542	2,247,240
Work in progress	11,256	9,864	11,256	9,864
Finished goods	4,642,752	3,359,236	4,642,752	3,359,236
Total inventories at the lower of cost and net realisable value	7,589,550	5,616,340	7,589,550	5,616,340

The cost of inventories recognised as an expense and included in cost of sales amounted to N19,219 million (2013: N17,230 million)

The amount of inventories written down and included in cost of sales was N161 million (2013: N154 million).

	GROUP		**COMPANY**	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
18 Trade and other receivables				
Trade receivables	4,287,736	2,379,252	4,287,736	2,379,252
Receivables from related parties	104,094	35,400	104,094	62,457
Employee loans and advances	276,515	275,655	276,515	275,655
Advances to suppliers	41,273	1,133,967	41,273	1,133,967
Other receivables	267,624	230,636	267,624	236,953
	4,977,242	4,054,910	4,977,242	4,088,284

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

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

18 Trade and other receivables

	GROUP Individually impaired N'000	COMPANY Individually impaired N'000
At 1 January 2013	117,939	111,232
Net charge for the year	45,608	46,018
Write off	(25,172)	(18,875)
31 December 2013	138,375	138,375
Net charge for the year	102,608	102,608
At 31 December 2014	240,983	240,983

At 31 December, the ageing analysis of trade receivables is as follows:

Group			Past due but not impaired	Impaired trade receivables		
	Total N'000	Neither past due nor impaired N'000	61 - 90 days N'000	Gross amount N'000	Impairment loss N'000	Net receivables N'000
31 December 2014	4,287,736	3,410,824	838,974	278,921	(240,983)	37,938
31 December 2013	2,379,252	2,267,723	38,124	211,780	(138,375)	73,405

Company			Past due but not impaired	Impaired trade receivables		
	Total N'000	Neither past due nor impaired N'000	61 - 90 days N'000	Gross amount N'000	Impairment loss N'000	Net receivables N'000
31 December 2014	4,287,736	3,410,824	838,974	278,921	(240,983)	37,938
31 December 2013	2,379,252	2,267,723	38,124	211,780	(138,375)	73,405

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

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

	GROUP 2014 N'000	GROUP 2013 N'000	COMPANY 2014 N'000	COMPANY 2013 N'000
19 Prepayments				
Rent	198,387	265,687	196,205	259,096
Insurance	75,780	50,421	75,780	50,421
Other prepayments	36,003	186,793	36,003	186,793
	310,170	502,901	307,988	496,310
20 Cash and short-term deposits				
Cash at banks and on hand `	1,494,773	3,125,971	1,494,703	3,057,518
Short-term deposits	201,739	791,684	-	641,684
	1,696,512	3,917,655	1,494,703	3,699,202

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

Included in the Group's cash balance is restricted cash of N 256 million (2013: N 221 million) for unclaimed dividends to shareholders of GlaxoSmithKline Consumer Nigeria Plc and its legacy companies.

21 Issued capital and share premium

	GROUP		COMPANY	
Authorised shares	**2014**	**2013**	**2014**	**2013**
	Thousands	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	960,000	960,000	960,000	960,000
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	480,000	480,000	480,000	480,000
Ordinary shares issued and fully paid	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	956,701	956,701	956,701	956,701
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	478,351	478,351	478,351	478,351
	N'000	**N'000**	**N'000**	**N'000**
Share premium	51,395	51,395	51,395	51,395

22 Dividends paid and proposed

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Dividends on ordinary shares declared and paid during the year				
Final dividend for 2013: N1.30 per share (2012: N1.30 per share)	1,243,712	1,243,712	1,243,712	1,243,712
Dividends on ordinary shares proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December)				
Final dividend for 2014: N0.75 per share (2013: N1.30 per share)	717,526	1,243,712	717,526	1,243,712

23 Post employment benefit plans

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

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

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

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Net benefit expense (recognised in administrative expenses)				
Current service cost	9,900	10,653	9,900	10,653
Interest cost on benefit obligation	18,225	17,167	18,225	17,167
Net benefit expenses	28,125	27,820	28,125	27,820

23 Post employment benefit plans (continued)

Changes in the present value of the defined benefit obligation

Benefit liability	Group 2014	Group 2013	Company 2014	Company 2013
Defined benefit obligation as at 1 January	136,109	128,162	136,109	128,162
Current service cost	9,900	10,653	9,900	10,653
Interest cost	18,225	17,167	18,225	17,167
Benefits paid	(36,974)	(9,593)	(36,974)	(9,593)
	127,260	146,389	127,260	146,389
Remeasurement loss :				
-arising from changes in assumption	(11,913)	-	(11,913)	-
-arising from experience	15,628	(10,280)	15,628	(10,280)
	3,715	(10,280)	3,715	(10,280)
Defined benefit obligation at 31 December	130,975	136,109	130,975	136,109

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

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Average long term discount rate (p.a)	15.00	14.00	15.00	14.00
Average long term pay increase (p.a)	12.00	12.00	12.00	12.00
Average long term rate of inflation (p.a)	9.00	9.00	9.00	9.00
Mortality rate in service (Age band):				
Less than or equal to 30	3.00	3.00	3.00	3.00
31-39	2.00	2.00	2.00	2.00
40-49	2.00	2.00	2.00	2.00
50-60	0.00	0.00	0.00	0.00

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:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Base figure	130,975	136,109	130,975	136,109
Discount rate (+1%)	120,279	126,494	120,279	126,494
Discount rate (-1%)	143,207	147,328	143,207	147,328
Salary increase (+1%)	144,078	148,051	144,078	148,051
Salary increase (-1%)	119,383	125,778	119,383	125,778
Mortality experience (improved by 1 year)	130,962	137,128	130,962	137,128
Mortality experience (worsen by 1 year)	130,986	135,845	130,986	135,845

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

	THE GROUP AND COMPANY	
	2014	**2013**
Within the next 12 months (next annual reporting period)	11,404	11,869
Between 2 and 5 years	74,426	87,280
Between 5 and 10 years	104,868	59,385
	190,698	**158,534**

24 Trade and other payables

		GROUP		COMPANY	
		2014	**2013**	**2014**	**2013**
		N'000	**N'000**	**N'000**	**N'000**
Trade payables		317,532	1,429,400	317,433	1,429,302
Amounts due to related parties	(Note 25)	9,823,681	7,303,100	9,823,681	7,303,100
Unclaimed dividend		221,517	221,517	221,517	221,517
Other payables		533,931	544,616	533,931	537,569
Accruals		995,258	1,290,818	992,552	1,289,170
		11,891,919	10,789,451	11,889,114	10,780,658

24 Trade and other payables (continued)

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

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

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

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 period shown. There are no restrictions on the abilty 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 2014 and 31 December 2013.

	GROUP AND COMPANY	GROUP		COMPANY	
	Purchases from related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000
Subsidiary:					
Winster Pharmaceuticals Limited:					
- 31 December 2014	-	-	-	-	-
- 31 December 2013	-	27,056	-	27,056	-
Other sister companies:					
GSK Pharmaceutical Nigeria Limited					
- 31 December 2014	-	-	196,244	-	196,244
- 31 December 2013	-	-	372,407	-	372,407
GSK Biological Manufacturing Limited					
- 31 December 2014	99,177	-	133,300	-	133,300
- 31 December 2013	22,471	-	60,930	-	60,930
GSK Consumer Trading Services Cerp					
- 31 December 2014	56,719	-	123,233	-	123,233
- 31 December 2013	-	-	-	-	-
GlaxoSmithkline Dungravan					
- 31 December 2014	107,902	-	687,443	-	687,443
- 31 December 2013	509,540	-	799,766	-	799,766
GlaxoSmithkline Export Limited UK					
- 31 December 2014	8,717,098	-	8,112,332	-	8,112,332
- 31 December 2013	5,838,961	-	5,790,528	-	5,790,528
GlaxoSmithkline Newzealand Limited					
- 31 December 2014	-	-	-	-	-
- 31 December 2013	-	-	10,183	-	10,183
GlaxoSmithKline Consumer Trading Services (JDE)					
- 31 December 2014	543,589	-	349,551	-	349,551
- 31 December 2013	-	-	-	-	-
GlaxoSmithkline Pakistan Limited					
- 31 December 2014	-	-	24,918	-	24,918
- 31 December 2013	-	-	11,221	-	11,221
GlaxoSmithkline Limited, Kenya					
- 31 December 2014	-	16,967	-	16,967	-
- 31 December 2013	-	608	-	608	-

25 Related party disclosures (continued)

	GROUP AND COMPANY	GROUP		COMPANY	
	Purchases from related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000
GlaxoSmithKline Inc.(Canada PH)					
- 31 December 2014	-	-	8,188	-	8,188
- 31 December 2013	-	-	-	-	-
GlaxoSmithkline Panama					
- 31 December 2014	-	-	-	-	-
- 31 December 2013	-	-	76,388	-	76,388
GlaxoSmithkline Corp C.B. Usa					
- 31 December 2014	-	-	3,284	-	3,284
- 31 December 2013	-	-	-	-	-
GSK OPS UK Area					
- 31 December 2014	-	855	-	855	-
- 31 December 2013	-	15,486	-	15,486	-
Inter Com - GlaxoSmithkline South Africa					
- 31 December 2014	2,090	7,313	-	7,313	-
- 31 December 2013	3,389	-	592	-	592
GlaxoSmithKline Consumer Healthcare Pte. Ltd.					
- 31 December 2014	-	73,427	-	73,427	-
- 31 December 2013	-	-	-	-	-
Glaxo Group Limited - Corporate					
- 31 December 2014	-	5,532	-	5,532	-
- 31 December 2013	-	5,532	-	5,532	-
SB CORP - GlaxoSmithkline Clifton					
- 31 December 2014	-	-	-	-	-
- 31 December 2013	2,991	13,775	80,151	13,775	80,151
GlaxoSmithKline Services Unlimited					
- 31 December 2014	-	-	185,188	-	185,188
- 31 December 2013	-	-	100,933	-	100,933
Total					
- 31 December 2014	9,526,575	104,094	9,823,681	104,094	9,823,681
- 31 December 2013	6,377,351	35,400	7,303,100	62,457	7,303,100

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

	GROUP		COMPANY	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Receivable from related parties:				
Local	-	-	-	27,057
Foreign	104,094	35,400	104,094	35,400
	104,094	35,400	104,094	62,457
Payable to related parties:				
Local	196,244	372,407	196,244	372,407
Foreign	9,627,437	6,930,693	9,627,437	6,930,693
	9,823,681	7,303,100	9,823,681	7,303,100

25 Related party disclosures (continued)

There were no sales to related parties for the year ended 31 December 2014 (2013:Nil).

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

License fee
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 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 during the year ended 31 December 2014 amounted to N31 million (December 2013: N282 million). The decline is accounted for by the sale of the Lucozade and Ribena brands to Suntory Group under which these category of products no longer form part of the licence agreement.

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 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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.

As stated in Note 27 below, under the licensing and trademark agreement 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.

Compensation of key management personnel of the Group

	GROUP		COMPANY	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Short-term employee benefits	219,702	241,208	219,702	241,208
Defined contribution	19,307	22,187	19,307	22,187
Total compensation paid to key management personnel	239,009	263,395	239,009	263,395

The amounts disclosed in the table 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 (2013: Nil)

26 Directors and employees

Employees
The number of full-time persons employed was as follows:

	THE GROUP AND COMPANY	
	2014	2013
	Number	Number
Administration	62	56
Sales and distribution	97	82
Marketing	17	19
Production	236	268
	412	425

Winster Pharmaceuticals Limited does not have employees.

The number of employees of the company, other than directors, who earned more than N300,000 in the year were as follows:

26 Directors and employees (continued)

			THE GROUP AND COMPANY	
			2014	**2013**
N		N	**Number**	**Number**
300,001	to	400,000	-	2
400,001	to	500,000	-	2
600,001	to	700,000	-	40
700,001	to	800,000	1	3
800,001	to	900,000	-	2
900,001	to	1,000,000	2	6
1,000,001	to	1,500,000	31	13
1,500,001	to	2,000,000	49	65
2,000,001	to	2,500,000	53	59
2,500,001	to	3,000,000	55	36
3,000,001	to	3,500,000	37	39
3,500,001	to	4,000,000	35	21
4,000,001	to	4,500,000	22	14
4,500,001	to	5,000,000	10	12
5,000,001	to	5,500,000	10	13
5,500,001	to	6,000,000	8	7
6,000,001	and above		99	91
			412	425

	2014	2013
	N'000	**N'000**
The remuneration paid to directors of the company was:	50,845	64,738

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

The chairman	3,104	1,440
The highest paid director	20,046	52,512

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

			THE GROUP AND COMPANY	
			2014	**2013**
N		N	**Number**	**Number**
-	to	1,000,000	9	5
1,000,001	to	2,000,000	1	2
2,000,001	to	3,000,000	1	2
3,000,001	to	8,000,000	1	1
8,000,001	to	9,000,000	-	-
9,000,001	to	30,000,000	3	-
30,000,001	to	50,000,000	-	1
			15	11

27 Commitment and contingencies

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 stay of execution on the condition that the judgment 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.

In January 2014, the Court of Appeal granted the company's motion for extension of time to compile and transmit record of proceedings from the Federal High Court to the Court of Appeal. At the last adjourned date, the Federal High Court had been informed of the appeal in respect of the matter and was scheduled to come up on the 14 January 2015 for hearing. However the court was urged to adjourn the instant suit till after the hearing of the appeal at the Court of Appeal.

27 Commitment and contingencies (continued)

Consequently the matter was adjourned till 9 March 2015 for further mention.
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 a number of 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. Based on the facts, it is the opinion of the directors that the effect of the current actions will not be material.

Capital commitments in respect of property, plants and equipment amounted to N1.2 billion (2013: N1.5 billion).

28 Financial risk management objectives and policies

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

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

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

Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

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

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

		Effect on PBT when all other variables
	Change in USD rate	**are held constant**
2014		**N'000**
	+ N3	(12,608)
	- N2	8,405
	Change in GBP rate	
2014	+ N3	(2,063)
	- N2	1,375
	Change in USD rate	
2013	+ N3	(15,029)
	- N2	10,020
	Change in GBP rate	
2013	+ N3	(1,143)
	- N2	762

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

28 Financial risk management objectives and policies (continued)

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.

Group

	Credit rating by counter party						
	B+ N'000	BB+ N'000	BB- N'000	AA- N'000	Aa1 N'000	A+ N'000	Total N'000
Cash in bank and short term deposits (2014)	255,522	59,034	193,487	-	792,547	395,922	**1,696,512**
Cash in bank and short term deposits (2013)	-	-	263,258	978,271	2,604,038	72,088	**3,917,655**

Company

	Credit rating by counter party						
	B+ N'000	BB+ N'000	BB- N'000	AA- N'000	Aa1 N'000	A+ N'000	Total N'000
Cash in bank and short term deposits (2014)	255,522	59,034	193,487	-	590,787	395,873	**1,494,703**
Cash in bank and short term deposits (2013)	-	-	263,258	978,270	2,386,501	71,173	**3,699,202**

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 2014, the Group had 184 customers. One customer owed the Group N1,629m which represents 36% 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.

77% of the Group's exposure on related party receivables is to the parent and its wholly-owned subsidiary. The directors are of the opinion that there is no credit risk in relation to related party receivables. The company 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.

28 Financial risk management objectives and policies (continued)

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 utilized.

Group

As at 31 December 2014	On demand N'000	3 to 12 months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	2,656,472	9,235,447	11,891,919
	2,656,472	9,235,447	11,891,919

As at 31 December 2013	On demand N'000	3 to 12 months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	2,410,197	8,379,254	10,789,451
	2,410,197	8,379,254	10,789,451

Company

As at 31 December 2014	On demand N'000	3 to 12 months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	2,655,844	9,233,270	11,889,114
	2,655,844	9,233,270	11,889,114

As at 31 December 2013	On demand N'000	3 to 12 months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	2,408,232	8,372,426	10,780,658
	2,408,232	8,372,426	10,780,658

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.

28 Financial risk management objectives and policies (continued)

Financial instrument fair value estimation

a) Financial instrument fair value estimation

The Group holds a number of financial instruments within the annual report and accounts.

Fair values of financial assets and financial liabilities

Financial instruments utilised by the Group during the years ended 31 December 2014 and 31 December 2013, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities – Financial instruments 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 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 2014 and 31 December 2013. None of the financial assets and liabilities has been reclassified during the year.

	2014	2013
	Carrying amount and fair value N'000	Carrying amount and fair value N'000
Loans and receivables		
- Cash and short term deposits	1,696,512	3,917,655
- Trade and other receivables (excluding non financial assets)	4,668,345	2,690,307
Financial liabilities		
- Trade and other payables (except non financial liabilities)	10,362,730	8,954,017

28 Financial risk management objectives and policies (continued)

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2014.

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.

	GROUP		COMPANY	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Trade and other payables (Note 24)	11,891,919	10,789,451	11,889,114	10,780,658
Less: cash and short-term deposits (Note 20)	(1,696,512)	(3,917,655)	(1,494,703)	(3,699,202)
	10,195,407	6,871,796	10,394,411	7,081,456
Equity	12,948,244	12,345,714	12,766,228	12,182,007
Capital and net debt	23,143,651	19,217,510	23,160,639	19,263,463
Gearing ratio	**44%**	**36%**	**45%**	**37%**

GlaxoSmithKline Consumer Nigeria Plc
Statement of value added
For the year ended 31 December 2014

	GROUP				COMPANY			
	2014		**2013**		**2014**		**2013**	
	N'000	**%**	**N'000**	**%**	**N'000**	**%**	**N'000**	**%**
Turnover	30,521,127		29,183,675		30,521,127		29,183,675	
Other income	81,108		82,460		68,623		79,207	
	30,602,235		29,266,135		30,589,750		29,262,882	
Bought-in-materials								
- Local	(11,196,476)		(10,214,800)		(11,199,213)		(10,214,810)	
- Imported	(12,625,812)		(11,518,818)		(12,628,899)		(11,518,829)	
	(23,822,288)		(21,733,618)		(23,828,112)		(21,733,639)	
Value added	6,779,947		7,532,517		6,761,638		7,529,243	
Distribution								
Employees								
Salaries and benefits	2,880,986	43	2,283,942	30	2,880,986	43	2,283,942	30
Provider of funds								
Interest	5,115	0	514	0	5,115	0	514	0
Government								
Taxation	903,374	13	1,395,659	19	903,374	13	1,395,659	19
The Future								
Depreciation	1,144,230	17	926,036	12	1,144,230	17	926,036	12
Retained profit	1,846,242	27	2,926,366	39	1,827,933	27	2,923,092	39
	6,779,947	100	7,532,517	100	6,761,638	100	7,529,243	100

This statement represents the distribution of the wealth created through the use of the group's assets through its own and employees' efforts.

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GlaxoSmithKline Consumer Nigeria Plc
Five year financial summary
For the year ended 31 December 2014

The Group					**Prepared under Nigerian GAAP**
	2014	**2013**	**2012**	**2011**	**2010**
Assets employed	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	13,419,394	12,121,857	8,835,060	7,282,265	6,880,710
Current assets	14,573,474	14,091,806	12,957,661	10,657,891	7,373,202
	27,992,868	26,213,663	21,792,721	17,940,156	14,253,912
Financed by					
Creditors due within one year	13,220,815	11,781,418	9,510,572	7,571,039	5,143,337
Deferred taxation	1,692,834	1,950,422	1,490,927	1,275,624	914,390
Retirement benefits	130,975	136,109	128,162	111,065	349,777
Share capital	478,351	478,351	478,351	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Revaluation reserve	-	-	-	-	24,721
Retained earnings	12,418,498	11,815,968	10,133,314	8,452,682	7,291,941
	27,992,868	26,213,663	21,792,721	17,940,156	14,253,912

					Prepared under Nigerian GAAP
	2014	**2013**	**2012**	**2011**	**2010**
Profit and loss	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Turnover	30,521,127	29,183,675	25,308,159	21,525,803	16,863,533
Gross profit	10,735,015	11,602,050	10,227,698	8,987,868	7,443,243
Profit before interest charges and taxation	2,757,331	4,315,342	4,171,816	3,494,407	2,935,981
Interest charges	(5,115)	(514)	(151)	(1,787)	(696)
Profit before taxation	2,752,216	4,314,829	4,171,665	3,492,620	2,935,285
Taxation	(903,374)	(1,395,659)	(1,348,139)	(1,197,632)	(957,891)
Profit after taxation	1,848,842	2,919,170	2,823,526	2,294,988	1,977,394
Other comprehensive income					
Remeasurement on defined benefit plans	(3,715)	10,280	7,353	28,335	-
Income tax effect	1,115	(3,084)	(2,206)	(8,501)	-
Other comprehensive income for the year, net of tax	(2,600)	7,196	5,147	19,834	-
Total comprehensive income for the year, net of tax	1,846,242	2,926,366	2,828,673	2,314,823	1,977,394
Profit before taxation as a percentage of turnover	9.0%	14.8%	16.5%	16.2%	17.4%
Proposed dividend***	717,526	1,243,712	1,243,712	1,148,041	1,148,041
Dividend per share (kobo)	0.75	130	130	120	120
Earnings per share (kobo)	193	305	295	240	207
The Company					
Profit before taxation as a percentage of turnover	9.0%	14.8%	16.5%	16.2%	19.4%
Earnings per share (kobo)	193	305	295	240	243

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

The balances for 2011 to 2014 have been stated in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB). For all periods up to and including the year ended 31 December 2010 the balances have been stated in accordance with Nigerian General Accepted Accounting Practice (Nigerian GAAP).