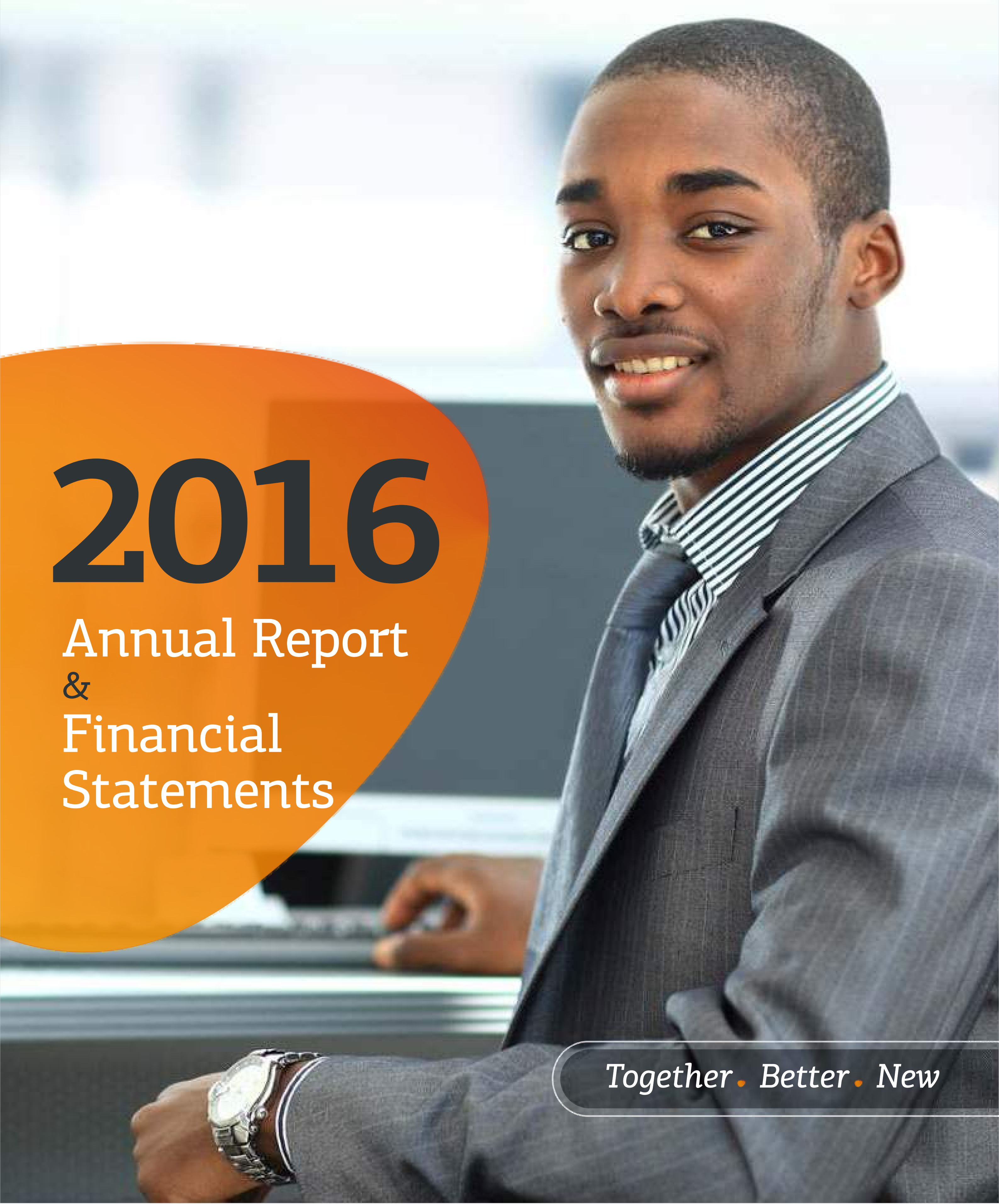
GlaxoSmithKline Consumer Nigeria PLC.
(RC 8726)

gsk
do more
feel better
live longer



2016
Annual Report & Financial Statements

Together. Better. New

Do these hurt your teeth?

Change to Sensodyne.

Our Mission

To help people do more, feel better, live longer.

do more
feel better
live longer

The Spirit of GSK

Our values

Respect for people

Patient focus

Transparency

Integrity

Our strategic priorities

- Grow a diversified, global business
- Deliver more products of value
- Simplify the operating model
- Create a culture of individual empowerment
- Build trust

Our expectations

- Set direction and inspire
- Work across boundaries
- Release energy
- Develop capability and talent
- Drive performance
- Live our values

do more
feel better
live longer

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

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

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

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The Group

Continuing Operations	2016 N'000	2015 N'000	% Growth
Revenue	14,384,785	15,391,585	-7
Gross profit	8,966,411	5,425,772	65
Profit before interest charges and tax	185,999	1,066,641	-83
Finance costs	(108)	(1,040)	-90
Profit before tax	185,891	1,065,601	-83
Income tax credit/(expense)	2,192,254	(192,467)	-1239
Profit after tax for the year	2,378,145	873,134	172
Discontinued Operations			
(Loss)/profit for the year	(1,406,387)	91,913	-1630
Profit after tax from the disposal of drinks business	3,229,339	-	-
Total profit after tax for the year from continuing and discontinued operations	**4,201,097**	**965,047**	**335**
Share capital	597,939	597,939	0
Shareholders funds	17,044,415	13,185,214	29
Earnings per share (kobo)	351	95	269
Net asset per share	14.25	11.03	29

Notice of 46th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting of GlaxoSmithKline Consumer Nigeria PLC will be held at the Shell Nigeria Hall, MUSON Centre, 8/9 Marina, Onikan, Lagos, on Wednesday 31st May 2017 at 11 o'clock in the forenoon to transact the following business:

ORDINARY BUSINESS

1. To lay before the members, the report of the Directors and the audited financial statements for the year ended 31st December 2016 together with the reports of the Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To elect/ re-elect Directors.
4. To authorize the Directors to fix the remuneration of the Auditors
5. To elect the members of the Audit Committee

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.
7. To authorize the Company to procure goods and services necessary for its operations from related companies in compliance with the NSE Rules Governing Transactions with Related Parties or Interested Persons.
8. Special Resolutions
   To consider and if thought fit pass the following as Special Resolutions altering the Company's Memorandum and Articles of Association (''MEMART'')

   a) **Rewording Article 52 (Notice of Meetings) to read:**
   An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing or through any electronic means to members qualified to receive such notice at the least and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing or through any electronic means to members qualified to receive such notice at the least. The notice shall be exclusive of the day on which it is served or deemed to be served for and of the day for which it is given and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or such other manner, if any, as may be prescribed by the Company in general meetings, to such persons as are under the regulations of the Company, entitled to receive such notices from the Company.

   b) **Rewording Article 77 to read:**
   Unless and until otherwise determined by the Company in general meeting, the number of Directors shall not be less than three nor more than eight.

   c) **Rewording Article 98 to read:**
   The Directors may meet for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by majority of votes. In case of any equality of votes, the Chairman shall have a second or casting vote. The Directors may attend and participate at such meetings by physical attendance or attendance by means of video, telephone, or any other electronic communication mode that allows the directors to hear and be heard at the meeting, provided that the Chairman of the Board or Board Committee shall only chair a meeting by physical attendance at the meeting.

   d) **Rewording Article 127 to read:**
   A soft or a printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditors' Report, shall not less than twenty-one days before the date of the meeting be sent by courier or through any electronic means to every member of, and every holder of debenture of the Company and every person registered under Article 29. Appropriate number of copies of each of these documents shall be sent to the Nigerian Stock Exchange. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holder of any shares or debentures.

   e) **Rewording Article 131 to read:**
   A notice may be given by the Company to any member either personally, by any electronic means or by sending it by post to him at his last registered address.

9. That the Company's Memorandum and Articles of Association (MEMART) , incorporating the above listed amendments, be and are hereby approved and adopted as the MEMART of the Company in substitution for and to the exclusion of all previous editions thereof.

NOTE

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

II. **PAYMENT OF DIVIDEND**
If the dividend recommended is approved, dividend warrants will be posted on Thursday 1st June 2017 to holders of shares whose names appear in the Register of Members at the close of business on Wednesday 12th April 2017.

III. **CLOSURE OF THE REGISTER AND TRANSFER BOOKS**
Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from Thursday 13th April, 2017 to Wednesday 19th April 2017, both days inclusive for the purpose of qualifying for dividend and attendance at the Annual General Meeting Members.

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

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

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

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

VI. **E-DIVIDEND**
Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. Detachable application forms for e-dividend is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars as soon as possible. We request our Shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars. The letter from GTL Registrars Limited explaining the new initiative is attached to the Annual Report and Accounts.

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

Dated this 17th day of March 2017.
By Order of the Board

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

GlaxoSmithKline Consumer Nigeria PLC
GSK House, 1, Industrial Avenue, Ilupeju,
P.M.B. 21218, Ikeja, Lagos
ng.investors@gsk.com
www.gsk.com.ng

Directors, Officer and Professional Advisers

Directors

Mr. Edmund C. Onuzo	Chairman
Mr. Dayanand Thandalam Sriram (Indian)	Managing Director
Mr. Jonathan Girling (British)	(resigned with effect from 08/3//2017)
Mr Chinedum Okereke	(resigned with effect from 05/7/2016)
Mr. Samuel Kuye	
Mr. Lekan Asuni	(resigned with effect from 05/7/2016)
Mr. Tunde Lemo, OFR	
Mrs. Lubabatu Bello	
Mr. Andries Van Rooijen (South African)	(resigned with effect from 08/7/2016)
Mr. Aderemi Adediran	
Mr. Cesar Marval (Venezuelan)	(resigned with effect from 08/3/17)
Mr. Puneet Sharma (Indian)	(appointed with effect from 11/7/16)
Mr. Bhushan Akshikar (Indian)	(appointed with effect from 09/3/17)

Company Secretary
Uchenna Uwechia, Esq.

Head, Corporate Reporting
Nelson Sanni

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

External Auditors
Akintola Williams Deloitte
Civil Centre Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria
Tel+234 (1) 2717800

Registrars and Transfer Office
GTL Registrars Limited
(Formerly Union Registrars Limited)
274, Murtala Muhammed Way
Alagomeji, Yaba
P.M.B 12717, Lagos
Tel +234-1-2917747, +234-1-2917745
+234-(0)2917714

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

Members of the Audit Committee

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

Company Profile

Who we are

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

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

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

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

History and Affiliation

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

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

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

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

Responsible Business

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

Commitment to Quality, Research and Development

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

Human Capital and Work Environment

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

Ethics and Business Practices

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

Value-add to Society

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

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

Board of Directors & Company Secretary

1. Mr. Edmund C. Onuzo
2. Mr. T. S. Dayanand
3. Mr. Samuel Kuye
4. Mr. Tunde Lemo, OFR
5. Mrs. Lubabatu Bello
6. Mr. Aderemi Adediran
7. Mr. Puneet Sharma
8. Mr. Bhushan Akshikar
9. Mr. Uche Uwechia Esq. (Company Secretary)

Board of Directors Cont'd

Mr. Edmund C. ONUZO, 67
[Chairman]
Nationality:
Nigerian
Appointment Date:
1st June, 2006 as a Non- Executive Director;
12th June, 2014 as Chairman

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

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

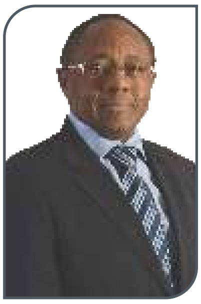
He was appointed to the Board as a Non-Executive director on 1st June, 2006 and the Chairman effective 12th June 2014.

With a career spanning 24 years, he comes with strong experience in field of consumer healthcare. In 1991 he began his professional career in Packaging Development with Unilever India.

Joining GSK in 1995 he held various leadership roles of increasing responsibility in Sales and Marketing. His last role in the GSK India business was as National Sales Manager. This was followed by a global assignment as Sales Development Director – International. In 2011 he moved to Sri Lanka as General Manager where he turned around the business to profitability and put the business on a growth path.

He was appointed to the Board as the Managing Director on 12th June 2014.

Mr. Dayanand Thandalam Sriram, 49
[Managing Director]
Nationality:
Indian
Appointment Date:
12th June, 2014 as a Managing Director;



Mr. Samuel KUYE, 63
[Non Executive Director]
Nationality:
Nigerian
Appointment Date:
12th June, 2014

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

He is currently the Chief Executive of SEOOM Limited, a Management and Financial Consultancy firm. He started his career in Nestle Nigeria in 1974 where he held various positions in Finance and Control as well as management of the company's Pension Fund and the Nestle group. He was the Assistant Group Controller of the Nestle Group for Southern African Region, and worked at the Nestle Group's headquarters in Switzerland as Controller, responsible for 6 countries in Asia (Philippines, Malaysia, Thailand, Indonesia, Vietnam and Singapore). In 2000, he returned from Switzerland to Nigeria as the Finance & Control Director and Chief Financial Officer of Nestle Nigeria until 2004 when he was transferred to Egypt.

After 36 years with the Nestle Group, he retired as Finance & Control Director and Chief Financial Officer of the Nestle Group for Turkey.

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

Mr. Lemo started his career in Arthur Andersen & Co Chartered Accountants in 1985 and over the years, he held various other positions in Finance and Control as well as providing significant leadership and top management training both in the public and private sectors. He was the Managing Director of Wema Bank plc prior to his appointment as the Deputy Governor in charge of Operations, Central Bank of Nigeria from 2003 to 2014; he was also Deputy Governor, Financial Systems Surveillance.

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

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

Mr. Tunde LEMO, OFR, 57
[Non Executive Director]
Nationality:
Nigerian
Appointment Date:
1st December, 2014

Mrs. Lubabatu BELLO, 60
[Non-Executive Director]
Nationality:
Nigerian
Appointment Date:
1st December, 2014

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

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

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

Mr. Adediran is currently the Human Resources Director (Nigeria/ West and Central Africa) for GlaxoSmithKline. He has a Bachelor of Arts degree in Philosophy from Obafemi Awolowo University Ile-Ife, Nigeria.

He started his career at Lagos Chamber of Commerce and Industry (LCCI) Business unit as an Organisational Development Consultant in 1997, facilitating sessions to improve communication between employees and management. He joined British American Tobacco in 2004 as the Employee Relations Manager and held other roles with increasing responsibilities such as: West Africa Area Shared Services Manager,, Head of HR, Uganda, Senior HR-Business Partner, Head of HR Operations West Africa Area and Head of Marketing HR.

He was appointed as an Executive Director of GSK effective 10th march 2016.

Mr. Aderemi ADEDIRAN, 45
[Executive Director]
Nationality:
Nigerian
Appointment Date:
10th March, 2016

Mr. Puneet SHARMA, 49
[Executive Director]
Nationality:
Indian
Appointment Date:
11th July, 2016.

Mr. Sharma is currently the Finance Director of GSK. He holds a Chartered Accountant degree from The Institute of Chartered Accountants of India (ICAI, New Delhi).

Puneet joined GSK in 1997 in India. He worked on various roles in GSK India operations such as ERP implementation lead, Operational Excellence Champion and Head of Finance at one of the Horlicks Manufacturing sites in India. In 2007, he moved to GSK Nigeria and worked as GMS Finance Controller till 2011. After having exposure in diversified fields and working in GMS Cx for 14 years, Puneet moved to GSK Pharma Commercial Finance role in 2011 as Head of Finance for West & Central Africa based at Abidjan, Ivory Coast. In this role he immensely contributed to streamline accounting and reporting in FWCA, strengthening the Processes & Controls and clearing the back log of Audit and Tax returns in Ghana.

He was appointed as an Executive Director of GSK effective 11th July, 2016.

Mr. Akshikar is currently the General Manager of GlaxoSmithKline Pharmaceutical Nigeria Limited. He holds a post graduate MBA in Marketing and a Bachelor's Degree in Pharmaceutical Sciences from the University of Mumbai, India.

Over the past two decades, Bhushan has gained rich and broad commercial experience in the healthcare industry, having worked in varying positions of increasing responsibility. He joined the Company in 2011 and has been responsible for driving GSK India's renewed foray in respiratory/CNS areas and simultaneously leading the large legacy business units of Classic and Established brands. Prior to joining GSK, Bhushan had worked with Johnson & Johnson for over 16 years across diverse markets like India, South Korea and Belgium where he led both specialty and established business units.

He was appointed as a Non-Executive Director of GSK effective 9th March, 2017

Mr. Bhushan AKSHIKAR, 46
[Non-Executive Director]
Nationality:
Indian
Appointment Date:
9th March, 2017

A Balanced and Committed
Management Team

1. T.S. Dayanand (Managing Director)
2. Adediran Aderemi (HR Director)
3. Puneet Sharma (Finance Director)
4. Peter Obasa (Site Director, Manufacturing Site)
5. Aigbeme Okonkwo (Marketing Activation Lead, CH)
6. Uche Uwechia (Company Secretary)
7. Bolaji Sanyaolu(Comm. & Engagement Mgr.)
8. Rabiu Olowo (Head, Internal Audit)
9. Daniel Adeleye (Commercial Lead, AWA)
10. Ayodeji Owadara (Ethics and Compliance Manager)
11. Adebisi Ibironke (LOC Quality Manager)
12. Soji Awotiwon (National Sales Manager)
13. Sarah Amadi (Project Manager)
14. Tijjani St. James (Route to Market & Sales Capability Manager)
15. Isaac Ajayi (Security and EHS Manager)
16. Arit Ebong (Regulatory Affairs Manager)
17. Olusesan Tunji-Abimbola (Head of Procurement)
18. Sherifat Akinwonmi (IT Manager)


ENDORSED BY THE SOCIETY FOR THE STUDY OF PAIN, NIGERIA.
gsk
Panadol
Extra
RELIEVES
5 TYPES
OF PAIN
PANADOL EXTRA
PANADOL EXTRA
Panadol
Extra
Extra effective pain relief ✓
Reduces fever ✓
Gentle on the stomach ✓
10x10 CAPLETS
✓ Headache
✓ Toothache
✓ Backache
✓ Muscle Ache
✓ Menstrual Pain
WHEN PAIN IS GONE
LIFE TAKES ITS PLACE
ALWAYS READ LABEL BEFORE USE.
IF SYMPTOMS PERSIST AFTER 2 DAYS CONSULT YOUR DOCTOR.

Chairman's Statement

Esteemed shareholders, fellow directors, gentlemen of the press, representatives of Management and staff here present, ladies and gentlemen. It is with great delight that I extend to you all a very warm welcome on behalf of the Board of Directors, to the 46th Annual General Meeting of our great company.

I would like to express my gratitude, always, to God and to my ever-reliable colleagues for their valuable support, especially in the last year with its numerous challenges, in directing the affairs of our company, GlaxoSmithKline Consumer Nigeria PLC.

Business Environment

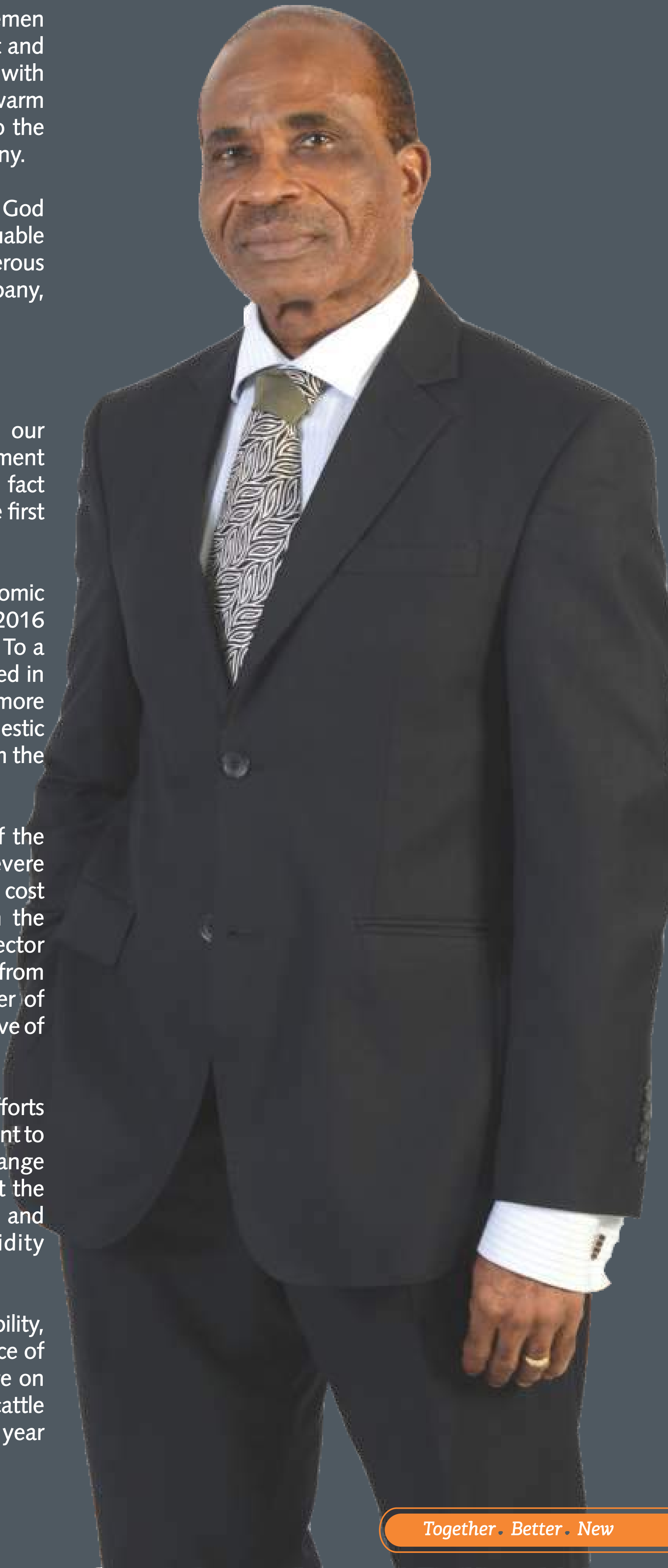
The past year was challenging, not only for our company, but also for the entire business environment and our country. Particularly challenging is the fact that the economy went into recession and for the first time in 11 years, inflation closed at 18.55 percent.

It is worthy of note that the troubling economic recession and inflation that befell the nation in 2016 were largely inherited from the preceding years. To a large extent, the economic turbulence that started in mid 2014, endured through 2015 and became more severe in 2016 as the nations' real Gross Domestic Product contracted by 1.6 percent, a far cry from the 3 percent growth rate recorded in 2015.

This situation adversely affected most sectors of the economy with a number of them facing severe capacity shock on the backdrop of higher input cost and foreign exchange shortage. Particularly, in the third quarter of 2016, the manufacturing sector declined to minus 4.38 percent (year-on-year) from minus 1.75 percent recorded in the third quarter of 2015. This development, among others, is reflective of a difficult year for Nigeria.

Despite the Central Bank of Nigeria's conscious efforts to salvage the situation, with billions of dollars spent to shore up the Naira and interventions in the exchange rate market, these measures were unable to halt the widening exchange rate gap between official and parallel market rates, or resolve the liquidity challenges.

Apart from the very unsettling economic instability, we also witnessed political tension, the resurgence of Niger Delta militancy with its attendant sabotage on oil and gas installations; mayhem and killings by cattle herdsmen and other agitations that made the year 2016 especially challenging.



The Government is taking significant steps in an effort to resolve these issues. Our desire is to support the Government to improve the perception of Nigeria as an investment friendly country and ultimately build a stable business environment. This will be achieved through a more integrated approach in addressing these challenges.

It is within the context of the above-mentioned scenario that I hereby present to you my statement.

The Capital Market

The Nigerian stock market closed the year 2016 with a negative market turnover. Market volume and value declined by 6.86% and 40.23% respectively to close at 86.21billion units and N566.24billion as volume and value traded in the year. This stems from the fact that the nation's stock market in the review period experienced a major setback, which eroded investors' confidence with over N1 trillion drop in market capitalization.

Quoted companies reported significant weaknesses in their cash flow, revenue and profit-base due to the impact of the shrink in the economy during the year.

The nation's Gross Domestic Product (GDP) also recorded a negative growth of -2.1 per cent, with the Naira exchanging for N304 per dollar at the official market in the latter part of the year at the Foreign Exchange Market. The parallel market rates were more alarming.

The Healthcare Sector

The healthcare sector continued to be plagued by gross underfunding, shortage of skilled healthcare work force and inadequate quality services in many public and private health establishments. Incessant strikes by doctors and health workers, medical tourism, brain drain, and inadequate research culture are also major drawbacks for Nigeria's healthcare sector.

Performance & Operating Results

We concluded the divestment of our Drinks Business to Suntory Beverage & Food Nigeria Limited in September 2016. The objective of this divestment was to enable us align with our global business; focus on our core competence of healthcare and to drive a more nimble organisation. The immediate impact of this change was an 11 percent decline in revenue to N20.5billion.

I must establish, however, that the divestment delivered positive outcomes, which include the drastic reduction of intercompany debts, and aforementioned opportunity to focus on our core healthcare business and create a new, agile organisation.

Dividend

Despite the difficult operating environment, the Directors have decided to sustain the tradition of consistent reward to shareholders of the company by proposing a dividend of N359m to be paid to shareholders, representing 30k per share. This proposal if approved would not be subject to withholding tax deduction as it is to be paid out of the retained pioneer earnings.

Our People

We recognise that our people are critical to sustaining high performance and value.
I believe it is important to mention here that because we are a caring company, we were able to ensure that more than half of our workforce transferred to Suntory (with SBF's support) after the divestment.

We also take very seriously our commitment to staff wellbeing. After our Partnership for Prevention (P4P) project, which involved vaccinating our staff, their spouses and dependants against several vaccine preventable diseases including hepatitis and cervical cancer, we carried out annual comprehensive medical checks for staff and their spouses to proactively manage their health and wellbeing.

Marketing and Sales Initiatives

Our route-to-market strategy launched in the last quarter of 2015 has begun to yield returns with a threefold increase in outlets reached by end of 2016.

As planned at the beginning of 2016, we increased our advertising and trade marketing activities and this has given us better visibility in the market place.

Manufacturing Infrastructure

Over the years, we have continued to upgrade our Factory in Agbara to increase the local manufacturing of our products and this has become even more critical especially in the face of high exchange rates. GSK will continue to review the best local manufacturing options. Following the divestment, we retained 35 percent of the manufacturing facility, which is used for consumer healthcare production. Our strategy will be to continue to improve our local manufacturing capabilities and product range.

The Board

Since the last Annual General Meeting, there have been some changes in the composition of the Board. The following Directors resigned their appointments from the Board to pursue other interest outside the Company:

- Messrs. Chinedum Okereke and Lekan Asuni (with effect from 5th July 2016).
- Mr. Andries Van Rooijen (with effect from 8th July 2016).
- Messrs. Cesar Marval and Jonathan Girling (with effect from 8th March 2017).

We wish them success in their future endeavours.

Mr. Puneet Sharma and Mr. Bhushan Akshikar were appointed as executive director and non-executive director of the Company with effect from 11th July 2016 and 9th March 2017 respectively. In accordance with Section 249(2) of the Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria 2004, a resolution will be proposed at the Annual General Meeting approving their appointments.

I would want to use this opportunity to sincerely thank my fellow directors for their indefatigable support and commitment to the Company especially during the very challenging periods of negotiations with Suntory.

Future Outlook

Despite the challenging operating environment and change in the structure of the business in 2016, we can confidently say that we have made progress. The well thought out and timely divestment of our Drinks Business as well as the commitment of the leadership and employees of the Company has brought value to the society and to our shareholders.

Looking into the future, please permit me to express my optimism as we navigate another year. I would like to reiterate that, beyond the prevailing socio-economic and political challenges, our focus at GSK is to continually maximise existing business opportunities with renewed commitment to a sustainable business through investment, product innovation and capacity development.

Conclusion

Distinguished shareholders, I want to specially thank you again for your great support during the long and winding process of the divestment, which was finally concluded in September 2016. We couldn't have achieved it without your support. With the divestment over, GSK will continue to deploy appropriate business strategies and realignment of the company's objectives to focus more closely on new businesses; wellness and oral healthcare.

We shall continue to count on your collaboration, encouragement, constructive criticisms, and your prayers, to be able to steer the ship of our Company to the safe harbour of sustainable profitability. While we recognize that we are operating at a very challenging period, we are positively looking to the future which we believe is bright. I deeply urge all of us to collectively work together to position our company amongst the great institutions of our time.

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

God bless GlaxoSmithKline; God bless Nigeria!

Thank you for your kind attention.

Mr. Edmund Onuzo
Chairman
30 March 2017

Corporate Responsibility

GlaxoSmithKline, a responsible company

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

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

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

We report our responsible business performance across four areas:

- Health for all
- Our behaviour
- Our people
- Our planet

Health for ALL

Improving peoples' health and wellbeing regardless of where they live and their ability to pay.

As a responsible business, we have been able to respond to the concerns of our consumers and successfully implement business strategies based on consumer insight and needs. Some of our key projects to meet such needs are the:

Vaccines Access Initiative

The objective of this initiative is to provide complementary access points for adult vaccines regardless of where the patient is based or their ability to pay, especially in an environment where there are infrastructure limitations. This Initiative serves as a stopgap for regular distribution chain that exists in major cities.

Patient Access Initiative

The Patient Access Initiative is driven by our commercial team and it seeks to provide access to our medicines to far reaching communities (suburban and rural) and patients who because of their peculiar geographical location and socio-economic status do not have access to these medicines and healthcare.

We have restructured and retooled our market Access initiative to enable us improve reach and availability pan-Nigeria. With the new structure, we have renewed focus on the public market, partnership with external stakeholders such as government, non-governmental organisations, insurances and many more. We have also set up call centres and remote detailing mechanisms to reach more customers in remote areas as well as multichannel marketing to improve HCP engagement.

Open Lab for non-communicable diseases (NCD) in Africa

In 2016, GSK started an initiative to build the world's first R&D Open Lab for non-communicable diseases in Africa.

The Africa NCD Open Lab will see GSK scientists collaborate with research and scientific centres across Africa from its hub in Stevenage in the UK. They will conduct research to increase understanding of NCDs in Africa, helping to inform prevention and treatment strategies.

The Open Lab will directly support the training and education of African scientific researchers who will participate in a portfolio of projects, building local expertise and creating a new generation of African NCD experts while instilling a deep vein of 'African thinking' within GSK's own R&D organisation.

A research fund has been established by GSK to support Africa-based researchers working on projects at the NCD Open Lab. The GSK Nigeria medical team drove the participation of HCPs for the research through awareness programmes and by reviewing various proposals submitted from all over Africa. At the end of the exercise, one of the entries from Nigeria was awarded the grant.

Asthma Management Guidelines

In November 2016, we partnered with the Lagos State Government to launch the first of its kind Guidelines for Asthma Management in Nigeria. The objective of this initiative is to increase awareness about Asthma, bridge the existing knowledge gap amongst General practitioners (GP) and ultimately improve diagnosis and management of the disease. To take this further, we are training 2000 frontline healthcare workers through the Independent Medical Education (IME) and 2000 General Practitioners in Lagos State through our Independent Medical Education Programme on the appropriate management of Asthma. We are also supporting the dissemination of this guidelines among Healthcare Practitioners in all the 26 General Hospitals in Lagos State and making the treatment protocol available in all consulting and Emergency rooms in these hospitals.

Our Behaviour

Behaving in an open and honest manner in all that we do.

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

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

Our People

Supporting the development of our people and communities around the world

We believe that business has an important role to play in society and the contribution we make through our community investment is a key element of this. We aim to use our resources to deliver value to our communities. Our support includes donations of our time, money, expertise and medicines.

GSK pursues its global mission not only through the medicines and vaccines it develops and makes available, but also through a wide variety of community programmes. We have, over the years, invested in various community partnership projects aimed at not only increasing access to healthcare, but also at empowering communities at the grassroots level. All our projects are developed in partnership with not only the authorities and appropriate NGOs concerned but also the communities to which such projects belong. Some of these projects are listed below.

- **Child Sponsorship:**
  GSK Nigeria continues to sponsor twenty (20) children of the SOS Villages of Nigeria running into millions of naira (over N40m since 2004) to provide for their education and upkeep.

- **Employee Volunteering:**
  Save the Children
  In 2016, we entered into our fourth year of Orange United - a global project in collaboration with Save the Children. The objective of this initiative is to meet the health needs of children under the age of five years in three core areas: immunisation, nutrition and healthcare provision. In Nigeria, we join the rest of the GSK world every year in raising funds for this Initiative. All contributions by employees are matched by the Company. Employees also have the opportunity to donate on a monthly basis for as long as they desire.

  PULSE
  Our Pulse programme offers us the opportunity to use our expertise to solve healthcare challenges at home and abroad. Volunteers gain new experiences and skills and, in many cases, a deeper understanding of patient or consumer needs. From 2013 to 2016, employees of GSK Nigeria volunteered for the programme and were placed with NGOs abroad. Pulse Volunteers from the GSK offices in Kenya, US, Taiwan, and the UK were also placed on assignment in Nigeria - at the Clinton Health Access Initiative, Abuja.

  Project Plus
  Project Plus started in 2008 as a means of building capability with patent medicine dealers and sellers. The objective is to provide PMDs with basic business skills, educate them on the management of pain and fever, indigestion and constipation, oral health and sensitivity and allergic rhinitis and also to help them better understand the features of GSK brands.

  This Initiative is sponsored in conjunction with the Pharmacists Council of Nigeria (PCN) and the main aim is to fight counterfeiting and to ensure that Nigerians at the grassroots have access to original drugs.

  IDP Donation
  In October 2016, GSK through the United Nations - OCHA donated products worth an estimated ₦5m (Horlicks Beverage and Colart anti-malarial) to the Borno State Government for immediate distribution to Internally Displaced Persons (IDPs) taking refuge in camps and host communities. The donation was in fulfilment of GSK's commitment to improving the quality of human lives by helping people to do more, feel better and live longer.

Our Planet

Growing our business while protecting the natural resources we all need for the future

At GSK, we have set ambitious goals to reduce our carbon footprint, water and waste across our value chain from the sourcing of raw materials, manufacturing processes, supply chain and disposal of our wastes.

We have delivered significant reductions in energy and water usage as well as landfill waste disposal. Work is also underway to explore how we can accelerate our key energy efficiency projects by exploring alternative resources. Several measurable blue chip projects to support GSK's global strategy on Environment Sustainability are in place some of which are shown below:

- **Water:**
  Water consumption in our operations target was over-achieved (-18% achieved over target in 2016.

- **Energy:**
  We exceeded our carbon footprint target (-23% achieved over target in 2016). Our plan to revamp our chillers and put Building Management System (BMS) in place will help reduce our energy cost/emission generation.

- **Waste:**
  In 2016, we achieved 50% reduction in our solid waste to landfill versus 2015 actual. This was achieved through waste recycling, reuse and minimisation. However, in 2017 our target is zero waste to landfill. To achieve this feat, we are currently looking for opportunities to recycle our toothpaste laminate and OTC blister wastes which are currently moved to landfill

  To also improve our environmental footprint, we are currently running a programme called "Environment Hazard Assessment Concentration" (EHAC). The objective of this programme is to characterise and assess the potential environmental impacts associated with wastewater discharges from GSK manufacturing sites through local or on-site treatment systems before discharge into receiving streams or water bodies. We have achieved 90% of our milestones.

- **Safety:**
  Our Zero-Accident Promotion (ZAP) and Stop for Safety initiative has helped us improve our safety culture. Following the last Living Safety survey, we are on embedded stage on the EHS Living Safety Culture Ladder.

Corporate Governance Report

GlaxoSmithKline Consumer Nigeria PLC operates on high ethical standards and we are committed to engage and communicate effectively with our stakeholders and the wider society through compliance and effective governance. With good governance, we create and uphold trust with our employees, investors, customers, governments and other stakeholders.

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

1. The Board and its Committees

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

The Company's Articles of Association provide that the Company's Board shall consist of not more than ten directors. As at date, the Board comprises of 8 directors, 5 of which are Non-executive directors and 3 executive directors, including the Managing Director and the Finance Director. Out of the 5 Non-executive directors, 1 represents the GlaxoSmithKline Group, the major shareholder of the Company. The Board is headed by a Non-executive Chairman who provides leadership. The Non-executive directors are made up of 4 Independent directors.

2. The Board Appointment Process

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

3. The Role of the Board

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

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

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

4. Board Membership

Name	Designation
Mr. Edmund C. Onuzo	Chairman
Mr. Dayanand Thandalam Sriram (Indian)	Managing Director
Mr. Jonathan Girling (British)	Non-Executive Director (resigned wef from 08 March 2017)
Mr. Puneet Sharma (Indian)	Executive Director, Finance (appointed wef from 11 July 2016)
Mr Chinedum Okereke	Non-Executive Director (resigned wef from 05 July 2016)
Mr. Samuel Kuye	Independent Non-Executive Director
Mr. Lekan Asuni	Non-Executive Director (resigned wef from 05 July 2016)
Mr. Tunde Lemo, OFR	Independent Non-Executive Director
Mrs. Lubabatu Bello	Independent Non-Executive Director
Mr. Andries Van Rooijen (South African)	Non-Executive Director (resigned wef from 08 July 2016)

Mr. Aderemi Adediran	Executive Director (appointed wef from 10 March 2016)
Mr. Cesar Marval (Venezuelan)	Non-Executive Director (resigned wef from 08 March 17)
Mr. Bhushan Akshikar (Indian)	Non-Executive Director (appointed wef from 09 March 17)

5. **Record of Directors' Attendance**
The Board held a total of 8 (Eight) meetings during the year, five of which were duly scheduled while three were emergency meetings. In accordance with Section 258(2) of the Companies and Allied Matters Act cap C.20, Laws of the Federation of Nigeria 2004, the record of Directors' attendance at meetings during year 2016 is available for inspection at the Annual General Meeting. Membership and attendance of Board meetings are set out below:

Directors	12/01/6	18/01/16	9/03/16	10/05/16	27/05/16	4/07/16	27/07/16	7/11/16
Mr Edmund Onuzo	√	√	√	√	√	√	√	√
Mr Sriram	√	√	√	√	√	√	√	√
Mr. Girling	√	√	√	AAD	√	√	√	√
Mr. Puneet Sharma	NYM	NYM	NYM	NYM	NYM	NYM	√	√
Mr. Chinedum Okereke	√	x	√	√	√	AAD	CM	CM
Mr. Samuel Kuye	√	√	√	√	√	√	√	√
Mr. Lekan Asuni	√	√	√	√	√	√	CM	CM
Mr. Tunde Lemo	x	x	√	√	√	x	x	√
Mrs. Bello Lubabatu	√	√	√	√	√	√	√	√
Mr. Andries Van Rooijen	NYM	NYM	NYM	√	x	√	CM	CM
Mr. Adediran Aderemi	NYM	NYM	NYM	√	√	√	√	√
Mr. Cesar Marval	NYM	NYM	NYM	NYM	NYM	NYM	x	√

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

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

7. **Committees of the Board**
   a. **Governance and Remuneration Committee**
   The Committee is mandated to review and recommend to the Board eligible persons for appointment as Directors or executive members as well as review and make recommendations on the remuneration of Directors and senior officers of the company. The Committee met three times during the year. The table below shows the members who served on the committee during the period under review (March, 2016 - March, 2017) and their attendance at the meetings.

Directors	09/03/16	07/11/16	08/03/17
Mr. Edmund Onuzo	√	√	√
Mr. Jonathan Girling	√	√	CM
Mr. Dayanand Thandalam Sriram	√	√	√

KEYS: √= present CM= Ceased to be a Member

   b. **Audit Committee**
   The Committee comprises of six members, three of whom are shareholders representatives, one of which is the

Chairman, Mr. K. A. Taiwo. In accordance with section 359(5) of the Companies and Allied Matters Act 1990, the following members and directors were elected and nominated pursuant to Section 359(4) of the said Act and will serve on the committee up to the conclusion of the 46th Annual General Meeting. The meetings of the Committee were held six times during the period under review (June 2016 - March 2017).

Directors	09/06/16	27/07/16	24/10/16	25/01/17	09/03/17	16/03/17
Mr. K.A. Taiwo, FCA	√	√	√	√	√	√
Chief. S.O. Ogunnowo	√	√	√	√	√	√
Mr. Y. T. Mosuro	√	√	√	√	√	√
Mr. Chinedum Okereke	√	CM	CM	CM	CM	CM
Mr. Samuel Kuye	√	√	√	√	√	√
Mr. Tunde Lemo, OFR	√	x	x	x	√	√
Mr. Bhushan Akshikar	NYM	NYM	NYM	NYM	NYM	√

KEYS: √ = present x = absent with apology CM = Ceased to be a Member NYM = Not yet a member

The functions of the Committee as set out in its mandate are in accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990 and clause 30 of the Code.

c. Risk Management Committee

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

Directors	08/03/16	08/03/17
Mr. Samuel Kuye	√	√
Mr. Tunde Lemo, OFR	√	x
Mr. Lubabatu Bello	√	√
Mr. Adediran Aderemi	NYM	√

KEYS: √ = present x = absent with apology NYM = Not yet a member

d. Finance Committee

The Committee is mandated to review and make recommendations to the Board of Directors with respect to the Company's annual and long-term financial strategies and objectives. The Committee met eighteen times during the period under review. This frequency of meetings was driven by the commitment required from the Board to support the divestment of the Drinks Business. The table below shows the members who served on the committee during the period under review (February, 2016 - January, 2017) and their attendance at the meetings.

Directors	08/02/16	23/02/16	03/03/16	08/03/16	22/03/16	28/04/16	28/04/16	05/05/16	13/05/16	15/06/16
Mr. Edmund Onuzo	√	√	√	√	√	√	√	√	√	√
Mr. Thandalam Sriram	√	√	√	√	√	√	√	√	√	√
Mr. Samuel Kuye	√	√	√	√	√	√	√	√	√	√
Mr. Tunde Lemo, OFR	√	√	√	√	√	x	x	√	√	√
Mr. Puneet Sharma	NYM	NYM	NYM	NYM	NYM	NYM	NYM	NYM	NYM	NYM

Meeting Cont'd	21/07/16	22/08/16	31/08/16	20/09/16	24/10/16	01/11/16	15/12/16	25/01/17
Mr. Edmund Onuzo	√	√	√	√	√	√	√	√
Mr. Thandalam Sriram	√	√	√	√	√	√	√	√
Mr. Samuel Kuye	√	√	√	√	√	√	√	√
Mr. Tunde Lemo, OFR	√	√	√	√	x	√	√	x
Mr. Puneet Sharma	NYM	√	√	√	√	√	√	√

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

8. Separation of the position of the Chairman and CEO

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

9. Board Evaluation

The Society for Corporate Governance Nigeria(SCGN) conducted an independent evaluation/assessment of the Board of GlaxoSmithKline Consumer Nigeria PLC (GSK) for the year ended 2016.

The SCGN noted that the main responsibility of the Board of GlaxoSmithKline Consumer Nigeria PLC (GSK) is to oversee the company's business strategy and business plan and to ensure that the management of the Company is consistent with the memorandum and articles of association and in compliance with regulatory and listing requirements.

It further observed that the Board is made up of Directors who are competent and experienced with sound knowledge of business issues and experienced in various fields including Financial services, Pharmaceutical and Consumer Health Care sectors.

In its assessment, SCGN noted that the Chairman of the Board fostered an environment that encourages and supports the active participation and contribution of Board members at meetings; that the company has a comprehensive Board and Committee Charters, Board Guidelines, Code of Business Conduct for Directors and Employees, Speak Up Policy (Whistle Blowing Policy), Risk management Policy and confidentiality /conflict of interest policy.

The assessment, SCGN rated the board 'very good' in regulatory compliance, accountability and transparency and was of the opinion that the Board of Directors of GlaxoSmithKline Consumer Nigeria PLC took its oversight responsibility very seriously. This was demonstrated by the attendance at Board and Committee meetings of the Directors and the depth of discussions and resolutions arrived at during these meetings.

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

The Directors to retire by rotation at this Annual General Meeting in accordance with Section 259 of the Companies and Allied Matters Act, 2004, as well as Article 91 of the company's Articles of Association are Mr. Tunde Lemo, OFR and Mrs. Lubabatu Bello, who, being eligible, offer themselves for re-election. Details of their biographical details are contained in Page 9 of the Annual Reports.

11. Management Team

The day to day management of the business is the responsibility of the Managing Director who is assisted by a Management Team made up of Heads of all the departments in the Company. The Management Team holds regular meetings to deliberate on critical issues affecting the day to day running of the organization. The Company has in place a documented succession plan for every executive and senior management role within the Company. The composition of the Management Team is as set out in Page 10 of the Annual Reports.

12. Risk Management, Internal Control and Compliance

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

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

13. Insiders Trading

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

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

14. The Anti Bribery & Corruption (ABAC) Program

According to Andrew Witty, the global CEO of GSK, "there is no greater priority for GSK than the ethical conduct of its people. GSK exist to improve patients' lives, everything we do must be in the best interest of the patient. No matter where we operate in the world, in our interactions with patients, prescribers, payers and governments, we must live our values of respect for people, transparency, integrity and patient focused".

Nowhere is GSK's commitment to ethical conduct more evident than in the area of corruption prevention and detection. *At GSK, our attitude towards corruption in all its forms is simple: it is one of zero tolerance.*

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

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

15. Code of Conduct & Whistle Blowing

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

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

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

16. Complaints Management Policy

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

17. Remuneration Policy

The Company has a Remuneration Policy in place in accordance with the requirements of the Securities and Exchange Commission. The remuneration and benefits paid to the directors of GlaxoSmithKline Consumer Nigeria PLC are fully disclosed in Notes 26 to 27 to the Financial Statements in the Annual Report.

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

The Company is in compliance with its filings requirements with the SEC and the NSE.

19. Accountability, Reporting and Corporate Communication.

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

20. Unclaimed Dividend Fund

Total unclaimed dividend fund in the Company stood at approximately ₦706 million as at 31st December 2016. In recent times, the Company has taken steps to ensure that all Shareholders can retrieve all their unclaimed dividends. The steps include:

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

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

Uchenna Uwechia
Company Secretary
March 22, 2017

Information in Respect of General Mandate

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 63 to 64 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

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

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

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

Financial Statements

Directors' Report

The Board of Directors of GlaxoSmithKline Consumer Nigeria Plc ("GSK" or the "company") is pleased to present the annual report together with the company's audited financial statements for the year ended 31 December 2016 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, Scotts Emulsion, Lucozade, and Ribena (Lucozade and Ribena were divested with effect from 1st October, 2016) 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	
	2016 N'000	2015 N'000
Turnover	14,384,785	15,391,585
Profit for the year before taxation	3,678,880	1,157,514
Taxation	522,217	(192,467)
Profit after taxation	4,201,097	965,047
Retained earnings	16,395,081	12,535,880

3. Dividend

Your Board is pleased to recommend to members a dividend of N359m to be paid for the year to shareholders, representing 30k per ordinary share subject to the approval of shareholders. The dividend will be payable on 1 June 2017, and will not be subject to withholding tax deduction as it is to be paid out of the retained pioneer earning.

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
Mr. Puneet Sharma (Indian)	Finance Director (appointed with effect from 11 July 2016)
Mr. Jonathan Girling (British)	(resigned with effect from 8 March 2017)
Mr. Chinedum Okereke	(resigned with effect from 5 July 2016)
Mr. Samuel Kuye	
Mr. Lekan Asuni	(resigned with effect from 5 July 2016)
Mr. Tunde Lemo OFR	
Mrs. Lubabatu Bello	
Mr. Andries Van Rooijen (British)	(resigned with effect from 8 July 2016)
Mr. Cesar Marval (Venezuelan)	(resigned with effect from 8 March 2017)
Mr. Bhushan Akshikar (Indian)	(appointed with effect from 9 March 2017)

5. Board changes

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

Mr. Lekan Asuni, Mr. Chinedum Okereke, Mr. Andries Van Rooijen, Mr. Cesar Marval and Mr. Jonathan Girling had resigned their appointments from the board with effect from 5th July 2016, 8th July 2016 and 8th March, 2017 respectively. We wish them success in their future endeavours.

Mr. Puneet Sharma and Mr. Bhushan Akshikar have been appointed as executive director and non- executive director, respectively, of the company with effect from 11 July 2016 and 9 March 2017 respectively. In accordance with Section 249(2) of Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria 2004, a resolution will be proposed at the Annual General Meeting approving their appointments as executive director and non- executive director respectively.

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. Tunde Lemo and Mrs. Lubabatu, who, being eligible, offer themselves for re-election. Their Biographical details are contained in the directors section of the annual report.

7. Directors' interest in share capital

The directors' interests in the Company's ordinary shares as at 31 December 2016 were as follows:

Name	Direct Holdings	Indirect Holding	Total
Mr. Edmund C. Onuzo	113,210	11,170	124,380
Mr. Thandalam Dayanand Sriram	-	-	-
Mr. Puneet Sharma	-	-	-
Mr. Jonathan Girling	-	-	-
Mr. Adediran Aderemi	-	-	-
Mr. Samuel Kuye	923	93,750	94,673
Mr. Cesar Marval	-	-	-
Mr. Tunde Lemo	100,000	-	100,000
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. Mr. Edmund C. Onuzo is a joint beneficial owner of the 11,170 ordinary shares held by Edmund and Charity Onuzo while Mr. Samuel Kuye is a joint beneficial owner of the 93,750 ordinary shares held by Stanbic IBTC Asset Management Limited.

9. Directors' interest in contracts

None of the directors had notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, of any declarable interest in contracts with which the company is involved as at 31 December 2016.

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 2016 are given in Notes 16 to 20 to the financial statements.

11. Analysis of shareholding and bonus issue

The issued and fully paid-up share capital of the company is N597, 938,244 divided into 1,195,876,488 ordinary shares of 50k each. Of this, 640,794,563 shares equivalent to 53.6 per cent are held by Nigerian shareholders, while 555,081,925 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 2016.

Range	Number of Shareholders	Holders %	Number of Holdings	% Shareholding
1-1000	9,113	34.27	3,778,804	0.32
1,001-5,000	10,360	38.96	25,900,084	2.17
5,001- 10,000	3,234	12.16	21,850,998	1.83
10,001- 50,000	3,115	11.72	62,274,253	5.21

50,001 – 100,000	359	1.35	24,279,360	2.03
100,001 – 500,000	286	1.08	56,613,350	4.73
500,001 – 1,000,000	52	0.20	37,077,391	3.10
1,000,001 – Above	69	0.26	964,102,248	80.62
Grand Total	26,588	100	1,195,876,488	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 2016:

Shareholder	Number of shares held	% Holding
Setfirst Limited	326,593,793	27.31
Smithkline Beecham Limited	228,488,132	19.11
Stanbic Nominees Limited	85,893,018	7.18

13. Unclaimed Dividends

The unclaimed dividend in the books of the company as at 31 December 2016 was N705, 507,674.42. They were in respect of Payments 27 to 39 of the shareholders of GlaxoSmithKline Consumer Nigeria PLC and its legacy companies. The Company continues to take steps in conjunction with the Registrars, to ensure the Shareholders receive their dividends.

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 2016, 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, Ebola, Lassa Fever, malaria, cancer and other serious diseases through health talks, health assessments and information sharing.

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

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

21. **General licensing agreement**
The company has a general license and technical service agreement with Beecham Group plc, a member of the GlaxoSmithKline group of companies. Under the agreements, technological, scientific and professional assistance are provided for the manufacturing, 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 (NOTAP). In addition, the company is involved in seeking out and testing appropriate local raw materials of the required specification to substitute for their imported equivalents.

22. **Acquisition of own shares**
The company did not purchase its own shares during the year.

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

24. **Divestment of Lucozade and Ribena Brands**
Suntory Beverage & Foods Nigeria Ltd (Suntory) made an offer to acquire GSK Nigeria's drinks business, which bottles and distributes Ribena and Lucozade and part of the Agbara manufacturing site. The Board considered the offer and proposed a Resolution which was considered and approved at the Extra- Ordinary General Meeting of the Company held on 4th July, 2016. The Shareholders approved the transaction and authorized the Board to take all necessary steps to give effect to the divestment of the Lucozade and Ribena Brands upon obtaining the relevant regulatory approvals. The transaction was completed on 30th September 2016 after both parties complied with the terms of the Asset Purchase Agreement entered into on 31st May 2016.

Dated this 17th day of March 2017
By Order of the Board

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

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

Statement of Directors' Responsibilities

The Directors of GlaxoSmithKline Consumer Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and Company as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

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

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

The Directors are responsible for:

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

Going concern:

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

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2016 were approved by the directors on 17 March 2017.

On behalf of the Directors of the Group.

Mr. Edmund C. Onuzo	**Mr. Dayanand Thandalam Sriram**
Chairman	*Group Managing Director*
FRC/2015/IODN/00000011038	*FRC/2014/IODN/00000010391*
17 March 2017	*17 March 2017*

Independent Auditors' Report

Deloitte.

To the Shareholders of GlaxoSmithKline Consumer Nigeria Plc

Opinion

We have audited the accompanying consolidated and separate financial statements of GlaxoSmithKline Consumer Nigeria Plc ("the Company") and its subsidiary (together referred to as "the Group")which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity, cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of GlaxoSmithKline Consumer Nigeria Plc as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the separate financial statements.

Key Audit Matter	
Sale of the Drinks Business	**How the matter was addressed in the Audit**
• Following the approval of the shareholders on 4 July 2016, the company finalised the sale of its Drinks business to Suntory Beverage & Food Nigeria Limited(SBF) on 30 September 2016. The Company sold the manufacturing, bottling, marketing, distribution and selling activities of its Lucozade and Ribena brands to SBF and all the assets relating to the Drinks business were transferred to SBF at their carrying amount as on that date in exchange for a purchase consideration as agreed by both parties. • This transaction is significant to the company as it reduces its operations by more than 60%. Hence the transaction is considered a key audit matter. • The company has shown the details of the transaction in note 10 to the financial statements.	• We reviewed the Agreement duly executed by both parties to evaluate and determine appropriate treatment of the transaction in line with applicable International Financial Reporting Standards (IFRS). • Our substantive procedures focused on the treatment of the transaction in accordance with IFRS and confirming that the provisions of the Agreement as executed was enforced. • We reviewed all the assets as at 30 September 2016 and confirmed that all assets relating to the Drinks business have been transferred in line with the Agreement and derecognised accordingly from the records. • In line with IFRS 5 "Non-current assets held for sale and discontinued operation", we noted that the transaction meets the requirement of a discontinued operation. • We reviewed the disclosure of the discontinued

Sale of the Drinks Business	How the matter was addressed in the Audit
	operation in line with IFRS and confirmed that necessary disclosures have been made by the Company. • Based on the above tests, we conclude that appropriate accounting treatment and disclosures have been made on this transaction in the financial statements.

Recoverability of Deferred Tax	How the matter was addressed in the Audit
• The determination of whether to recognise deferred tax asset is dependent on the directors' assessment of the utilisation of the unused tax losses and the timing of realising temporary differences, which requires significant judgement. • The directors have therefore made the judgement that there will be available future taxable profit against which the unused tax losses can be utilised. • As a result of this judgement, it is considered a key audit matter due to the assumptions involved in making such judgement. • Deferred tax asset is disclosed in note 13.4 to the financial statements.	• We involved our tax specialists to evaluate the accuracy of the deferred tax asset. • Our substantive procedures focused on evaluating the directors' assumptions of available future taxable profits against which the deferred tax asset is recouped. • We reviewed the recoverability of deferred tax asset by inspecting the projected cash flows/forecast and the assumptions made in arriving at the basis for recognising the deferred tax asset in line with IAS 12: Income taxes. • We challenged the assumptions made in determining the future profits and compared with observable data applicable in the industry and past performances. • We assessed the presentation and disclosures in respect of deferred tax asset. • We concur with the directors' assumptions that the deferred tax asset appears recoverable and therefore appropriately recognised and disclosed.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

Abraham Udenani, FCA
FRC/2013/ICAN/00000000853
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
23 March, 2017

Audit Committee Report

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

In accordance with Section 359(6) of the Companies and Allied Matters (Cap C20) Laws of the Federation of Nigeria 2004 we confirm that we have examined the Auditors' Report for the year ended 31st December 2016.

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

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

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

Mr. K.A. Taiwo FCA
Chairman, Audit Committee
FRC/2013/ICAN/00000002890
Lagos, Nigeria
Dated this 16th day of March 2017

Members of the Audit Committee and the Company Secretary

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

Consolidated and separate statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

		Group		Company	
Continuing Operations	**Notes**	**2016 N'000**	**2015 N'000**	**2016 N'000**	**2015 N'000**
Revenue	5	14,384,785	15,391,585	14,384,785	15,391,585
Cost of sales	6(C)	(5,418,374)	(9,965,813)	(5,418,374)	(9,965,813)
Gross profit		8,966,411	5,425,772	8,966,411	5,425,772
Investment income	7	171,556	17,033	171,556	6,136
Other gains and losses	8	(5,999,708)	(406,770)	(5,999,708)	(406,770)
Selling and distribution costs	6(B)	(2,255,043)	(2,630,290)	(2,255,043)	(2,630,290)
Administrative expenses	6(B)	(1,182,078)	(1,319,466)	(1,182,078)	(1,317,290)
Royalty fee recovery/(expense)	6(A)	484,861	(19,638)	484,861	(19,638)
Finance costs	12	(108)	(1,040)	(108)	(1,040)
Profit before tax	9	185,891	1,065,601	185,891	1,056,880
Income tax credit/(expense)	13.1	2,192,254	(192,467)	2,192,254	(192,467)
Profit after tax for the year from continuing operations		2,378,145	873,134	2,378,145	864,413
Discontinued operations					
(Loss)/profit for the year from discontinued operations	10	(1,406,387)	91,913	(1,406,387)	91,913
Profit after tax from the disposal of drinks business	10.2	3,229,339	-	3,229,339	-
Total profit after tax for the year		**4,201,097**	**965,047**	**4,201,097**	**956,326**
Other comprehensive income net of income tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement loss on post employment benefit obligations	23	11,504	(15,073)	11,504	(15,073)
Income tax effect	13.2	(3,451)	4,522	(3,451)	4,522
Other comprehensive income for the year, net of tax		**8,053**	**(10,551)**	**8,053**	**(10,551)**
Total comprehensive income for the year, net of tax		**4,209,150**	**954,496**	**4,209,150**	**945,775**
Profit for the year attributable to:					
Shareholders of the Company		4,201,097	965,047	4,201,097	956,326
Non-controlling interest		-	-	-	-
		4,201,097	965,047	4,201,097	956,326
Total comprehensive income for the year attributable to:					
Shareholders of the Company		4,209,150	954,496	4,209,150	945,775
Non-controlling interest		-	-	-	-
		4,209,150	954,496	4,209,150	945,775
Basic and diluted earnings per share (Kobo)					
From continuing operations	14	199	86	199	85
From continuing and discontinuing operations	14	351	95	351	94

The accompanying notes on pages 37 to 70 and other national disclosures on pages 71 to 73 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position

As at 31 December 2016

		Group		Company	
	Notes	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Assets					
Non-current assets					
Property, plant and equipment	15	2,112,922	13,751,342	2,112,922	13,751,342
Investment in subsidiary	16	-	-	160	160
Deferred tax asset	13.4	637,836	-	637,836	-
Other assets	19	10,973	122,900	10,973	122,900
		2,761,731	13,874,242	2,761,891	13,874,402
Current assets					
Inventories	17	4,440,834	7,418,238	4,440,834	7,418,238
Trade and other receivables	18	5,374,710	6,236,265	5,374,710	6,236,265
Other assets	19	396,531	162,645	396,531	162,645
Cash and bank balances	20	15,215,273	3,638,323	15,007,263	3,430,314
		25,427,348	17,455,471	25,219,338	17,247,462
Total assets		**28,189,079**	**31,329,713**	**27,981,229**	**31,121,864**
Equity and liabilities					
Equity					
Issued share capital	21.1	597,939	597,939	597,939	597,939
Share premium	21.2	51,395	51,395	51,395	51,395
Retained earnings		16,395,081	12,535,880	16,204,344	12,345,143
Total equity		17,044,415	13,185,214	16,853,678	12,994,477
Non-current liabilities					
Retirement benefits obligations	23	302	169,245	302	169,245
Deferred tax liability	13.4	-	1,839,343	-	1,839,343
Total non-current liabilities		302	2,008,588	302	2,008,588
Current liabilities					
Trade and other payables	24	9,177,856	15,725,770	9,175,048	15,722,963
Income tax payable	13.3	1,966,506	410,141	1,952,201	395,836
Total current liabilities		11,144,362	16,135,911	11,127,249	16,118,799
Total liabilities		11,144,664	18,144,499	11,127,551	18,127,387
Total equity and liabilities		**28,189,079**	**31,329,713**	**27,981,229**	**31,121,864**

The consolidated and separate financial statements on pages 33 to 73 were approved and authorised for issue by the Board of Directors on 17 March 2017 and signed on its behalf by:

Mr. Edmund C. Onuzo	Mr. Dayanand Thandalam Sriram	Mr. Nelson A. Sanni FCA
Chairman	*Managing Director*	*Head, Corporate Reporting*
FRC/2015/IODN/00000011038	*FRC/2014/IODN/00000010391*	*FRC/2013/ICAN/00000004921*

The accompanying notes on pages 37 to 70 and other national disclosures on pages 71 to 73 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity

As at 31 December 2016

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Group				
At 1 January 2015	478,351	51,395	12,418,498	12,948,244
Profit for the year	-	-	965,047	965,047
Other comprehensive income	-	-	(10,551)	(10,551)
Total comprehensive income	-	-	954,496	954,496
Bonus issued	119,588	-	(119,588)	-
Payment of dividends	-	-	(717,526)	(717,526)
At 31 December 2015	597,939	51,395	12,535,880	13,185,214
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred	-	-	8,812	8,812
Payment of dividends	-	-	(358,761)	(358,761)
At 31 December 2016	**597,939**	**51,395**	**16,395,081**	**17,044,415**

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Company				
At 1 January 2015	478,351	51,395	12,236,482	12,766,228
Profit for the year	-	-	956,326	956,326
Other comprehensive income	-	-	(10,551)	(10,551)
Total comprehensive income	-	-	945,775	945,775
Bonus Issued	119,588	-	(119,588)	-
Payment of dividends	-	-	(717,526)	(717,526)
At 31 December 2015	597,939	51,395	12,345,143	12,994,477
Profit for the year	-	-	4,201,097	4,201,097
Other comprehensive income	-	-	8,053	8,053
Total comprehensive income	-	-	4,209,150	4,209,150
Unclaimed dividend declared status barred	-	-	8,812	8,812
Payment of dividends	-	-	(358,761)	(358,761)
At 31 December 2016	**597,939**	**51,395**	**16,204,344**	**16,853,678**

Consolidated and Separate Statement of Cash Flows

		Group		Company	
	Notes	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash flows from operating activities					
Profit for the year		4,201,097	965,047	4,201,097	956,326
Adjustment for:					
Income tax expense recognised in profit or loss		(518,766)	187,945	(518,766)	187,945
Depreciation of property, plant and equipment	15	705,225	1,441,133	705,225	1,441,133
(Loss)/gain on disposal of property, plant and equipment	8	(12,791)	1,789	(12,791)	1,789
Interest on term deposits	7	(181,051)	(23,006)	(181,051)	(23,006)
Exchange loss		-	395,789	-	395,789
Unrealised exchange loss/(gain) on operating activity	8	2,484,225	(20,645)	2,484,225	(20,645)
Finance costs recognised in profit or loss	12	307	3,703	307	3,703
Net charge on defined benefit obligations		168,943	23,197	168,943	23,197
Impairment of property, plant and equipment		-	131,646	-	131,646
Impairment of trade receivables		341,033	352,091	341,033	352,091
Working capital adjustments:					
Decrease in inventories		2,977,404	171,311	2,977,404	171,311
Decrease/(increase) in trade and other receivables		520,522	(1,611,114)	520,522	(1,611,114)
(Increase)/decrease in other assets		(121,959)	24,626	(121,959)	22,443
(Decrease)/increase in trade and other payables		(9,017,381)	3,859,028	(9,017,381)	3,859,025
		1,546,808	5,902,540	1,546,808	5,891,633
Defined benefit obligation paid		(133,948)	-	(133,948)	-
Income tax paid	13	(402,048)	(960,190)	(402,048)	(955,484)
Net cash generated by operating activities		1,010,812	4,942,350	1,010,812	4,936,149
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		12,095,087	15,159	12,095,087	15,159
Interest received	7	181,051	23,006	181,051	23,006
Purchase of property, plant and equipment	15	(1,149,101)	(1,921,686)	(1,149,101)	(1,921,686)
Net cash flows generated by/(used in) investing activities		11,127,037	(1,883,512)	11,127,037	(1,883,521)
Cash flows from financing activities					
Special dividend paid to shareholders of the Company		(355,907)	-	(355,907)	-
Interest paid	12	(307)	(3,703)	(307)	(3,703)
Dividends paid to shareholders of the Company		(192,223)	(717,526)	(192,223)	(717,526)
Net cash flows used in financing activities		(548,437)	(721,229)	(548,437)	(721,229)
Net increase in cash and cash equivalents		11,589,412	2,337,600	11,589,412	2,331,399
Cash and cash equivalents at 1 January		3,638,323	1,696,512	3,430,313	1,494,704
Exchange loss on cash and cash equivalents		(12,462)	(395,789)	(12,462)	(395,789)
Cash and cash equivalents at 31 December	20	**15,215,273**	**3,638,323**	**15,007,263**	**3,430,314**

The accompanying notes on pages 37 to 70 and other national disclosures on pages 71 to 73 form an integral part of these consolidated and separate financial statements.

Notes to the Consolidation and Separate Financial Statements

1 Corporate information

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

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

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

The consolidated financial statements of the Group for the year ended 31 December 2016 comprise the result and the financial position of GlaxoSmithkline Consumer Nigeria Plc (the Company) and its wholly owned subsidiary- Winster Pharmaceuticals Limited which has no turnover for the current year following the sale of its only product to a third party on 30 April 2012.

The separate financial statements of the Company for the year ended 31 December 2016 comprise those of the Company only.

These consolidated and separate financial statements for the year ended 31 December 2016 have been approved for issue by the directors on 17 March, 2017.

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

The following standards issued by the International Accounting Standards Board (IASB) have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016

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

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The Group has applied these amendments for the first time in the current year. The amendments clarify that the exemption from preparing consolidated and separate financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiary at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not an investment entity.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in joint Operations

The Group has applied these amendments for the first time in the current year. The amendments provide guidance on how to account for acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations. Specifically, the amendment state that relevant principles on accounting for business combinations in IFRS 3 and other standard should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standard for business combinations.

The application of these amendments has had no impact on the Group, as the Group did not have any such transactions in the current year.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on that bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterated than an entity should consider providing additional disclosure when compliance with the specific requirement in IFRS is insufficient to enable users of financial statements to understand the impact of particular transaction, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separated from

those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss: and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.
As regards the structure of the financial statements, the amendments provide examples of the systematic ordering of grouping of the notes.
The application of these amendments has not resulted in any impact on the financial performance & financial position of the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriated basis for amortisation of an intangible asset. The presumption can only be rebuttable in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue: or
b) when it can be demonstrated that revenue and consumption of the economic benefit of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated and separate financial statements.

Amendment to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group has applied these amendments for the first time in the current year. The amendments define a bearer plan and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plant continues to be accounted for in accordance with IAS 41.

The application of these amendments has had no impact on the Group's consolidated and separate financial statements as the Group is not engaged in agricultural activities.

2.2 New and revised IFRS in issue but not yet effected

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

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers (and related clarifications)[2]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined

(i) IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the sales of goods as highlighted in Note 5

(iii) IFRS 16 Leases

IFRS 16 introduces a comprehensive mode for the identification of lease arrangements and accounting treatments for both lessors and leases. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognised for all leases by lesser (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payment, as well as the impact of lease modifications, amongst other. Furthermore, the classification of cash flows will also be affected as operating lease payment under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosure are required by IFRS 16

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor(for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated and separate financial statements.

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

The amendment clarify the following:

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

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

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale of contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in transaction with an associate or joint venture that is accounted for using equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any foment subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transaction arise.

(vi) Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosure that enables users of the financial statements to evaluate changes in liabilities arising from financial activities.

The amendments apply prospectively for annual reporting periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Group do not anticipate that the application of these amendments will have a material impact on the Group's consolidated and separate financial statements.

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

The amendments clarify the following :

1. Decreases below cost in the carrying amount of fixed-rate debt instruments measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whatever the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flow;

2. When an entity assesses whether taxable profit will be available against which it can utilise deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences.
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more then their carrying amount if there is sufficient evidence that is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary difference with future taxable profit excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Group do not anticipate the applications of these amendments will have a material impact on the Group's consolidated and separate financial statements.

3 Summary of significant accounting policies

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

3.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2016 and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Finance Reporting Council (FRC) Act of Nigeria.

3.2 Basis of preparation

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

3.3 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 31 December 2016.

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

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

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

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

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. "

3.4 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the 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.

3.5 Goodwill

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

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

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

3.6 Interests in joint operations

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

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

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

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

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

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

3.7 Revenue recognition

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

Revenue is recognised in profit or loss when goods or products are supplied to external customers against orders received and title and risk of loss has passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the revenue process is being regarded as complete.
Revenue represents the net invoice value, after deduction of any trade / volume discounts that can be reliably estimated at point of sale, less accruals for estimated future rebates and returns.

Dividend and Interest income

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

Rental Income

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

3.8 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

3.9 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 recognised for all taxable temporary differences, except:

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

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

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

relate to the same taxable entity and the same taxation authority.

3.10 Property, plant and equipment

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

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

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

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

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

3.11 Leases

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

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

3.12 Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and other receivables

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

Financial assets carried at amortised cost

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

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

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

(iii) **Financial liabilities at amortised cost**

Initial recognition and measurement

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

Subsequent measurement

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

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

Derecognition

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

(iv) Offsetting of financial instruments

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

3.13 Inventories

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

3.14 Cash and bank balances

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

3.15 Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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.

3.16 Pensions and other post employment benefits

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

I. Gratuity scheme:

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

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

Past service costs are recognised immediately in the income.

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

ii. Pension fund scheme:

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

iii. Bonus plan:

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

3.17 Segment report

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

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

3.18 Provisions

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

3.19 Borrowings

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

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

3.20 Borrowing cost

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

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

3.21 Dividend

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

3.22 Share capital

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

3.23 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.

3.24 Investment property

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

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

4. Significant accounting judgments, estimates and assumptions

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

Judgments

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

Going concern

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

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 24.

Revenue recognition

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

Estimates and assumptions

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

Taxes

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

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

Year end translation rate

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

During the year, the Central Bank of Nigeria issued a directive stating that importation of goods shall be funded from two sources, the Central Bank and interbank funding. Consequently, the Group had various rates available to it at which to translate year end monetary balances as follows:

- The CBN rate;
- The GSK UK Group rate; and
- The interbank rate

In translating year end monetary assets and liabilities, inter-bank rates have been utilised. This has been compared with the Central Bank of Nigeria rate at the same date and the difference is not considered to have a material impact on these financial statements.

5 Revenue

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

	Group & Company	
	2016 N'000	2015 N'000
Revenue from the sale of goods	14,384,785	15,391,585
Revenue from rendering of service	-	-
	14,384,785	**15,391,585**

5.1 Segment information

Product and services from which reportable segments derive their revenue

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

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

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

There are no sales between business segments.
The Group's reportable segments under IFRS 8 are Consumer Healthcare and Pharmaceuticals.

5.2 Segment revenue and results

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

2016	Consumer Healthcare N'000	Pharmaceuticals N'000	Total N'000
Segment results			
Revenue	5,268,880	9,115,905	14,384,785
Cost of sales	(1,654,773)	(3,763,601)	(5,418,374)
EBITDA*	2,249,154	3,582,957	5,832,111

Note to Financial Statements Cont'd

2016 Segment results	Consumer Healthcare N'000	Pharmaceuticals N'000	Total N'000
Depreciation	(302,733)	-	(302,733)
Operating profit	1,940,610	3,582,957	5,523,567
Other expenses	(36,049)	(5,473,075)	(5,509,124)
Investment income	171,556	-	171,556
Finance costs	(108)	-	(108)
Profit/(loss) before tax	**2,076,009**	**(1,890,118)**	**185,891**
* Represents earnings before interest and, tax, depreciation &amortisation			
Segment assets & liabilities			
Non-current assets excluding deferred tax	2,112,921	-	2,112,921
Net additions to non-current assets, excluding deferred tax	10,973	-	10,973
Total non-current assets excluding deferred tax	2,123,894	-	2,123,894
Current assets	22,179,933	3,247,416	25,427,349
Total assets excluding deferred tax	**24,303,827**	**3,247,416**	**27,551,243**
Segment liabilities excluding deferred tax	**5,850,077**	**5,294,587**	**11,144,664**

2015 Segment results	Consumer Healthcare N'000	Pharmaceuticals N'000	Total N'000
Revenue	5,948,932	9,442,653	15,391,585
Cost of sales	(3,350,250)	(6,615,563)	(9,965,813)
EBITDA*	441,688	1,411,183	1,852,871
Depreciation	(376,859)	-	(376,859)
Operating profit	64,829	1,391,549	1,456,378
Other income/(expenses)	13,404	(420,174)	(406,770)
Investment income	6,583	10,450	17,033
Finance costs	(1,040)	-	(1,040)
Profit before tax	**83,776**	**981,825**	**1,065,601**
* Represents earnings before interest and tax, depreciation &amortisation			
Segment assets & liabilities			
Non -current assets excluding deferred tax	13,751,342	-	13,751,342
Net additions to non-current assets, excluding deferred tax	122,900	-	122,900
Total non-current assets excluding deferred tax	13,874,242	-	13,874,242
Current assets	15,880,984	1,574,487	17,455,471
Total assets excluding deferred tax	**29,755,226**	**1,574,487**	**31,329,713**
Segment liabilities excluding deferred tax	**7,014,901**	**9,290,255**	**16,305,156**

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

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

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

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

5.3 Other segment information

	Depreciation and Amortisation	
	2016 N'000	2015 N'000
- Consumer Healthcare	302,733	376,859
- Pharmaceuticals	-	-
	302,733	**376,859**

5.4 Geographical information

The Group generates 98.7% of its revenue from continuing operations in Nigeria while 1.3% represents exports to Ghana.

5.5 Information about major customer

The Pharmaceuticals segment has a major customer with total sales of N9.06 billion (2015: N9.28 billion) contributing more than 10% of the Group's total revenue.

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

		Group		Company	
	Notes	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Payroll costs		1,835,482	1,974,878	1,835,482	1,974,878
Electricity, fuel & utility		77,606	52,175	77,606	52,175
Repairs and maintenance		22,481	28,441	22,481	28,441
Repairs and maintenance - vehicles		69,231	55,585	69,231	55,585
Repairs and maintenance - others		121,550	25,790	121,550	25,790
Insurance		40,664	43,304	40,664	43,304
Depreciation		218,198	269,087	218,198	269,087
Rent and rates		180,543	287,847	180,543	285,672
Security & facility expenses		58,650	85,339	58,650	85,339
Canteen expenses		167	1,215	167	1,215
Freight cost		773,517	965,971	773,517	965,971
Travel and expenses		163,605	204,651	163,605	204,651
Telecom cost		165,300	161,723	165,300	161,723
Audit fees		28,000	24,000	28,000	24,000
Consultancy		139,015	159,416	139,015	159,416
Advert and promotion		1,190,659	2,260,368	1,190,659	2,260,368
Laboratory supplies		-	5,422	-	5,422
Bank charges		52,235	30,027	52,235	30,027
Postage		6,677	7,722	6,677	7,722

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Other office supplies	16,506	11,563	16,506	11,563
Other business expenses	214,179	393,784	214,179	393,784
Inter-departmental allocation	1,248,731	1,026,577	1,248,731	1,026,577
Impairment of receivables	341,032	352,091	341,032	352,091
Impairment of property, plant & equipment	-	131,657	-	131,657
	6,964,028	**8,558,633**	**6,964,028**	**8,556,458**

6a Royalty recovery

The Company has a licence agreement with Glaxo Group Limited and Smithkline Beecham Limited. The agreement covers the products of the overseas companies produced and marketed by GlaxoSmithKline Consumer Nigeria Plc, and other support enjoyed by GSK Consumer Nigeria Plc under the agreement. The fees payable under the agreement are computed at 1% of revenue of the category products for the licence agreement. The amounts charged (N1.215bn) in the past years has been reversed to profit in 2016 upon company's inability to obtain approval from the National Office for Technology Acquisition Promotion Council.

Out of the total reversal of (N1.215bn), N484million for consumer products reported under statement of comprehensive income of continued operations and N730million for (Lucozade and Ribena) discontinued operations reported under Note 10.

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

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Selling and distribution	2,255,043	2,630,290	2,255,043	2,630,290
Administrative expenses	1,182,078	1,319,466	1,182,078	1,317,290
Discontinued operations (Note 10)	3,526,907	4,608,877	3,526,907	4,608,877
	6,964,028	**8,558,633**	**6,964,028**	**8,556,458**

6c Cost of Sales

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cost of raw materials, consumables and goods purchased for resale	4,403,335	9,520,461	4,403,335	9,520,461
Depreciation	84,535	107,772	84,535	107,772
Production overheads	930,504	337,580	930,504	337,580
	5,418,374	**9,965,813**	**5,418,374**	**9,965,813**

The Company received two categories of credit notes from the trading partners (GSK group) during the fourth quarter in 2016, they are as follows:

(a) Pricing adjustment amounting to N4.6bn applied to cost of sales in (Note 6c) and

(b) Promotional assistance for the parent company's brands in the sum of N0.928bn which has been adjusted against advert and promotion under administrative expenses (Note 6b).

6d Employee benefits expense (Continuing Operations)

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Wages and salaries	1,635,273	1,467,738	1,635,273	1,467,738
Defined contribution	79,098	61,139	79,098	61,139
Defined benefits	19,298	11,598	19,298	11,598
	1,733,669	**1,540,475**	**1,733,669**	**1,540,475**

7 Investment income

	Group 2016	Group 2015	Company 2016	Company 2015
Interest income on short-term deposits	171,556	17,033	171,556	6,136
	171,556	**17,033**	**171,556**	**6,136**

8 Other gains and losses

	Group 2016	Group 2015	Company 2016	Company 2015
Profit/(loss) from sale of property, plant and equipment	12,791	(1,789)	12,791	(1,789)
Income from sale of obsolete items as scrap	-	5,833	-	5,833
Realised exchange foreign exchange losses/(gains)	(3,697,589)	(395,789)	(3,697,589)	(395,789)
Unrealised foreign exchange (losses)/gains	(2,484,225)	20,645	(2,484,225)	20,645
Other sundry income	169,315	(35,670)	169,315	(35,670)
	(5,999,708)	**(406,770)**	**(5,999,708)**	**(406,770)**

9 Profit before tax

Profit before tax from continuing operation has been arrived at after charging/(crediting):

	Group 2016	Group 2015	Company 2016	Company 2015
Audit fees	28,000	24,000	28,000	24,000
Impairment loss on receivables	341,033	352,091	341,033	352,091
Depreciation	302,733	376,859	302,733	376,859
Net foreign exchange loss	6,181,814	375,140	6,181,814	375,140

10 Discontinued operations

	Group 2016	Group 2015	Company 2016	Company 2015
Revenue	9,731,698	15,243,123	9,731,698	15,243,123
Cost of sales	(8,316,181)	(10,342,652)	(8,316,181)	(10,342,652)
Gross profit	1,415,517	4,900,471	1,415,517	4,900,471
Operating expenses	(3,526,907)	(4,608,877)	(3,526,907)	(4,608,877)
	(2,111,390)	291,594	(2,111,390)	291,594
Investment income	9,495	16,870	9,495	16,870
Other gains and losses	(34,711)	(206,224)	(34,711)	(206,224)
Royalty fee recovery/(expense)	730,418	(7,664)	730,418	(7,664)
Finance costs	(199)	(2,663)	(199)	(2,663)
(Loss)/profit before tax from discontinued operations	**(1,406,387)**	**91,913**	**(1,406,387)**	**91,913**

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

		Group & Company 2016 N'000	Group & Company 2015 N'000
10.2	**Statement of profit from the Drinks business disposal**		
	Consideration received	20,997,900	-
	Value of property, plant and equipment sold	(12,054,577)	-
	Value of inventories sold	(1,580,000)	-
	Deduction for distribution contract migration	(397,687)	-
	Deal related expenses	(1,349,135)	-
	Profit on disposal before tax	5,616,501	-
	Tax on discontinued operations	(1,670,037)	-
	Profit after tax from the disposal of drinks business	3,946,464	-
	Special dividend (Note 10.3)	(717,125)	-
	Profit after tax and special dividend	**3,229,339**	-

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

		Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
11	**Net cash inflow on disposal of drinks business**				
	Consideration received in cash and cash equivalents	20,997,900	-	20,997,900	-
	Less: cash and cash equivalent balance disposed off	-	-	-	-
		20,997,900	**-**	**20,997,900**	**-**
12	**Finance costs**				
	Interest on bank loans and overdrafts	**(108)**	**(1,040)**	**(108)**	**(1,040)**
13	**Taxes**				
13.1	**Income statement:**				
	Current income tax:				
	Company income tax	215,573	-	215,573	-
	Education tax	19,470	41,436	19,470	41,436
	Tax arising from prior year	53,333	-	53,333	-
		288,376	41,436	288,376	41,436
	Deferred tax:				
	Relating to origination and reversal of temporary differences	(2,480,630)	151,031	(2,480,630)	151,031
	Total income tax recognised in the current year relating to continuing operations	**(2,192,254)**	**192,467**	**(2,192,254)**	**192,467**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax from continuing operations

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Profit before tax from continuing operations	185,891	1,065,601	185,891	1,056,880

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Income tax expense calculated at 30% (2015: 30%)	55,767	319,680	55,767	317,064
Education tax	19,470	41,436	19,470	41,436
Effect of income tax that is exempt from taxation	(215,970)	(77,425)	(215,970)	(77,425)
Effect of expense that are not deductible in determining taxable profit	-	(91,224)	-	(91,224)
Effect of previously recognised tax offsets now recognised as deferred assets	(2,051,521)	-	(2,051,521)	-
Income tax expense recognised in profit or loss (relating to continuing operations)	**(2,192,254)**	**192,467**	**(2,192,254)**	**192,467**

The tax rate used for the year 2016 and 2015 reconciliations above is the corporate tax rate of 30%.

13.2 Statement of Other Comprehensive Income:

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

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Deferred tax charge on remeasurement	3,451	(4,522)	3,451	(4,522)
Income tax charged directly to other comprehensive income	**3,451**	**(4,522)**	**3,451**	**(4,522)**

13.3 Statement of Financial Position:

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Current tax liabilities:				
At 1 January	410,141	1,328,895	395,836	1,309,884
Tax charge/(income) in income statement:				
Tax on continuing operations (Note 13.1)	288,376	41,436	288,376	41,436
Tax on discontinued operations (Note 10)	1,670,037	-	1,670,037	-
	2,368,554	1,370,331	2,354,249	1,351,320
Company income tax paid	(361,659)	(835,939)	(361,659)	(831,528)
Education tax paid	(40,389)	(124,251)	(40,389)	(123,956)
At 31 December	1,966,506	410,141	1,952,201	395,836

13.4 Deferred tax balances:

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Reflected in the statement of financial position as follows:				
Deferred tax assets	(637,836)	-	(637,836)	-
Deferred tax liabilities	-	1,839,343	-	1,839,343
Deferred tax (asset)/liabilities	(637,836)	1,839,343	(637,836)	1,839,343

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 and Company 2016	Opening Balance N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	Closing Balance N'000
Property, plant & equipment	1,841,880	(1,465,634)	-	376,246
Defined benefit obligation Provision	(22,453)	-	3,451	(19,002)
Provisions	(252,918)	(487,226)	-	(740,144)
Unrealised exchange difference	272,834	(527,770)	-	(254,936)
	1,839,343	(2,480,630)	3,451	(637,836)

2015	Opening Balance N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	Closing Balance N'000
Property, plant & equipment	2,120,661	(278,781)	-	1,841,880
Defined benefit obligation Provision	(17,931)	-	(4,522)	(22,453)
Provisions	(141,955)	(110,963)	-	(252,918)
Unrealised exchange difference	(267,941)	540,775	-	272,834
	1,692,834	**151,031**	**(4,522)**	**1,839,343**

The opening deferred tax liability of N1.84bn as 1 January 2016 reversed to N637m deferred tax asset at year end due to transfer of Property Plant and Equipment to Suntory Food & Beverages Nigeria Ltd and Foreign exchange loss disallowed for tax purposes. The resulting deferred tax assets has been applied to tax expense for the year giving rise to N2.19bn reported as income in the Statement of Comprehensive Income. The deferred tax relating to the discontinued operations was not separated in the movement during the year as it was impracticable to be allocated.

14 Earnings per share

Net profit attributable to ordinary equity holders of the parent from continuing operations	2,378,145	873,134	2,378,145	864,413
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	4,201,097	965,047	4,201,097	956,326
Weighted average number of ordinary shares for basic earnings per share	1,195,876	1,016,495	1,195,876	1,016,495
Basic and diluted earnings per share (kobo)-continuing operations	199	86	199	85
Basic and diluted earnings per share (kobo)-continuing and discontinued operations	351	95	351	94

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated and separate financial statements. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and basic earnings per share 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 2015	633,591	1,498,431	9,933,987	4,551,109	1,238,809	716,344	18,572,271
Additions	-	913	56,983	1,396,805	231,070	235,915	1,921,686
Transfers	-	988,959	2,315,757	(3,337,557)	32,841	-	-
Impairment	-	-	(192,829)	-	-	-	(192,829)
Disposals	-	-	-	-	(9,800)	(130,081)	(139,881)
At 31 December 2015	633,591	2,488,303	12,113,898	2,610,357	1,492,920	822,178	20,161,247
Additions	-	5,985	24,561	1,070,731	1,543	46,281	1,149,101
Transfers	-	388,811	76,772	(534,638)	57,505	11,550	-
Disposal of drinks business	(171,082)	(2,425,761)	(10,707,243)	(2,699,127)	(271,979)	(205,133)	(16,480,325)
Disposals - Others	-	-	(857)	(25,626)	(22,090)	(126,997)	(175,570)
At 31 December 2016	462,509	457,338	1,507,131	421,697	1,257,899	547,879	4,654,453

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
Depreciation:							
At 1 January 2015	108,023	204,316	3,866,057	-	553,769	420,712	5,152,877
Charge for the year	10,714	54,932	1,102,531	-	119,244	153,712	1,441,133
Impairment	-	-	(61,172)	-	-	-	(61,172)
Disposals	-	-	-	-	(8,842)	(114,091)	(122,933)
At 31 December 2015	118,737	259,248	4,907,416	-	664,171	460,333	6,409,905
Charge of the year	9,526	24,904	478,400	-	67,825	124,570	705,225
Disposal of Drinks Business	(15,207)	(183,683)	(3,951,013)	-	(165,684)	(110,160)	(4,425,747)
Disposals - Others	-	-	(857)	-	(19,998)	(126,997)	(147,852)
At 31 December 2016	113,056	100,469	1,433,946	-	546,314	347,746	2,541,531
Net Book Value: At 31 December 2016	**349,453**	**356,869**	**73,185**	**421,697**	**711,585**	**200,133**	**2,112,922**
At 31 December 2015	**514,854**	**2,229,055**	**7,206,482**	**2,610,357**	**828,749**	**361,845**	**13,751,342**

15.1 Assets pledged as security

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

15.2 Capital commitments

Capital commitments in respect of property, plants and equipment amounted to N24 million (2015: N1.4 billion).

15.3 Depreciation

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Continuing Operations	302,733	376,859	302,733	376,859
Discontinued Operations	402,492	1,064,274	402,492	1,064,274
	705,225	**1,441,133**	**705,225**	**1,441,133**

16 Investment in Subsidiary

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 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 its only product to a third party in 2012. The results of the Company have been consolidated in these financial statements.

17 Inventories

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Raw materials and consumables	742,743	2,116,696	742,743	2,116,696
Work in progress	13,977	18,595	13,977	18,595
Finished goods	3,569,456	4,799,383	3,569,456	4,799,383
Engineering spares	114,658	468,956	114,658	468,956

17 Inventories Cont'd

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Oil and lubricant	-	14,608	-	14,608
Total inventories	**4,440,834**	**7,418,238**	**4,440,834**	**7,418,238**

17.1 Inventories - By Segment

	2016 Consumer N'000	2016 Pharma N'000	2016 Total N'000	2015 Consumer N'000	2015 Pharma N'000	2015 Total N'000
Raw materials and consumables	742,743	-	742,743	2,116,696	-	2,116,696
Work in progress	13,977	-	13,977	18,595	-	18,595
Finished goods	1,164,740	2,404,716	3,569,456	1,764,143	3,035,240	4,799,383
Engineering spares	114,658	-	114,658	468,956	-	468,956
Oil and lubricants	-	-	-	14,608	-	14,608
	2,036,118	**2,404,716**	**4,440,834**	**4,382,998**	**3,035,240**	**7,418,238**

The cost of inventories from continuing operations recognised as an expense and included in cost of sales amounted to N4.4billion (2015: N6.8 billion).

The amount of inventories written off and included in cost of sales was N246 million (2015: N465 million).

18 Trade and other receivables

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Trade receivables (Note 18.1)	2,469,468	5,112,898	2,469,468	5,112,898
Receivables from related parties (Note 25)	169,539	166,487	169,539	166,487
Employee loans and advances	163,596	344,951	163,596	344,951
Advances to suppliers	-	16,473	-	16,473
Due from Lucozade Ribena Suntory (Note 18.2)	1,442,795	-	1,442,795	-
Transitional service fee and distributor Contract recovery	556,249	-	556,249	-
Others	573,063	595,456	573,063	595,456
	5,374,710	**6,236,265**	**5,374,710**	**6,236,265**

18.1 Depreciation

	Group & Company 2016 N'000	Group & Company 2015 N'000
Trade receivables	2,530,628	5,493,595
Impairment loss	(61,160)	(380,697)
	2,469,468	**5,112,898**

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

Age of receivables that are past due but no Impaired:

	Group & Company 2016 N'000	Group & Company 2015 N'000
61 - 90 days	4,061	1,058,520
Average days	57	55

Age of Receivables that are past due but no Impaired(cont'd):	Group & Company	
	2016 N'000	2015 N'000
Movement in the allowance for doubtful debts		
Balance at beginning of the year	380,697	240,983
Additional provision	894,204	259,028
Recoveries	(557,001)	(23,108)
Write offs	(656,740)	(96,206)
Balance at the end of the year	**61,160**	**380,697**
Age of impaired trade receivables		
91-180 days	26,918	123,904
>180 days	34,242	256,793
	61,160	**380,697**

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

18.2 Lucozade Ribena Suntory receivables relate to the trading arrangement under the Sales and Distribution Agreement.

19 Other assets

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Prepayment of manufacturing raw materials	208,301	-	208,301	-
Prepaid rent	111,269	179,288	111,269	179,288
Prepaid insurance	32,043	49,931	32,043	49,931
Other prepayments	55,891	56,326	55,891	56,326
	407,504	**285,545**	**407,504**	**285,545**
Current	396,531	162,645	396,531	162,645
Non Current	10,973	122,900	10,973	122,900
	407,504	**285,545**	**407,504**	**285,545**

20 Cash and Cash Equivalents

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

Cash at bank:	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Current account balances	3,966,704	3,073,416	3,758,694	2,865,407
Short term deposit (45 - 60 days)	7,613,688	-	7,613,688	-
Restricted Cash (Note 20.1)	3,634,881	564,907	3,634,881	564,907
	15,215,273	**3,638,323**	**15,007,263**	**3,430,314**

20.1 Restricted cash comprises N2,557m equivalent of USD forward cover purchased against pending bills with CBN for revalidation, N446m cash collateral against letters of credit issued but not yet paid/transmitted and N631m as Unclaimed dividend returned by the Registrar to the Company which has been invested in line with regulatory requirement.

21 Issued capital and share premium	Group		Company	
Authorised shares	2016 Thousands	2015 Thousands	2016 Thousands	2015 Thousands
Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000
	N'000	N'000	N'000	N'000
Ordinary shares of 50k each	750,000	750,000	750,000	750,000
21.1 Ordinary shares issued and fully paid	Thousands	Thousands	Thousands	Thousands
Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876
	N'000	N'000	N'000	N'000
Ordinary shares of 50k each	**597,939**	**597,939**	**597,939**	**597,939**
21.2 Share premium	N'000	N'000	N'000	N'000
	51,395	**51,395**	**51,395**	**51,395**

22 Dividend

On 4th July 2016, a dividend of 30k per share (N359 million) was approved by the shareholders to be paid to the holders of fully paid shares from the retained pioneer earnings as well as a special dividend (N717 million) as disclosed on note 10.3.

In respect of the current year, the directors proposed a dividend of 30k per share amounting to N359 million. This dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is to be paid out of the retained pioneer earnings.

23 Retirement benefit obligations

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. During the year, the contributions were transferred to the respective Pension Fund Administrator except as disclosed in note 24.3 payable as at 31st December 2016.

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

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	
Net benefit expense (recognised in administrative expenses)	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Current service cost	12,539	13,098	12,539	13,098
Plan amendment	-	(8,692)	-	(8,692)
Interest cost on benefit obligation	19,625	18,791	19,625	18,791
Net Benefit Expenses	**32,164**	**23,197**	**32,164**	**23,197**
Changes in the present value of the defined benefit obligation				
Benefit liability				
Defined benefit obligation at 1st January	169,245	130,975	169,245	130,975
Current service cost	12,539	13,098	12,539	13,098
Interest cost	19,625	18,791	19,625	18,791
Benefits paid	(133,948)	-	(133,948)	-

Retirement Benefit Obligations Cont'd	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Benefit awaiting disbursement	(4,122)		(4,122)	
Plan amendment	-	(8,692)	-	(8,692)
Fair value of plan assets	(51,533)	-	(51,533)	-
	11,806	154,172	11,806	154,172
Remeasurement loss :				
- arising from changes in assumption	(2,079)	26,167	(2,079)	26,167
- arising from experience	(9,425)	(11,094)	(9,425)	(11,094)
	(11,504)	15,073	(11,504)	15,073
Defined Benefit Obligation at 31 December	**302**	**169,245**	**302**	**169,245**

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

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Average long term discount rate (p.a)	15.50	15.00	15.50	15.00
Average long term pay increase (p.a)	14.00	12.00	14.00	12.00
Average long term rate of inflation (p.a)	12.00	9.00	12.00	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
Mortality rate in service Sample age				
25	7	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

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

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Base figure	51,835	169,245	51,835	169,245
Discount rate (+1%)	46,447	154,800	46,447	154,800
Discount rate (-1%)	57,975	185,746	57,975	185,746
Salary increase (+1%)	58,257	186,581	58,257	186,581
Salary increase (-1%)	46,132	153,857	46,132	153,857
Mortality experience (improved by 1 year)	51,821	169,191	51,821	169,191
Mortality experience (worsen by 1 year)	51,847	169,292	51,847	169,292

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

	Group & Company	
	2016 N'000	2015 N'000
Within the next 12 months (next annual reporting period)	416	12,422
Between 2 and 5 years	5,312	79,501
Between 5 and 10 years	74,787	100,195
	80,515	**192,118**

24 Trade and other payables

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Trade payables	134,378	3,522,462	133,590	3,522,364
Amount due to related parties (Note 25)	5,151,022	10,761,571	5,151,022	10,761,571
Unclaimed dividends (Note 24.1)	631,136	522,420	631,136	522,420
Unpaid dividend due to related parties (Note 24.2)	501,845	-	501,845	-
Other payables	266,355	816,456	266,356	816,456
Accruals	2,493,120	102,861	2,491,099	100,152
	9,177,856	**15,725,770**	**9,175,048**	**15,722,963**

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

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

24.1 Unclaimed dividends

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

24.2 Unpaid dividend due to related parties

The dividend payable to the related parties remained unpaid as at 31 December 2016 due to difficulty in sourcing for foreign currency. The payment will be made as soon as foreign currency becomes available.

24.3 Pension contributions (included in other payables)

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Balance at the beginning of the year	23,026	42,024	23,026	42,024
Addition during the year	120,216	122,277	120,216	122,277
Remittance to administrator	(119,769)	(141,275)	(119,769)	(141,275)
	23,473	**23,026**	**23,473**	**23,026**

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

25 Related party disclosures

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

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 31 December 2016 and 31 December 2015.

25 Related Party Disclosures

	Group & Company		Group				Company			
	Purchases from Related Parties		Amount Owed by Related Parties		Amount Owed to Related Parties		Amount Owed by Related Parties		Amount Owed to Related Parties	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Subsidiary:										
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	-	-	-	-
Other sister companies:										
GSK Pharmaceutical Nigeria Limited	-	-	-	-	548,241	596,671	-	-	548,241	596,671
GSK Biological Manufacturing Limited	18,461	-	-	-	31,971	91,999	-	-	31,971	91,999
GSK Consumer Trading Services Cerp	-	472,151	-	-	-	67,145	-	-	-	67,145
GlaxoSmithklineDungravan	-	-	-	-	920,252	615,655	-	-	920,252	615,655
GlaxoSmithkline Export Limited UK	5,374,002	5,129,650	-	-	3,151,625	8,525,081	-	-	3,151,625	8,525,081
GlaxoSmithKline Consumer Trading Services (JDE)	1,634,039	510,097	-	-	-	593,013	-	-	-	593,013
GlaxoSmithklineUk Ltd Ph	-	-	-	-	66,576	-	-	-	66,576	-
GlaxoSmithkline Limited, Kenya	-	-	25,654	13,744	-	-	25,654	13,744	-	-
Gw South Africa Pty	-	-	-	-	16,473	-	-	-	16,473	-
GSK CTS Uk	-	-	-	-	106,114	-	-	-	106,114	-
GSK OPS UK Area	-	-	18,324	1,875	-	-	18,324	1,875	-	-
InterCom-GlaxoSmithkline South Africa	5,576	-	125,561	90,536	-	-	125,561	90,536	-	-
GlaxoSmithKline Consumer Healthcare Pte. Ltd.	7,945	-	-	-	26,409	6,873	-	-	26,409	6,873
Glaxo Group Limited-Corporate	-	-	-	5,532	-	-	-	5,532	-	-
GlaxoSmithkline Clifton - SB CORP	-	-	-	-	-	3,583	-	-	-	3,583
SB CORP	-	-	-	-	-	910	-	-	-	910
GSK Healthcare Singapore	-	-	-	48,508	-	-	-	48,508	-	-
GSK Pet Ltd Singapore	-	-	-	6,292	-	-	-	6,292	-	-
GlaxoSmithKline Services Unlimited	-	-	-	-	283,361	260,641	-	-	283,361	260,641
Total	**7,040,023**	**6,111,899**	**169,539**	**166,487**	**5,151,022**	**10,761,571**	**169,539**	**166,487**	**5,151,022**	**10,761,571**

25 Related party disclosures (cont'd)

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

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Receivable from related parties:				
Local	-	-	-	-
Foreign	169,539	166,487	169,539	166,487
	169,539	**166,487**	**169,539**	**166,487**
Payable to related parties:				
Local	548,241	596,671	548,241	596,671
Foreign	4,602,781	10,164,900	4,602,781	10,164,900
	5,151,022	**10,761,571**	**5,151,022**	**10,761,57**

There were no sales to related parties for the year ended 31 December 2016 (2015:nil).

The ultimate parent company

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

Terms and conditions of transactions with related parties

Purchases from related parties are for inventory items as well as IT support services provided.

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: 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. "

26 Compensation of key management personnel of the Group	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Short-term employee benefits	251,731	226,532	251,731	226,532
Defined contribution	30,253	22,019	30,253	22,019
Total Compensation paid to Key Management Personnel	**281,984**	**248,551**	**281,984**	**248,551**

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 (2015: nil)

27 Directors and employees information

27.1 Employees

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

	Group & Company	
	2016 Number	2015 Number
Administration	70	79
Sales and Distribution	36	69
Marketing	5	11
Production	69	260
	180	**419**

Winster Pharmaceuticals Limited does not have employees.

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

			Group & Company	
			2016 Number	2015 Number
900,001	to	1,000,000	-	1
1,000,001	to	1,500,000	-	17
1,500,001	to	2,000,000	12	41
2,000,001	to	2,500,000	13	40
2,500,001	to	3,000,000	15	59
3,000,001	to	3,500,000	21	56
3,500,001	to	4,000,000	16	29
4,000,001	to	4,500,000	11	23
4,500,001	to	5,000,000	9	17
5,000,001	to	5,500,000	6	10
5,500,001	to	6,000,000	10	8
6,000,001	and	above	67	118
			180	**419**

27.2 Directors

	Group & Company	
	2016 N'000	2015 N'000
The remuneration paid to directors of the Group was:	**60,088**	**50,114**
Fees and other emoluments disclosed above (including pension contribution) includes amounts paid to:		
The Chairman	**9,176**	**6,681**
The highest paid director	**32,283**	**29,175**

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

			Group & Company	
			2016 Number	2015 Number
-	to	1,000,000	7	4
1,000,001	to	2,000,000	-	-
2,000,001	to	3,000,000	-	1
3,000,001	to	8,000,000	4	4
8,000,001	to	9,000,000	-	-
9,000,001	to	30,000,000	1	1
30,000,001	and	above	1	-
			13	**10**

28 Contingent liabilities

Legal claim contingency

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

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

Various applications were filed by the parties at the Court of Appeal. The Appellants, GSK and its parent company have filed the brief of argument dated January 8, 2016 and have applied to the court for a date for the definite hearing of the Appeal.

The following should be noted:

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

29 Financial risk management objectives and policies

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

The Group's senior management oversees the management of t]hese risks. The Group's senior management is supported by a Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

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

Market risk

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

i. Interest rate risk

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

ii. Foreign currency risk

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

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

	Liabilities		Assets	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
USD	4,256,863	8,831,276		-
GBP	-	-	272,780	341,333
Others	858,018	26,951	-	-

29 Financial risk management objectives and policies (cont'd)

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

	USD Impact		GBP Impact		Others	
	2015 N'000	2015 N'000	2015 N'000	2015 N'000	2015 N'000	2015 N'000
Profit or loss	425,686	883,128	(27,278)	(34,133)	85,802	2,695

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

Credit risk

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

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

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

	Credit Rating by Counter Party						
Group	Unrated N'000	AAA N'000	A N'000	B+ N'000	AA- N'000	A+ N'000	Total N'000
Cash in bank and short term deposits (2016)	62,004	640,017	2,604,461	6,430,882	5,477,909	-	**15,215,273**
Cash in bank and short term deposits (2015)	-	-	745,253	-	1,352,235	1,538,835	**3,636,323**
Company	Unrated N'000	AAA N'000	A N'000	B+ N'000	AA- N'000	A+ N'000	Total N'000
Cash in bank and short term deposits (2016)	62,004	640,017	2,396,500	6,430,833	5,477,909	-	**15,007,262**
Cash in bank and short term deposits (2015)	-	-	539,292	-	1,352,186	1,538,836	**3,430,314**

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 2016, the Group had 62 customers. One customer owed the Group N1.58billion which represents 62% of the Group's total trade receivables. The customer's debt is covered by a bank guarantee from a reputable bank. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent industries and are located in different jurisdictions.

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

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

Liquidity risk

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

	Group		
As at 31 December 2016	On Demand N'000	3 to 12 Months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	4,448,879	4,728,977	9,177,856
	4,448,879	**4,728,977**	**9,177,856**
As at 31 December 2015	On Demand N'000	3 to 12 Months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	3,512,895	12,212,875	15,725,770
	3,512,895	**12,212,875**	**15,725,770**

	Company		
As at 31 December 2016	On Demand N'000	3 to 12 Months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	3,947,034	5,228,014	9,175,048
	3,947,034	**5,228,014**	**9,175,048**
As at 31 December 2015	On Demand N'000	3 to 12 Months N'000	Total N'000
Other current financial liabilities	-	-	-
Trade and other payables	3,512,269	12,210,704	15,722,973
	3,512,269	**12,210,704**	**15,722,973**

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

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

Financial instrument fair value estimation

a) **Financial instrument fair value estimation**
The Group holds a number of financial assets.

Fair values of financial assets and financial liabilities

Financial assets utilised by the Group during the years ended 31 December 2016 and 31 December 2015, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

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

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

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

The different levels have been defined as follows:

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

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

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

b) Financial 'Liabilities and Assets

Set out below is a comparison by category of the carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 December 2016 and 31 December 2015. None of the financial assets and liabilities has been reclassified during the year.

	2016 Carrying amount and fair value N'000	2015 Carrying amount and fair value N'000
Loans and Receivables		
- Cash and bank balances	15,215,273	3,638,323
- Trade and other receivables (excluding non financial assets)	2,469,468	5,112,898
	17,684,741	**8,751,221**
Financial Liabilities		
- Trade and other payables (except non financial liabilities)	**5,285,400**	**14,284,032**

30 Financial risk management objectives and policies

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 2016.

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	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Trade and other payables (Note 24)	9,177,856	15,725,770	9,175,048	15,722,963
Less: cash and bank balances (Note 20)	15,215,273	3,638,323	15,007,263	3,430,314
	(6,037,417)	12,087,447	(5,832,215)	12,292,649
Equity	17,044,415	13,185,214	16,853,678	12,994,477
Capital and net debt	11,006,998	25,272,661	11,021,463	25,287,126
Gearing ratio (Cap to Zero)	-	**48%**	-	**49%**

31 Fair Value of financial instrument

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

32 Events after the reporting date

The Court of Appeal in GlaxoSmithkline Consumer Nigeria Plc & Anor Vs CPL Industries Ltd delivered a judgement on the 6 of March 2017. The Court set aside the award of N700m as special damages and reduced the general damages from N500m to N50m. It should be noted that this judgement does not have any material effect on the Company for the reason stated in Note 28. There were no other events occurring after the reporting period that could have a material effect on the state of affairs of the Group as at 31 December 2016 which have not been adequately provided for or disclosed in these financial statements.

33 Financial Commitments

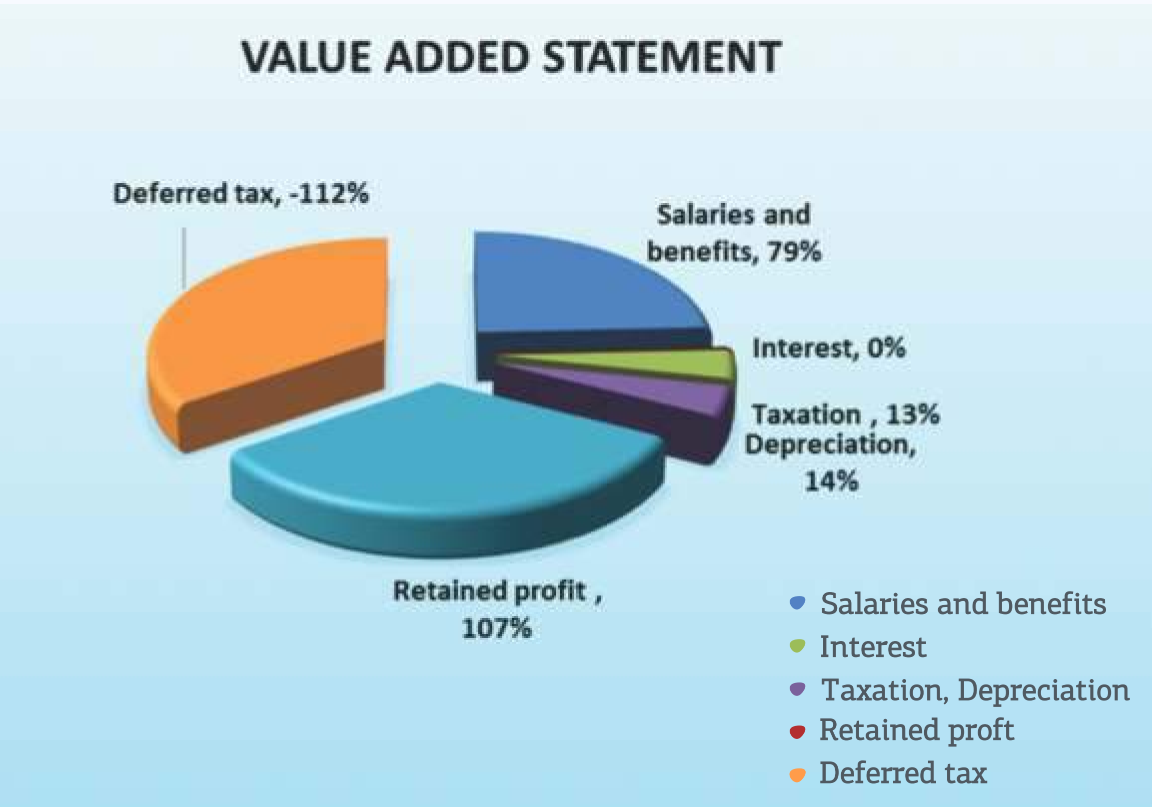
The Company has no financial commitment as at the year ended 31st December, 2016 (2015: Nil).

34 Comparative Figures

Certain comparative figures have been regrouped to align with current year and income statement for the prior year has been separated into continuing and discontinuing operations in line with the current year presentation.

Statement of Value Added

For the year ended 31 December 2016



Other National Disclosure
Consolidated and Separated Statement of Value Added

	Group				Company			
	2016 N'000		2016 N'000	%	2016 N'000		2016 N'000	%
Turnover	14,384,785		15,391,585		14,384,785		15,391,585	
Investment income	171,556		17,033		171,556		17,033	
	14,556,341		15,408,618		14,556,341		15,408,618	
Bought-in-materials								
Local	(5,765,566)		(5,807,994)		(5,765,566)		(5,771,630)	
Imported	(6,568,314)		(6,616,649)		(6,568,314)		(6,569,821)	
	(12,333,880)		(12,424,643)		(12,333,880)		(12,341,451)	
Value added	**2,222,461**	**100**	**2,983,975**	**100**	**2,222,461**	**100**	**3,067,167**	**100**
Applied as follows:								
Employees								
Salaries and benefits	1,733,669	78	1,540,475	52	1,733,669	78	1,540,475	50
Provider of funds								
Interest	108	-	1,040	-	108	-	1,040	-
Government								
Taxation	288,376	13	41,436	1	288,376	13	41,436	2
The Future								
Depreciation	302,793	14	376,859	13	302,793	14	376,859	12
Profit or loss account	2,378,145	107	873,134	29	2,378,145	107	956,326	31
Deferred tax (credit)/charge	(2,480,630)	(112)	151,031	5	(2,480,630)	(112)	151,031	5
	2,222,461	**100**	**2,983,975**	**100**	**2,222,461**	**100**	**3,067,167**	**100**

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

Other National Disclosure
Five Years Financial Summary

The Group

As at 31 December Assets employed	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Non-current assets	2,761,731	13,874,242	13,419,394	12,121,857	8,835,060
Net current assets	14,282,986	1,319,560	1,352,659	2,310,388	3,447,089
Deferred taxation liability	-	(1,839,343)	(1,692,834)	(1,950,422)	(1,490,927)
Retirement benefits	(302)	(169,245)	(130,975)	(136,109)	(128,162)
	17,044,415	**13,185,214**	**12,948,244**	**12,345,714**	**10,663,060**
Financed by					
Share capital	597,939	597,939	478,351	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	16,395,081	12,535,880	12,418,498	11,815,968	10,133,314
	17,044,415	**13,185,214**	**12,948,244**	**12,345,714**	**10,663,060**
Turnover and Profit (a)					
Turnover	14,384,785	15,391,585	30,521,127	29,183,675	25,308,159
Gross profit	8,966,411	5,425,772	10,801,472	11,602,050	10,227,698
Profit before interest charges and taxation	185,999	1,066,641	2,757,331	4,315,342	4,171,816
Interest charges	(108)	(1,040)	(5,115)	(514)	(151)
Profit before taxation	185,891	1,065,601	2,752,216	4,314,829	4,171,665
Taxation	2,192,254	(192,467)	(903,374)	(1,395,659)	(1,348,139)
Profit after taxation (a)	**2,378,145**	**873,134**	**1,848,842**	**2,919,170**	**2,823,526**
Profit before taxation as a percentage of turnover	1.3%	6.9%	9.0%	14.8%	16.5%
Proposed dividend***	358,761	358,761	717,526	1,243,712	1,243,712
Dividend per share (kobo)	30	30	75	130	130
Earnings per share (kobo)	199	96	193	305	295

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

(a) - Turnover and profit for 2016 and 2015 do not include discontinued operations.

Other National Disclosure
Five Years Financial Summary

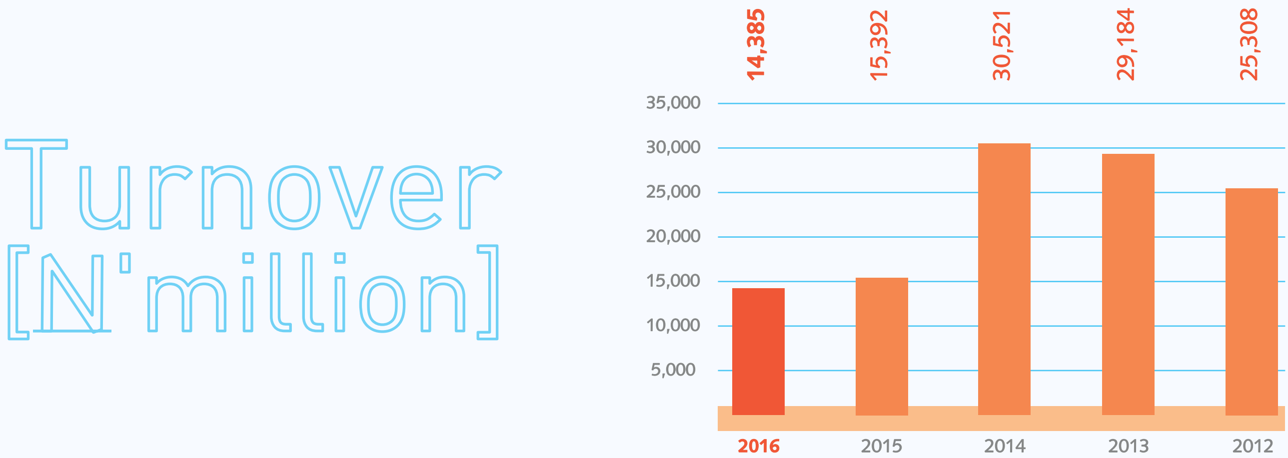
The Company As at 31 December Assets employed	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Non-current assets	2,761,891	13,874,402	13,419,554	12,122,017	8,835,220
Net current assets	14,092,089	1,128,663	1,170,483	2,146,521	3,286,496
Deferred taxation liability	-	(1,839,343)	(1,692,834)	(1,950,422)	(1,490,927)
Retirement benefits	(302)	(169,245)	(130,975)	(136,109)	(128,162)
	16,853,678	**12,994,477**	**12,766,228**	**12,182,007**	**10,502,627**
Financed by					
Share capital	597,939	597,939	478,351	478,351	478,351
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	16,204,344	12,345,143	12,236,482	11,652,261	9,972,881
	16,853,678	**12,994,477**	**12,766,228**	**12,182,007**	**10,502,627**
Turnover and Profit (a)					
Turnover	14,384,785	15,391,585	30,521,127	29,183,675	25,127,000
Gross profit	8,966,411	5,425,772	10,801,472	11,602,050	10,136,222
Profit before interest charges and taxation	185,999	1,057,920	2,739,022	4,312,070	4,070,838
Interest charges	(108)	(1,040)	(5,115)	(514)	(151)
Profit before taxation (a)	185,891	1,056,880	2,733,907	4,311,556	4,070,687
Taxation	2,192,254	(192,467)	(903,374)	(1,395,659)	(1,315,825)
Profit for the year	**2,378,145**	**864,413**	**1,830,533**	**2,915,897**	**2,754,862**
Profit before taxation as a percentage of turnover	17%	6%	6%	10%	11%
Proposed dividend ***	358,761	358,761	717,526	1,243,712	1,243,712
Dividend per share (kobo)	30	30	75	130	120
Earnings per share (kobo)	199	96	193	305	295

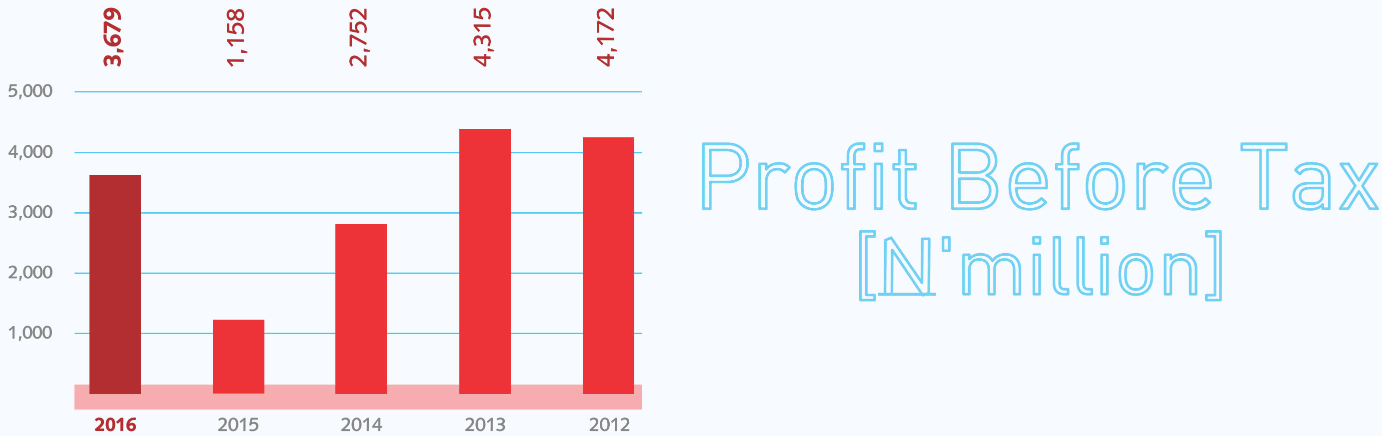
***Proposed dividend represents dividend for the current year but declared and paid during the following year.

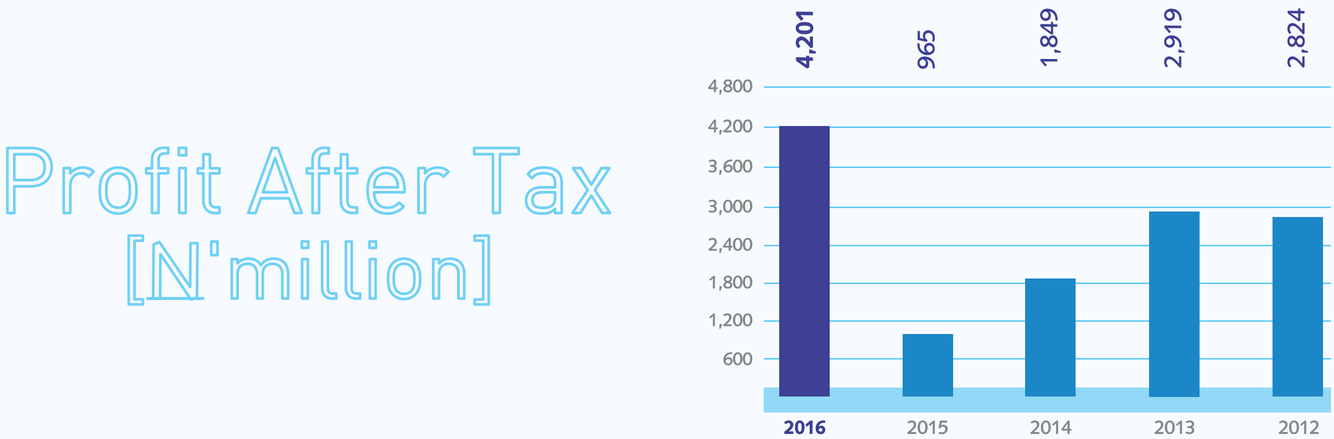
(a) - Turnover and profit for 2016 and 2015 do not include discontinued operations.

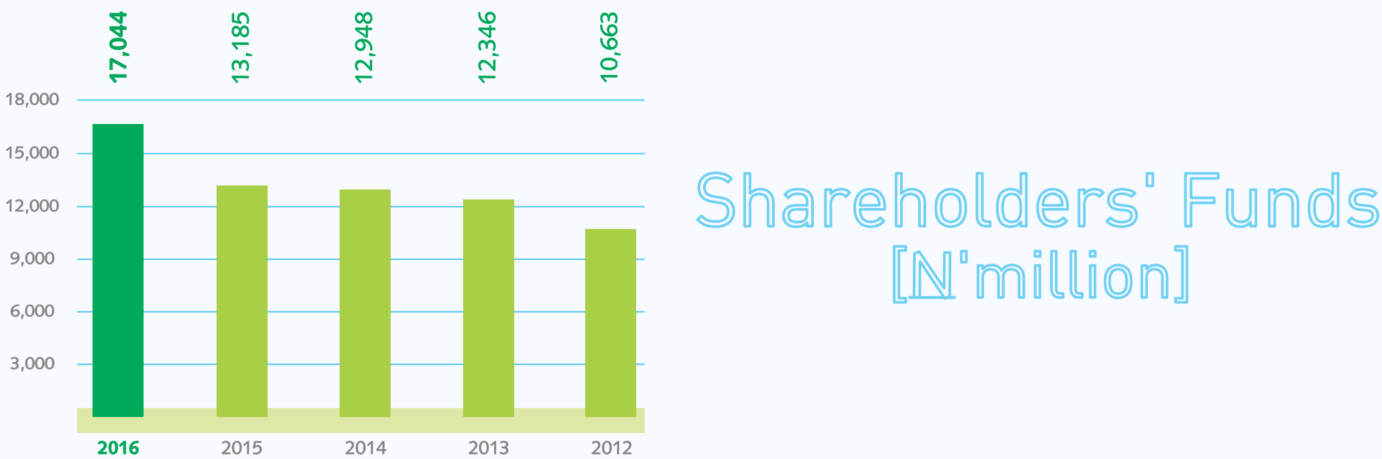
Five Year Financial Trend

For the year ended 31 December 2016









Horlicks
gsk
TALL STRONG SHARP*
WINNING NEEDS
MORE THAN
JUST ENERGY
VITAL 23 NUTRIENTS
Endorsed by the
Nutrition Society of Nigeria.

Shareholders' Information

YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NUMBER OF SHARES	VALUE (NAIRA)	DESCRIPTION
1978	1,500,100	3,000,200	1,500,008	3,000,016	Cash
1979	8,000,044	4,000,050	8,000,044	4,000,022	Bonus 1:3 one share of N2 sub divided into 4 shares of 50k each
1980	8,000,100	4,000,050	8,000,044	4,000,022	
1981	16,000,144	8,000,072	16,000,088	8,000,044	BONUS 1:1
1982	16,000,144	8,000,072	16,000,088	8,000,044	
1983	16,000,144	8,000,072	16,000,088	8,000,044	
1984	32,000,176	16,000,088	32,000,176	16,000,088	BONUS 1:1
1985	32,000,176	16,000,088	32,000,176	16,000,088	
1986	32,000,176	16,000,088	32,000,176	16,000,088	
1987	32,000,176	16,000,088	32,000,176	16,000,088	
1988	56,000,308	28,000,154	56,000,308	28,000,154	BONUS 3:4
1989	56,000,308	28,000,154	56,000,308	28,000,154	
1990	84,000,462	42,000,231	84,000,462	42,000,231	BONUS 1:2
1991	84,000,462	42,000,231	84,000,462	42,000,231	
1992	126,000,694	63,000,347	126,000,694	63,000,347	BONUS 1:2
1993	126,000,694	63,000,347	126,000,694	63,000,347	
1994	252,001,388	126,000,694	252,001,386	126,000,393	BONUS 1:1
1995	400,000,000	200,000,000	378,002,078	189,001,039	BONUS 1:2
1996	800,000,000	400,000,000	664,375,636	332,187,818	BONUS 1:5
1997	800,000,000	400,000,000	664,375,636	332,187,818	
1998	800,000,000	400,000,000	664,375,636	332,187,818	
1999	800,000,000	400,000,000	797,250,992	332,187,818	BONUS 1:5
2000	800,000,000	400,000,000	797,250,992	398,625,496	
2001	800,000,000	400,000,000	797,250,992	398,625,496	
2002	800,000,000	400,000,000	797,250,992	398,625,496	
2003	800,000,000	400,000,000	797,250,992	398,625,496	
2004	800,000,000	400,000,000	797,250,992	398,625,496	
2005	960,000,000	480,000,000	956,701,190	478,350,595	BONUS 1:5
2006	960,000,000	480,000,000	956,701,190	478,350,595	
2007	960,000,000	480,000,000	956,701,190	478,350,595	
2008	960,000,000	480,000,000	956,701,190	478,350,595	
2009	960,000,000	480,000,000	956,701,190	478,350,595	
2010	960,000,000	480,000,000	956,701,190	478,350,595	
2011	960,000,000	480,000,000	956,701,190	478,350,595	
2012	960,000,000	480,000,000	956,701,190	478,350,595	
2013	960,000,000	480,000,000	956,701,190	478,350,595	
2014	960,000,000	480,000,000	956,701,190	478,350,595	
2015	1,500,000,000	750,000,000	1,195,876,488	597,938,244	BONUS 1:4
2016	1,500,000,000	750,000,000	1,195,876,488	597,938,244	

Bonus History

DATE ISSUED	NUMBER ISSUED	AMOUNT (NAIRA)	BONUS RATIO
1979	500,003	1,000,006	BONUS 1:3
1981	8,000,044	4,000,022	BONUS 1:1
1984	16,000,088	8,000,044	BONUS 1:1
1988	24,000,154	12,000,066	BONUS 3:4
1990	28,000,154	14,000,077	BONUS 1:2
1992	42,000,232	21,000,116	BONUS 1:2
1994	126,000,692	63,000,346	BONUS 1:1
1995	126,000,692	63,000,346	BONUS 1:2
1996	286,373,558	143,186,779	BONUS 1:5
1999	132,875,165	66,437,583	BONUS 1:5
2005	159,450,198	79,725,099	BONUS 1:5
2015	239,175,298	119,587,649	BONUS 1:4

Ten-Year Dividend History

YEAR	DIVIDEND NOS	DIVIDEND PAID (GROSS) (N '000)	DIVIDEND PER SHARE (KOBO)	DATE PAID
2006	29	430,515,535.50	0.45	23/05/2007
2007	30	430,515,535.50	0.45	28/05/2008
2008	31	574,020,714.00	0.60	22/05/2009
2009	32	717,525,892.50	0.75	26/05/2010
2010	33	1,148,041,428.00	1.20	25/05/2011
2011	34	1,148,041,428.00	1.20	25/05/2012
2012	35	1,243,711,547.00	1.30	25/05/2013
2013	36	1,243,711,547.00	1.30	12/06/2014
2014	37	717,525,892.50	0.75	12/06/2015
2015	38	358,712,102.50	0.30	05/07/2016
2015*	39	716,000,000.00	0.60	07/09/2016

* - Special dividend

Unclaimed Dividend as at 31/12/2016

YEAR	AMOUNT UNCLAIMED
2005	N9,491,520.15
2006	N17,942,384.16
2007	N15,771,103.32
2008	N17,608,390.26
2009	N24,253,805.70
2010	N28,976,779.33
2011	N129,800,341.08
2012	N88,628,662.08
2013	N99,650,495.88
2014	N94,380,710.58
2015	N50,149,305.94
2016	N38,072,241.60
2016 (Special Dividend)	N90,781,934.34
TOTAL	N705,507,674.42

Unclaimed Dividend Warrants

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

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

New Route to Market and Distributors

GSK made a strategic decision on how its products will get to the consumer purchase points and on how it can grow its business in the coming years. This gave a push to the birth of the new route-to-market (RTM) which ran on a distributorship model to expand GSK's channel and geographical reach as well as deliver target turnover year-on-year.

Meet the Route to Market Distributors with Stockholding Points across the 6 Geo-political zones:

- J.O Adebiyi & Sons Nigeria Ltd
- Ayisagi Nigeria Ltd
- Madaci Pharmaceutical Co. Ltd.
- Worldwide Commercial Ventures Ltd
- Sutex Pharmaceuticals Ltd

RTM Distributors Stockholding Points

gsk

Panadol COLD & CATARRH

OLD PACK...

NEW LOOK!

NEW PACK | NEW BLISTER | SAME PRODUCT

Now also available in 12x4 caplets pack

2016: Year in Retrospect

GSK 45th Annual General Meeting

As a publicly owned company, we know that we have a responsibility to our shareholders and aim to protect their interest in every business decision. In 2016, our Board of Directors and management again met with our shareholders at the Annual General Meeting to review events of the year and rub minds on the way forward to becoming the first and best Fast Moving Consumer Healthcare Company.

Chairman of GSK Consumer Nigeria PLC Mr Edmund Onuzo, opening the meeting. He is flanked by other members of the Board.


Mr Nonah Awoh addressing shareholders.


Sir Sunny Nwosu makes an important point at the meeting


A cross-section of the Shareholders at the 45th Annual General Meeting.


Pa Timothy Adesiyan stresses a point at the 45th AGM


A time for GSK shareholders to make their voices heard.

Pulse Volunteers

As part of GSK global employee volunteering initiative, five of GSK Pulse volunteers took time off in October to visit our offices in Lagos and Agbara. The volunteers, from the US, UK, Kenya and Taiwan were on a 6-month assignment with the Clinton Foundation, Abuja.

Hon. Commissioner for Health, Borno State, Dr. Haruna Mshelia, UN-OCHA, Dr. Thomas Bollinger and GSK Representatives

Permanent Secretary, MoH, Dr. Abubakar Hassan and GSK Representative Ms. Bolaji Sanyaolu signing the MoU

Hon. Commissioner and Mr. Tijjani St. James of GSK

IDP Donation

In October, GSK Nigeria, through the Office for the Coordination of Humanitarian Affairs (UN-OCHA), donated products (Horlicks and Colart antimalarial) worth over five million naira to IDPs in Borno State, through Borno State Ministry of Health. This donation was in fulfilment of GSK's commitment to improving the quality of human lives by helping people to do more, feel better and live longer.

2016: Year in Retrospect Cont'd

Divestment of the Drinks Business

In September, following series of engagements with stakeholders, GSK Nigeria completed the divestment of its Drinks Business to Suntory Beverage & Food. To mark this major milestone, leaders and representatives of both companies closed the transaction with a signing ceremony to officially hand over the Business.


Chinedum Okereke, MD, SBF Nig Ltd and TS Dayanand, MD, GSK signing the agreement


TS Dayanand, MD, GSK handing over the signed agreement to Chinedum Okereke, MD, SBF Nig Ltd


SBF and GSK MDs flanked by their internal and external counsels.


SBF General Counsel, General Manager and GSK MD & General Counsel


Zubair Ahmed, Head of the AMA region

Visit of Zubair Ahmed, Head of AMA Region

In September, Zubair Ahmed, Head of the Asia, Middle East & Africa region, visited the Nigeria business with members of AMA leadership team. This visit came at a time the company was experiencing tremendous amount of change during the year under review, and his visit reinforced the confidence of the parent company in the business.


Three happy 'gbosas' to Zubair Ahmed at the Consumer Healthcare Town Hall.


Zubair, getting ready to address the GSK Nigeria employees at the Town Hall.


Zubair, demonstrating confidence in the GSK Nigeria Consumer Healthcare team.

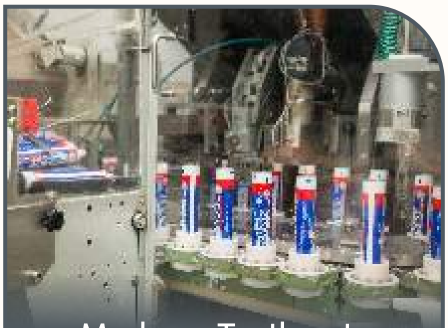

'Walking the Wall' with Zubair Ahmed as the GSK MD shares strategies.

GSK Agbara

In addition to other ultra-modern equipment in our Agbara Factory, our manufacturing facilities have been expanded to include a production line for Panadol Cold & Catarrh. We aim to continue upgrading this facility in line with our commitment to continuous improvement.

Entrance to Agbara Production Lines

Andrews Liver Salts Production Line



Macleans Toothpaste Production Line

Panadol Cold & Catarrh

Panadol Production Line

A Chemical Laboratory

Universal Packaging Machine

One of our Ultra Modern Facility

2016: Year in Retrospect Cont'd

Suppliers and Vendors at the Suppliers Forum.

The faculty of presenters at the Suppliers Forum.

A cross section of suppliers and vendors

A cross section of suppliers and vendors

Suppliers' Forum

As a way of communicating GSK values and ways of working to vendors, the Procurement team in collaboration with other functions organised a Supplier Relationship Forum, titled "Partnership for Growth". During the session, held on 13th October, over 50 attendees were taken through trainings by the heads of businesses – Compliance, Quality, Legal, and Sales. At the end of the programme, the vendors expressed their appreciation for such an opportunity and reaffirmed their commitment to the business.

The New CH Company

Day 1 & 2

Following the divestment of its Drinks Business, GSK Nigeria marked its Days 1 and 2 as a new Consumer Healthcare company. On Day 1, the Managing Director and Site Director, set out the strategy for the new company. Day 2 activities were more on a lighter note, with the entire team heading to the factory for a mini-olympics event.

GSK MD raises the mini-Olympic torch

One of the winning teams at the mini-Olympics

Competing teams at the mini-Olympics

Day 1: The New Consumer Healthcare Company

Cutting the Day 1 Cake: New Consumer Healthcare Company

World
Malaria Day

In April, GSK partnered with Lagos State Medicine Dealers Association to mark World Malaria Day.

The event which had 2000 medicine dealers in attendance created an opportunity for GSK to further enlighten practitioners on the issues of drug sales, administration and recommendation.


GSK Management with some of the Special Guests


A cross section of participants


A cross section of participants


A participant giving a comment


TS Dayanand, MD, GSK

Sensodyne Dental Business Seminar

In May, GSK Nigeria organised a Dental Business Seminar in conjunction with the Lagos Business School. The objective of the Seminar, which was attended by over 1000 dentists from across Nigeria, was to strengthen the dental practice in Nigeria by building capacity.

It was at this meeting that GSK launched the Dentine Sensitivity Research, sponsored by Sensodyne and in partnership with Professors from the College of Medicine, University of Lagos.


A cross section of participants at the Sensodyne Business Seminar.

GSK MD and Management Staff in a group photograph with Late Prof. Kofo Savage and Dr. Bode Ijarogbe (NDA President)


Late Prof. Savage, Dr. Ijarogbe and other guests with GSK MD at the event


Guests at the event

Letter From GTL Registrars

Dear Shareholder,

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

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

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

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

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

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

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

GLAXOSMITHKLINE CONSUMER NIGERIA PLC
ANNUAL GENERAL MEETING TO BE HELD AT THE
SHELL NIGERIA HALL, MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS.
ON WEDNESDAY 31ST MAY, 2017 AT 11 A.M.

do more feel better live longer

Proxy Form

I/We*..

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

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

or failing him the Chairman of the Meeting as my/our Proxy to act and vote on my behalf at the Annual General meeting of the Company to be held on 31 May, 2017 and at any adjournment thereof.

Dated this ……………....day of……………....2017

Shareholders' Signature……………....……………....……………....

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

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

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

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

NUMBER OF SHARES		
ORDINARY RESOLUTIONS		
1. To declare a dividend		
2a. To elect Directors		
I. Mr. Puneet Sharma		
ii. Mr. Bhushan Akshikar		
2b. Re-elect Directors retiring by rotation		
I. Mr. Tunde Lemo, OFR		
ii. Mrs. Lubabatu Bello		
3. To authorize the Directors to fix the remuneration of the Auditors.		
4. To elect Members of the Audit Committee		
5. To fix the remuneration of the Directors		
SPECIAL RESOLUTION		
6. To authorize the Company to procure goods and services from related parties.		
7. To approve Resolutions altering the Articles of Association.		
8. To approve the Company's Memorandum and Articles of Association incorporating the amendments in Resolution 7 as the Memorandum and articles of Association of the Company.		

Please indicate an 'x' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless so instructed the proxy will vote or abstain from voting at his/her discretion. Please sign the above proxy form and post it to reach the Registrars or the Company Secretary at the registered office of the Company not later than 48 hours before the time of holding the meeting.

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

TO BE VALID, THIS FORM HAS TO BE DUTY STAMPED

Shareholders Admission Form

Please admit bearer of this form or his/her duly appointed proxy to the Annual General Meeting of GlaxoSmithKline Consumer Nigeria PLC to be held at the Shell Nigeria Hall, Muson Centre, 8/9 Marina, Onikan, Lagos on Wednesday, 31st May, 2017.

Name of person attending ....

Shareholder ....

No of shares held..

Proxy ....

Signature ....

Important:

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

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

Uche Uwechia, Esq.
Company Secretary

Affix
N50.00 Postage Stamp
Here

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

Application Form
for e-bonus & e-dividend

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

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

you to complete this form with the following information:-

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

E-Mail Add: Name of Bank

Branch of Bank Bank Acct No Branch Code

No of Units held

NAME OF SHAREHOLDER/ CORPORATE SHAREHOLDER

PRESENT/NEW ADDRESS:

REGISTRAR'S USE

Name: ....

Signature: ....

Date: ....

NAME OF COMPANY IN WHICH YOU HAVE SHARES

GLAXOSMITHKLINE CONSUMER NIGERIA PLC

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

Yours faithfully,

GLAXOSMITHKLINE CONSUMER NIGERIA PLC

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

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

GLAXOSMITHKLINE CONSUMER NIGERIA PLC
(RC8726)

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use company seal.

Affix
N50.00 Postage Stamp
Here

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

do more
feel better
live longer

Dear Sir/ Madam,

To enable you receive your Annual Reports promptly, your company wishes to introduce electronic delivery of Annual Reports and Financial Statements, Proxy Forms and other statutory documents to shareholders.
With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in future, you can elect to receive soft copy of the Annual Report, Proxy Form, etc, through the electronic link to be forwarded to your e-mail address or opt to receive the soft copy (Compact Disc) of the Annual Report by post.

Please complete this self addressed form to capture your preference and return the completed form to:
The Managing Director
GTL Registrars Limited,
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos

Uche Uwechia
Company Secretary

I, ____________________

OF ____________ HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF **GLAXOSMITHKLINE CONSUMER NIGERIA PLC** TO ME THROUGH:

PLEASE TICK **ONE** OPTION ONLY

☐ ELECTRONIC COPY VIA A COMPACT DISC (CD) SENT TO MY POSTAL ADDRESS

☐ I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY E-MAIL ADDRESS STATED BELOW.

MY E-MAIL ADDRESS: ____________________

DESCRIPTION OF SERVICE

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

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

____________________ ____________________

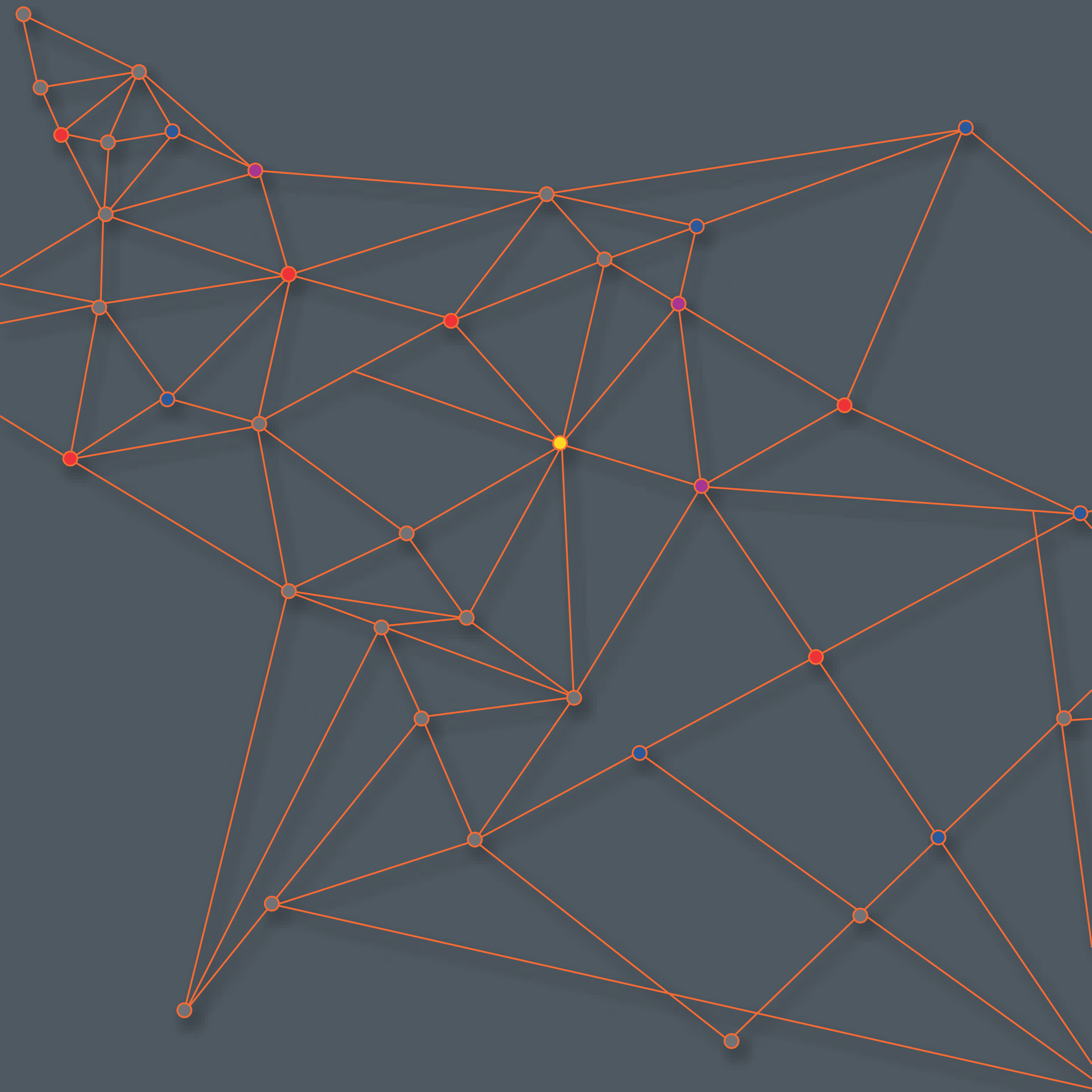
Name (Surname first) Signature and date

Affix
N50.00 Postage Stamp
Here

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

Anti-Bribery & Corruption Programme - ABAC

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



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