Evans Medical Plc
Consolidated and separate financial statements
For the year ended 31 December 2014

Contents

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	Executive Director	
Mr. Adewale B. Oyenuga	Executive Director	
Mr. Adeoye A. Oyewo	Executive Director	
Mrs Titilope Adeyemi	Executive Director	
Mr. Olusola Ogunwale	Executive Director	
Alhaji Ahmad Damcida	Non-Executive Director	
Mrs Tenilola Aluko	Non-Executive Director	
Mr Lawrence Anga	Non-Executive Director	(Appointed11 September 2015)

Independent auditor

PricewaterhouseCoopers
Chartered Accountants
Landmark Towers, Plot 5b Water Corporation Road
Victoria Island
Lagos

Corporate 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

Registrar

Cardinal Stone Registrars Limited
358 Herbert Macaulay way
Yaba
Lagos

Principal bankers

First Bank of Nigeria Plc

Skye Bank Plc

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2014, to the members of Evans Medical Plc. This report discloses the state of affairs of the Company and Evans Therapeutics Limited, its subsidiary.

Incorporation and address

Evans Medical Plc ("the Company") 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 dividends

The Group and Company's results for the year ended 31 December 2014 are set out on page 10. The loss for the year have been transferred to retained earnings. The summarised results are presented below.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Revenue	3,342,550	3,699,458	1,956,611	2,204,487
Loss before tax	(1,194,953)	(1,000,973)	(862,380)	(779,847)
Tax credit	222,049	184,209	112,055	239,716
Loss for the year	(972,904)	(816,764)	(750,325)	(540,131)
Other comprehensive loss net of taxes	(60,502)	(16,222)	(49,213)	(10,791)
Total comprehensive loss for the year	(1,033,406)	(836,732)	(799,538)	(550,922)

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

Directors

The directors who held office during the year and to the date of this report are set out on page 1.

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:

	Number of shares held at 31 December 2014			
Directors	Direct	Indirect	Total	Percentage holding %
Chief Saifudeen A. Edu (Chairman)	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	

* Resigned on August 15 2014

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.

Alternate directorship

There was no alternate directorship during the year under review.

Shareholding

According to the register of members as at 31 December 2014, the spread of shareholding in the Company was as follows:

Number of shares	Number of shareholders	Units	Percent
1 - 1,000	4,086	1,920,179	0%
1,001 - 5,000	7,946	18,281,644	4%
5,001 - 10,000	2,099	15,349,134	3%
10,001 - 50,000	2,269	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 2014, 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 committee 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 in 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 (2013: 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 auditors

In accordance with section 357 (2) of the Companies and Allied Matters Act, PricewaterhouseCoopers will not continue in office as independent auditors of the Company after the conclusion of the year's annual general meeting. This is in line with the SEC code of corporate governance in Nigeria on mandatory audit firm rotation after ten years.

By order of the board

Cautious Services Limited
Company Secretary

FRC/2013/ICSAN/00000002873

Lagos, Nigeria

_ June 2016

Statement of directors responsibilities

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 responsibility include:

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

b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that

c) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that 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.

Chief Saifudeen A. Edu	Chief Olubunmi Olaopa
Chairman	Managing Director

_____ **June 2016**

Report of the audit committee

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, 2014.
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

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-(Resigned 15 August 2014)
7 Mr Lawrence Anga-(Appointed 11 September 2015)

pwc

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 2014 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 2014 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.

Emphasis of Matter

We draw attention to Note 2.2.1 to these financial statements, which states that the group and company incurred net losses of N1.03billion and N799.5 million respectively during the year ended 31 December 2014 and, as of that date, the group's and company's current liabilities exceeded its current assets by N1.4billion and N1.2billion respectively. This, along with other matters as described in Note 2.2.1, 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.

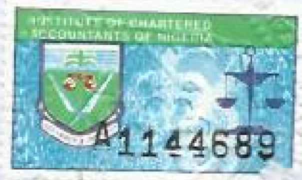
Report on other legal requirements

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.



Ikenna Ezeuko

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

29 June 2016

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

Statement of profit or loss and other comprehensive income

		Group		Company	
	Note	31 December 2014 N'000	31 December 2013 N'000 Restated	31 December 2014 N'000	31 December 2013 N'000 Restated
Revenue	6	3,342,550	3,699,458	1,956,611	2,204,487
Cost of sales	7	(1,955,077)	(2,176,952)	(1,229,038)	(1,490,495)
Gross profit		1,387,473	1,522,506	727,573	713,992
Administrative expenses	8	(1,286,717)	(1,013,886)	(863,256)	(578,181)
Marketing expenses	8	(900,728)	(972,246)	(468,598)	(518,236)
Other income	10	99,590	58,769	82,973	66,054
Operating loss		(700,382)	(404,857)	(521,308)	(316,371)
Finance cost	11	(494,571)	(596,116)	(341,072)	(463,476)
Loss before tax		(1,194,953)	(1,000,973)	(862,380)	(779,847)
Tax credit	12	222,049	184,209	112,055	239,716
Loss for the year		(972,904)	(816,764)	(750,325)	(540,131)
Loss attributable to :					
- Owners of the parent		(964,836)	(812,425)	(750,325)	(540,131)
- Non-controlling interests		(8,068)	(4,339)	-	-
		(972,904)	(816,764)	(750,325)	(540,131)
Other comprehensive income:					
Items that will not be subsequently reclassified into profit or loss:					
Remeasurement loss on post employment benefits net of tax	21	(60,502)	(16,222)	(49,213)	(10,791)
Total comprehensive loss for the year		**(1,033,406)**	**(832,986)**	**(799,538)**	**(550,922)**
Attributable to:					
- Owners of the parent		(1,025,085)	(832,308)	(799,538)	(550,922)
- Non-controlling interests		(8,321)	(4,424)	-	-
		(1,033,406)	(836,732)	(799,538)	(550,922)
Basic and diluted EPS (Naira)	25	(1.98)	(1.67)	(1.54)	(1.11)

The notes on pages 15 to 45 are an integral part of these financial statements.

Statement of financial position

		Group			Company		
		31 December 2014	31 December 2013 Restated	31 December 2012 Restated	31 December 2014	31 December 2013 Restated	31 December 2012 Restated
	Note	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Non-current assets							
Property, plant and equipment	13	4,453,430	4,313,145	4,308,340	4,349,935	4,205,058	4,200,124
Deferred tax asset	12	94,107	-	-	-	-	-
Investment in subsidiary	14	-	-	-	627,500	627,500	10,001
Total non-current assets		4,547,537	4,313,145	4,308,340	4,977,435	4,832,558	4,210,125
Current assets							
Inventories	15	635,748	1,085,582	838,525	415,007	780,951	616,347
Trade and other receivables	16	1,071,283	1,681,408	1,866,070	561,331	1,013,213	1,643,145
Cash and cash equivalents	17	395,609	24,269	173,194	392,250	24,208	150,670
Total current assets		2,102,640	2,791,259	2,877,789	1,368,588	1,818,372	2,410,162
Total assets		6,650,177	7,104,404	7,186,129	6,346,023	6,650,930	6,620,287
Liabilities							
Current liabilities							
Trade payables	18	2,361,940	2,011,538	1,204,814	1,810,531	1,643,469	966,386
Current income tax liability	12	58,535	135,922	35,395	46,329	35,439	23,527
Borrowings	19	1,110,350	1,417,167	1,555,055	707,961	926,851	1,100,862
Finance lease	20	11,890	29,925	32,738	10,513	23,122	25,934
Total current liabilities		3,542,715	3,594,552	2,828,002	2,575,334	2,628,881	2,116,709
Non-current liabilities							
Borrowings	19	1,086,074	1,061,213	790,996	1,023,100	989,916	691,071
Finance lease	20	-	4,967	54,513	-	4,967	35,366
Retirement benefit obligation	21	502,412	342,927	290,524	454,765	318,890	270,144
Government grant	22	318,242	377,643	344,866	318,242	377,643	344,866
Deferred tax liability	12	-	76,486	373,302	91,478	235,515	491,767
Total non-current liabilities		1,906,728	1,863,236	1,854,201	1,887,585	1,926,931	1,833,214
Total liabilities		5,449,443	5,457,788	4,682,203	4,462,919	4,555,812	3,949,923
Equity							
Ordinary share capital	23	243,236	243,236	243,236	243,236	243,236	243,236
Share premium	23	340,176	340,176	340,176	340,176	340,176	340,176
Deposit for shares	24	587,524	-	-	587,524	-	-
Retained earnings		440,729	1,465,814	2,318,700	712,168	1,511,706	2,086,952
Non-controlling interest		(410,931)	(402,610)	(398,186)	-	-	-
Total equity		1,200,734	1,646,616	2,503,926	1,883,104	2,095,118	2,670,364
Total equity and liabilities		6,650,177	7,104,404	7,186,129	6,346,023	6,650,930	6,620,287

The notes on pages 15 to 45 are an integral part of these financial statements.

The financial statements on pages 10 to 48 were approved and authorised for issue by the board of directors on ____June 2016 and were signed on its behalf by:

Chief Saifudeen A. Edu
Director
FRC/2013/IODN/00000002928

Chief Olubunmi Olaopa
Group Managing Director
FRC/2013/PCGNNG/00000002906

Mr. Sola Ogunwale
Director/ Chief Financial Officer
FRC/2013/ICAN/00000002902

Statement of changes in equity

Group

	Attributable to equity holders of the parent						
	Share capital	Share premium	Deposit for shares	Retained earnings	Total	Non-controlling interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2013	243,236	340,176	-	2,244,958	2,828,370	(398,186)	2,430,184
Profit or loss adjustment (Note 27)				73,742	73,742		73,742
Balance at 1 January 2013 (Restated)	243,236	340,176	-	2,318,700	2,902,112	(398,186)	2,503,926
Loss for the year	-	-	-	(812,425)	(812,425)	(4,339)	(816,764)
Other comprehensive loss	-	-	-	(16,137)	(16,137)	(85)	(16,222)
Total comprehensive loss	-	-	-	(828,562)	(828,562)	(4,424)	(832,986)
Transaction with owners:							
Dividend paid	-	-	-	(24,324)	(24,324)	-	(24,324)
Total transaction with owners	-	-	-	(24,324)	(24,324)	-	(24,324)
Balance at 31 December 2013	243,236	340,176	-	1,465,814	2,049,226	(402,610)	1,646,616
At 1 January 2014	243,236	340,176	-	1,465,814	2,049,226	(402,610)	1,646,616
Loss for the year	-	-	-	(964,836)	(964,836)	(8,068)	(972,904)
Other comprehensive loss	-	-	-	(60,249)	(60,249)	(253)	(60,502)
Total comprehensive loss	-	-	-	(1,025,085)	(1,025,085)	(8,321)	(1,033,406)
Transaction with owners:							
Deposit for shares (Note 24)	-	-	587,524	-	587,524	-	587,524
Total transaction with owners	-	-	587,524	-	587,524	-	587,524
Balance at 31 December 2014	243,236	340,176	587,524	440,729	1,611,665	(410,931)	1,200,734

The notes on pages 15 to 46 are an integral part of these financial statements.

Company

	Attributable to equity holders of the Company				
	Share capital N'000	Share premium N'000	Deposit for shares N'000	Retained loss N'000	Total N'000
Balance at 1 January 2013	243,236	340,176	-	2,013,210	2,596,622
Profit or loss adjustment (Note 27)	-	-	-	73,742	73,742
Balance at 1 January 2013 (Restated)	243,236	340,176	-	2,086,952	2,670,364
Loss for the year	-	-	-	(540,131)	(540,131)
Other comprehensive loss	-	-	-	(10,791)	(10,791)
Total comprehensive loss	-	-	-	(550,922)	(550,922)
Transaction with owners:					
Dividend paid	-	-	-	(24,324)	(24,324)
Total transaction with owners	-	-	-	(24,324)	(24,324)
Balance at 31 December 2013	243,236	340,176	-	1,511,706	2,095,118
At 1 January 2014	243,236	340,176	-	1,511,706	2,095,118
Loss for the year	-	-	-	(750,325)	(750,325)
Other comprehensive loss	-	-	-	(49,213)	(49,213)
Total comprehensive loss	-	-	-	(799,538)	(799,538)
Transactions with owners:					
Deposit for shares (Note 24)	-	-	587,524	-	587,524
Balance at 31 December 2014	243,236	340,176	587,524	712,168	1,883,104

The notes on pages 15 to 45 are an integral part of these financial statements.

Statement of cash flows

	Note	Group 31 December 2014 N'000	Group 31 December 2013 N'000 Restated	Company 31 December 2014 N'000	Company 31 December 2013 N'000 Restated
Cash flows from operating activities					
Cash generated from operations	26	1,011,604	641,302	707,703	1,074,988
Retirements benefits paid	21	-	(20,393)	-	(10,064)
Tax paid	12	-	(5,128)	-	-
Net cash generated from operating activities		1,011,604	615,781	707,703	1,064,924
Cash flows from investing activities					
Investment in subsidiary	14	-	-	-	(617,500)
Purchase of property, plant and equipment	13	(431,416)	(226,266)	(383,755)	(182,588)
Proceeds from disposal of property, plant and equipment	26	3,374	10,273	1,128	3,519
Net cash used in investing activities		(428,042)	(215,993)	(382,627)	(796,569)
Cash flows from financing activities					
Repayment of finance lease		(23,002)	(52,358)	(17,576)	(33,211)
Proceeds of borrowings		36,104	532,377	36,105	889,739
Repayment of borrowings		(474,220)	(334,773)	(409,676)	(689,526)
Dividend paid		-	(24,324)	-	(24,324)
Interest paid	11	(494,571)	(596,116)	(341,072)	(463,476)
Deposit for shares	24	587,524	-	587,524	-
Net cash used in financing activities		(368,165)	(475,194)	(144,695)	(320,798)
Net increase/ (decrease) in cash and cash equivalents		215,397	(75,406)	180,381	(52,443)
Cash and cash equivalents at the beginning of the year	17	(262,541)	(178,892)	(145,603)	(94,519)
Foreign exchange (losses)/ gains on cash and cash equivalents		(216)	(8,243)	(204)	1,359
Cash and cash equivalents at the end of the year	17	**(47,360)**	**(262,541)**	**34,574**	**(145,603)**

The notes on pages 15 to 45 are an integral part of these financial statements.

1 General information

These financial statements are the financial statements of Evans Medical Plc ("the Company") 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, which manufactures and distributes ethical drugs. Evans Therapeutics Limited is controlled by Evans Medical Plc hence Evans Medical Plc prepares a consolidated financial statements.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The consolidated and separate financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

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. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2.1 Going concern

The Group and Company incurred net losses after tax of N1.033billion (2013:N836million) and N799million (2013:N550.9million) respectively during the year ended 31 December 2014. The net current liabilities as of that date were N1.4billion (2013:N803million) and N1.2billion (2013:N810million) respectively.

As part of the measures to improve working capital, 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 in March 2014. Application for the rights issue opened on 10 April 2014 and closed on 21 May 2014. Net proceeds from the offer amounted to N586million, compared to N1.2billion projected net proceeds. Part of the proceeds was applied to reduce matured obligations in February 2015.

Despite the proceeds received from the rights issue, the company and its subsidiary continued to experience significant working capital challenges which affected products availability, revenues and cash flows. Consequently, the company defaulted in the repayment of various borrowings from a local bank. In January 2015, the matured bank borrowings were restructured into a term loan facility of N690million with a tenor of five years. The loan attracts interest at 22.5% per annum with a moratorium of 6 months on principal repayment. The Company commenced repayment of the restructured loan in August 2015, but made principal repayments for only 2 months and interest repayments for 6 months including the moratorium period. The Company defaulted in the repayment of principal and interest payments on this restructured loan from October 2015 to May 2016. The outstanding balance on the loan as at May 2016 was N664million.

In February 2015, the Company applied and secured approval for a N2billion 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 expected the loan to be disbursed by the end of 2015. As at 24 June 2016, the term loan has yet to be disbursed.

The company also applied to the Bank of Industry in November 2015 to draw down additional N400million for the purpose of working capital out of the long term facility of N1.043billion granted on 24 October 2012 with a tenor of six years at 10%. This loan facility was initially secured for the purpose of procurement of plant and machineries to meet WHO prequalification standards. The company has however drawn down a total of N415million as at this reporting date. This application is currently in the final stages and due for disbursement before the end of July 2016.

The directors had initiated discussions with prospective core equity investors with a view to injecting fresh capital into the company. The discussions are ongoing and the directors are confident that the transaction will be concluded by the end of 2016.

In order to mitigate the working capital challenges, the company received N257million as advance payments from key customers with the arrangement to deliver products within six weeks. This initiatives commenced in May 2016.

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 statements on a going concern basis.

2.2.2 Changes in accounting policies and disclosures

i) New Standards, amendments, interpretations adopted by the group.

There were no new standards adopted by the group for the first time for the financial year beginning on or after 1 January 2014.

ii) New Standards, amendments, interpretations issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 December 2014, and have not been applied in preparing these financial statements. Management is yet to assess the effect of these standards on the financial statements of the Company.

IFRS 15 - 'Revenue from contracts with customers', issued in May 2014 (Effective 1 January 2018).

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is yet to fully assess the expected impact on this standard.

IFRS 9, 'Financial instruments' (effective 1 January 2018), 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 instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess IFRS 9's full impact.

Amendment to IFRS 8 - 'Operating segments', effective on 1 July 2014.The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

IFRS 16 - 'Leases', issued in January 2016 (Effective 1 January 2019).

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17.

Amendment to IAS 19 - 'Employee contributions', effective 1 January 2016. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

Amendment to IAS 24 - 'Related party disclosures', effective 1 July 2014. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

Other amendments and standards are not deemed to relate to the transactions of the Company.

2.3 Consolidation

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

i) 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 and unconsolidated from the date that control ceases.

Investment in subsidiary is carried at cost less any impairment in the stand-alone financial statements of the Company.

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.

ii) Changes in ownership interests in subsidiaries without change of control

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 profit or 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 profit or loss.

2.4 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 of directors. The operating segments are:

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

b) *Prescriptive products*

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

2.5 Foreign currency translation

a) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Group is the Nigerian Naira (N).

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Group's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

2.6 Financial instruments

2.6.1 Financial assets

(a) 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.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade receivables, letters of credit receivables, due from related parties and cash and cash equivalents, and are included in current and non current assets depending on their contractual settlement date. They are classified as current if they are to be settled within one year and non-current if they are to be settled after one year.

(c) Recognition and measurement

Loans and receivables are initially recognized at fair value using the effective interest rate method. Subsequently, loans and receivables are carried at amortised cost less any impairment.

2.6.2 Financial liabilities

(a) Classification

Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

(b) Financial liabilities at amortised cost

These include trade payables, due to related parties and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are spilt into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

(c) Recognition & measurement

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

2.6.3 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6.4 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.

2.6.5 Impairment of financial assets

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

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 profit or loss.

2.7 Revenue recognition

Revenue represents the consideration receivable for sale of goods and is stated net of rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured and when risks and rewards have passed to the customer. 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. 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.

2.8 Employee benefits

2.8.1 Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group. The Group operates an accumulating leave policy; this can be encashed 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.

The Company operates both defined benefit and defined contribution pension schemes.

2.8.2 Defined contribution scheme

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The employee contributes 8% while the Group contributes 10% of the emoluments (basic, housing and transport allowance). 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.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. 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.

2.8.3 *Defined benefit plan*

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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 interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognised in other comprehensive income in the period in which they arise.

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.

2.9 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

The cash flows from investing and financing activities are determined by using the direct method.

2.10 Cash and cash equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand or bank, deposit held at call with banks and time deposits which are readily convertible to cash with a maturity of three months or less.

2.11 Leases

Leases are classified as finance leases and operating leases.

Company is the lessee

i) *Operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

ii) *Finance lease*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised 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 so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The interest element of the finance cost is charged to the profit or 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. Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset.

2.12 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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 can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Construction work in progress is not depreciated. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

Land is not depreciated by the Group. Depreciation of property, plant and equipment is calculated using the straight-line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Useful life
Buildings	20 years
Plant and machinery	3-50 years
Motor vehicles	4-5 years
Furniture and fitting	5-10 years

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other income or loss" in profit or loss.

2.13 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.

2.14 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.

2.15 Impairment of non-financial assets

Non- financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.16 Current and deferred taxation

a) *Current tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country, Nigeria, where the Group generates taxable income. Management 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.

b) *Deferred tax*

Deferred 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. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially 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 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 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 tax 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 balance on a net basis.

2.17 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but excludes borrowing costs.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.18 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

2.19 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 within one year or less. Otherwise, they are classified as non-current liabilities.

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

2.20 Share capital

The 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.

2.21 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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.22 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's overall risk management program seeks to minimise potential adverse effects on the Group'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 Group'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 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 new customers 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 Group and Company's banks accounts and channels as approved by the management from time to time.

(b) Credit concentration

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of customers which are dispersed throughout Nigeria.

(c) Amount exposed to risk

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

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Neither past due nor impaired:				
Trade receivables	151,018	204,386	36,847	83,267
Other receivables	457,193	975,151	436,505	760,236
Cash and cash equivalents	395,609	24,269	392,250	24,208
Past due but not impaired: trade receivables	195,841	333,444	-	81,264
Impaired				
Trade receivables	417,564	384,859	110,936	100,684
Due from related party	27,461	30,412	27,429	18,725
Gross trade and other receivables	1,644,686	1,952,521	1,003,967	1,068,384
Impairment on trade receivables	(417,564)	(373,550)	(110,936)	(89,375)
Impairment on related party receivables	(7,142)	(11,309)	(7,142)	(11,309)
Net trade and other receivables	1,219,980	1,567,662	885,889	967,700

(i) <u>Neither past due nor impaired</u>

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.

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 that are neither past due nor impaired:

Trade and other receivables

Internal rating categories	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Mega	10,608	69,572	10,608	69,572
Non-mega	6,733	12,472	6,733	12,471
Institutional	47,852	61,118	16,590	1,224
Tender	34,645	61,224	2,622	-
Trading	51,180	-	294	-
Other receivables	457,193	975,151	436,505	760,236
	608,211	1,179,537	473,352	843,503

Trade receivables 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 due.
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 relate to other pharmaceutical outlets across the country.

Cash and bank balances

Cash and bank balances and deposit for letter of credit are neither past due nor impaired and have the ratings below:

	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
AA- :very high credit quality	69	61	-	-
B :good credit quality	3,043	632	(28)	632
B+ :good credit quality	219	-	-	-
Not rated	392,278	23,576	392,278	23,576
	395,609	24,269	392,250	24,208

These are based on fitch ratings.

(ii) **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 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Past due 31-90 days	175,521	265,159	-	68,972
Past due 91-180 days	20,320	68,285	-	12,292
	195,841	333,444	-	81,264

(iii) Impaired
The impaired receivables mainly relate to wholesalers, who are in unexpectedly difficult economic situations. The Company does not hold any collateral for its receivables. There are no specific provisions for impairment on trade receivables.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Related party receivables	27,461	30,412	27,429	18,725
Trade receivables	417,564	384,859	110,936	100,684
	445,025	415,271	138,365	119,409

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.

The Group has incurred indebtedness in the form of trade payables, overdrafts, finance 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	1-5 years N'000	over 5 years N'000	Total N'000
31 December 2014						
Financial liabilities						
Borrowings	715,269	119,775	153,980	1,047,501	80,329	2,116,854
Finance leases	11,890	-	-	-	-	11,890
Bank overdrafts	442,969	-	-	-	-	442,969
Trade payables	674,678	-	-	-	-	674,678
Accruals	1,687,262	-	-	-	-	1,687,262
Due to related company	-	-	-	-	-	-
	3,532,068	119,775	153,980	1,047,501	80,329	4,933,653
31 December 2013						
Financial liabilities						
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	906,168	-	-	-	-	906,168
Accruals	1,103,488	-	-	-	-	1,103,488
Due to related company	1,882	-	-	-	-	1,882
	2,264,060	346,668	374,754	882,540	331,645	4,199,667

Company	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	1-5 years N'000	over 5 years N'000	Total N'000
31 December 2014						
Financial liabilities						
Borrowings	228,060	100,627	139,217	970,260	-	1,438,164
Finance leases	10,513	-	-	-	-	10,513
Bank overdrafts	357,676	-	-	-	-	357,676
Trade payables	464,802	-	-	-	-	464,802
Accruals	1,277,818	-	-	-	-	-
Due to related company	67,911	-	-	-	-	67,911
	2,406,780	100,627	139,217	970,260	-	2,339,066
31 December 2013						
Financial liabilities						
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	740,348	-	-	-	-	740,348
Accruals	901,239	-	-	-	-	901,239
Due to related company	1,882	-	-	-	-	1,882
	1,788,044	165,094	198,114	864,013	331,645	3,346,910

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. The Group is exposed to interest rate risk and foreign exchange rate risk.

(i) 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. Borrowings obtained at variable rates give rise to interest rate risk. The Group's variable interest loans are short term and as such impact on changes will not be significant on the financial statement. The Group's long term borrowings have fixed interest rate.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira.

Foreign currency denominated balances

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Cash and bank balances	7,583	30,139	2,143	29,978

Sensitivity analysis for foreign exchange risk

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 sensitivity of the Group's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 20% as shown below:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Impact on profit or loss 20% change in exchange rates	1,517	6,028	429	5,996

(iii) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group does not hold any financial instruments whose value changes with changes in market prices and is not exposed to price risk.

3.2 Capital management

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group 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 statement of financial position) 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 2014 and 2013 were as follows:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Total borrowings (note 19)	2,196,424	2,478,380	1,731,061	1,916,767
Less: Cash and cash equivalents excluding bank overdrafts (note 17)	395,609	24,269	392,250	24,208
Net debt	1,800,815	2,454,111	1,338,811	1,892,559
Total equity	1,200,734	1,646,616	1,883,104	2,095,118
Total capital	3,001,549	4,100,727	3,221,915	3,987,677
Gearing ratio	60%	60%	42%	47%

3.3 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the group's market assumptions.
At the reporting date, the group did not have any financial assets or liabilities measured at fair value (2013:Nil). The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values except for long term loan.

The estimated fair values do not necessarily represent the values that the group will realise in the normal course of business. A comparison of the carrying value and fair value of these instruments is as follows:

	Carrying amount		Fair value	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Group				
Financial assets classified as loans and receivables:				
Trade receivables - net (Note 16)	346,859	549,139	346,859	549,139
Other receivables (Note 16)	457,193	975,151	457,193	975,151
Due from related perties (Note 16)	20,319	19,103	20,319	19,103
Cash and cash equivalent (Note 17)	395,609	24,269	395,609	24,269
	1,219,980	1,567,662	1,219,980	1,567,662
Financial liabilities carried at amortised cost:				
Bank borrowings (Note 19)	2,196,424	2,478,380	1,422,972	2,478,380
Finance lease liabilities (Note 19)	11,890	34,892	9,867	34,892
Trade payables (Note 18)	674,678	906,168	674,678	906,168
Due to related parties (Note 18)	-	1,882	-	1,882
Accruals (Note 18)	1,687,262	1,103,488	1,687,262	1,103,488
	4,570,254	4,524,810	3,794,779	4,524,810

	Carrying amount		Fair value	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Company				
Financial assets classified as loans and receivables:				
Trade receivables - net(Note 16)	36,847	175,840	36,847	175,840
Other receivables (Note 16)	436,505	760,236	436,505	760,236
Due from related perties (Note 16)	20,287	7,416	20,287	7,416
Cash and cash equivalent (Note 17)	392,250	24,208	392,250	24,208
	885,889	967,700	885,889	967,700
Financial liabilities carried at amortised cost:				
Bank borrowings (Note 19)	1,731,061	1,916,767	1,345,793	1,916,767
Finance lease liabilities (Note 19)	10,513	28,089	8,724	28,089
Trade payables (Note 18)	464,802	740,348	464,802	740,348
Due to related parties (Note 18)	67,911	1,882	67,911	1,882
Accruals (Note 18)	1,277,818	901,239	1,277,818	901,239
	3,552,105	3,588,325	3,165,049	3,588,325

All financial instruments are carried at amortised cost. There are no instruments carried at fair value.

3.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

4 Critical accounting estimates and judgements

The preparation of financial statements require directors to use judgment in applying its accounting policies, estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

a) *Impairment assessment of financial instruments*

Management assesses trade receivable balances for objective evidence of impairment based on the following triggers:

- Trade receivables that have exceeded the credit limit days.
- Trade receivables that have exceeded the credit limit amounts
- Trade receivables with existing legal litigations
- Past relationship with customer

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

- Management determines a cash flow projection on how it 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.

b) *Useful lives of assets*

The Group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset.

c) *Impairment of non-financial asset*

The Group assesses at the end of the reporting period if there is any objective evidence that an asset or a group of 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.
- Management's own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts

d) *Defined benefit obligation*

The Group operates a defined benefit plan 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.

Defined benefit liability is based on an 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. See the sensitivity of pension liability to changes in key assumptions made in note 21.

e) *Income and deferred tax*

The Group is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.

f) *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 assessing further control, Evans Medical Plc has determined that the Company has:

- power over Evans Therapeutics Limited;
- exposure and rights, to variable returns from its involvement with the Evans Therapeutics Limited; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

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. These operating segments are:

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 Plc, and also from other reputable sources. The manufacturing unit, Beta Lactam is involved in the commercial conversion of antibiotics and ethical drugs on behalf of Evans Therapeutics Nigeria Limited.

The segments identified meet the recognition criteria as a reportable segment under IFRS 8. There are no sales between segments.

	31 December 2014		
	Over the counter N'000	**Prescriptive N'000**	**Total N'000**
Revenue	1,974,460	1,385,939	3,360,399
Cost of sales	(1,229,038)	(726,039)	(1,955,077)
Gross profit	**745,422**	**659,900**	**1,405,322**
Administrative expenses	(863,256)	(423,461)	(1,286,717)
Marketing expenses	(468,598)	(432,130)	(900,728)
Other income	82,973	16,617	99,590
Operating loss	**(503,459)**	**(179,074)**	**(682,533)**
Finance costs	(341,072)	(153,499)	(494,571)
Loss before tax	(844,531)	(332,573)	(1,177,104)
Tax credit	112,055	109,994	222,049
			0
Reportable segment loss	(732,476)	(222,579)	(955,055)
Elimination of intra group revenue			(17,849)
Total loss for the period			(972,904)
Property, plant and equipment	4,349,935	103,495	4,453,430
Current assets	1,368,588	801,963	2,170,551
Segment assets	5,718,523	905,458	6,623,981
Segment liabilities	4,462,919	1,145,916	5,608,835
Net assets/ (liabilities)	1,255,604	(240,458)	1,015,146
Capital expenditure	383,755	47,661	431,416
Depreciation	238,878	52,253	291,131

	31 December 2013		
	Over the counter N'000	Prescriptive N'000	Total N'000
Revenue	2,204,487	1,494,971	3,699,458
Cost of sales	(1,490,495)	(686,457)	(2,176,952)
Gross profit	**713,992**	**808,513**	**1,522,505**
Marketing expenses	(518,236)	(454,010)	(972,246)
Administrative expenses	(578,181)	(435,705)	(1,013,886)
Other income/(losses)	66,054	(7,285)	58,769
Operating loss	**(316,371)**	**(88,488)**	**(404,858)**
Finance costs	(463,476)	(132,640)	(596,116)
Loss before tax	(779,847)	(221,128)	(1,000,974)
Tax credit/(charge)	239,716	(55,507)	184,209
Reportable segment loss	(540,131)	(276,635)	(816,766)
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	4,865,949	1,061,005	5,926,954
Net assets/ (liabilities)	2,095,117	(448,502)	1,646,615
Capital expenditure	182,588	43,678	226,266
Depreciation	(177,465)	(37,583)	(215,048)

Reconciliation of reportable segment assets and liabilities

	31 December 2014 N'000	31 December 2013 N'000
Assets		
Total assets for reportable segments	6,623,981	7,573,569
Inter-segment receivables	(67,911)	(545,650)
Deferred tax assets	94,107	76,485
Total assets for the period	**6,650,177**	**7,104,404**
Liabilities		
Total liabilities for reportable segments	5,608,832	5,926,954
Inter-segment payables	(67,911)	(545,650)
Deferred tax liabilities	(91,478)	76,484
Total liabilities for the period	**5,449,443**	**5,457,788**

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.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
6 Revenue				
Prescriptive products	1,385,939	1,494,971	-	-
Over the counter products	1,956,611	2,204,487	1,956,611	2,204,487
	3,342,550	3,699,458	1,956,611	2,204,487

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
7 Cost of sales				
Prescriptive products	700,888	684,705	-	-
Over the counter products	1,047,657	1,205,171	1,025,366	1,205,171
Staff cost	63,210	186,760	60,350	186,760
Depreciation*	143,322	100,316	143,322	98,564
	1,955,077	2,176,952	1,229,038	1,490,495

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

Movement in inventories of finished goods and work in progress (Note 15)	(58,055)	88,670	(22,711)	45,801
Raw material and other consumables used	1,806,600	1,801,206	1,048,077	1,159,370
Employee costs (Note 9)	63,210	186,760	60,350	186,760
Depreciation (Note 13)	143,322	100,316	143,322	98,564
	1,955,077	2,176,952	1,229,038	1,490,495

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
8 Expenses by function				
Marketing expenses	900,728	972,246	468,598	518,236
Administrative expenses	1,286,717	1,013,886	863,256	578,181
	2,187,445	1,986,132	1,331,854	1,096,417

Employee costs (Note 9)	743,909	590,296	607,672	447,826
Depreciation (Note 13)*	147,809	114,732	95,556	78,901
Audit fees	26,000	26,000	18,000	18,500
Advertising and media promotion	227,543	246,335	87,831	101,584
Purchased utilities	130,006	190,113	76,281	136,260
Repairs and maintenance	177,718	71,644	133,842	52,746
Travel expenses	88,214	82,910	68,420	63,370
Bank charges	12,049	97,706	8,245	17,447
Distribution expense	173,627	117,529	136,295	67,955
Professional fees	80,109	-	29,056	-
Rent	18,000	-	18,000	-
Provision for bad debt (Note 16)	93,484	68,542	35,051	17,596
Other expenses	268,977	369,016	17,605	82,923
	2,187,445	1,974,823	1,331,854	1,085,108

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

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
9	**Employee costs**				
	Salary	697,099	640,085	573,722	516,432
	Defined benefit expense (note 21)	73,053	49,622	65,570	43,395
	Directors fees (note 28)	1,030	1,260	650	950
	Defined contributions	35,937	86,089	28,080	73,809
		807,119	777,056	668,022	634,586
	Cost of sales	63,210	186,760	60,350	186,760
	Administrative expenses	743,909	590,296	607,672	447,826
	Total employee costs	807,119	777,056	668,022	634,586

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
10	**Other Income**				
	Profit on disposal of property, plant and equipment (note 26)	3,374	3,858	1,128	3,330
	Government grant (note 22)	59,401	51,735	59,401	51,735
	Others	36,815	3,176	22,444	10,989
		99,590	58,769	82,973	66,054

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
11	**Finance cost**				
	Interest on bank loan	489,380	596,116	337,584	463,476
	Interest on finance lease	5,191	-	3,488	-
		494,571	596,116	341,072	463,476

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
12	**Company income and deferred tax**				
A	**Current income tax**				
	Company income tax	15,828	11,912	10,797	11,912
	Education tax	-	436	-	-
	Prior year (over)/ under provision	(93,307)	93,307	-	-
	Capital gains tax	93	-	93	-
	Deferred income tax/(credit) to profit or loss	(144,663)	(289,864)	(122,945)	(251,628)
	Total charge to profit or loss	(222,049)	(184,209)	(112,055)	(239,716)
	Tax (credit) on other comprehensive income	(25,930)	(6,952)	(21,092)	(4,625)
	Total tax in statement of comprehensive income	(247,979)	(191,161)	(133,147)	(244,341)

B Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Loss before tax	(1,194,953)	(1,000,973)	(862,380)	(779,847)
Tax calculated at statutory tax rate of 30 %	(358,486)	(300,292)	(258,714)	(233,954)
Non-deductible expenses	-	192,911	-	161,426
Education tax levy	-	436	-	-
Dividend/ minimum tax adjustment	15,828	11,912	10,797	11,912
unutilised tax losses	227,139	(168,544)	164,117	(165,160)
Prior year (over)/under provision	(93,307)	93,307	-	-
Effect of permanent differences	(13,316)	(1,123)	(28,348)	(1,124)
Capital gains tax	93	-	93	-
Investment allowance	-	(12,816)	-	(12,816)
	(222,049)	(184,209)	(112,055)	(239,716)

C Current income tax liability	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Balance at 1 January	135,922	35,395	35,439	23,527
Charge for the year:				
Education tax	-	436	-	11,912
Capital gains tax	93	-	93	
Companies income tax	15,827	11,912	10,797	-
Prior year (over)/ under provision	(93,307)	93,307	-	-
Payment during the year	-	(5,128)	-	-
At 31 December	58,535	135,922	46,329	35,439

D Deferred income tax

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 tax assets of N218.12million for the Group and N151.72million for the Company have not been recognised as at 31 December 2014 because it is not probable that future taxable profits will be available against which they can be utilised.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
The analysis of deferred tax assets/(liabilities) is as follows:				
To be recovered after more than 12 months	(365,784)	(491,969)	(426,348)	(545,266)
To be recovered within 12 months	459,891	415,483	334,870	309,751
	94,107	(76,486)	(91,478)	(235,515)

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Group

Deferred income tax assets/(liabilities):	At 1 January 2014	Credit/ (charge) to P/L	Credit/ (charge) to equity	At 31 December 2014
	N'000	N'000	N'000	N'000
Property, plant and equipment	(491,969)	126,185	-	(365,784)
Provisions	144,869	7,199	-	152,068
Unrealised exchange gain	(385)	11,165	-	10,780
Tax losses charged to profit or loss	168,543	-	-	168,543
Post employment benefit obligation	102,456	114	25,930	128,500
Total deferred tax assets	(76,486)	144,663	25,930	94,107

Deferred income tax assets/(liabilities):	At 1 January 2013	Credit/ (charge) to P/L	Credit/ (charge) to equity	At 31 December 2013
	N'000	N'000	N'000	N'000
Property, plant and equipment	(620,914)	128,945	-	(491,969)
Provisions	57,707	87,162	-	144,869
Unrealised exchange gain	1,030	(1,415)	-	(385)
Tax losses charged to profit or loss	101,718	66,825	-	168,543
Post employment benefit obligation	87,157	8,347	6,952	102,456
Total deferred tax assets	(373,302)	289,864	6,952	(76,486)

Company

Deferred income tax assets/(liabilities):	At 1 January 2014	Credit/ (charge) to P/L	Credit/ (charge) to equity	At 31 December 2014
	N'000	N'000	N'000	N'000
Property, plant and equipment	(545,266)	118,918	-	(426,348)
Provisions	49,308	3,644	-	52,952
Unrealised exchange gain	(384)	383	-	(1)
Tax losses charged to profit & loss	165,161	-	-	165,161
Post employment benefit obligation	95,666	-	21,092	116,758
Total deferred tax assets	(235,515)	122,945	21,092	(91,478)

Deferred income tax assets/(liabilities):	At 1 January 2013	Credit/ (charge) to P/L	Credit/ (charge) to equity	At 31 December 2013
	N'000	N'000	N'000	N'000
Property, plant and equipment	(598,657)	53,391	-	(545,266)
Provisions	20,840	28,468	-	49,308
Unrealised exchange gain	808	(1,192)	-	(384)
Tax losses charged to profit & loss	4,199	160,962	-	165,161
Post employment benefit obligation	81,043	9,999	4,624	95,666
Total deferred tax assets	(491,767)	251,628	4,624	(235,515)

13 Property, plant and equipment

Group	Freehold Land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Construction work-in-progress*	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost:						
As 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)
As at 31 December 2013	3,220,515	1,057,315	450,774	239,857	124,483	5,092,944
As at 1 January 2014	3,220,515	1,057,315	450,774	239,857	124,483	5,092,944
Additions	32,632	253,275	72,892	12,074	60,543	431,416
Disposals	-	(363)	(11,299)	-	-	(11,662)
Reclassification	25,267	158,604	-	1,155	(185,026)	-
As at 31 December 2014	3,278,414	1,468,831	512,367	253,086	-	5,512,698
Accumulated depreciation						
As at 1 January 2013	52,428	142,266	187,278	187,645	-	569,617
Charge for the year	35,126	100,316	67,646	11,960	-	215,048
Disposals	-	-	(4,866)	-	-	(4,866)
As at 31 December 2013	87,554	242,582	250,058	199,605	-	779,799
As at 1 January 2014	87,554	242,582	250,058	199,605	-	779,799
Charge for the year	45,985	143,322	90,715	11,109	-	291,131
Disposals	-	(363)	(11,299)	-	-	(11,662)
As at 31 December 2014	133,539	385,541	329,474	210,714	-	1,059,268
Net book value						
At 31 December 2013	3,132,961	814,733	200,716	40,252	124,483	4,313,145
At 31 December 2014	3,144,875	1,083,290	182,893	42,372	-	4,453,430

Company	Freehold buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Construction work-in-progress*	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost:						
As 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)
As at 31 December 2013	3,220,515	1,057,315	186,438	215,625	124,483	4,804,376
As at 1 January 2014	3,220,515	1,057,315	186,438	215,625	124,483	4,804,376
Additions	32,632	253,275	29,867	7,438	60,543	383,755
Disposals	-	(363)	(8,299)	-	-	(8,662)
Reclassifications	25,267	158,604	-	1,155	(185,026)	-
As at 31 December 2014	3,278,414	1,468,831	208,006	224,218	-	5,179,469
Accumulated depreciation						
As 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)
As at 31 December 2013	87,554	240,830	85,897	185,037	-	599,318
As at 1 January 2014	87,554	240,830	85,897	185,037	-	599,318
Charge for the year	45,985	143,322	39,751	9,820	-	238,878
Disposals	-	(363)	(8,299)	-	-	(8,662)
As at 31 December 2014	133,539	383,789	117,349	194,857	-	829,534
Net book value						
At 31 December 2013	3,132,961	816,485	100,541	30,588	124,483	4,205,058
At 31 December 2014	3,144,875	1,085,042	90,657	29,361	-	4,349,935

* Work in progress comprise mainly of buildings and plant and machinery still under construction and not yet available for use.

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	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Cost capitalised finance lease	131,384	131,384	80,857	80,857
Accumulated depreciation	(93,001)	(62,602)	(53,793)	(35,060)
Net book value	38,383	68,782	27,064	45,797

14 Investment in subsidiaries

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

	Percentage holding		Carrying value of investment		Principal activities
	2014	2013	2014	2013	
Evans Therapeutics Limited (ETL)	98.43%	98.43%	627,500	627,500	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 and its place of business is plot 6, Abimbola way, Isolo, PMB 1120, Apapa, Lagos. All the subsidaries are 100% owned by Evans Medical Plc except Evans Therapeutics Limited (ETL) which has a non-controlling interest of 1.57%

Evans Medical Plc is presumed to have control over ETL as the following conditions below apply:
- Evans Medical is exposed to variable returns from its involvement with the entity
- Evans Medical has the ability to affect those returns through its power over the entity

Evans Therapeutics Limited is currently making losses however, the Company has not deemed this to be an impairment trigger. Based on current investment and return plan of ETL, it is projected that the subsidiary would start earning profits in 5 years after the significant debt taken by the subsidiary to augment operations have been fully repaid.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
15 Inventories				
Raw materials	324,448	390,612	276,034	362,076
Goods-in-transit*	99,584	285,949	79,581	78,278
Finished goods	177,882	49,572	25,558	49,572
Work in progress and intermediaries	33,834	311,877	33,834	243,562
Engineering stocks and consumables	-	47,572	-	47,463
	635,748	1,085,582	415,007	780,951

*Goods in transit represents inventory which has been shipped by the supplier but yet to be received by the Company as at year end. No inventory was impaired during the year (31 December 2013: Nil).

Amount of inventory charged to cost of sales	1,806,600	1,801,206	1,048,077	1,159,370

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
16	**Trade and other receivables**				
	Trade receivables	764,423	922,689	147,783	265,215
	Impairment on trade receivables	(417,564)	(373,550)	(110,936)	(89,375)
	Net trade receivables	346,859	549,139	36,847	175,840
	Prepayments and other receivables	704,105	1,113,166	504,197	829,957
	Due from related parties (Note 28)	27,461	30,412	27,429	18,725
	Impairment on related party receivable	(7,142)	(11,309)	(7,142)	(11,309)
	Total trade and other receivables	1,071,283	1,681,408	561,331	1,013,213

Analysis of prepayments and other receivables	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Financial instruments:				
Insurance claim receivable	11,220	10,887	1,903	1,602
Advance to customers	432,585	805,615	432,585	671,019
Deposit for letters of credit	7,172	101,164	2,017	45,769
Other receivables	6,216	57,485	-	41,846
	457,193	975,151	436,505	760,236
Non-financial instruments:				
Housing allowance in advance	20,612	17,236	13,158	13,953
Prepayments	185	1,826	-	1,267
Withholding tax - credit	226,115	118,953	54,534	54,501
	246,912	138,015	67,692	69,721
Total prepayments and other receivables	704,105	1,113,166	504,197	829,957

	Group		Company	
Movement in impairment provision of trade and other receivables	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
At 1 January	373,550	305,008	89,375	71,779
Additional provision	93,484	68,542	35,051	17,596
Reversal of previous provision	(49,470)	-	(13,490)	-
	417,564	373,550	110,936	89,375

	Group		Company	
Movement in impairment provision of related party receivables	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
At 1 January	11,309	11,948	11,309	11,948
Reversal of previous provision	(4,167)	(639)	(4,167)	(639)
	7,142	11,309	7,142	11,309

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
17	**Cash and cash equivalents**				
	Cash in hand and at bank	395,609	24,269	392,250	24,208

For the purpose of cash flow statement, cash and cash equivalents comprises:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Cash and bank balances	395,609	24,269	392,250	24,208
Less: bank overdrafts (Note 19)	(442,969)	(286,810)	(357,676)	(169,811)
	(47,360)	(262,541)	34,574	(145,603)

18 Trade and other payables

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Trade payables	674,678	906,168	464,802	740,348
Accruals	1,687,262	1,103,488	1,277,818	901,239
Due to related party (Note 28)	-	1,882	67,911	1,882
	2,361,940	2,011,538	1,810,531	1,643,469

All trade payables are due within twelve (12) months.

19 Borrowings

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Non-current				
Bank loans	1,086,074	1,061,213	1,023,100	989,916
Current				
Bank loans	667,381	1,130,357	350,285	757,040
Bank overdrafts	442,969	286,810	357,676	169,811
	1,110,350	1,417,167	707,961	926,851
Total Borrowings	2,196,424	2,478,380	1,731,061	1,916,767

Details of bank borrowings are:
This relates to a 6-year loan and a 2-year loan of N180 million and N115 million respectively. These were taken to restructure the balance on the Company's current account as well as outstanding commercial paper line.
There are no borrowing covenants during the year.

The fair values disclosed in Note 3 are based on cash flows discounted using a rate based on the borrowing rate of 22% for the Skye bank term loan and 20% for the FBN term loan. The Company has no undrawn borrowing. The carrying amounts of borrowings are as follows:

		Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Source of loan	Effective interest rate	Drawn down/ available balance			
Term loan	19%	314,040	365,597	203,738	190,512
BOI loan	17%	1,182,164	1,207,642	1,182,164	1,207,642
		1,496,204	1,573,240	1,385,902	1,398,155

20 Finance lease liabilities

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Finance lease:	N'000	N'000	N'000	N'000
Non current	-	4,967	-	4,967
Current	11,890	29,925	10,513	23,122
	11,890	34,892	10,513	28,089

The Company has the lease liability to finance the purchase of motor vehicles. The tenor of the lease is three years. The liability shall be settled from the Company's operational cash flows.

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Not later than one year:				
Total future value	13,242	36,047	11,708	30,094
Accrued interest expense	(1,352)	(6,122)	(1,195)	(6,972)
Present value	11,890	29,925	10,513	23,122
Between one and three years:				
Total future value	-	6,999	-	7,212
Accrued interest expense	-	(2,032)	-	(2,245)
Present value	-	4,967	-	4,967
Finance lease liabilities	11,890	34,892	10,513	28,089

21 Retirement benefit obligation

Defined benefits plan

The Company operates an unfunded defined benefit pension scheme where qualifying employees receive a lump sum payment based on the length of service and the remuneration of the employee at the time of retirement.

The Company makes provision for its defined benefit plan based on actuarial valuation performed using the projected unit credit method.

Below are the details of movements and amounts recognised in the financial statements:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
A Liability recognised in the financial position	502,412	342,927	454,765	318,891

	Group		Company	
B Amount recognised in the profit or loss:	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Current service cost	31,902	14,759	27,303	10,978
Interest cost	41,151	34,863	38,267	32,417
	73,053	49,622	65,570	43,395
C Amount recognised in other comprehensive income:				
Loss on remeasurement of retirement benefits obligation	86,432	23,174	70,305	15,416
Tax credit	(25,930)	(6,952)	(21,092)	(4,625)
	60,502	16,222	49,213	10,791

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

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
At 1 January	342,927	290,524	318,890	270,143
Current service cost	31,902	14,759	27,303	10,978
Interest cost	41,151	34,863	38,267	32,417
Remeasurement loss	86,432	23,174	70,305	15,416
Benefits paid	-	(20,393)	-	(10,064)
As at 31 December	502,412	342,927	454,765	318,890

The significant actuarial assumptions were as follows:

i) Mortality in Service

The rate of mortality assumed for employees are those according to the British A49/52 ultimate table published by the Institute of Actuaries of England. These rates combined are approximately summarized as follows:

Age	Mortality rate
18-30	10.11%
31-35	8.12%
36-40	6.15%
41-45	3.25%
46-50	20.50%
51-54	20.75%
55	100%

ii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Nigeria experience. The valuation assumed a rate of withdrawal of 10% at the youngest ages falling with increasing age to 2.5% at age 44.

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

		Group		Company	
Interest rate	Salary increase rate	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
12%	7%	2,541	25,925	31,521	23,429
14%	12%	(24,737)	(14,954)	(18,794)	(13,481)
12%	14%	(116,041)	(82,244)	(99,254)	(73,775)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.
The valuation assumed a discount rate of 12%.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

22 Government grants

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
At 1 January	377,643	344,866	377,643	344,866
Additions	-	84,512	-	84,512
Amortisation (Note 10)	(59,401)	(51,735)	(59,401)	(51,735)
As at 31 December	318,242	377,643	318,242	377,643

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 period 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 unfulfilled conditions that would lead to the company to be disqualified from enjoying the government grants.

23 Ordinary share capital

Issued and authorised share capital

	Group & Company 31 December 2014 N'000	31 December 2013 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 allotted:		
Share premium	340,176	340,176

24 Deposit for shares

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 N587.5 million. As at balance sheet date, the company is yet to obtain approval from Securities and Exchange commission to recognise this as part of its share capital. Hence, it was recognised as deposit for shares.On 15th february 2015, the rights issue were approved for listing.

25 Earnings per share

Basic earnings per share EPS is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Loss attributable to equity holders of the Company	(964,836)	(812,425)	(750,325)	(540,131)
Weighted average number of ordinary shares in issue ('000)	486,473	486,473	486,473	486,473
Basic and diluted earnings per share (Naira)	(1.98)	(1.67)	(1.54)	(1.11)

Diluted EPS is the same as the basic earning per share as there are no potential securities convertible to ordinary shares .

26 Cash generated from operating activities

	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Loss before tax	(1,194,953)	(1,000,973)	(862,380)	(779,847)
Adjustment for:				
Depreciation of property, plant and equipment (note 13)	291,131	215,048	238,878	177,465
Exchange loss/ (gain)	216	8,242	204	(1,359)
Net finance cost (Note 11)	494,571	596,116	341,072	463,476
Profit on disposal of property, plant and equipment	(3,374)	(3,858)	(1,128)	(3,330)
Amortisation of government grant	(59,401)	32,777	(59,401)	32,777
Defined benefit expense (Note 21)	73,053	49,622	65,570	43,395
Changes in working capital:				
-Decrease/ (Increase) in inventories	449,834	(247,060)	365,944	(164,606)
-Decrease in trade and other receivables	610,125	184,662	451,882	629,932
-Increase in trade and other payables	350,402	806,726	167,062	677,085
Cash generated from operations	1,011,604	641,302	707,703	1,074,988

In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Proceeds on disposal	3,374	10,273	1,128	3,519
Net book value of property, plant and equipment disposed (Note 13)	-	(6,415)	-	(189)
Profit on sale of property, plant and equipment	3,374	3,858	1,128	3,330

27 Restatement of prior year financial statements

The Group entered into a techical agreement with Glaxo Group UK, in which Evans acquired the trademark license to manufacture some Glaxo products.The National Office for Technology Acquisition and Promotion (NOTAP) gave an approval for this agreement. This approval expired 09 May 2008.

The Group decided to reverse accruals relating to this agreement from the approval expiry date till 31 December 2014. As a consequence, general and administrative expenses and its related liabilities have been amended for the periods ended 31 December 2014 and 31 December 2013. The amendments have been incorporated by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact of these on the Group's financial statements.

The total increase in retained earnings as at 31 December 2013 is N77.49 million (1 January 2013: N73.74 million) which had an equal decrease in trade and other payables as at 31 December 2013 and 1 January 2013 respectively. Other operating expenses was also decreased by N3.75 million during the year 31 December 2013.

28 Related parties

The parent company of the Group is Evans Medical Plc who also the ultimate parent. Evans Medical Plc is incorporated in Nigeria. Ownership of the Company's shares is distributed widely amongst shareholders.

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

a) Administration and finance cost	Nature of relationship	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Evans Therapeutics Limited	Subsidiary	-	-	132,218	139,033

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

b) Sales to related parties	Nature of relationship	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Evans Therapeutics Limited	Subsidiary	-	-	17,849	56,457

b) Purchases from related parties

There were no purchases from related parties during the year (2013: nil)

c) Receivables from related parties	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Directors	20,319	19,103	20,287	7,416

The receivables from subsidiary relates to production and other expenses paid for on behalf of Evans Therapeutics Limited.
The receivables from key management personnel relates to interest and principal outstanding on a loan which was guaranteed by Evans Medical Plc. to the chairman of its board of directors. The loan is not backed up by collateral.

d) Payable to related parties

Payable to related parties	Nature of relationship	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Evans Therapeutics Limited	Subsidiary	-	1,882	54,607	1,882
Directors	Key management personnel	-	-	13,304	-
		-	1,882	67,911	1,882

The payable to key management personnel relates to a loan given to the Company by the Managing Director. The loan is not backed up by collateral.

e) Key management compensation

Key management personnel of the Group and Company includes the directors. The compensation paid or payable to key management for employee services is shown below:

	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
Salaries and wages	74,307	91,401	58,599	70,471
Directors' fees	1,030	1,260	650	950
Defined benefit expense	2,697	8,788	2,344	5,903
Defined contribution expense	11,360	12,195	8,990	9,825
	89,394	113,644	70,583	87,149

There was no other compensation paid during the period. Fees and other emoluments disclosed above include amounts paid to:

	Group 31 December 2014 N'000	Group 31 December 2013 N'000	Company 31 December 2014 N'000	Company 31 December 2013 N'000
The emoluments of the chairman	5,415	4,965	3,315	2,865
The emoluments of the highest paid director	59,300	59,300	45,000	45,000
Loan to directors	21,263	24,346	27,429	30,512

The number of directors of the Group (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	Group 31 December 2014 Number	Group 31 December 2013 Number	Company 31 December 2014 Number	Company 31 December 2013 Number
Less than 5,000,000	9	9	6	5
5,000,001-10,000,000	3	-	3	-
Over N10,000,000	4	6	3	5
	16	15	12	10

29 Directors and employees

i) The average number of persons (excluding directors) employed by the Group during the year was as follows:

	Group		Company	
	31 December 2014 Number	31 December 2013 Number	31 December 2014 Number	31 December 2013 Number
Managerial	22	21	16	16
Senior staff	186	184	123	125
Others	123	125	115	113
	331	330	254	254

ii) 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	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
400,000 - 1,000,000	176	131	122	121
1,000,001 - 3,000,000	114	153	96	97
3,000,001 - 6,000,000	29	32	26	26
Above 6,000,000	12	14	10	10
	331	330	254	254

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

	Group		Company	
	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Salaries and wages	622,792	530,806	515,123	429,859
Defined benefit	70,356	58,711	63,226	53,593
Defined contribution	24,577	73,894	19,090	63,984
	717,725	663,411	597,439	547,436

29 Contingent liabilities

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Company had no contingent liability as at the time of this report.

30 Commitments

The Company had no capital commitments as at 31 December 2014 (2013: Nil).

31 Events after reporting period

The Company's rights issue was approved for listing by Securities and Exchange commission on 15th february 2015.

32 Compliance with regulatory bodies

The Group paid a penalty of N61.5 million to securities and exchange commision (2013: N1.5million) for late submission of its financial statements.

Statement of value added

Group	31 December 2014 N'000	%	Restated 31 December 2013 N'000	%
Revenue	3,342,550		3,699,458	
Bought in materials and services				
Local	(2,307,007)		(2,503,090)	
Imported	(826,405)		(861,602)	
Other income	99,590		58,769	
Value added	**308,728**	**100%**	**393,535**	**100%**
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	743,909	241%	590,296	150%
To pay providers of capital:				
Finance cost	494,571	160%	596,116	151%
To pay government:				
Tax expense	(247,979)	-80%	(191,161)	(49%)
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	291,131	94%	215,048	55%
Retained loss for the year	(972,904)	(315%)	(816,764)	(208%)
Value added	**308,728**	**100%**	**393,535**	**100%**

Statement of value added

Company	31 December 2014 N'000	%	Restated 31 December 2013 N'000	%
Revenue	1,956,611		2,204,487	
Bought in materials and services				
Local	(1,354,671)		(1,562,110)	
Imported	(307,775)		(404,136)	
Other income	82,973		66,054	
Value added	**364,500**	**100%**	**304,295**	**100%**
Applied as follows:				
To pay employees:				
Wages, salaries and other benefits	668,022	183%	447,826	147%
To pay providers of capital:				
Finance cost	341,072	94%	463,476	152%
To pay government:				
Tax expense	(133,147)	(37%)	(244,341)	(80%)
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	238,878	66%	177,465	58%
Retained loss for the year	(750,325)	(206%)	(540,131)	(178%)
Value added	**364,500**	**100%**	**304,295**	**100%**

Evans Medical Plc
Consolidated and separate financial statements
For the year ended 31 December 2014

Five year financial summary
Group

	IFRS				NGAAP
		Restated			
	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Financial position					
Capital employed:					
Ordinary share capital	243,236	243,236	243,236	243,236	243,236
Share premium	340,176	340,176	340,176	340,176	340,176
Deposit for shares	587,524	-	-	-	-
Retained earnings/(loss)	440,729	1,465,814	2,318,700	2,000,895	(358,936)
Non-controlling interest	(410,931)	(402,610)	(398,186)	(481,956)	(281,520)
Total equity	1,200,734	1,646,616	2,503,926	2,102,351	(57,044)
Represented by:					
Non-current assets	4,547,537	4,313,145	4,308,340	4,317,923	1,692,561
Current assets	2,102,640	2,791,259	2,877,789	2,621,569	2,400,637
Current liabilities	(3,542,715)	(3,594,552)	(2,828,002)	(2,624,239)	(2,401,959)
Non-current liabilities	(1,906,728)	(1,863,236)	(1,854,201)	(2,212,902)	(1,748,283)
Net assets/ (liabilities)	1,200,734	1,646,616	2,503,926	2,102,351	(57,044)
Net assets/(liabilities) per share (Naira)	2.72	3.72	5.66	4.75	(0.13)

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

	IFRS			NGAAP	
		Restated			
Financial results	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Revenue	3,342,550	3,699,458	4,864,487	4,572,073	3,942,683
Gross profit	1,387,473	1,522,506	2,372,427	2,178,239	1,846,469
Net operating expenses	(2,087,855)	(1,927,363)	(1,708,856)	(1,628,220)	(1,568,069)
Operating (loss)/ profit	(700,382)	(404,857)	663,571	550,019	278,400
Finance cost	(494,571)	(596,116)	(503,378)	(393,201)	(409,307)
(Loss)/ profit before taxation	(1,194,953)	(1,000,973)	160,193	156,818	(130,907)
Tax (charge)/credit	222,049	184,209	86,668	(71,571)	63,142
(Loss)/Profit for the year	(972,904)	(816,764)	246,861	85,247	(67,765)
Earnings per share (Naira)	(1.98)	(1.67)	0.41	0.21	0.02

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Company

	IFRS Restated				NGAAP
	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Financial position					
Capital employed:					
Ordinary share capital	243,236	243,236	243,236	243,236	243,236
Share premium	340,176	340,176	340,176	340,176	340,176
Deposit for shares	587,524	-	-	-	-
Retained earnings/(loss)	712,168	1,511,706	2,086,952	1,939,928	(67,452)
Total equity	1,883,104	2,095,118	2,670,364	2,523,340	515,960
Represented by:					
Non-current assets	4,977,435	4,832,558	4,210,125	4,190,592	1,642,792
Current assets	1,368,588	1,818,372	2,410,162	2,280,744	2,201,017
Current liabilities	(2,575,334)	(2,628,881)	(2,116,709)	(1,791,582)	(1,579,566)
Non-current liabilities	(1,887,585)	(1,926,931)	(1,833,214)	(2,156,414)	(1,748,283)
Net assets	1,883,104	2,095,118	2,670,364	2,523,340	515,960
Net assets/(liabilities) per share (Naira)	4.26	4.74	6.04	5.71	1.17

Net assets per share is calculated by dividing net assets of the company by the number of ordinary shares outstanding at the end of the reporting period.

	IFRS	Restated		NGAAP	
Financial results	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Revenue	1,956,611	2,204,487	3,030,540	2,757,873	2,594,838
Gross profit	727,573	713,992	1,357,693	1,215,105	1,202,055
Net operating expenses	(1,248,881)	(1,030,363)	(909,617)	(822,931)	(745,241)
Operating profit/ (loss)	(521,308)	(316,371)	448,076	392,174	456,814
Finance cost	(341,072)	(463,476)	(386,425)	(319,027)	(350,110)
Profit/(loss) before taxation	(862,380)	(779,847)	61,651	73,147	106,704
Tax (charge)/credit	112,055	239,716	(33,856)	(46,572)	63,142
(Loss)/Profit for the year	(750,325)	(540,131)	27,795	26,575	169,846
Earnings per share (Naira)	(1.54)	(1.11)	0.06	0.05	0.35

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.