EVANS MEDICAL PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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Directors, professional advisers and registered office

Company registration number	RC 1161		
Directors			
	Chief Saifudeen A. Edu	Chairman	
	Chief Olubunmi Olaopa	Group Managing Director	
	Mr. Bolaji Odunsi	Non-Executive Director	(Resigned 15 August 2014)
	Mr. Victor O. Eburajolo mni	Non-Executive Director	
	Mr. Michael A. Ajufo		
	Mr. Adewale B. Oyenuga		
	Mr. Adeoye A. Oyewo		
	Mrs Titilope Adeyemi		
	Mr. Olusola Ogunwale		
	Alhaji Ahmad Damcida	Non-Executive Director	
	Mrs Tenilola Aluko	Non-Executive Director	
Registered office	6 Abimbola Way Isolo Industrial Estate Isolo Lagos		
Company secretary	Cautious Services Limited Cautious House No 4 'G' Close 23 Road Festac Town Lagos		
Independent auditor	PricewaterhouseCoopers Plot 252E Muri Okunola street Victoria Island Lagos		
Registrar	CardinalStone Registrars Limited 358 Herbert Macaulay Way Yaba Lagos		
Principal bankers	First Bank of Nigeria Plc Skye Bank Plc		

The directors submit their report together with the audited financial statements for the year ended 31 December 2013, to the members of the Company. This report discloses the state of affairs of the Company.

Incorporation and address

Evans Medical Plc was incorporated in Nigeria on 23 April 1954 under the Companies and Allied Matters Act as a public limited liability company, and is domiciled in Nigeria. The company's shares are listed on the Nigerian Stock Exchange (NSE).

Principal activities

The principal activities of the company are the manufacture, marketing and distribution of a wide range of health care products.

Results and dividend

The Company and Group's results for the year ended 31 December 2013 are set out on page 9. The loss for the year of N836.7 million and N554.7 million for the Group and Company respectively have been transferred to retained earnings. The summarised results are presented below.

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Revenue	3,699,458	4,864,487	2,204,487	3,030,540
(Loss)/profit before tax	(1,004,719)	197,836	(783,592)	61,651
Taxation	184,209	86,668	239,716	(33,856)
Other comprehensive income net of taxes	(16,222)	43,329	(10,791)	45,487
Comprehensive (loss)/profit for the year	(836,732)	327,833	(554,667)	73,282

The Directors are not recommending the payment of dividend to the shareholders.

Directors' interests in contracts

None of the Directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Directors' shareholding

The Directors who held office during the year and to the date of this report together with their direct and indirect interests in the issued share capital of the company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

Director	Number of shares held at 31 December 2013			Percentage holding %
	Direct	Indirect	Total	
Chief Saifudeen A. Edu	1,238,232	-	1,238,232	0.3
Chief Olubunmi Olaopa	5,884,130	-	5,884,130	1.2
Mr Victor O. Eburajolo mni	55,000	-	55,000	0.0
Mr Bolaji Odunsi (Devpharm Limited) *	-	136,348,862	136,348,862	28.0
Alhaji. Ahmad Damcida (Triumph Assets Ltd)	-	3,427,750	3,427,750	0.7
Mr Michael A. Ajufo	594,530	-	594,530	0.1
Mr Adewale B. Oyenuga	3,676,129	-	3,676,129	0.8
Mr Adeoye A. Oyewo	200,000	-	200,000	0.0
Mrs Titilope Adeyemi	183,390	-	183,390	0.0
Mr Olusola Ogunwale	263,151	-	263,151	0.1
Mrs Teniola Aluko	55,409	-	55,409	0.0
TOTAL	**12,149,971**	**139,776,612**	**151,926,583**	

Key
* Resigned on August 15 2014

Alternate directorship

There was no alternate directorship during the year under review.

Shareholding

According to the register of members as at 31 December 2013, the spread of shareholding in the company was as follows:

Number of shares	Number of shareholders	Units	Percent
1 - 1,000	4086	1,920,179	0%
1,001 - 5,000	7946	18,281,644	4%
5,001 - 10,000	2099	15,349,134	3%
10,001 - 50,000	2269	48,926,904	10%
50,001 - 100,000	358	26,030,640	5%
100,001 - 500,000	268	51,978,500	11%
500,001 - 1,000,000	41	25,987,524	5%
1,000,001 - 5,000,000	29	61,258,000	13%
5,000,001 - 10,000,000	4	29,147,394	6%
10,000,001 - 486,472,800	3	207,592,881	43%
	17,103	486,472,800	100%

According to the register of members as at 31 December 2013, the following shareholders of the company held more than 5% of the issued share capital of the company:

Shareholder	Number of shares	Percentage held
Devpharm Limited	136,348,862	28%
Stanbic Nominees Nigeria Limited	44,175,646	9%
Liquid Africa Holdings (PTY) Limited	27,068,373	6%

Corporate governance

(i) The company is committed to best practice and procedures in corporate governance. It's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

(ii) The board consists of eleven (11) directors. There are five (5) non-executive directors and six (6) executive directors. The company has a non-executive chairman and a group managing director who is the chief executive officer.

(iii) The board takes decisions on policy matters and directs the affairs of the company, reviews its operations, financial performance and formulate growth strategy.

(iv) In conformity with the Code of Best Practice in Corporate Governance, the following Committees are established:

(a) Remuneration Committee: The remuneration committee is composed of three (3) non-executive directors. The committee has responsibility for reviewing the remuneration of executive directors and senior management staff.

(b) Management Executive Committee: The management executive committee comprises of 6 executive directors of the company. The comnittee meets bi-monthly to discuss policy implementation, operational issues and progress on on-going projects. The committee is responsible for allocation of resources, setting overall corporate targets and monitoring strategies and plans.

(c) Audit Committee: The audit committee is composed of three (3)shareholders and three (3)directors (two of whom are non-executive directors and one executive director). It is chaired by a member representing the shareholders and meets three times annually.

The Committee reviews and reports on the company's internal control system, accounting and reporting policies, the scope and planning of both the external and internal audit programmes.

Employee health, safety and welfare

The company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The company provides medical care for its employees and their families through designated hospitals and clinics.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

Employment of disabled persons

The company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Employee training and involvement

The company has a joint consultative committee made of staff representatives and management where business issues and staff welfare are discussed. The executive directors maintain regular communication and consultation with the employees, the union leaders and staff representatives on matters affecting employees and the company. There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the company.

Key distributors

The following were the company's key distributors at the year end

Names	Area
Donason Commercial Enterprises	Aba
B. N Igwe Int. Co.Limited	Aba
Besio Pharmacy Limited	Abuja
Airen Pharmacy	Benin
A. E. Chris Merchants Limited	Enugu
Yinikawa Enterprises Limited	Ibadan
Olayinka Stores	Ibadan
Zagbayi Pharmaceutical Limited	Kaduna
Tony Pharm. & General Enterprises Limited	Kano
Sood & Jins Company Limited	Lagos
Mac Zico Nigeria Limited	Lagos
Ajoke Adisa Stores	Lagos
Steam Pharmacy	Lagos
Santus Pharmacy And Stores	Lagos
Charity Nwaizu Comm Stores Nigeria Limited	Lagos
Rilwan Enifeni Trading Company	Lagos
S. M. Olaosebikan	Lagos
Moddy Drug Company Limited	Lagos
Capital Drugs Limited	Maiduguri
Wino Pharmacy Limited	Makurdi
Ogbuagu Pharm Coy Limited	Onisha
Ebubenna Justin Multiconcept Limited	Onitsha
Buchac Ventures Limited	Onitsha
Emeneka Pharmaceutical Chemist	Onitsha
Austin Bazooka (W.A) Limited	Onitsha
Canez Healthcare Limited	Onitsha
Durumba Chukwuemeka .P.	Owerri
Samboson Pharmacy Limited	Uyo
Onomere Pharmaceutical Limited	Warri
Jimmex Pharmacy Nigeria Limited	Yola

Donations and gifts

The company did not make any donations or charitable gifts during the year (2012: Nil).

Research and development

The company continues to invest in research and development in the area of foods formulation, raw materials from local sources and local packaging materials.

Information technology

The company has continued to improve on the use of the Enterprise Resource Planning (ERP) software – Peoplesoft acquired in 2004. The company believes in using information technology as a platform for assisting management in taking decisions.

Independent auditor

In accordance with Section 357(2) of the Companies and Allied Matters Act, PricewaterhouseCoopers will continue in office as independent auditors of the company.

By order of the Board

Cautious Services Limited
Company Secretaries

Lagos, Nigeria

14 July 2015

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

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

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

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

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

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

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

Chief Saifudeen A. Edu
Chairman

Chief Olubunmi Olaopa
Group Managing Director

14 July 2015

In compliance with Section 359 (6) of the Companies and Allied Matters Act, members of the Audit Committee of Evans Medical Plc hereby report as follows:

1) The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359 (6) of the Companies and Allied Matters Act.

2) We have examined the independent auditors' report including the financial statements for the year ended 31 December, 2013.

3) We have deliberated with the independent auditors, reviewed their findings and recommendations and confirm that the independent auditors' report for this period is consistent with our review.

4) We are satisfied that the accounting and reporting policies of the company are in accordance with legal requirements and meet ethical standards.

Chairman, Audit Committee

14 July 2015

Members of the Audit Committee:

1 Chief T.A. Adesiyan - Chairman
2 Omooba A.A Mosuro
3 Mr. Ebenezer Oladokun
4 Mr V.A. Eburajolo, mni
5 Chief Olubunmi Olaopa
6 Mr. Bolaji Odunsi *

Key
* Resigned on 15 August 2014

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EVANS MEDICAL PLC

Report on the financial statements

We have audited the accompanying financial statements of Evans Medical Plc (the company) and its subsidiaries (together, the group). These financial statements comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

pwc

Emphasis of Matter

We draw attention to Note 2.1.1 to these financial statements, which state that the group and company incurred net losses of N820.5 million and N543.8 million respectively during the year ended 31 December 2013 and, as of that date, the group's and company's current liabilities exceeded its current assets by N881 million and N888 million respectively. This, along with other matters as described in Note 2.1.1, indicates the existence of material uncertainties which may cast significant doubt about the ability of the group and company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 1017298

Ikenna Ezeuko

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

16 July 2015

Engagement Partner: Ikenna Ezeuko
FRC/2013/ICAN/00000000783

Evans Medical Plc
Statements of financial position
As at 31 December 2013

	Note	Group 31 December 2013 N'000	Group 31 December 2012 N'000	Company 31 December 2013 N'000	Company 31 December 2012 N'000
Assets					
Non-current assets					
Property, plant and equipment	15	4,313,145	4,308,340	4,205,058	4,200,124
Deferred tax asset	13	469,165	118,465	310,136	-
Investment in subsidiaries	16	-	-	627,500	10,001
		4,782,310	4,426,805	5,142,694	4,210,125
Current assets					
Inventories	17	1,085,582	838,525	780,951	616,347
Trade and other receivables	18	1,580,244	1,866,070	967,444	1,643,145
Cash and cash equivalents	19	125,433	173,194	69,977	150,670
		2,791,259	2,877,789	1,818,372	2,410,162
Total assets		7,573,569	7,304,594	6,961,066	6,620,287
Equities and Liabilities					
Equity attributable to owners of the parent					
Share capital	21	243,236	243,236	243,236	243,236
Share premium	21	340,176	340,176	340,176	340,176
Retained earnings		1,388,326	2,244,958	1,434,219	2,013,210
		1,971,738	2,828,370	2,017,631	2,596,622
Non controlling interest		(402,610)	(398,186)	-	-
Total equity		1,569,128	2,430,184	2,017,631	2,596,622
Liabilities					
Non-current liabilities					
Borrowings	22	1,066,180	845,509	994,883	726,437
Retirement benefit obligations	23	342,927	290,524	318,891	270,144
Government grant	24	377,643	344,866	377,643	344,866
Deferred tax liability	13	545,651	491,767	545,651	491,767
		2,332,401	1,972,666	2,237,068	1,833,214
Current liabilities					
Trade and other payables	20	2,089,026	1,278,556	1,720,956	1,040,128
Current income tax liabilities	12	135,922	35,395	35,439	23,527
Borrowings	22	1,447,092	1,587,793	949,973	1,126,796
		3,672,040	2,901,744	2,706,368	2,190,451
Total liabilities		6,004,441	4,874,410	4,943,436	4,023,665
Total equity and liabilities		7,573,569	7,304,594	6,961,066	6,620,287

The notes on pages 12 to 41 are an integral part of these financial statements .

The financial statements on pages 8 to 44 were approved and authorised for issue by the Board of Directors on 14 July 2015 and were signed on its behalf by :

CHIEF SAIFUDEEN A, EDU	CHIEF OLUBUNMI OLAOPA	OLUSHOLA OGUNWALE
(Chairman)	(Group Managing Director)	(Finance Director)
FRC/2013/IODN/00000002928	FRC/2013/PCGNNG/00000002906	FRC/2013/ICAN/00000002902

	Note	Group 31 December 2013 N'000	Group 31 December 2012 N'000	Company 31 December 2013 N'000	Company 31 December 2012 N'000
Revenue	6	3,699,458	4,864,487	2,204,487	3,030,540
Cost of sales	7	(2,176,952)	(2,492,060)	(1,490,495)	(1,672,847)
Gross profit		1,522,506	2,372,427	713,992	1,357,693
Marketing expenses	8	(972,248)	(974,960)	(518,236)	(519,706)
General and administrative expenses	8	(1,017,631)	(785,424)	(581,926)	(671,685)
Other income	10	58,770	51,528	66,054	281,774
Operating (loss)/profit		(408,603)	663,571	(320,116)	448,076
Finance cost	11	(596,116)	(465,735)	(463,476)	(386,425)
(Loss)/profit before tax		(1,004,719)	197,836	(783,592)	61,651
Income tax credit/(charge)	12	184,209	86,668	239,716	(33,856)
(Loss)/profit for the year		(820,510)	284,504	(543,876)	27,795
(Loss)/profit attributable to:					
– Owners of the parent		(816,171)	200,627	(543,876)	27,795
– Non-controlling interests		(4,339)	83,877	-	-
		(820,510)	284,504	(543,876)	27,795
Other comprehensive (loss)/income:					
Items that will not be classified to profit and loss					
Actuarial (loss)/gain on post employment benefits	23	(23,174)	61,898	(15,416)	64,981
Tax effect on actuarial (loss)/gain on post employment benefits		6,952	(18,569)	4,625	(19,494)
Other comprehensive (loss)/income, net of tax		**(16,222)**	**43,329**	**(10,791)**	**45,487**
Total comprehensive (loss)/income for the year		**(836,732)**	**327,833**	**(554,667)**	**73,282**
Attributable to:					
– Owners of the parent		(832,308)	244,063	(554,667)	73,282
– Non-controlling interests		(4,424)	83,770	-	-
Total comprehensive income for the year		**(836,732)**	**327,833**	**(554,667)**	**73,282**
(Loss)/earnings per share- Basic and diluted (Naira)	14	(1.68)	0.41	(1.12)	0.06

The notes on pages 12 to 41 are an integral part of this financial statements.

Evans Medical Plc
Statements of changes in equity
For the year ended 31 December 2013

Group

	Attributable to equity holders of the parent					
	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000	Total Equity N'000
Balance at 1 January 2012	**243,236**	**340,176**	**2,000,895**	**2,584,307**	**(481,956)**	**2,102,351**
Profit or loss	-	-	200,627	200,627	83,877	284,504
Other comprehensive income	-	-	43,436	43,436	(107)	43,329
Total comprehensive income for the year	-	-	244,063	244,063	83,770	327,833
At 31 December 2012	**243,236**	**340,176**	**2,244,958**	**2,828,370**	**(398,186)**	**2,430,184**
Balance at 1 January 2013	243,236	340,176	2,244,958	2,828,370	(398,186)	2,430,184
Transactions with owners						
Dividend paid	-	-	(24,324)	(24,324)	-	(24,324)
Total transaction with owners	-	-	(24,324)	(24,324)	-	(24,324)
Profit or loss	-	-	(816,171)	(816,171)	(4,339)	(820,510)
Other comprehensive income	-	-	(16,137)	(16,137)	(85)	(16,222)
Total comprehensive income for the year	-	-	(832,308)	(832,308)	(4,424)	(836,732)
At 31 December 2013	**243,236**	**340,176**	**1,388,326**	**1,971,738**	**(402,610)**	**1,569,128**

Company

	Attributable to equity holders of the parent			
	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2012	**243,236**	**340,176**	**1,939,928**	**2,523,340**
Profit or loss	-	-	27,795	27,795
Other comprehensive income	-	-	45,487	45,487
Total comprehensive income for the year	-	-	73,282	73,282
At 31 December 2012	**243,236**	**340,176**	**2,013,210**	**2,596,622**
Balance at 1 January 2013	243,236	340,176	2,013,210	2,596,622
Transactions with owners				
Dividend paid	-	-	(24,324)	(24,324)
Total transaction with owners	-	-	(24,324)	(24,324)
Profit or loss		-	(543,876)	(543,876)
Other Comprehensive income	-	-	(10,791)	(10,791)
Total comprehensive income for the year	-	-	(554,667)	(554,667)
At 31 December 2013	**243,236**	**340,176**	**1,434,219**	**2,017,631**

The notes on pages 12 to 41 are an integral part of these financial statements .

Evans Medical Plc
Statements of cash flows
For the year ended 31 December 2013

		Group		Company	
	Note	31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
Cash flows from operating activities:					
Cash generated from operations	26	722,072	613,837	1,110,692	610,815
Tax paid	12	(5,128)	(26,372)	-	(26,372)
Net cash from operating activities		716,944	587,465	1,110,692	584,443
Cash flows from investing activities:					
Investment in subsidiary	16	-	-	(617,500)	-
Purchase of property, plant and equipment	15	(226,265)	(207,007)	(182,588)	(187,878)
Proceeds from disposal of property, plant and equipment	26	10,273	2,461	3,520	2,371
Net cash used in investing activities		(215,992)	(204,546)	(796,568)	(185,507)
Cash flows from financing activities:					
Proceeds of finance lease		-	50,000	-	50,000
Repayment of finance lease		(52,358)	(41,964)	(33,211)	(27,717)
Proceeds of loan		532,377	326,178	889,739	287,466
Repayment of loan		(334,773)	(459,743)	(689,526)	(410,244)
Dividend paid		(24,324)	-	(24,324)	-
Interest paid		(596,116)	(370,668)	(463,476)	(330,258)
Net cash used in financing activities		(475,194)	(496,197)	(320,798)	(430,753)
Net change in cash and cash equivalents		25,758	(113,278)	(6,674)	(31,817)
Foreign exchange (gains)/losses on cash and cash equivalents		(8,243)	(3,306)	1,359	(44)
Cash and cash equivalents at 1 January	19	(178,892)	(62,308)	(94,519)	(62,658)
Cash and cash equivalent at 31 December		(161,377)	(178,892)	(99,834)	(94,519)

The notes on pages 12 to 41 are an integral part of these financial statements .

1 General information

These financial statements are the financial statements of Evans Medical Plc and its subsidiary (hereafter referred to as 'the Group' or "Evans"). Evans Medical Plc was incorporated in Nigeria on 23 April 1954 under the Companies and Allied Matters Act as a public limited liability company, and is domiciled in Nigeria. The company's shares are listed on the Nigerian Stock Exchange (NSE). The address of its registered office is:

Plot 6, Abimbola Way
Isolo
PMB 1120
Apapa, Lagos.

The principal activities of the company are the manufacture, marketing and distribution of a wide range of health products.

The Company (Evans Medical Plc) has 98.43% holding in Evans Therapeutics Limited (formerly Cipla-Evans Nigeria Limited), which manufactures and distributes ethical drugs .Evans Therapeutics Limited is controlled by Evans Medical Plc hence Evans Medical Plc prepares a consolidated financial statements.These were authorised for issue by the directors on 9 July 2015.

2 Summary of significant accounting policies

2.1 Basis of preparation

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and (IFRS) Interpretative committee (IFRS 1) interpretations applicable to compare reporting under IFRS and in compliance with the Companies and Allied Matters Act (CAMA).The financial statements have been prepared on a historical cost basis .The financial statements have been prepared on a going concern basis.

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

All values are rounded to the nearest thousand, except when otherwise indicated.The financial statements are presented in thousand (Naira), which is the Group's presentation currency. The policies set out below have been consistently applied to all the years presented.

2.1.1 Going concern

The Group and Company incurred net losses after tax of N820.5 million and N543.8 million respectively during the year ended 31 December 2013. The net current liabilities as of that date were N881 million and N888 million respectively.

During the year, the company and its subsidiary experienced significant working capital challenges which affected products availability and revenues. Consequently, the company defaulted in the repayment of various borrowing from a local bank. In January 2015, the matured bank borrowings were restructured into a term loan facility of N690 million with a tenor of five years. The loan attracts interest at 22.5% per annum with a moratorium of 6 months on principal repayment.

As part of the measures to improve working capital, in March 2014, the Company was granted approval by the Securities and Exchange Commission to issue 486,472,800 ordinary shares at N2.50 per share by way of rights issue on the basis of one new ordinary share for every ordinary share held. Application for the rights issue opened on 10 April 2014 and closed on 21 May 2014. Net proceeds from the offer amounted to N586 million, compared to the N1.2 billion projected net proceeds. Part of the proceeds has since been applied to reduce matured obligations.

The Company has invested significantly in factory uprade which has enabled it obtain the Current Good Manufacturing Practice (CGMP) certification from the World Health Organisation (WHO) in October 2014. The directors are confident that the certification will enable the company increase its production and revenue in the long term.

In February 2015, the Company applied and secured approval for a N2 billion term loan through Skye Bank Plc to enhance its working capital requirements and fund further upgrade and expansion of the factory. The loan is part of the Central Bank of Nigeria's (CBN) Real Sector Support Facility (RSSF). The loan is for ten years and will attract interest at 8% per annum. The directors expect that the loan will be disbursed before the end of 2015.

The directors have initiated discussions with various prospective core equity investors with a view to injecting fresh capital into the company. The discussions have now reached advanced stages and the directors are confident that the transaction will be concluded by the end of 2015.

Based on these measures and after consideration of the related uncertainties, the directors have a reasonable expectation that the company and its subsidiary will have adequate resources to continue in operation for the foreseeable future and accordingly, have prepared these financial statement on a going concern basis.

2.1.2 Changes in accounting policy

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2014 with earlier application permitted. The group has not yet assessed the impact of these standards and did not early adopt any of the standards.

i) New and revised IFRSs that are mandatorily effective for the year ended 31 December 2013

All the applicable International Financial Reporting Standards effective for the year ended 31 December 2013 have been adopted for the first time for the year ended 31 December 2013.

ii) New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2013 but not early adopted by the group

Amendments to IFRS 10, IFRS 12 and SIC 12 'Investment Entities' effective for annual periods beginning on or after 1 January 2014.The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The directors are in the process of assessing the impact of these new standards on the company's activities.

IFRIC 21 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. Effective for annual periods beginning on or after 1 January 2014.The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised.The Group is yet to assess the new Standard's full impact.

IFRS 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial insturments.
IFRS 9 retains but simplifies the mixed measurment of model and establishes three primary measurement categories for financial asset: amortised cost, fair value through OCI and fair value through profit and loss.
The basis of classification is based on the entity's business model and the contractual cash flow characteristics of the financial asset.

For financial liabilities there were no changes to the classifications and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.The Standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

2.2 Consolidation

The financial statements of the consolidated subsidiary used to prepare the financial statements were prepared as of the parent company's reporting date.

(a) Subsidiaries

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 the right 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 of 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.

The integration of the subsidiaries into the financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

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 in the profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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.

Interests in the equity of subsidiaries not attributable to the parent are reported in equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported as profit or loss attributable to non-controlling interests.

In the separate financial statements of Evans Medical Plc (the company) investment in subsidiaries is recognised at cost and dividend income is recognised in other income in the statement of profit or loss of the company.

The Group assesses at the end of each reporting period whether there is objective evidence that an investment is impaired. An investment is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the profit and loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured in Naira which is the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in thousand (Naira), which is the Group's presentation currency. The figures shown in the financial statements are stated in thousands.

(b) Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Costs includes expenditure that are directly attributable to the acquisition of the fixed assets. Historical costs includes expenditure that is directly attributable to the acquisition of the item. When parts of an item of fixed assets have different useful life, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as capital work in progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses on disposal of fixed assets are determined by comparing proceeds to the carrying amount and are included in the profit and loss account.

Land is not depreciated by the Group. Depreciation is provided at rates calculated to write off the cost/valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Property, plant and equipment cont'd

Asset category	Depreciation rate (years)
Buildings	20
Plant and machinery	3 - 50
Motor vehicles	4 - 5
Furniture and fittings	5 - 10

Depreciation is not calculated on fixed assets until they are available for use and is included in profit or loss.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

2.6 Research and development

Costs associated with research are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

The group classifies its financial assets as loans and receivables. The group does not hold any financial assets in any other financial instrument category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

2.8.2 Recognition and measurement

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract as an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

2.90 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The group and company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors 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.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.11 Financial liabilities

The group and company's financial liabilities are classified as financial liabilities at amortised cost. The group and company does not have financial liabilities in any other category as appropriate. Financial liabilities are recognised initially at fair value and subsequently at amortised cost, inclusive of directly attributable transaction costs.

Financial liabilities at amortised cost

This is made of trade payables. It is recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, measured at amortised cost using the effective interest method. It is classified as current liabilities if payment is due within twelve months. Otherwise, it is presented as non-current liabilities.

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average 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), but excludes borrowing costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories were measured at cost for each of the periods reported.

2.13 Cost of sales

Cost of sales includes the cost of manufacturing finished goods inventory (including depreciation, amortization and impairment charges), costs related to transportation, impairment, the allowance for doubtful accounts and inventory write-downs.

2.14 Trade receivables

Trade receivables are amounts due from customers for pharmaceutical products sold and technical services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.16 Share capital

The group and company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade payables

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

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

2.18 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 profit and loss over the period of the borrowings using the effective interest method.

2.18.1 Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss or directly in equity.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Pension obligations

The Group operates two pension schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a staff gratuity scheme that provides a lump sum payment to staff upon retirement. The lump sum amount paid at retirement is based on length of service and the remuneration of the staff at the time of retirement. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service and interest cost are included as part of employee benefit expense in the profit or loss.

Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.
Gains or losses on curtailment or settlement are recognised in profit or loss when the curtailment or settlement occurs.

(b) Leave encashment

The Group operates an accumulating leave policy; this can be en-cashed when the employee is leaving employment. The Group measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.

2.22 Provisions

Provisions are recognised when the group or company has a present legal or constructive obligation as a result of a past event, and it is probable that the group or company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Revenue is recognised at the point when risks and rewards have passed to the customer i.e. when customer signs off on the proof of delivery note and receives goods.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.24 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

The Group leases certain land and buildings. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3 Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the internal audit under policies approved by the board of directors. Internal audit identifies, evaluates, and manages financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk and other credit risk.

3.1.1 *Credit risk*

(a) Management of credit risk

The finance department is responsible for managing and analysing the credit risk for each of the new client before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The finance department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal considerations in accordance with limits such as set by the board. The utilisation of credit limits is regularly monitored. Sales to customers are settled by making payment into the designated company's banks accounts and channels as approved by the management from time to time.

(b) Credit concentrations

The group does not monitor the concentration of credit risk with respect to trade and other receivables as it has a large number of customers which are dispersed throughout Nigeria.

(c) Credit quality

For the majority of customers, there are no external independent ratings. As such, the credit team assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Below is a breakdown of financial assets neither past due nor impaired, past due but not impaired and fully impaired:

Below is the breakdown of trade and other receivables neither past due nor impaired, past due but not impaired and fully impaired:

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Neither past due nor impaired	204,386	422,928	83,267	780,148
Past due but not impaired	333,444	696,148	81,264	407,898
Impaired	384,859	305,008	100,684	71,779
Gross trade receivables	922,689	1,424,084	265,215	1,259,825
Impairment	(384,859)	(205,377)	(100,684)	(83,466)
Net trade and other receivables	537,830	1,218,707	164,531	1,176,359

Neither past due nor impaired
Credit quality of financial assets:
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the internal rating provided by the credit department:

Internal rating categories	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Mega	69,572	273,068	69,572	780,148
Non mega	12,472	33,870	12,471	-
Institutional	61,118	7,579	1,224	-
Tender	61,224	92,707	-	-
Trading	-	15,704	-	-
	204,386	422,928	83,267	780,148

Trade debtors are categorised by the sales and marketing team. This classification is based on the net worth of the customers and volume of sales.

Categories	**Description of categories**
Mega	These are large customers and distributors who have been with the company for more than three years. Their credit limit is over 30 days.
Non mega	Customers in this category buy in small quantities but have been with the company for more than three years. Their credit limit also extend beyond 30 days.
Institutional	These are Federal, State and various hospitals with a very small degree of default in payments of their indebtedness to the company as at when dues.
Tender	These belong to various contracts from Federal, State and other International development agencies for the supplies of drugs based on the contract terms and conditions.
Trading	These relates to various sales to pharmaceutical outlets by our representatives across the country.

Cash and short-term investments all fall under neither past due nor impaired and are not rated.

Past due but not impaired
These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Past due 31-90 days	265,159	505,700	68,972	347,376
Past due 91-180 days	68,285	190,448	12,292	60,523
	333,444	696,148	81,264	407,899

Impaired

The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Past due > 180 days	384,859	305,008	100,684	71,779

The group does not secure any collateral for its trade debtors

3.1.2 *Liquidity risk*

(a) **Management of liquidity risk**
Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

The group has incurred indebtedness in the form of overdrafts, leases and loans. The group evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the group devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The group has no limitation placed on its borrowing capability.

(b) **Maturity analysis**

The table below analyses financial liabilities of the group into relevant maturity period based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Over 5 years N'000	Total N'000
December 31 2013						
Financial liabilities						
Bank loans:						
Term loans	41,464	236,759	248,784	298,211	-	825,218
Bank of Industry loans	19,124	95,620	114,744	578,692	331,645	1,139,825
Borrowings	60,588	332,379	363,528	876,903	331,645	1,965,043
Finance leases	3,742	14,289	11,226	5,637	-	34,894
Bank overdrafts	188,192	-	-	-	-	188,192
Trade payables	2,089,026	-	-	-	-	2,089,026
	2,341,548	346,668	374,754	882,540	331,645	4,277,155
December 31 2012						
Financial liabilities						
Bank loans:						
Term loans	29,440	545,870	112,102	241,431	-	928,843
Bank of Industry loans	15,194	97,084	106,949	943,457	269,254	1,431,938
Borrowings	44,634	642,954	219,051	1,184,888	269,254	2,360,781
Finance leases	1,871	16,838	14,029	68,293	-	101,031
Bank overdrafts	352,086	-	-	-	-	352,086
Trade payables	1,278,556	-	-	-	-	1,278,556
	1,677,147	659,792	233,080	1,253,181	269,254	4,092,454

Company

	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 yrs. N'000	Over 5 years N'000	Total N'000
December 31 2013						
Financial liabilities						
Bank loans:						
Term loans	12,024	60,119	72,144	279,684	-	423,971
Bank of Industry loans	19,124	95,620	114,744	578,692	331,645	1,139,825
Borrowings	31,148	155,739	186,888	858,376	331,645	1,563,796
Finance leases	1,871	9,355	11,226	5,637	-	28,089
Bank overdrafts	111,556	-	-	-	-	111,556
Trade payables	966,750	-	-	-	-	966,750
	1,111,325	165,094	198,114	864,013	331,645	2,670,191
December 31 2012						
Financial liabilities						
Bank loans:						
Term loans	21,133	304,554	67,482	80,705	-	473,874
Bank of Industry loans	15,194	97,084	106,949	943,457	269,254	1,431,938
Borrowings	36,327	401,638	174,431	1,024,162	269,254	1,905,812
Finance leases	1,871	16,838	22,451	33,678	-	74,838
Bank overdrafts	245,189	-	-	-	-	245,189
Trade payables	1,040,128	-	-	-	-	1,040,128
	1,323,515	418,476	196,882	1,057,840	269,254	3,265,967

3.1.3 Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Foreign currency denominated balances				
Cash and bank balances	30,139	2,672	29,978	798

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign denominated balances that the group is exposed to fluctuations are cash and accounts receivables.

The sensitivity of the group's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at loss of 1% as shown below:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Change in exchange rate- 1%				
Impact on profit or loss	(301)	(27)	(300)	(8)

3.1.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The group's exposure to interest rate risk relates primarily to long term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which could be offset by assets held at variable rates.

The group's borrowings is denominated in Nigerian naira. To manage this risk, the group's policy is to contract for best interest rate borrowings when terms offered are attractive.

2013

	Group				Company			
	Rate used at year end	Interest bearing		Non-interest bearing	Rate used at year end	Interest bearing		Non-interest bearing
		Variable rate	Fixed rate			Variable rate	Fixed rate	
Borrowings	21%	1,094,464	1,139,825		21%	563,616	1,139,825	

2012

	Group				Company			
	Rate used at year end	Interest bearing		Non-interest bearing	Rate used at year end	Interest bearing		Non-interest bearing
		Variable rate	Fixed rate			Variable rate	Fixed rate	
Borrowings	18%	1,605,617	827,685		18%	1,025,547	827,685	

Sensitivity analysis for interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates at the reporting date. The variable interest balances that the group is exposed relate to bank borrowings.

The sensitivity of the group's earnings to fluctuations in interest rates is reflected by increasing interest rates by 1% as shown below:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Liabilities at variable rates	1,094,464	1,605,617	563,616	1,025,547
1% increase in interest rates	10,945	16,056	5,636	10,255

3.2 Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at 31 December 2013 and 2012 were as follows:

Group	**2013**	**2012**
	N '000	**N '000**
Total borrowings (Note 22)	2,513,272	2,433,302
Less: Cash and cash equivalents (Note19)	(125,433)	(173,194)
Net debt	2,387,839	2,260,108
Total equity	1,569,128	2,828,370
Total capital	3,956,967	5,088,478
Gearing ratio	60%	44%

Company	**2013**	**2012**
	N '000	**N '000**
Total borrowings (Note 22)	1,944,856	1,853,233
Less: Cash and cash equivalents (Note19)	(69,977)	(150,670)
Net debt	1,874,879	1,702,563
Total equity	2,017,631	2,596,622
Total capital	3,892,509	4,299,185
Gearing ratio	48%	40%

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstamces.

The preparation of financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.The following are the critical accounting estimates and judgements made in the preparation of the financial statements

(i) Impairment assesment of financial instruments
The directors assess account receivable balances for objective evidence of impairment based on the following triggers:

- Trade receivables that have exceeded the credit limit days (30 days for most customers).
- Trade receivables that have exceeded the credit limit amounts
- Trade receivables with existing legal litigations
- Loans balances showing evidence of financial difficulties of the counterparties (e.g. inability to settle amount due).

For the receivable balances that possess the above stated impairment triggers, the following are performed:

- Managment determines a cash flow projection on how it intends intends to recover its receivable from the customers/debtors.

- The present values of the estimated cash flow are determined using the prime lending rate as at relevant periods. This rate was used due to the short term nature of account receivable balances.

Assumptions
The following assumptions are made:
- Estimated cash flows represent the manner in which the company intends to recover the receivables.
- The prime lending rate as at the reporting date are used in determining the discounting factor.

(ii) Impairment of property, plant and equipment

The group assesses at the end of the reporting period if there is any objective evidence that an item of non current asset or group of non current assets is impaired.
The following instances may give rise to an impairment:

- A decline in the asset's market value that is significantly greater than would be expected
- Significant adverse changes that have taken place or are expected in the near future technological, market , economic or legal environment in which the entity operates.
- Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount.
- Obsolescence or physical damage affecting the asset.
- Deterioration in the expected level of the asset's performance.
- Directors' own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts.

IFRS generally requires that non-current assets are carried at their carrying amount which is net of depreciation and impairment. The impairment loss is the difference between the asset's carrying amount and its estimated recoverable amount (present value of expected future cash flows discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted).

(iii) Employee benefits

The Group operates a staff gratuity scheme in order to provide a lump sum payment to staff upon retirement. The lump sum amount paid at retirement is based on length of service and the remuneration of the staff at the time of retirement. Typically defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Plan liability (Gratuity provision) is based upon independent actuarial valuation performed by independent actuary using the projected unit credit basis.The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation.

(iv) Investment in Evans Therapeutics Limited

The directors have assessed the level of control that the Group has on Evans Therapeutics Limited and determined that it has controls with a share holding 98.43%. In assesing further control, Evans Medical Plc has:

4 **Critical accounting estimates and judgements (continued)**

(a) power over more than half of the voting rights by virtue of an agreement with other investors;
(b) power to govern the financial and operating policies of the entity;
(c) power to appoint or remove the majority of the members of the board of directors; and
(d) power to cast the majority of votes at meetings of the board of directors.

Consequently, this investment has been classified as an subsidiary.

(v) Taxation

The Group is subject to income tax under the Nigerian tax legislation. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5 **Segment information**

The board of directors (BoD) is the chief operating decision maker who reviews the internal reporting to assess performance and allocate resources. The directors have identified operating segments based on these internal reports. The BoD considers business from the range of product perspective.

The BoD assesses the performance of the operating segments based on a measure of total assets and liabilities, gross profit and other directly attributable expenses.

Over the counter Established for the business of research and marketing of safe and effective medicines. This segment typically produces "Over the counter" (OTC) drugs and food products. They have 31 product lines covering key therapeutic areas.

Prescriptive Principal activity of the segment is marketing of prescription medicines (covering 43 product lines) sourced from Cipla India & Evans Medical Nigeria Limited, and also from other reputable sources. The manufacturing unit, Beta Lactam is involved in the commercial conversion of antibiotics and ethical (ARV) drugs on behalf of Evans Therapeutics Limited.

The segments identified meet the recognition criteria as a reportable segement under IFRS 8. There are no sales between segments and all revenue is derived from external customers.

	2013		
	Over the counter N'000	Prescriptive N'000	Total N'000
Revenue from external customers	2,204,487	1,494,971	3,699,458
Cost of sales	(1,490,495)	(686,457)	(2,176,952)
Gross profit	**713,992**	**808,514**	**1,522,506**
Sales and marketing expenses	(518,236)	(454,012)	(972,248)
General and administrative expenses	(581,926)	(435,705)	(1,017,631)
Other income/(losses)	66,054	(7,283)	58,770
Operating loss	**(320,116)**	**(88,487)**	**(408,603)**
Finance costs	(463,476)	(132,640)	(596,116)
Loss before tax	(783,592)	(221,127)	(1,004,719)
Tax credit/(charge)	239,716	(55,507)	184,209
Reportable segment loss	(543,876)	(276,634)	(820,511)
Property, plant and equipment*	4,205,058	108,087	4,313,145
Current assets	1,818,372	972,887	2,791,259
Segment assets	6,961,066	612,503	7,573,569
Segment liabilities	4,943,436	1,061,005	6,004,441
Net assets/ (liabilities)	2,017,631	(448,502)	1,569,128
Capital expenditure	182,588	43,678	226,266
Depreciation	(177,465)	(37,582)	(215,047)

5 Segment information (continued)

	2012		
	Over the counter	**Prescriptive**	**Total**
	N'000	**N'000**	**N'000**
Revenue from external customers	3,030,540	1,833,947	4,864,487
Cost of sales	(1,433,957)	(819,212)	(2,253,169)
Gross profit	1,596,583	1,014,735	2,611,318
Sales and marketing expenses	(519,706)	(455,254)	(974,960)
General and administrative expenses	(876,083)	(340,835)	(1,216,918)
Other income	281,774	-	281,774
Operating profit	482,568	218,646	701,214
Finance costs	(420,917)	(82,461)	(503,378)
Profit before tax	61,651	136,185	197,836
Tax (charge) /credit	(33,856)	120,524	86,668
Reportable segment profit	27,795	256,709	284,504
Segment assets	6,620,287	684,307	7,304,594
Segment liabilities	4,023,665	850,745	4,874,410
Net assets/ (liabilities)	2,596,622	(166,438)	2,430,184
Capital expenditure	187,878	19,129	207,007
Depreciation	(157,700)	(46,677)	(204,377)

The amounts provided to the board of directors with respect to total income and expense are measured in a manner consistent with that of the financial statements. These assets are allocated based on the use of the segment and the physical location of the asset.

*Deferred tax assets and liabilities are not assessed for the purpose of segment reporting.

All revenue and non current assets are generated/domiciled in Nigeria.

No revenue in excess of 10% was generated from a single customer.

6 Turnover

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Prescriptive products	1,494,971	1,833,947	-	-
Over the counter products	2,204,487	3,030,540	2,204,487	3,030,540
	3,699,458	4,864,487	2,204,487	3,030,540

7 Cost of sales

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Prescriptive products	684,705	823,865	-	-
Over the counter products	1,205,171	1,429,304	1,205,171	1,433,957
Staff cost	186,760	165,294	186,760	165,293
Depreciation (Note 15)*	100,316	73,597	98,564	73,597
	2,176,952	2,492,060	1,490,495	1,672,847

* Depreciation relates depreciation of plant and machinery which is allocated to cost of sales.

	Group 2013	Group 2012	Company 2013	Company 2012
Changes in inventories of finished goods and work in progress	88,670	(110,610)	45,801	20,339
Raw material and other consumables used	1,801,206	2,363,779	1,159,370	1,413,618
Staff cost	186,760	165,294	186,760	165,293
Depreciation (Note 15)	100,316	73,597	98,564	73,597
	2,176,952	2,492,060	1,490,495	1,672,847

8 Expenses by function

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Marketing expenses	972,248	974,960	518,236	519,706
General and administrative expenses	1,017,631	785,424	581,926	671,685
	1,989,879	1,760,384	1,100,162	1,191,391

Expenses by nature

	Group 2013	Group 2012	Company 2013	Company 2012
Staff cost (Note 9)	590,296	523,432	447,826	437,017
Depreciation (Note 15) *	114,732	130,780	78,901	84,103
Audit fees	26,000	26,000	18,500	17,500
Advertising and media promotion	246,335	298,559	101,584	198,042
Purchased utilities	190,113	160,261	136,260	155,530
Repairs and maintenance	71,644	85,610	52,746	57,702
Travel expenses	82,910	51,083	63,370	42,675
Bank charges	97,706	64,280	17,447	55,852
Distribution expense	117,531	83,167	67,955	49,462
Other expenses	452,612	337,212	115,573	93,508
	1,989,879	1,760,384	1,100,162	1,191,391

* Depreciation charged to General and administration expenses are depreciation for the year excluding plant and machinery

9 Particulars of directors and employees

a The average number of persons (excluding directors) employed by the group and company during the year was as follows

	Group 2013 Number	Group 2012 Number	Company 2013 Number	Company 2012 Number
Managerial	21	20	16	14
Senior staff	184	146	125	96
Others	125	156	113	145
	330	322	254	255

b The table below shows the number of employees (excluding directors), who earned over N400,000 as emoluments in the year and were within the bands stated.

	Group		Company	
	2013	2012	2013	2012
	Number	Number	Number	Number
400,000 - 1,000,000	131	229	121	189
1,000,001 - 3,000,000	153	65	97	44
3,000,001 - 6,000,000	32	22	26	17
6,000,001 - 9,000,000	14	6	10	5
	330	322	254	255

9 Particulars of directors and employees

c Staff costs for the above persons (excluding Directors):

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Salaries and wages	530,806	479,465	429,859	427,825
Gratuity net charge	58,711	19,778	53,593	17,193
Defined contribution cost	73,894	61,386	63,984	51,017
	663,411	560,629	547,436	496,035

d Emolument of directors

The remuneration paid to the Directors of the Company was:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Salaries and wages	91,401	74,307	70,471	58,599
Directors fees	1,260	2,090	950	1,850
Gratuity net charge	8,788	2,697	5,903	2,344
Defined contribution cost	12,195	11,360	9,825	8,990
	113,644	90,454	87,149	71,783
Total staff costs/director emoluments	**777,055**	**651,083**	**634,585**	**567,818**
Amount paid to the highest paid director	45,000	45,000	45,000	45,000

The number of directors of the group (including the highest paid Director) whose remuneration, excluding and share based payments in respect of services to the company fell within the following ranges:

	Group		Company	
	2013	2012	2013	2012
	Number	Number	Number	Number
Less than 5,000,000	5	5	5	5
10,000,001 - 15,000,000	-	1	-	1
15,000,001 - 20,000,000	3	2	3	2
25,000,001 - 30,000,000	2	2	1	2
45,000,001 - 50,000,000	1	1	1	1
	11	11	10	11

10 Other Income

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Profit on disposal of property, plant and equipment	3,859	-	3,330	-
Government grant (Note 24)	51,735	44,982	51,735	44,982
Others	3,176	6,546	10,989	236,792
	58,770	51,528	66,054	281,774

11 Finance cost

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Bank borrowings	596,116	465,735	463,476	386,425
Total finance cost	596,116	465,735	463,476	386,425

12 Taxation

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Companies income tax	11,912	16,855	11,912	16,855
Prior year under provision	93,307	-	-	-
Education Tax	436	10,756	-	6,619
Total current taxes on income	105,655	27,611	11,912	23,474
Deferred taxes	(289,864)	(114,279)	(251,628)	10,382
Total current tax on income statements	(184,209)	(86,668)	(239,716)	33,856
Deferred taxes on other comprehensive income	(6,952)	(18,569)	(4,624)	(19,494)
Total taxes	(191,161)	(105,237)	(244,340)	14,362

Reconciliation of effective tax rate

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
(Loss)/profit before income tax	(1,004,719)	197,836	(783,592)	61,651
Income tax using the domestic corporation tax rate of 30%	(301,416)	59,351	(235,078)	18,495
Non-deductible expenses	192,911	102,088	161,426	80,878
Education tax levy	436	10,756	-	6,619
Dividend/Minimum tax adjustment	11,912	16,855	11,912	16,855
Tax Losses	(168,543)	(239,366)	(165,161)	(62,593)
Prior year under provision of current income tax	93,307	-	-	-
Income not subjected to tax	-	(10,040)	-	(86)
Investment allowance	(12,816)	(26,312)	(12,816)	(26,312)
Total income tax expense in statement of profit or loss	(184,209)	(86,668)	(239,716)	33,856

The movement in the current income tax liability is as follows:

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
At 1 January	35,395	29,047	23,527	21,316
Tax penalty	-	5,109	-	5,109
Tax paid	(5,128)	(26,372)	-	(26,372)
Income tax charge	105,655	27,611	11,912	23,474
At 31 December	135,922	35,395	35,439	23,527

Minimum tax

The company is liable to pay a minimum tax of N11.9 million in the year. This is because the company incured a taxable loss of N549.13 million in the year.

13 Deferred tax

Deferred income tax assets and liabilities are attributable to the following items:

	Group		Company	
	2013	2012	2013	2012
Deferred tax liabilty	N'000	N'000	N'000	N'000
Fixed assets	545,266	666,548	545,266	598,657
Provisions	-	5,196	-	(20,840)
Retirement benefit obligations	-	(82,582)	-	(81,043)
Unrealised exchange differences	385	(979)	385	(808)
Tax loss carry forward	-	(96,416)	-	(4,199)
	545,651	491,767	545,651	491,767
Deferred tax Assets				
Fixed asset	53,297	45,634	-	-
Provisions	144,869	62,903	49,308	-
Retirement benefit obligations	102,456	4,575	95,667	-
Unrealised exchange differences	-	51	-	-
Tax loss carry forward	168,543	5,302	165,161	-
	469,165	118,465	310,136	-

	Group		Company	
	2013	2012	2013	2012
Deferred tax Assets	N'000	N'000	N'000	N'000
- to be recovered after 12 months			-	-
- to be recovered within 12 months	469,165	118,465	310,136	-
Deferred tax liabilities				
- to be recovered after 12 months	545,266	666,548	545,266	598,657
- to be recovered within 12 months	385	(174,781)	385	(106,890)

Group

Deferred tax assets	**Fixed assets**	**Provisions**	**Retirement benefit**	**Unrealised exchange differences**	**Tax losses**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	45,634	62,903	4,575	51	5,302	118,465
Charged/(credited) to income statement	7,663	81,966	90,929	(51)	163,241	343,748
Credited to other comprehensive income	-	-	6,952	-	-	6,952
At 31 December 2013	**53,297**	**144,869**	**102,456**	**-**	**168,543**	**469,165**

Deferred tax liabilities	**Fixed assets**	**Provisions**	**Retirement benefit**	**Unrealised exchange differences**	**Tax losses**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2013	666,548	5,196	(82,582)	(979)	(96,416)	491,767
Charged/(credited) to the statement of profit or loss	(121,282)	(5,196)	82,582	1,364	96,416	53,884
Credited to other comprehensive income	-	-	-	-	-	-
At 31 December 2013	**545,266**	**-**	**-**	**385**	**-**	**545,651**

Company

Deferred tax assets	Provisions N'000	Retirement benefit N'000	Tax losses N'000	Total N'000
At 1 January 2013	-	-	-	-
Charged/(credited) to the statement of profit or loss	49,308	91,043	165,161	305,512
Credited to other comprehensive income	-	4,624	-	4,624
At 31 December 2013	**49,308**	**95,667**	**165,161**	**310,136**

Deferred tax liabilities	Fixed assets N'000	Provisions N'000	Retirement benefit N'000	Unrealised exchange differences N'000	Tax losses N'000	Total N'000
At 1 January 2013	598,657	(20,840)	(81,044)	(807)	(4,199)	491,767
(Credited)/charged to the statement of profit or loss	(53,391)	20,840	81,044	1,192	4,199	53,884
Charged to other comprehensive income	-	-	-	-	-	-
At 31 December 2013	**545,266**	**-**	**-**	**385**	**-**	**545,651**

Tax losses are carried forward indefinitely against future taxable income

14 (Loss) /Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
(Loss)/Profit for the year attributable to shareholders	(816,171)	200,627	(543,876)	27,795
Weighted average number of ordinary shares in issue	486,473	486,473	486,473	486,473
Basic and diluted (loss)/earnings per share (N))	(1.68)	0.41	(1.12)	0.06

There are no potentially convertible shares that would have a dilutive effect on the earnings per share, hence the basic and diluted earnings per share have the same value

15 Property, plant and equipment

Group

	Freehold land and buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture and fitting N'000	Work-in-progress* N'000	Total N'000
Cost						
At 1 January 2013	3,215,271	935,156	376,090	230,250	121,190	4,877,957
Additions	5,244	118,215	85,963	9,607	7,237	226,266
Reclassifications	-	3,944	-	-	(3,944)	-
Disposals	-	-	(11,279)	-	-	(11,279)
At 31 December 2013	**3,220,515**	**1,057,315**	**450,774**	**239,857**	**124,483**	**5,092,944**
Accumulated depreciation						
At 1 January 2013	(52,428)	(142,266)	(187,278)	(187,645)	-	(569,617)
Charge for the year	(35,126)	(100,316)	(67,646)	(11,959)	-	(215,047)
Disposals	-	-	4,866	-	-	4,866
At 31 December 2013	**(87,554)**	**(242,582)**	**(250,058)**	**(199,604)**	**-**	**(779,798)**
Net book amount at 2013	**3,132,961**	**814,733**	**200,716**	**40,253**	**124,483**	**4,313,146**

Group

	Freehold land and buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture and fitting N'000	Work-in-progress* N'000	Total N'000
Cost						
At 1 January 2012	2,726,679	664,687	335,525	224,640	735,031	4,686,562
Additions	-	107,895	50,025	5,815	43,272	207,007
Disposals	-	(5,752)	(9,460)	(400)	-	(15,612)
Reclassification	488,592	168,326	-	195	(657,113)	-
At 31 December 2012	**3,215,271**	**935,156**	**376,090**	**230,250**	**121,190**	**4,877,957**
Accumulated depreciation						
At 1 January 2012	(26,214)	(68,669)	(91,053)	(182,702)	-	(368,638)
Charge for the year	(26,214)	(73,597)	(99,433)	(5,133)	-	(204,377)
Disposals	-	-	3,208	190	-	3,398
At 31 December 2012	**(52,428)**	**(142,266)**	**(187,278)**	**(187,645)**	**-**	**(569,617)**
Net book amount at 2012	**3,162,843**	**792,890**	**188,812**	**42,605**	**121,190**	**4,308,340**

* Work in progress comprise mainly of buildings and plant and machinery still under construction and not yet available for use.
These assets are used as collateral for the boorwing in note 22.

15 Property, plant and equipment

Company

	Freehold land and buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture and fitting N'000	Work-in-progress* N'000	Total N'000
Cost						
At 1 January 2013	3,215,271	935,156	146,698	208,528	121,190	4,626,843
Additions	5,244	118,215	44,795	7,097	7,237	182,588
Reclassifications	-	3,944	-	-	(3,944)	-
Disposals	-	-	(5,055)	-	-	(5,055)
At 31 December 2013	**3,220,515**	**1,057,315**	**186,438**	**215,625**	**124,483**	**4,804,376**
Accumulated depreciation						
At 1 January 2013	(52,428)	(142,266)	(54,109)	(177,916)	-	(426,719)
Charge for the year	(35,126)	(98,564)	(36,654)	(7,121)	-	(177,465)
Disposals	-	-	4,866	-	-	4,866
At 31 December 2013	**(87,554)**	**(240,830)**	**(85,897)**	**(185,037)**	-	**(599,318)**
Net book amount at 2013	**3,132,961**	**816,485**	**100,541**	**30,588**	**124,483**	**4,205,058**

Company

	Freehold land and buildings N'000	Plant and machinery N'000	Motor vehicles N'000	Furniture and fitting N'000	Work-in-progress* N'000	Total N'000
Cost						
At 1 January 2012	2,726,679	664,687	121,273	203,912	735,031	4,451,582
Additions	-	107,895	31,890	4,821	43,272	187,878
Disposals	-	(5,752)	(6,465)	(400)	-	(12,617)
Reclassification	488,592	168,326	-	195	(657,113)	-
At 31 December 2012	**3,215,271**	**935,156**	**146,698**	**208,528**	**121,190**	**4,626,843**
Accumulated depreciation						
At 1 January 2012	(26,214)	(68,669)	(3,135)	(172,973)	-	(270,991)
Charge for the year	(26,214)	(73,597)	(52,757)	(5,133)	-	(157,701)
Disposals	-	-	1,783	190	-	1,973
At 31 December 2012	**(52,428)**	**(142,266)**	**(54,109)**	**(177,916)**	**-**	**(426,719)**
Net book amount as at 2012	**3,162,843**	**792,890**	**92,589**	**30,612**	**121,190**	**4,200,124**

* Work in progress comprise mainly of buildings and plant and machinery still under construction and not yet available for use.
These assets are used as collateral for the boorwing in note 22.

15 Property, plant and equipment (continued)

The group leases various vehicles under finance lease agreements. The lease term are between 4 years, and ownership of the assets lies within the group.

Leased assets included above comprise of motor vehicles as follows:

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Cost of capitalised finance lease	131,384	131,384	80,857	80,857
Accumulated depreciation	(62,602)	(32,203)	(35,060)	(16,327)
Net book value	68,782	99,181	45,797	64,530

16 Investment in subsidiaries

The company's subsidiaries which are all incorporated in Nigeria are:

	Percentage holding		Carrying value of investment		Principal activities
	2013	2012	2013	2012	
			N '000	N '000	
Evans Therapeutics Limited (ETL)	98.43%	50%	627,500	10,001	Manufacture and distribution of ethical drugs
Evans Nutraceutical Ventures Limited	100%	100%	-	-	Dormant
Evans Healthcare Limited	100%	100%	-	-	Dormant

The Group's only active subsidiary is Evans Therapeutics Limited. It was incorporated in Nigeria in September 2003 to sell ethical drugs. During the year, the Group increased its shareholding in Evans Therapeutics Limited by investing additional N617.5 million, thereby increasing its percentage holding from 50% to 98.43%.

Evans Medical Plc is presumed to have control over ETL as the following conditions below apply:
• Evans Medical is exposed to ,or has rights to variable returns from its invlovement with the entity
• Evans Medical has the ablility to affect those returns through its power over the entity

17 Inventories

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Raw materials	390,612	386,538	362,076	370,585
Finished goods	285,949	65,828	78,278	51,900
Work in progress and intermediaries	49,572	181,023	49,572	30,149
Goods in transit	311,877	167,104	243,562	125,690
Engineering stocks and consumables	47,572	38,032	47,463	38,023
	1,085,582	838,525	780,951	616,347

All inventories have been disclosed at cost

The cost of inventories recognised as expense and included in cost of sales amounted to N1.56 billion and N0.84billion for group and company in December 2013 respectively (N1.76 billion and N0.94 billion for group and company in December 2012 respectively).

18 Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Trade receivables-gross	922,689	1,389,986	265,215	651,252
Impairment on trade receivebles	(384,859)	(205,377)	(100,684)	(83,466)
Due from related parties	30,412	34,098	18,725	608,573
Prepayments and other receivables (18a)	1,012,002	647,363	784,188	466,786
	1,580,244	1,866,070	967,444	1,643,145

Movements on the provision for impairment for trade receivables are as follows:

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	(205,377)	(120,210)	(83,466)	(47,231)
Additional provision in the year	(179,482)	(85,167)	(17,218)	(36,235)
At 31 December	(384,859)	(205,377)	(100,684)	(83,466)

The provision for impaired receivables have been included in 'General and administrative expenses'

18 Trade and other receivables (continued)

18a Analysis of Note 18 prepayment and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Housing Allowance in Advance	17,236	14,120	13,953	11,864
Prepayments	1,826	1,733	1,267	1,150
Insurance Claim Receivable	10,887	23,998	1,602	21,268
Advance to Creditors and customers	805,615	463,212	671,019	356,907
Witholding Tax - Credit	118,953	106,158	54,501	54,099
Other debtors	57,485	38,142	41,846	21,498
Total	1,012,002	647,363	784,188	466,786

19 Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank	24,269	80,491	24,208	62,425
Deposit for letter of credit	101,164	92,703	45,769	88,245
Cash and cash equivalent balance	125,433	173,194	69,977	150,670

For the purposes of the statement of cash flow, cash and cash equivalent include bank overdraft

Cash and cash equivalent balance	125,433	173,194	69,977	150,670
Overdrafts (Note 22)	(286,810)	(352,086)	(169,811)	(245,189)
Cash and cash equivalent balance	(161,377)	(178,892)	(99,834)	(94,519)

20 Trade and other payables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Trade creditors	906,168	443,279	740,348	374,313
Other creditors and accruals	1,180,976	833,395	978,726	663,933
Unclaimed dividends	1,882	1,882	1,882	1,882
	2,089,026	1,278,556	1,720,956	1,040,128

20a Analysis of Note 20 other creditors and accruals

	Group		Company	
	2013	**2012**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**
Technical Fees payable	77,487	73,742	77,487	73,742
Professional fees payable	33,400	23,000	19,400	16,500
Accruals	567,565	607,956	436,752	478,106
Witholding Tax	108,258	90,980	73,217	57,868
Provision of AGM	5,000	5,000	5,000	5,000
Accrued Emolument	44,329	32,717	44,329	32,717
Credit balance in debtors	289,077	-	289,077	-
Other	55,860	-	33,464	-
Total	1,180,976	833,395	978,726	663,933

Trade payables carried at amortised cost are approximately the fair value and are to be settlled within one year. Included in the trade creditors is royalty fees payable to GlaxoGroup (UK) Limited. The royalty fees charged to the profit and loss account for the year 2013 was N 3.99 million (2012: N9.97 million).

21 Share capital

		Group and Company	
		2013	**2012**
		N'000	**N'000**
Authorised: 4,000,000,000 ordinary shares of 50k each		2,000,000	2,000,000
Issued and fully paid: 486,472,800 ordinary shares of 50k each		243,236	243,236
Issued and fully alloted: **Share premium**		340,176	340,176
Movements during the period:	**Number of shares**	**Ordinary shares**	**Share premium**
		N'000	**N'000**
Balance at 31 December 2012 and 31 December 2013	486,472	243,236	340,176

22 Borrowings

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Non-current				
Bank borrowings	1,061,213	790,996	989,916	691,071
Finance lease liabilities	4,967	54,513	4,967	35,366
	1,066,180	845,509	994,883	726,437
Current				
Bank overdrafts	286,810	352,086	169,811	245,189
Bank borrowings	1,130,357	1,202,969	757,040	855,673
Finance lease liabilities (Note 22a)	29,925	32,738	23,122	25,934
	1,447,092	1,587,793	949,973	1,126,796
Total borrowing	2,513,272	2,433,302	1,944,856	1,853,233

Total borrowings include secured liabilities (bank and collaterised borrowings). Bank borrowings are secured by the entire assets of the group.
The group does not have any undrawn facility at 31 December 2012 and 31 December 2013.
The facilities expiring within one year are annual facilities subject to review at various dates during 2013. The other facilities have been arranged to help with the financing of business activities.

22a Borrowings

Gross finance lease liabilities - minimum lease payments

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
No later than 1 year	36,047	67,354	30,094	44,903
Later than 1 year and no later than 5 years	6,999	33,677	7,212	29,935
Future finance charges	(8,154)	(13,780)	(9,217)	(13,538)
Present value of finance lease liabilites	34,892	87,251	28,089	61,300

The present value of finance lease liabilities is as follows

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
No later than 1 year	29,925	32,738	23,122	25,934
Later than 1 year and no later than 5 years	4,967	54,513	4,967	35,366
	34,892	87,251	28,089	61,300

23 Retirement benefit obligations

Financial position obligations for:

Evans Medical Plc operates a defined benefit plan retirement scheme for its employees under its gratuity scheme. The plan assets of the scheme is unfunded.

	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Profit or loss charge for:				
Current service cost	14,759	22,475	10,978	19,537
Interest cost	34,863	37,643	32,417	34,492
Total amount recognised in the statement of profit or loss	49,622	60,118	43,395	54,029
Actuarial (gain)/loss recognised in OCI	23,174	(61,898)	15,416	(64,981)
Cumulative actuarial losses recognised in the statement of OCI	(38,724)	(9,611)	(49,565)	(4,775)

Plan liability (gratuity provision) is based upon independent actuarial valuation performed by AFOSAT & Associates Limited using the projected unit credit basis. This valuation was carried out as at 31 December 2012 and 31 December 2013 appropriately.

The principal actuarial assumptions are as follows

	Group 2013	Group 2012	Company 2013	Company 2012
Valuation rate of interest	12%	12%	12%	12%
Withdrawals	10%	10%	10%	10%
Retirement:				
> Age 40	0%	0%	0%	0%
>Age 40< Age 54	7%	7%	7%	7%
> Age 55	100%	100%	100%	100%
Rate of emolument escalation	9%	9%	9%	9%

Mortality rates were assumed to be in accordance with the A1949/52 Tables for assured lives published by the Institute of Actuaries and Faculty of Actuaries.

The movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
As at 1 January	290,524	313,691	270,144	287,436
Current service charge	14,759	22,475	10,978	19,537
Interest cost	34,863	37,643	32,417	34,492
Actuarial (gain) / loss	23,174	(61,898)	15,416	(64,981)
Benefits paid	(20,393)	(21,387)	(10,064)	(6,340)
As at 31 December	342,927	290,524	318,891	270,144

The sensitivity of the overall pension liability changes in the discount rate and rate of salary increase assumption is

		Group		Company	
Interest rate	**Salary increase rate**	**2013**	**2012**	**2013**	**2012**
12%	7%	25,925	19,986	23,429	16,192
14%	12%	(14,954)	(11,446)	(13,481)	9,371
12%	14%	(82,244)	(62,354)	(73,775)	(52,029)

24 Government grant

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
At 1 January	344,866	389,848	344,866	389,848
Additions	84,512	-	84,512	-
Amortisation (Note 10)	(51,735)	(44,982)	(51,735)	(44,982)
At 31 December	377,643	344,866	377,643	344,866

Government grants in form of the bank of industry loans were granted to the company in July 2010 and May 2013. The benefit of the government loan at a below-market rate of interest is treated as a government grant. The government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The difference between the fair value of the borrowing (present value of the borrowing at grant date) and the actual amount collected is recognised as a government grant.

There are currently no unfulfiled conditons that would lead to the company to be disqualified from enjoying the government grants.

25 Financial instruments

	Group		Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Loans and receivable assets in financial position				
Trade and other receivables (excluding prepayment)	568,241	1,218,707	183,256	1,176,359
Cash and cash equivalents	125,433	173,194	69,977	150,670
Total	693,674	1,391,901	253,233	1,327,029

Financial liabilities at amortised cost	2013	2012	2013	2012
	Group		Company	
	N'000	N'000	N'000	N'000
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
Borrowings	2,478,380	2,346,051	1,916,767	1,791,933
Finance lease liabilities	34,892	87,251	28,089	61,300
Trade creditors and other payables (excluding non-financial liabilities)	2,089,026	1,278,556	1,720,956	1,040,128
Total	4,602,298	3,711,858	3,665,812	2,893,361

Financial instruments (continued)

The carrying amounts and fair value of financial instruments are as follows:

Group

	2013 N'000	2012 N'000	2013 N'000	2012 N'000
	Carrying amount		Fair value	
Financial assets				
Trade and other receivables excluding prepayments	568,241	1,218,707	568,241	1,218,707
Cash and cash equivalents	125,433	173,194	125,433	173,194
Total	693,674	1,391,901	693,674	1,391,901
Financial liabilities				
Bank borrowings	2,478,380	2,346,051	2,478,380	2,346,051
Finance lease	34,892	87,251	34,892	87,251
Trade payables	2,089,026	1,278,556	2,089,026	1,278,556
Total	4,602,298	3,711,858	4,602,298	3,711,858

Company

	Carrying amount		Fair value	
Financial assets				
Trade and other receivables excluding prepayments	183,256	1,176,359	183,256	1,424,084
Cash and cash equivalents	69,977	150,670	69,977	150,670
	253,233	1,327,029	253,233	1,574,754
Financial liabilities				
Bank borrowings	1,916,767	1,791,933	1,916,767	1,791,933
Finance lease	28,089	61,300	28,089	61,300
Trade payables	1,720,956	1,040,128	1,720,956	1,040,128
	3,665,812	2,893,361	3,665,812	2,893,361

The fair values are based on unpaid prinicipal outstanding and interest payable as at year end.

The carrying values of financial assets and liabilities on the statement of financial position approximate their fair values. The methods and assumptions used in estimating fair value are as follows:

Cash and cash equivalents, trade and other receivables and trade and other payables are highly liquid investments which are due on demand or within one year.

The fair values of the group's borrowings approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the prime lending rates as advised by the Central Bank of Nigeria and there have been no significant changes in the company's own credit risk.

26 Cash generated from operations

	Note	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
(Loss)/profit before income tax		(1,004,719)	197,836	(783,591)	61,651
Adjustments for ;					
Depreciation	15	215,047	204,377	177,465	157,700
Exchange (gain)/loss		8,243	3,306	(1,359)	44
(Profit)/loss on disposal of property, plant and equipment		(3,858)	9,753	(3,330)	8,274
Finance costs	11	596,116	465,735	463,476	386,425
Government grant	24	32,777	(44,982)	32,777	(44,982)
Changes in working capital ;					
(Increase)/decrease in inventories		(247,059)	217,816	(164,606)	36,980
decrease/(increase)in trade and other receivables		285,826	(399,648)	675,700	(53,242)
Increase/(decrease) in trade and other payables		810,470	(41,444)	680,829	10,276
Increase in retirement benefit obligation		29,229	1,088	33,330	47,689
Cash generated from operations		722,072	613,837	1,110,692	610,815

In the statement of cash flows, proceeds from sale of property, plant and equipments comprise:

	Note	Group 2013 N'000	Group 2012 N'000	Company 2013 N'000	Company 2012 N'000
Net book value	15	6,415	12,214	190	10,645
Profit/(loss) on disposal of property, plant and equipment		3,858	(9,753)	3,330	(8,274)
Proceeds from disposal of property, plant and equipment		10,273	2,461	3,520	2,371

27 Contigencies

There were no material litigations in the ordinary course of business as at the balance sheet date. The directors are of the opinion that all known liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

28 Related parties

The parent company of the Group is Evans Medical Plc who also has the ultimate controlling power.

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

	2013	2012
	N'000	N'000
(a) Administration and finance cost	139,033	222,764

This relates to shared administrative and finance cost incurred by Evans Meddical Plc on behalf of its subsidiary, Evans Therapeutics Limited.

(b) Key management compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	2013	2012
	N'000	N'000
Salaries and other short-term employee benefits	92,661	76,397
Post employment benefits	20,983	14,057
	113,644	90,454

(c) Year-end balances arising from sales/purchases of goods/services.

	2013	2012
Receivables from related parties	N'000	N'000
Subsidiary	54,887	574,474
Key management personnel	30,512	34,098
Impairment provision made relating to receivables from directors are	(11,309)	(11,948)

The receivables from subsidiary relates to production and other expenses paid for on behalf of Cipla-Evans Nigeria Limited.

The receivables from key managment personel relates to interest and principal oustanding on a loan which was guaranteed by Evans to the chairman of its board of directors. The loan is not backed up by collateral.

Movement in receivables from key management personnel is shown below:

At 1 January	34,098	35,320
Loan repayments received	(3,586)	(1,222)
At 31 December	30,512	34,098

Payable to related parties

Key management personnel	-	-

There are no payable to related parties that relates to compensation to key management personnel.

29 Post balance sheet events

In March 2014, the Company was granted approval by the Securities and Exchange Commission to issue 486,472,800 ordinary shares at N2.50 per share by way of rights issue on the basis of one new ordinary share for every ordinary share held. Application for the rights issue opened on 10 April 2014 and closed on 21 May 2014. Net proceeds from the offer amounted to N586 million, compared to the N1.2 billion projected net proceeds. Part of the proceeds has since been applied to reduce matured obligations.

Evans Medical Plc
Statement of Value Added
For the Year Ended 31 December 2013

Group	2013 N'000	%	2012 N'000	%
Turnover	3,699,458		4,864,487	
Bought in materials and services				
Local :	(2,503,090)		(2,230,204)	
Imported :	(858,397)		(1,166,780)	
Other income	58,770		51,528	
Value added	396,741	100	1,519,031	100
Applied as follows:				
Staff salaries and wages	590,296	149	651,083	43
Depreciation	215,047	54	204,377	13
Government taxes	(184,209)	(46)	(86,668)	(6)
Interest on borrowings	596,116	150	465,735	31
Retained for future growth	(820,510)	(207)	284,504	19
	396,741	100	1,519,031	100

Company	2013 N'000	%	2012 N'000	%
Turnover	2,204,487		3,030,540	
Bought in materials and services				
Local :	(1,562,110)		(1,472,959)	
Imported :	(403,256)		(665,761)	
Other income	66,055		281,774	
Value added	305,176		1,173,594	100
Applied as follows:				
Staff salaries and wages	447,826	147	567,818	48
Depreciation	177,465	58	157,700	13
Government taxes	(239,716)	(79)	33,856	3
Interest on borrowings	463,476	152	386,425	33
Retained for future growth	(543,876)	(178)	27,795	2
	305,176	100	1,173,594	100

Evans Medical Plc
Five Year Financial summary
For the year ended 31 December 2013

Group	IFRS			Local GAAP	
	2013	2012	2011	2010	2009
	N'000	N'000	N'000	N'000	N'000
Financial results					
Turnover	3,699,458	4,864,487	4,572,073	3,942,683	3,523,703
Gross profit	1,522,506	2,372,427	2,178,239	1,846,469	1,254,436
Net operating expenses	(1,931,109)	(1,708,856)	(1,628,220)	(1,568,069)	(1,772,988)
Operating (loss)/profit	(408,603)	663,571	550,019	278,400	(518,552)
Finance cost	(596,116)	(503,378)	(393,201)	(409,307)	(553,158)
(Loss)/profit before tax	(1,004,719)	160,193	156,818	(130,907)	(1,071,710)
Taxation	184,209	86,668	(71,571)	63,142	69,392
(Loss)/profit for the year	(820,510)	246,861	85,247	(67,765)	(1,002,318)
(Loss)/earning per share (Naira)	(1.68)	0.41	0.21	0.02	(1.83)
Financial position					
Capital employed;					
Share capital	243,236	243,236	243,236	243,236	243,236
Share premium	340,176	340,176	340,176	340,176	340,176
Retained earnings	1,388,326	2,244,958	2,000,895	(358,936)	(448,241)
Non-controlling interest	(402,610)	(398,186)	(481,956)	(281,520)	(200,978)
Total equity	1,569,128	2,430,184	2,102,351	(57,044)	(65,807)
Represented by:					
Non current assets	4,782,310	4,426,805	4,317,923	1,692,561	1,683,694
Current assets	2,791,259	2,877,789	2,621,569	2,400,637	2,283,452
Current liabilities	(3,672,040)	(2,901,744)	(2,624,239)	(2,401,959)	(3,746,540)
Non-current liabilities	(2,332,401)	(1,972,666)	(2,212,902)	(1,748,283)	(286,413)
Net assets/(liabilities)	1,569,127	2,430,184	2,102,351	(57,044)	(65,807)
Net assets/(liabilities) per share (Naira)	3.55	5.50	4.75	(0.13)	(0.15)

Evans Medical Plc
Five Year Financial summary
For the year ended 31 December 2013

Company	IFRS			Local GAAP	
	2013	2012	2011	2010	2009
	N'000	N'000	N'000	N'000	N'000
Financial results					
Turnover	2,204,487	3,030,540	2,757,873	2,594,838	2,193,563
Gross profit	713,992	1,357,693	1,215,105	1,202,055	893,235
Net operating expenses	(1,034,108)	(909,617)	(822,931)	(745,241)	(1,008,444)
Operating (loss)/profit	(320,116)	448,076	392,174	456,814	(115,209)
Finance cost	(463,476)	(386,425)	(319,027)	(350,110)	(507,488)
(Loss)/profit before tax	(783,592)	61,651	73,147	106,704	(622,697)
Taxation	239,716	(33,856)	(46,572)	63,142	69,392
(Loss)/profit for the year	(543,876)	27,795	26,575	169,846	(553,305)
(Loss)/earning per share (Naira)	(1.12)	0.06	0.05	0.35	(1.14)
Financial position					
Capital employed;					
Share capital	243,236	243,236	243,236	243,236	243,236
Share premium	340,176	340,176	340,176	340,176	340,176
Retained earnings	1,434,219	2,013,210	1,939,928	(67,452)	(237,298)
Total equity	2,017,631	2,596,622	2,523,340	515,960	346,114
Represented by:					
Non current assets	5,142,694	4,210,125	4,190,592	1,642,792	1,638,470
Current assets	1,818,372	2,410,162	2,280,744	2,201,017	2,159,723
Current liabilities	(2,706,368)	(2,190,451)	(1,791,582)	(1,579,566)	(3,165,666)
Non-current liabilities	(2,237,068)	(1,833,214)	(2,156,414)	(1,748,283)	(286,413)
Net assets	2,017,629	2,596,622	2,523,340	515,960	346,114
Net assets/(liabilities) per share (Naira)	4.56	5.87	5.71	1.17	0.78