



**GLAXOSMITHKLINE CONSUMER NIGERIA PLC**

**UNAUDITED CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL  
STATEMENTS**

**FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

**GlaxoSmithKline Consumer Nigeria Plc**  
**Condensed unaudited consolidated and separate financial statements**  
**For the 6 months period ended 30 June 2023**

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**GlaxoSmithKline Consumer Nigeria Plc**  
**Condensed unaudited consolidated and separate statement of profit or loss and other comprehensive income**  
**For the 6 months period ended 30 June 2023**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Apr - June 2023</b>	<b>Apr - June 2022</b>	<b>Apr - June 2023</b>	<b>Apr - June 2022</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>3 months ended</b>				
Revenue	3,731,801	7,451,236	3,731,801	7,451,236
Cost of sales	(2,417,612)	(5,665,010)	(2,417,612)	(5,665,010)
<b>Gross profit</b>	<b>1,314,189</b>	<b>1,786,226</b>	<b>1,314,189</b>	<b>1,786,226</b>
Selling and distribution costs	(693,426)	(1,099,340)	(693,426)	(1,099,340)
Administrative expenses	(497,310)	(453,501)	(496,640)	(452,873)
Finance income	192,287	18,430	192,287	18,430
Other gains and (losses)	(28,185)	(7,327)	(28,185)	(7,327)
Impairment loss on financial assets	(13,809)	(12,766)	(13,809)	(12,766)
Profit before tax	273,746	231,722	274,416	232,350
Current tax expense	(89,195)	(76,739)	(89,195)	(76,947)
<b>Profit for the period</b>	<b>184,551</b>	<b>154,983</b>	<b>185,221</b>	<b>155,403</b>
Profit for the period attributable to:				
Shareholders of the Company	184,551	154,983	185,221	155,403
Non-controlling interest	-	-	-	-
	<u>184,551</u>	<u>154,983</u>	<u>185,221</u>	<u>155,403</u>
Total comprehensive income for the period attributable to:				
Shareholders of the Company	184,551	154,983	185,221	155,403
Non-controlling interest	-	-	-	-
	<u>184,551</u>	<u>154,983</u>	<u>185,221</u>	<u>155,403</u>
<b>Basic and diluted earnings per share (Kobo)</b>	<b>15</b>	<b>13</b>	<b>16</b>	<b>13</b>

GlaxoSmithKline Consumer Nigeria Plc

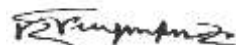
Condensed unaudited consolidated and separate statement of profit or loss and other comprehensive income  
For the 6 months period ended 30 June 2023

6 months ended	Notes	GROUP		COMPANY	
		Jan - Jun 2023	Jan - Jun 2022	Jan - Jun 2023	Jan - Jun 2022
		N'000	N'000	N'000	N'000
Revenue	5	7,750,878	14,811,269	7,750,878	14,811,269
Cost of sales	6	(4,958,231)	(11,066,784)	(4,958,231)	(11,066,784)
<b>Gross profit</b>		<b>2,792,647</b>	<b>3,744,485</b>	<b>2,792,647</b>	<b>3,744,485</b>
Selling and distribution costs	7	(1,432,899)	(2,169,699)	(1,432,899)	(2,169,699)
Administrative expenses	7	(1,070,204)	(1,005,771)	(1,068,906)	(1,004,514)
Finance income	8	270,285	44,747	270,285	44,747
Other gains and (losses)	9	(35,191)	(71,037)	(35,191)	(71,037)
Impairment loss on financial assets	18.3	(20,707)	(25,169)	(20,707)	(25,169)
Profit before tax		503,931	517,556	505,229	518,813
Current tax expense	11.1	(164,209)	(168,206)	(164,209)	(168,615)
<b>Profit for the period</b>		<b>339,722</b>	<b>349,350</b>	<b>341,020</b>	<b>350,198</b>
<b>Other comprehensive income net of income tax:</b>					
<b>Items that will not be reclassified to profit or loss:</b>		-	-	-	-
		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		<b>339,722</b>	<b>349,350</b>	<b>341,020</b>	<b>350,198</b>
Profit for the period attributable to:					
Shareholders of the Company		339,722	349,350	341,020	350,198
Non-controlling interest		-	-	-	-
		<b>339,722</b>	<b>349,350</b>	<b>341,020</b>	<b>350,198</b>
Total comprehensive income for the period attributable to:					
Shareholders of the Company		339,722	349,350	341,020	350,198
Non-controlling interest		-	-	-	-
		<b>339,722</b>	<b>349,350</b>	<b>341,020</b>	<b>350,198</b>
<b>Basic and diluted / earnings per share (Kobo)</b>	12	<b>28</b>	<b>29</b>	<b>29</b>	<b>29</b>

GlaxoSmithKline Consumer Nigeria Plc  
Condensed unaudited consolidated and separate statement of financial position  
As at 30 June 2023

	Notes	GROUP			COMPANY		
		As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000
<b>Assets</b>							
<b>Non-current assets</b>							
Deferred tax asset	11.3	413,802	413,802	231,223	413,802	413,802	231,223
Property, plant and equipment	13	348,993	441,245	495,284	348,993	441,245	495,284
Investment property	14	526,972	529,302	583,203	526,972	529,302	583,203
Investment in subsidiary	16	-	-	-	-	-	160
		<u>1,289,767</u>	<u>1,384,349</u>	<u>1,309,710</u>	<u>1,289,767</u>	<u>1,384,349</u>	<u>1,309,870</u>
<b>Current assets</b>							
Inventories	17	2,182,243	3,739,540	5,205,618	2,182,243	3,739,540	5,205,618
Trade and other receivables	18	3,303,178	3,847,810	6,281,906	3,303,178	3,847,810	6,281,906
Other assets	19	126,081	63,167	169,023	126,081	63,167	169,023
Cash and cash equivalents	20	23,214,990	19,976,023	12,877,541	23,214,990	19,976,023	12,877,541
		<u>28,826,492</u>	<u>27,626,540</u>	<u>24,534,088</u>	<u>28,826,492</u>	<u>27,626,540</u>	<u>24,534,088</u>
Assets classified as held for sale	15	151,757	375,315	691,462	151,757	375,315	691,462
		<u>28,978,249</u>	<u>28,001,855</u>	<u>25,225,550</u>	<u>28,978,249</u>	<u>28,001,855</u>	<u>25,225,550</u>
<b>Total assets</b>		<b><u>30,268,016</u></b>	<b><u>29,386,204</u></b>	<b><u>26,535,260</u></b>	<b><u>30,268,016</u></b>	<b><u>29,386,204</u></b>	<b><u>26,535,420</u></b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Issued share capital	21.1	597,939	597,939	597,939	597,939	597,939	597,939
Share premium	21.2	51,395	51,395	51,395	51,395	51,395	51,395
Retained earnings		8,565,108	8,883,118	8,461,322	8,402,275	8,718,987	8,292,826
		<u>9,214,442</u>	<u>9,532,452</u>	<u>9,110,656</u>	<u>9,051,609</u>	<u>9,368,321</u>	<u>8,942,160</u>
<b>Non-current liabilities</b>							
Liability for share-based payments	24	-	8,768	26,279	-	8,768	26,279
		<u>-</u>	<u>8,768</u>	<u>26,279</u>	<u>-</u>	<u>8,768</u>	<u>26,279</u>
<b>Current liabilities</b>							
Trade and other payables	22	20,845,452	19,145,605	17,197,215	21,022,031	19,323,482	17,379,208
Contract liabilities	23	-	11,065	-	-	11,065	-
Liability for share-based payments	24	8,282	-	-	8,282	-	-
Current tax liabilities	11.2	199,840	688,314	201,110	186,094	674,568	187,773
<b>Total current liabilities</b>		<u>21,053,574</u>	<u>19,844,984</u>	<u>17,398,325</u>	<u>21,216,407</u>	<u>20,009,115</u>	<u>17,566,981</u>
<b>Total liabilities</b>		<b><u>21,053,574</u></b>	<b><u>19,853,752</u></b>	<b><u>17,424,604</u></b>	<b><u>21,216,407</u></b>	<b><u>20,017,883</u></b>	<b><u>17,593,260</u></b>
<b>Total equity and liabilities</b>		<b><u>30,268,016</u></b>	<b><u>29,386,204</u></b>	<b><u>26,535,260</u></b>	<b><u>30,268,016</u></b>	<b><u>29,386,204</u></b>	<b><u>26,535,420</u></b>

The condensed unaudited consolidated and separate financial statements for the six months period ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 2 August 2023 and signed on its behalf by:



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



Mr. Olakunle Azeez Oyelana  
Managing Director  
FRC/2020/003/00000020395



Bosco Kirugi  
Finance Director  
FRC/2022/PRO/DIR/003/956071



**GlaxoSmithKline Consumer Nigeria Plc**  
**Condensed unaudited consolidated and separate statement of cash flows**  
**For the 6 months period ended 30 June 2023**

	Notes	GROUP			COMPANY		
		6 months ended 30 June 2023	Year ended 31 December 2022	6 months ended 30 June 2022	6 months ended 30 June 2023	Year ended 31 December 2022	6 months ended 30 June 2022
		N'000	N'000	N'000	N'000	N'000	N'000
<b>Cash flows from operating activities</b>							
Profit for the period		339,722	771,146	349,350	341,020	776,359	350,198
Adjustment for:							
Impairment of non-current and held-for sale assets	7.4	162,898	353,246	-	162,898	353,246	-
Depreciation	7.3	44,453	122,116	60,363	44,453	122,116	60,363
Finance income	8	(270,285)	(319,508)	(44,747)	(270,285)	(319,508)	(44,747)
Profit from sale of held-for-sale assets	9	(32,978)	(7,323)	(27,959)	(32,978)	(7,323)	(27,959)
Rental income from investment property	9	(32,445)	(49,004)	-	(32,445)	(49,004)	-
Income from sale of materials and scraps	9	(59,172)	(65,245)	-	(59,172)	(65,245)	-
Unrealised exchange loss	9	10,932,859	919	-	10,932,859	919	-
Current tax expense	11.1	164,209	470,087	168,206	164,209	470,087	168,615
Impairment of investment in subsidiaries	16	-	-	-	-	160	-
Share based payment expense	24	4,759	1,423	-	4,759	1,423	-
<b>Working capital adjustments:</b>							
Changes in inventories		1,557,297	2,305,860	839,782	1,557,297	2,305,860	839,782
Changes in trade and other receivables		630,331	1,332,281	(1,111,019)	630,331	1,332,281	(1,111,019)
Changes in other assets		(62,914)	139,679	33,823	(62,914)	139,679	33,823
Changes in contract liabilities		(11,065)	(71,530)	87,618	(11,065)	(71,530)	87,618
Changes in trade and other payables		(9,639,649)	2,190,542	(6,418)	(9,640,947)	2,185,169	(7,675)
		3,728,020	7,174,690	348,999	3,728,020	7,174,689	348,999
Income tax paid	11.2	(652,683)	(67,165)	(69,909)	(652,683)	(67,165)	(69,909)
<b>Net cash generated by operating activities</b>		<b>3,075,337</b>	<b>7,107,525</b>	<b>279,090</b>	<b>3,075,337</b>	<b>7,107,524</b>	<b>279,090</b>
<b>Cash flows from investing activities</b>							
Proceeds from sale of held-for-sale assets		143,767	41,907	51,952	143,767	41,907	51,952
Interest received on investments		184,586	310,303	44,747	184,586	310,303	44,747
Proceeds received on investment property		-	36,185	-	-	36,185	-
Proceeds from sale of materials and scraps		59,172	65,245	-	59,172	65,245	-
<b>Net cash flows generated by investing activities</b>		<b>387,525</b>	<b>453,640</b>	<b>96,699</b>	<b>387,525</b>	<b>453,640</b>	<b>96,699</b>
<b>Cash flows from financing activities</b>							
Share based payment settlement	24	(5,245)	(18,934)	-	(5,245)	(18,934)	-
Dividends paid during the period	22.2	(370,867)	(313,336)	(244,818)	(370,867)	(313,336)	(244,818)
Lease liability paid		-	(1,500)	-	-	(1,500)	-
<b>Net cash flows used in financing activities</b>		<b>(376,112)</b>	<b>(333,770)</b>	<b>(244,818)</b>	<b>(376,112)</b>	<b>(333,770)</b>	<b>(244,818)</b>
Net increase in cash and cash equivalents		3,086,750	7,227,395	130,971	3,086,750	7,227,394	130,971
Cash and cash equivalents at 1 January		19,976,023	12,746,570	12,746,570	19,976,023	12,746,570	12,746,570
Effect of foreign exchange rate changes		152,217	2,058	-	152,217	2,059	-
<b>Cash and cash equivalents at 30 June / 31 December</b>	<b>20</b>	<b>23,214,990</b>	<b>19,976,023</b>	<b>12,877,541</b>	<b>23,214,990</b>	<b>19,976,023</b>	<b>12,877,541</b>

**GSK Consumer Nigeria Plc**  
**Shareholding Structure and Free Float Status**  
**Main Board**  
**Year End - 31 December**  
**Reporting Period - Six Months Ended 30 June 2023**  
**Share Price at end of reporting period: N7.60 (June 2022: N6.50)**

**Shareholding Structure/Free Float Status**

	<b>30-Jun-23</b>		<b>30-Jun-22</b>	
	<b>Units</b>	<b>Percentage</b>	<b>Units</b>	<b>Percentage</b>
Issued share capital	1,195,876,488	100%	1,195,876,488	100%
<b>Substantial Shareholdings (5% and above)</b>				
Setfirst Limited	326,593,793	27.31%	326,593,793	27.31%
Smithkline Beecham Limited	228,488,132	19.11%	228,488,132	19.11%
Stanbic Nominees Limited	107,730,891	9.01%	196,932,609	16.47%
Total Substantial Shareholdings	<u>662,812,816</u>	<u>55.42%</u>	<u>752,014,534</u>	<u>62.88%</u>
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>				
Mr. Edmund C. Onuzo - direct	337,912	0.03%	337,912	0.03%
Mr. Edmund C. Onuzo - indirect	11,170	0.00%	11,170	0.00%
Mr. Samuel Kuye - direct	923	0.00%	923	0.00%
Mr. Samuel Kuye - indirect	93,750	0.01%	93,750	0.01%
Mrs. Oludewa Edodo-Thorpe - direct	31	0.00%	31	0.00%
Mr. Kunle Oyelana - direct	900	0.00%	0	0.00%
Total Directors' Shareholdings	<u>444,686</u>	<u>0.04%</u>	<u>443,786</u>	<u>0.04%</u>
<b>Other Influential Shareholdings</b>				
None	-	-	-	-
<b>Free Float in Units and Percentage</b>	532,618,986	44.5%	443,418,168	37.1%
<b>Free Float in Value</b>	<u><b>₦ 3,302,237,713.20</b></u>		<u><b>₦ 2,527,483,557.60</b></u>	

**Declaration**

(A) GSK Consumer Nigeria Plc with a free float percentage of 44.5% as at 30 June 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) GSK Consumer Nigeria Plc with a free float percentage of 37.1% as at 30 June 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

## **1 Corporate information**

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

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

The principal activities of the Company and its subsidiary are marketing and distribution of consumer healthcare and pharmaceutical products.

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

### **Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), the Company maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Group has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.

These unaudited condensed consolidated and separate financial statements for the period ended 30 June 2023 have been approved for issue by the directors on 2 August 2023.

## **2 Basis of accounting**

### **2.1 Basis of preparation**

The condensed consolidated and separate financial statements have been prepared on an alternate basis that is consistent with IAS 34 *Interim Financial Reporting*, and with particular attention paid to the requirements of IFRS 5 *Non-current Asset Held for Sale and Discontinued Operations*; IAS 32 *Financial Instruments: Presentation*; IAS 36 *Impairment of Assets* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The condensed consolidated and separate interim financial statements have also been prepared in line with the requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Financial Reporting Council (FRC) Act of Nigeria.

The reasons for preparation of the financial statements on an alternate basis are as follows:

- The GSK Group has informed GlaxoSmithKline Consumer Nigeria plc of its strategic intent to cease commercialization of its prescription medicines and vaccines in Nigeria through local operating Companies and transition to a local third-party direct distribution model for GSK products.
- The Haleon Group has informed GlaxoSmithKline Consumer Nigeria plc of its intent to cease its distribution agreement with them in the coming months and to appoint a local third-party distributor in Nigeria for the supply of its consumer healthcare products.

Due to the above reasons, GlaxoSmithKline Consumer Nigeria Plc has no realistic alternative but to cease operations.

### **2.2 Basis of measurement**

The consolidated and separate financial statements have been prepared on a historical cost basis except where otherwise stated in the significant accounting policies.

### **2.3 Functional and presentation currency**

The Group measures the items in its financial statements using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Nigerian Naira ("NGN" or "N") which is the Group and Company's functional currency. All values are rounded to the nearest thousand (N'000), unless otherwise indicated.

## **3 Summary of significant accounting policies**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements, except if mentioned otherwise.

### 3.1 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 30 June 2023. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

### 3.2 Foreign currency transactions

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

### 3.3 Revenue recognition

Revenue is recognised by applying a five-step approach as follows:

#### i. **Identify the contract**

Any agreement that creates enforceable rights and obligations is a contract. This covers revenue arising from contracts for:

- Sale of the Groups products to retail customers, wholesalers or distributors;
- Sale of products under contract manufacturing agreements;
- Divestments of property, plant and equipment and intangible assets.

It does not cover revenue arising on sales of businesses or from collaboration agreements.

#### ii. **Identify the separate performance obligations in the contract**

Performance obligations are the explicit or implicit promises made to the customer or licensee in a contract. In a multi-element arrangement, it is necessary to determine if the promises made are distinct from each other or should be accounted for together as a bundle.

### 3 Summary of significant accounting policies (continued)

#### 3.3 Revenue recognition (continued)

##### iii. *Determine the transaction price*

The transaction price is the amount of consideration that GSK is entitled to for the transfer of goods or services. The price may include variable consideration where either:

- uncollected revenue is contingent on future events occurring, such as meeting a sales milestone; or
- GSK's ability to retain revenue already invoiced or collected is contingent on future events not occurring, such as retrospective rebates being awarded by GSK or products being returned by the customer.

Variable consideration is estimated and recognised as revenue when it is highly probable that a significant reversal of the cumulative revenue recognised will not occur in future periods.

##### iv. *Allocate the transaction price to separate performance obligations*

The total consideration in a contract is divided between each of the distinct performance obligations in that contract on the basis of the standalone selling price of each.

##### v. *Recognise revenue when (or as) each performance obligation is satisfied*

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the distributor's specific location (delivery). Following delivery, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Some customers have a right of return products that are damaged, expired or close to expiry. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. However, no right of return assets are recognised by the Group as it is the Group's policy to fully impair damaged and expired products. The refund liability on the customers' right of return is reported under trade and other payables in the statement of financial position. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

#### 3.4 Segment report

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

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

#### 3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. The tax rates and tax laws used to compute the amount presented in these financial statements are determined in accordance with the Companies Income Tax Act (CITA). CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2.5% of the assessable profits.

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

### 3.5 Income tax (continued)

#### *Deferred tax*

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

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

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

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

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

### 3.6 Property, plant and equipment

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

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. Depreciation commences immediately the asset becomes available for use. Other than land which is not depreciated, the normal expected useful life for the major categories of property, plant and equipment are:

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

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

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

### 3.7 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. The Group adopts the cost model for its subsequent measurement of its investment properties after initial recognition. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost model. In line with the cost model, investment property is accounted for as cost less accumulated depreciation and less accumulated impairment losses.

The residual values, depreciation method and the useful lives of the Group's investment property are the same as disclosed above under property, plant and equipment.

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

Rental income from investment property is recognised as other income / gains on a straight-line basis over the term of the lease.

### 3.8 Impairment of non-current assets

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

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

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

### 3.9 Assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

### 3.10 Leases

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

#### ***Group as a lessor***

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as income in the period in which they are earned.

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

#### ***Group as a lessee***

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (assets less than N0.3 million such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets and lease liabilities are presented as separate lines in the consolidated and separate statement of financial position.

### 3.11 Financial instruments

#### 3.11.1 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.11 Financial instruments (continued)

#### 3.11.2 Financial asset

A financial asset is any asset that is:

- cash
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset (e.g. receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to GSK (e.g. derivatives resulting in an asset, bonds and investments).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### 3.11.3 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### 3.11.4 Amortised cost

Most of GSK's financial assets and liabilities are measured at amortised cost, including most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment. If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

#### 3.11.5 Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit-impaired.

#### 3.11.6 Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

### 3.11.7 Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is initially recognised in profit or loss. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are recorded in profit or loss.

All ECL (impairment) allowances are reviewed at least quarterly. In applying the IFRS 9 impairment requirements, the Group applies one of the following approaches:

- the simplified approach, which is applied to trade receivables
- the general approach.

#### **(a) The simplified impairment approach**

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. The Group uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix incorporates forward-looking information into historical customer default rates and, where appropriate, groups receivables into customer segments that have similar loss patterns, such as public (government) and private customers.

#### **(b) The general impairment approach**

Under the general approach, prior to an asset actually being credit-impaired, the Group recognises expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), the Group provides for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is recognised.

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

#### **(c) Credit-impaired assets**

Under both approaches, when the asset becomes credit impaired due to the occurrence of a 'loss event' additional expected credit loss is recognised by the Group. Loss events may include:

- Significant financial difficulty of the customer;
- It is becoming probable that the customer will enter bankruptcy or other financial reorganisation;
- A breach of contract such as default or past due event;

If the credit-impaired asset is interest-bearing, interest is calculated on the net asset balance, i.e. the gross amount adjusted for ECLs.

### 3.11.7 Expected credit loss allowance (continued)

#### (d) Asset write-off

The asset, or a portion thereof, is written off through utilisation of the ECL allowance once there is no reasonable expectation of recovery. This point is a matter of judgement that depends on facts and circumstances. Indicators include:

- Status of the debtor e.g. liquidation;
- Number of days past due or number of days since the last payment was received.

### 3.11.8 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

### 3.11.9 Financial liability

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g. payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group (e.g. payables, loans and derivatives resulting in a liability).

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises the transfer price of the product, freight and other clearing costs directly incurred in bringing the finished goods to the warehouse ready for sale. It excludes borrowing costs.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories are written down to their net realisable values to cover ageing, obsolescence and slow-moving items. The NRV provisions are deducted from the inventories to which they relate and are reported under cost of sales in profit or loss. Any provisions made are also reversed under cost of sales in profit or loss when the reason for provision to be created no longer exists. Inventories that are defective, damaged or 3 months to expiry are written down to zero at each reporting date.

### 3.13 Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash held in banks and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 20. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

### 3.14 Employee Benefits

#### a. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

#### b. Defined contribution and other post employment benefits

The Group operates a pension fund scheme for the benefit of all of its employees.

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

(ii) **Termination benefit:** Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months from the reporting date, then they are discounted.

#### c. Long-term employee benefits of the Group - Share based payments

The Group operates a cash-settled share based payment. A liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period. The fair value of the liability is measured with reference to the Black-Scholes model.

### 3.15 Provisions, contingent assets and contingent liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as a contingent asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the costs to restore leased non-current assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligations is neither a provision nor a contingent liability and no disclosure is made.

### 3.16 Dividend

Dividend distribution to shareholders is recognised as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by shareholders.

### 3.17 Share capital

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

### 3.18 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 3.19 Finance income and finance costs

The Group's finance income and finance costs include interest income from short term investments and accretion of interest on lease liabilities. Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### 4. Significant accounting judgments, estimates and assumptions

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### 4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

###### a. *Reclassification of assets and liabilities from non-current to current*

Given the assessment that the Group is no longer a going concern, the directors have considered whether non-current assets should be reclassified as current assets and non-current liabilities reclassified as current liabilities. Based on the judgement of the directors, assets classified as non-current in accordance with IAS 1 should not be reclassified as current assets until they meet the 'held for sale' criteria in IFRS 5. As at the reporting date, the Group's property, plant and equipment as well as investment property were not immediately available for sale in their present condition. As a result, these classes of assets have been classified as non-current in the financial statements.

Liabilities for share based payments have been reclassified as current because of the inevitable breach of the service condition associated with the incentive program.

###### b. *Remeasurement of assets*

The directors have considered whether there is the need to further write down assets for impairment since the Group expects to cease trading. Following the directors assessment, items of property, plant & equipment, held for sale assets, inventories and trade receivables have been written down further to their estimated realisable value.

##### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

###### a. *Expected credit loss allowance*

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is initially recognised in profit or loss. The ECL is deducted from the carrying value of the asset on the statement of financial position. The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. The Group uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix incorporates forward-looking information into historical customer default rates and, where appropriate, groups receivables into customer segments that have similar loss patterns, such as public (government) and private customers.

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL). For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required.

## 5 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 5.1 below).

<b>Group and Company</b>	<b>6 months ended 30 June 2023 N'000</b>	<b>6 months ended 30 June 2022 N'000</b>
Sale of Pharmaceutical brands	2,491,615	10,595,032
Sale of Consumer Healthcare brands	5,259,263	4,216,237
	<b>7,750,878</b>	<b>14,811,269</b>

The business environment continued to be very challenging with foreign exchange availability in the period affecting the Group's ability to settle foreign currency denominated trade payables with product suppliers. As a result, it remained difficult to maintain consistent supply to the market.

### 5.1 Segment information

#### Product and services from which reportable segments derive their revenue

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

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

The management team monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

There are no sales between business segments.

The Group's reportable segments under IFRS 8 are Consumer Healthcare and Pharmaceuticals.

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**5.2 Segment revenue and results**

The following is an analysis of the Group's revenue and results, assets and liabilities from continuing operations by reporting segment. Segment performance is measured based on revenue and operating profit, as management believes such information is the most relevant in evaluating results of segments relative to other entities.

<b>6 months ended 30 June 2023</b>	<b>Consumer Healthcare</b>	<b>Pharmaceutical</b>	<b>Non-Operating segment</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Segment results</b>				
Revenue	5,256,806	2,494,072	-	7,750,878
Cost of sales	(3,131,136)	(1,827,095)	-	(4,958,231)
Gross profit	2,125,670	666,977	-	2,792,647
Operating expenses	(889,162)	(1,449,744)	(164,197)	(2,503,103)
Impairment loss on financial assets	(12,087)	(8,620)	-	(20,707)
Finance income	-	-	270,285	270,285
Other (losses) / gains	(316,863)	195,816	85,856	(35,191)
<b>Profit / (loss) before tax</b>	<b>907,558</b>	<b>(595,571)</b>	<b>191,944</b>	<b>503,931</b>
<b>As at 30 June 2023</b>				
<b>Segment assets &amp; liabilities</b>				
Non-current assets excluding deferred tax	875,965	-	-	875,965
Net additions to non-current assets, excluding deferred tax	-	-	-	-
Total non-current assets excluding deferred tax	875,965	-	-	875,965
Current assets	13,802,035	15,176,214	-	28,978,249
<b>Total asset excluding deferred tax</b>	<b>14,678,000</b>	<b>15,176,214</b>	<b>-</b>	<b>29,854,214</b>
<b>Segment liabilities excluding deferred tax</b>	<b>5,341,380</b>	<b>15,494,293</b>	<b>217,901</b>	<b>21,053,574</b>
<b>6 months ended 30 June 2022</b>				
	<b>Consumer Healthcare</b>	<b>Pharmaceutical</b>	<b>Non-Operating segment</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Segment results</b>				
Revenue	4,216,237	10,595,032	-	14,811,269
Cost of sales	(2,504,720)	(8,562,064)	-	(11,066,784)
Gross profit	1,711,517	2,032,968	-	3,744,485
Operating expenses	(1,583,172)	(1,592,298)	-	(3,175,470)
Impairment loss on financial assets	(21,281)	(18,928)	-	(40,209)
Finance income	-	-	44,747	44,747
Other (losses) / gains	(36,913)	(19,084)	-	(55,997)
<b>Profit before tax</b>	<b>70,151</b>	<b>402,658</b>	<b>44,747</b>	<b>517,556</b>

## 5.2 Segment revenue and results (continued)

As at 30 June 2022	Consumer Healthcare	Pharmaceutical	Non-Operating segment	Total
<b>Segment assets &amp; liabilities</b>				
Non-current assets excluding deferred tax	1,078,487	-	-	1,078,487
Net additions to non-current assets, excluding deferred tax	-	-	-	-
Total non current assets excluding deferred tax	1,078,487	-	-	1,078,487
Current assets	12,619,111	12,606,439	-	25,225,550
<b>Total asset excluding deferred tax</b>	<b>13,697,598</b>	<b>12,606,439</b>	<b>-</b>	<b>26,304,037</b>
<b>Segment liabilities excluding deferred tax</b>	<b>10,479,042</b>	<b>6,961,250</b>	<b>-</b>	<b>17,440,292</b>

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

The segment reporting represents profit before tax earned by each segment without allocation of disposal gains, impairment losses on non-current assets, finance income and finance cost. Also included in the non-operating segment are exit transactions from the shut down of the Agbara manufacturing facility in prior years.

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

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

## 6 Cost of sales

	Group		Company	
	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000
Cost of goods purchased for resale	3,597,324	7,330,328	3,597,324	7,330,328
Freight, clearing and other cost of goods sold	1,360,907	3,736,456	1,360,907	3,736,456
	<b>4,958,231</b>	<b>11,066,784</b>	<b>4,958,231</b>	<b>11,066,784</b>

## 7 Selling, distribution and administrative expenses

Expense by function have been disclosed in the statement of comprehensive income as follows:

	Group		Company	
	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000
Selling and distribution	1,432,899	2,169,699	1,432,899	2,169,699
Administrative expenses	1,070,204	1,005,771	1,068,906	1,004,514
	<b>2,503,103</b>	<b>3,175,470</b>	<b>2,501,805</b>	<b>3,174,213</b>

### 7.1 Expense by nature

The following represents the Group and Company's selling, distribution and administrative expenses by nature:

Employee benefits	242,776	311,525	242,776	311,525
Directors remuneration	37,849	99,224	37,849	99,224
Electricity, fuel & utility	14,053	71,470	14,053	71,470
Repairs and maintenance	16,703	15,570	16,703	15,570
Insurance	16,852	19,768	16,852	19,768
Depreciation (Note 7.2)	44,236	61,803	44,453	61,803
Impairment of non-current assets (including held for sale assets)	162,898	-	162,898	-
Rent and rates	195,416	121,651	195,416	121,651
Security & facility expenses	323	18,469	323	18,469
Freight cost	225,546	226,157	225,546	226,157
Travel and expenses	11,114	69,183	11,114	69,183
Telecom cost	16,893	19,942	16,893	19,942
Audit fees	13,938	13,692	13,438	13,192
Consultancy	22,579	28,488	21,781	27,731
Advert and promotion	517,710	814,307	517,710	814,307
Bank charges	2,616	53,999	2,616	53,999
Other business expenses	151,634	74,962	151,417	74,962
Intercompany rechargeable expenses (Note 8.2)	809,967	1,155,261	809,967	1,155,261
	<b>2,503,103</b>	<b>3,175,470</b>	<b>2,501,805</b>	<b>3,174,213</b>

## 7.2 Nature of intercompany rechargeable transactions

Intercompany rechargeable expenses represent net shared service expenses cross charged to / from GSK Pharmaceutical Nigeria Ltd (its sister Company) for support rendered with respect to the pharmaceutical segment. The expenses can be further analysed as follows:

	GROUP		COMPANY	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	N'000	N'000	N'000	N'000
Employee benefits	667,294	819,758	667,294	819,758
Electricity, fuel & utility	37,256	33,386	37,256	33,386
Repairs and maintenance	13,597	21,146	13,597	21,146
Insurance	13,430	18,369	13,430	18,369
Rent & Rates	21,402	44,328	21,402	44,328
Security & Facility Expenses	48,891	78,068	48,891	78,068
Freight cost	(45,718)	(27,034)	(45,718)	(27,034)
Travel and expenses	75,800	87,469	75,800	87,469
Telecom cost	40,860	9,109	40,860	9,109
Consultancy	19,719	43,140	19,719	43,140
Advert and promotion	(16,139)	6,523	(16,139)	6,523
Other expenses / (income)	(66,425)	20,999	(66,425)	20,999
	<b>809,967</b>	<b>1,155,261</b>	<b>809,967</b>	<b>1,155,261</b>

Amounts reported in credit are as a result of the Group's recharges to the sister company exceeding the sister company's recharges to the Group for the period. The Group's recharges to its sister companies reduces the Group's expenses while recharges from the sister companies are additional expenses to the Group.

## 7.3 Depreciation by asset category

	GROUP		COMPANY	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	N'000	N'000	N'000	N'000
Property, plant and equipment (Note 13)	42,123	44,994	42,123	44,994
Investment property (Note 14)	2,330	2,328	2,330	2,328
Right of use asset	-	14,481	-	14,481
	<b>44,453</b>	<b>61,803</b>	<b>44,453</b>	<b>61,803</b>

## 7.4 Impairment by asset category

	GROUP		COMPANY	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	N'000	N'000	N'000	N'000
Property, plant and equipment (Note 13)	50,129	-	50,129	-
Assets held for sale (Note 15)	112,769	-	112,769	-
	<b>162,898</b>	<b>-</b>	<b>162,898</b>	<b>-</b>

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8	Finance income	GROUP		COMPANY	
		6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000
	Interest income on short-term investments	270,285	44,747	270,285	44,747
		<b>270,285</b>	<b>44,747</b>	<b>270,285</b>	<b>44,747</b>

9	Other gains and losses	GROUP		COMPANY	
		6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000
	<b>Other gains</b>				
	Profit from sale of non-current assets (including those classified as held for sale)	32,978	27,959	32,978	27,959
	Accrued liabilities now reversed	52,878	-	52,878	-
	Sale of materials and scraps	59,172	43,983	59,172	43,983
	Rental income	32,445	-	32,445	-
	Promotional allowance*	10,720,785	-	10,720,785	-
	Other sundry gains	82,309	520	82,309	520
		<b>10,980,567</b>	<b>72,462</b>	<b>10,980,567</b>	<b>72,462</b>
	<b>Other losses</b>				
	Realised foreign exchange losses	(14,217)	(695)	(14,217)	(695)
	Unrealised foreign exchange losses	(10,932,859)	(16,491)	(10,932,859)	(16,491)
	Mark up costs on shared service recharges*	(63,192)	(79,054)	(63,192)	(79,054)
	Other sundry losses	(5,490)	(47,259)	(5,490)	(47,259)
		<b>(11,015,758)</b>	<b>(143,499)</b>	<b>(11,015,758)</b>	<b>(143,499)</b>
	<b>Other gains and losses</b>	<b>(35,191)</b>	<b>(71,037)</b>	<b>(35,191)</b>	<b>(71,037)</b>

\* Promotional allowance represents compensation received from related parties to support the Group. The allowance has been used to offset the amount payable to related parties.

\* Mark up costs on shared service recharges represents the mark up element on the shared service recharges between GSK Pharmaceutical Limited and the Group (see Note 7.2).

10 Profit before tax

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

	GROUP		COMPANY	
	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000	6 months ended 30 June 2023 N'000	6 months ended 30 June 2022 N'000
Audit fees (Note 7.1)	13,938	13,692	13,438	13,192
Depreciation (Note 7.1)	44,453	61,803	44,453	61,803
Net foreign exchange (gain) / loss (Note 9)	10,947,076	17,186	10,947,076	17,186
Impairment loss on financial assets (Note 18.3)	20,707	25,169	20,707	25,169
Director's remuneration (Note 7.1)	37,849	99,224	37,849	99,224

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11 Taxes

11.1 Income tax recognised in statement of profit or loss	GROUP		COMPANY	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	N'000	N'000	N'000	N'000
<b>Current tax:</b>				
Companies income tax	151,554	155,267	151,554	155,644
Education tax	12,630	12,939	12,630	12,970
Nigeria police trust fund	25	-	25	-
	<b>164,209</b>	<b>168,206</b>	<b>164,209</b>	<b>168,615</b>
<b>Deferred tax:</b>				
Deferred tax (write back) / charge	-	-	-	-
	<b>164,209</b>	<b>168,206</b>	<b>164,209</b>	<b>168,615</b>

Companies income tax is calculated at 30% (2022: 30%) of the estimated taxable profit for the period. However, if 0.25% (2022: 0.25%) of the gross turnover which is the minimum tax is higher than the Company income tax computed, then the minimum tax will represent the tax payable for the current period. The charge for taxation in these condensed consolidated and separate financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Finance Acts.

The charge for education tax of 2.5% (2022: 2.5%) of the estimated assessable profit for the period is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004 and the Finance Acts.

11.2 Income tax recognised in the statement of financial position:	GROUP			COMPANY		
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Current tax liabilities:</b>						
As at 1 January	688,314	102,813	102,813	674,568	89,067	89,067
Charge in the period	164,209	652,666	168,206	164,209	652,666	168,615
	<b>852,523</b>	<b>755,479</b>	<b>271,019</b>	<b>838,777</b>	<b>741,733</b>	<b>257,682</b>
Company income tax paid	(601,358)	(57,903)	(60,647)	(601,358)	(57,903)	(60,647)
Education tax paid	(51,278)	(9,262)	(9,262)	(51,278)	(9,262)	(9,262)
Nigeria police trust fund paid	(47)	-	-	(47)	-	-
At 31 December	<b>199,840</b>	<b>688,314</b>	<b>201,110</b>	<b>186,094</b>	<b>674,568</b>	<b>187,773</b>

11.3 Deferred tax balances:

Reflected in the statement of financial position as follows:

Deferred tax assets	(553,006)	(553,006)	(369,173)	(553,006)	(553,006)	(369,173)
Deferred tax liabilities	139,204	139,204	137,950	139,204	139,204	137,950
Deferred tax asset	<b>(413,802)</b>	<b>(413,802)</b>	<b>(231,223)</b>	<b>(413,802)</b>	<b>(413,802)</b>	<b>(231,223)</b>

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

12 Earnings per share

	GROUP		COMPANY	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	N'000	N'000	N'000	N'000
Net profit attributable to ordinary equity holders of the parent from continuing operations	339,722	349,350	341,020	350,198
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	339,722	349,350	341,020	350,198
Weighted average number of ordinary shares for basic earnings per share	1,195,876	1,195,876	1,195,876	1,195,876
Basic and diluted earnings per share (kobo)	28	29	29	29

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these condensed consolidated and separate financial statements for the six months ended 30 June 2023. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and basic earnings per share both have the same value.

### 13 Property, plant and equipment

The reconciliation of the carrying amount of property, plant and equipment is as follows:

Group and Company	Leasehold land N'000	Buildings N'000	Plant and machinery N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
<b>Cost:</b>						
At 1 January 2022	270,394	118,344	108,822	155,448	385,367	1,038,375
Additions	-	-	-	-	-	-
<b>At 30 June 2022</b>	<b>270,394</b>	<b>118,344</b>	<b>108,822</b>	<b>155,448</b>	<b>385,367</b>	<b>1,038,375</b>
At 1 January 2022	270,394	118,344	108,822	155,448	385,367	1,038,375
Transfers from asset held for sale	-	-	-	-	44,625	44,625
Disposals	-	-	-	-	(3,982)	(3,982)
<b>At 31 December 2022</b>	<b>270,394</b>	<b>118,344</b>	<b>108,822</b>	<b>155,448</b>	<b>426,010</b>	<b>1,079,018</b>
Additions	-	-	-	-	-	-
<b>At 30 June 2023</b>	<b>270,394</b>	<b>118,344</b>	<b>108,822</b>	<b>155,448</b>	<b>426,010</b>	<b>1,079,018</b>
<b>Accumulated depreciation and impairment:</b>						
At 1 January 2022	75,311	17,474	108,721	136,899	159,631	498,036
Charge for the year	2,435	1,182	76	2,659	38,642	44,994
<b>At 30 June 2022</b>	<b>77,746</b>	<b>18,656</b>	<b>108,797</b>	<b>139,558</b>	<b>198,273</b>	<b>543,030</b>
At 1 January 2022	75,311	17,474	108,721	136,899	159,631	498,036
Charge for the year	-	2,363	76	5,074	86,047	93,560
Transfers from asset held for sale	-	-	-	-	28,820	28,820
Impairment	-	-	-	4,724	16,615	21,339
Disposals	-	-	-	-	(3,982)	(3,982)
<b>At 31 December 2022</b>	<b>75,311</b>	<b>19,837</b>	<b>108,797</b>	<b>146,697</b>	<b>287,131</b>	<b>637,773</b>
At 1 January 2023	75,311	19,837	108,797	146,697	287,131	637,773
Charge for the year	-	1,182	-	2,353	38,588	42,123
Impairment	-	-	-	-	50,129	50,129
<b>At 30 June 2023</b>	<b>75,311</b>	<b>21,019</b>	<b>108,797</b>	<b>149,050</b>	<b>375,848</b>	<b>730,025</b>
<b>Carrying amount:</b>						
<b>At 30 June 2022</b>	<b>192,648</b>	<b>99,688</b>	<b>25</b>	<b>15,890</b>	<b>187,094</b>	<b>495,345</b>
<b>At 31 December 2022</b>	<b>195,083</b>	<b>98,507</b>	<b>25</b>	<b>8,751</b>	<b>138,879</b>	<b>441,245</b>
<b>At 30 June 2023</b>	<b>195,083</b>	<b>97,325</b>	<b>25</b>	<b>6,398</b>	<b>50,162</b>	<b>348,993</b>

Impairment losses of N50.1 million have been recognised to write down assets to their estimated realisable value when disposed. These were included in "administrative expenses" (see Note 7.4) in the statement of profit or loss under the non-operating segment.

There were no assets pledged as security, capital commitment and capitalized borrowing cost during the current and prior year and at the current and prior reporting dates.

### 14 Investment property

A number of building blocks situated at GSK House, 1, Industrial Avenue, Ilupeju, Lagos State (which have been owner-occupied since its acquisition in 2007) have since been leased. The land and building situated at Agbara Industrial Estate, Ogun state is being held for an undetermined future use, following the shut down of manufacturing operations at the facility in 2021. These land and buildings have been classified as investment property and are subsequently measured using the cost model.

The reconciliation of the carrying amount of investment property is as follows:

Group and Company	Leasehold land N'000	Buildings N'000	Total N'000
<b>Cost</b>			
At 1 January 2022	195,651	587,079	782,730
Additions	-	-	-
<b>At 30 June 2022</b>	<b>195,651</b>	<b>587,079</b>	<b>782,730</b>
At 1 January 2022	195,651	587,079	782,730
Additions	-	-	-
<b>At 31 December 2022</b>	<b>195,651</b>	<b>587,079</b>	<b>782,730</b>
At 1 January 2023	195,651	587,079	782,730
Additions	-	-	-
<b>At 30 June 2023</b>	<b>195,651</b>	<b>587,079</b>	<b>782,730</b>
<b>Accumulated depreciation and impairment:</b>			
At 1 January 2022	70,895	126,303	197,198
Charge for the year	-	2,328	2,328
<b>At 30 June 2022</b>	<b>70,895</b>	<b>128,631</b>	<b>199,526</b>
At 1 January 2022	70,895	126,303	197,198
Charge for the year	-	14,075	14,075
Impairment	-	42,155	42,155
<b>At 31 December 2022</b>	<b>70,895</b>	<b>182,533</b>	<b>253,428</b>
Charge for the year	-	2,330	2,330
<b>At 30 June 2023</b>	<b>70,895</b>	<b>184,863</b>	<b>255,758</b>
<b>Carrying amount:</b>			
<b>At 30 June 2022</b>	<b>124,756</b>	<b>458,448</b>	<b>583,204</b>
<b>At 31 December 2022</b>	<b>124,756</b>	<b>404,546</b>	<b>529,302</b>
<b>At 30 June 2023</b>	<b>124,756</b>	<b>402,216</b>	<b>526,972</b>

Rental income recognised by the Group during the period was N32 million (2022: Nil) and was included in "other gains and losses". No maintenance expense was incurred on income and non-income generating investment property.

15 Assets held for sale

Following the shutdown of the Group's manufacturing facility in Agbara, Ogun State in 2021, plant and machinery, furniture and fittings and motor vehicles in the facility with carrying values of N666 million, N28million and N21million respectively as at the date of the shutdown were classified as asset held for sale following management's commitment to sell the assets.

The reconciliation of the carrying amount of assets held for sale is as follows:

	Plant and Machinery N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>				
At 1 January 2022	2,715,702	191,702	59,005	2,966,409
Additions / (Disposals)	(84,297)	-	(14,380)	(98,677)
<b>At 30 June 2022</b>	<b>2,631,405</b>	<b>191,702</b>	<b>44,625</b>	<b>2,867,732</b>
At 1 January 2022	2,715,702	191,702	59,005	2,966,409
Transfers to property, plant and equipment	-	-	(44,625)	(44,625)
Disposals	(143,872)	-	(14,380)	(158,252)
<b>At 31 December 2022</b>	<b>2,571,830</b>	<b>191,702</b>	<b>-</b>	<b>2,763,532</b>
Disposals	(950,575)	(157,114)	-	(1,107,689)
<b>At 30 June 2023</b>	<b>1,621,255</b>	<b>34,588</b>	<b>-</b>	<b>1,655,843</b>
<b>Accumulated depreciation and impairment:</b>				
At 1 January 2022	2,049,251	163,297	38,406	2,250,954
Additions / (Disposals)	(65,098)	-	(9,586)	(74,684)
<b>At 30 June 2022</b>	<b>1,984,153</b>	<b>163,297</b>	<b>28,820</b>	<b>2,176,270</b>
At 1 January 2022	2,049,251	163,297	38,406	2,250,954
Transfers to property, plant and equipment	-	-	(28,820)	(28,820)
Impairment	263,413	26,339	-	289,752
Disposals	(114,083)	-	(9,586)	(123,669)
<b>At 31 December 2022</b>	<b>2,198,581</b>	<b>189,636</b>	<b>-</b>	<b>2,388,217</b>
Impairment	112,160	609	-	112,769
Disposals	(840,026)	(156,874)	-	(996,900)
<b>At 30 June 2023</b>	<b>1,470,715</b>	<b>33,371</b>	<b>-</b>	<b>1,504,086</b>
<b>Carrying amount:</b>				
At 30 June 2022	647,252	28,405	15,805	691,462
At 31 December 2022	373,249	2,066	-	375,315
At 30 June 2023	150,540	1,217	-	151,757

16 Investment in subsidiary

	GROUP			COMPANY		
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	December 2022	As at 30 June 2022
Investment in subsidiary	N'000	N'000	N'000	N'000	N'000	N'000
	-	-	-	-	-	160

This represents investment in Winster Pharmaceuticals Limited, a wholly owned subsidiary company, which is measured at cost. Winster has no turnover for the current period as its only product was sold to a third party in 2012. The results of the Company have been consolidated in these condensed consolidated and separate financial statements. The Directors do not consider the subsidiary to be a going concern and as such the carrying amount of the investment (N160,000) have been fully impaired in prior period.

17 Inventories

	GROUP			COMPANY		
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	December 2022	As at 30 June 2022
Finished goods (gross value)	2,275,605	3,921,969	5,260,034	2,275,605	3,921,969	5,260,034
Write-down to net realisable value	(93,362)	(182,429)	(54,416)	(93,362)	(182,429)	(54,416)
	<b>2,182,243</b>	<b>3,739,540</b>	<b>5,205,618</b>	<b>2,182,243</b>	<b>3,739,540</b>	<b>5,205,618</b>

The cost of inventories recognised as an expense and included in cost of sales amounted to N3.6 billion (2022: N7.3 billion). There was no material write-off of Inventories during the current and prior reporting periods. Inventories amounting to N8.9 million were further written down to their estimated net realisable value in the current period (2022: Nil).

17.1 Inventories - By Segment

	GROUP			COMPANY		
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	December 2022	As at 30 June 2022
Consumer Healthcare and oral care products	1,830,783	1,741,696	1,306,384	1,830,783	1,741,696	1,306,384
Pharmaceutical products	351,460	1,997,844	3,899,234	351,460	1,997,844	3,899,234
	<b>2,182,243</b>	<b>3,739,540</b>	<b>5,205,618</b>	<b>2,182,243</b>	<b>3,739,540</b>	<b>5,205,618</b>

18 Trade and other receivables

	GROUP			COMPANY		
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	December 2022	As at 30 June 2022
Trade receivables (Note 18.2)	2,997,004	3,631,738	5,908,047	2,997,004	3,631,738	5,908,047
Employee loans and advances	16,592	14,383	38,290	16,592	14,383	38,290
Receivables from sundry sales	121,801	-	282,421	121,801	-	282,421
Interest receivable	85,699	9,205	-	85,699	9,205	-
Input Value Added Tax	38,823	79,703	44,381	38,823	79,703	44,381
Others	43,259	112,781	8,767	43,259	112,781	8,767
	<b>3,303,178</b>	<b>3,847,810</b>	<b>6,281,906</b>	<b>3,303,178</b>	<b>3,847,810</b>	<b>6,281,906</b>

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18.2 Trade receivables

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023 N'000	December 2022 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000
Trade receivables	3,159,001	3,773,028	6,068,589	3,159,001	3,773,028	6,068,589
Net impairment loss	(161,997)	(141,290)	(160,542)	(161,997)	(141,290)	(160,542)
	<b>2,997,004</b>	<b>3,631,738</b>	<b>5,908,047</b>	<b>2,997,004</b>	<b>3,631,738</b>	<b>5,908,047</b>

Trade receivables are non-interest bearing and are generally on 60 day terms. The Group sells through distributors within Nigeria. The Group's policy states that a provision of 100% is made on all receivables over 360 days and other rates detailed in the tables below for invoices overdue for 181 to 360 days, 61 to 180 days and 0 to 60 days bracket. The provision matrix is arrived at after incorporating forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns.

18.3 Movement in the net impairment loss

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023 N'000	December 2022 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000
Balance at the beginning of the period	141,290	135,373	135,373	141,290	135,373	135,373
Additional provision	41,586	67,065	40,209	41,586	67,065	40,209
Recoveries	(20,879)	(61,148)	(15,040)	(20,879)	(61,148)	(15,040)
Net impairment charge / (release) in the period	20,707	5,917	25,169	20,707	5,917	25,169
Balance at the end of the period	<b>161,997</b>	<b>141,290</b>	<b>160,542</b>	<b>161,997</b>	<b>141,290</b>	<b>160,542</b>

19 Other assets

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023 N'000	December 2022 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000
Advance to bank for bid	62,527	16,529	83,598	62,527	16,529	83,598
Prepaid rent	45,647	30,174	58,162	45,647	30,174	58,162
Prepaid insurance	17,907	16,464	22,948	17,907	16,464	22,948
Other prepayments	-	-	4,315	-	-	4,315
	<b>126,081</b>	<b>63,167</b>	<b>169,023</b>	<b>126,081</b>	<b>63,167</b>	<b>169,023</b>
Current	126,081	63,167	169,023	126,081	63,167	169,023
Non Current	-	-	-	-	-	-
	<b>126,081</b>	<b>63,167</b>	<b>169,023</b>	<b>126,081</b>	<b>63,167</b>	<b>169,023</b>

20 Cash and cash equivalents

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

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023 N'000	December 2022 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2022 N'000
<b>Cash at bank:</b>						
Current account balances	13,203,332	15,000,871	10,993,834	13,203,332	15,000,871	10,993,834
Short term deposit	8,000,000	3,000,000	-	8,000,000	3,000,000	-
Restricted Cash	2,011,658	1,975,152	1,883,707	2,011,658	1,975,152	1,883,707
Bank overdrafts	-	-	-	-	-	-
	<b>23,214,990</b>	<b>19,976,023</b>	<b>12,877,541</b>	<b>23,214,990</b>	<b>19,976,023</b>	<b>12,877,541</b>

Restricted cash relates to unclaimed dividend held in a separate interest bearing bank account in accordance with guidelines issued by the Securities and Exchange Commission (SEC). Under the SEC guidelines, these amounts are restricted from use.

21 Issued capital and share premium

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023 Thousands	December 2022 Thousands	As at 30 June 2022 Thousands	As at 30 June 2023 Thousands	As at 31 December 2022 Thousands	As at 30 June 2022 Thousands
Number of ordinary shares of 50k each	1,195,876	1,195,876	1,500,000	1,195,876	1,195,876	1,500,000
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Ordinary shares of 50k each	597,939	597,939	750,000	597,939	597,939	750,000
<b>21.1 Ordinary shares issued and fully paid</b>	<b>Thousands</b>	<b>Thousands</b>	<b>Thousands</b>	<b>Thousands</b>	<b>Thousands</b>	<b>Thousands</b>
Number of ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Ordinary shares of 50k each	597,939	597,939	597,939	597,939	597,939	597,939
<b>21.2 Share premium</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
	51,395	51,395	51,395	51,395	51,395	51,395

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22 Trade and other payables	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables (all local)	1,661,093	1,339,860	113,658	1,661,093	1,339,860	113,658
Amounts due to related parties (Note 25)	15,139,019	13,650,845	12,214,174	15,321,069	13,832,895	12,398,362
Dividend payable (Note 22.2)	1,316,538	1,029,673	1,029,673	1,316,538	1,029,673	1,029,673
Unclaimed dividends (Note 22.3)	1,268,188	1,273,641	1,274,999	1,268,188	1,273,641	1,274,999
Pension payables	3,902	-	5,101	3,902	-	5,101
Trade incentive payable	426,501	304,779	103,090	426,501	304,779	103,090
Refund liabilities arising from rights of return (Note 22.4)	4,374	2,935	-	4,374	2,935	-
Other payables	126,106	179,917	314,844	126,107	179,917	314,844
Accruals	899,731	1,363,955	2,141,676	894,259	1,359,782	2,139,481
	<b>20,845,452</b>	<b>19,145,605</b>	<b>17,197,215</b>	<b>21,022,031</b>	<b>19,323,482</b>	<b>17,379,208</b>

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables and accruals are non-interest bearing and have an average term of six months. The fair values of trade and other payables are equal to their carrying amounts as the impact of discounting is not considered to be significant.

22.2 Dividend payable	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
1 January	1,029,673	804,865	804,865	1,029,673	804,865	804,865
Dividend declared	657,732	538,144	538,144	657,732	538,144	538,144
Dividend paid	(370,867)	(313,336)	(313,336)	(370,867)	(313,336)	(313,336)
31 December	<b>1,316,538</b>	<b>1,029,673</b>	<b>1,029,673</b>	<b>1,316,538</b>	<b>1,029,673</b>	<b>1,029,673</b>

22.3 Unclaimed dividends

These are the amounts returned by the Registrar to the Group in line with regulatory requirement. They are payable upon demand. The N1.268 billion (2022: N1.273 billion) unclaimed dividends is exclusive of the amount held by the Registrar and yet to be claimed by shareholders.

22.4 Refund liabilities arising from rights of return

Refund liabilities relates to some customers' right to return products that are damaged, expired or close to expiry. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. As returns are only expected for damaged, expired or close to expiry products, the realisable value of right of returned goods assets have been assessed as immaterial in line with the Group's policy to fully impair such products.

23 Contract Liabilities	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
Arising from advances from customers	-	11,065	-	-	11,065	-
	<b>-</b>	<b>11,065</b>	<b>-</b>	<b>-</b>	<b>11,065</b>	<b>-</b>

24 Liability for share-based payments

**Cash-settled share-based payments**

In terms of a long term incentive plan, the eligible members of senior management are entitled to receive cash settled awards at the end of a three year 'restricted period', provided they remain in continuous employment with the Group for the aforesaid period. The value of such incentive is based on the price of shares of GlaxoSmithKline Plc, UK and there are no performance criteria attached.

The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the shares of GlaxoSmithKline Plc, UK. Any changes in the liability are recognised in the statement of profit or loss.

	GROUP			COMPANY		
	As at 31					
	As at 30 June 2023	December 2022	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	8,768	26,279	26,279	8,768	26,279	26,279
Expensed during the period	4,759	1,423	-	4,759	1,423	-
Settlement during the period	(5,245)	(18,934)	-	(5,245)	(18,934)	-
At 30 June / 31 December	<b>8,282</b>	<b>8,768</b>	<b>26,279</b>	<b>8,282</b>	<b>8,768</b>	<b>26,279</b>

The Group does not have any equity settled share-based payment scheme.

25 Related party disclosures

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

The following table provides the total amount of transactions that have been entered into with related parties as at 30 June 2023 and 30 June 2022; as well as the outstanding balances for the transactions as at 30 June 2023 and 31 December 2022.

Nature of transaction	GROUP					
	Value of transactions		Amounts owed by related parties		Amounts owed to related parties	
	As at 30 June 2023	As at 30 June 2022	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	N'000	N'000	N'000	N'000	N'000	N'000
<b>Subsidiary:</b>						
Winster Pharmaceuticals Limited:	-	-	-	-	-	-
<b>Other sister companies:</b>						
GlaxoSmithKline Pharmaceutical Nigeria Limited	826,401	-	-	-	250,385	407,429
GSK Biological Manufacturing Limited	-	23,127	-	-	185,835	112,075
GlaxoSmithKline Export Limited	-	4,674,394	-	-	9,955,755	6,432,300
GlaxoSmithKline South Africa (Pty) Limited	-	-	-	-	111,269	74,205
GSK Trading Service	1,786,894	3,452,150	-	-	4,453,372	6,520,108
GlaxoSmithKline Services Unlimited	-	-	-	-	182,403	104,728
<b>Total</b>	<b>2,613,295</b>	<b>8,149,671</b>	<b>-</b>	<b>-</b>	<b>15,139,019</b>	<b>13,650,845</b>

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Nature of transaction	COMPANY					
	Value of transactions		Amounts owed by related parties		Amounts owed to related parties	
	As at 30 June 2023 N'000	As at 30 June 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000	As at 30 June 2023 N'000	As at 31 December 2022 N'000
<b>Subsidiary:</b>						
Winster Pharmaceuticals Limited:	-	4,863	-	-	182,050	182,050
<b>Other sister companies:</b>						
GlaxoSmithKline Pharmaceutical Nigeria Limited	Shared service	826,401	-	-	250,385	407,429
GSK Biological Manufacturing Limited		-	23,127	-	185,835	112,075
GlaxoSmithKline Export Limited		-	4,674,394	-	9,955,755	6,432,300
GlaxoSmithKline South Africa (Pty) Limited		-	-	-	111,269	74,205
GSK Trading Service	Purchases	1,786,894	3,452,150	-	4,453,372	6,520,108
GlaxoSmithKline Services Unlimited		-	-	-	182,403	104,728
<b>Total</b>		<b>2,613,295</b>	<b>8,154,534</b>	<b>-</b>	<b>15,321,069</b>	<b>13,832,895</b>

Following the separation of GSK entities into Haleon and New GSK in half year 2022, transactions and balances with GlaxoSmithKline Consumer Trading Services , GlaxoSmithKline Consumer Healthcare South Africa Pty Ltd, GSK Consumer Holdings US LLC and GlaxoSmithKline Consumer Healthcare UK TA which were hitherto reported under related party transactions and balances, are now reported as third party transactions and balances. Accordingly, the current period transactions and balances between the entities have been reported under trade receivables and trade payables in these condensed consolidated and separate financial statements.

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

	GROUP			COMPANY		
	As at 31		As at 30 June 2022 N'000	As at 31		As at 30 June 2022 N'000
	As at 30 June 2023 N'000	December 2022 N'000		As at 30 June 2023 N'000	December 2022 N'000	
<b>Receivable from related parties:</b>						
Local	-	-	-	-	-	-
Foreign	-	-	-	-	-	-
<b>Payable to related parties:</b>						
Local	250,385	407,429	1,262,263	432,435	589,479	1,446,451
Foreign	14,888,634	13,243,416	10,951,911	14,888,634	13,243,416	10,951,911
	<b>15,139,019</b>	<b>13,650,845</b>	<b>12,214,174</b>	<b>15,321,069</b>	<b>13,832,895</b>	<b>12,398,362</b>

There were no sales to related parties for the period ended 30 June 2023 (2022: Nil).

**The ultimate parent company**

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

**Details of transactions with related parties**

Purchases from related parties are for inventory items as well as support / shared services provided. Details of the nature of shared services between the Group and GlaxoSmithKline Pharmaceutical Nigeria Limited are disclosed in Note 7.2.

The Group obtained promotional allowance from trading partners within the GSK Group amounting to N10.7 billion (2022: N228 million) which reduced the liabilities of the Group to the trading partners. This promotional allowance has been recognised in other gains and losses in the statement of profit or loss (see Note 9).

Outstanding balances at the period end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: Nil). This assessment is undertaken each financial period (where applicable) by examining the financial position of the related party and the market in which the related party operates.

**26 Financial instruments – Fair values and risk management**

**26.1 Financial Risk Management**

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

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

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

**(a) Market risk**

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

**(i) Interest rate risk**

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

**(ii) Foreign currency risk**

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

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

**(b) Credit risk**

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

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

With respect to cash and cash equivalents, the Group's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions. No ECL has been recognised on cash and cash equivalents as it is immaterial. The credit quality of the Group's cash and cash equivalents, restricted cash and current investments has not deteriorated significantly since initial recognition, hence the loss allowance continues to be based on the 12 months ECL. The Group maintains balances in Augusto & Co, S&P global as well as Fitch rated banks.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment, the Group uses a single credit rating for all its customers. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews. Any shipments to major customers are generally within the credit limits approved by management based on the independent risk assessment of each customer. The credit terms to customers is short to ensure adequate monitoring and early detection of delinquency.

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

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

The maximum exposure to credit risk at the reporting date was:

	GROUP		COMPANY			
	As at 31		As at 30	As at 30	As at 31	As at 30
	June 2023	December 2022	June 2022	June 2023	December 2022	June 2022
	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other receivables (excluding non-financial receivables)	3,264,355	3,768,107	6,237,525	3,264,355	3,768,107	6,237,525
Cash and cash equivalents	23,214,990	19,976,023	12,877,541	23,214,990	19,976,023	12,877,541
	<b>26,479,345</b>	<b>23,744,130</b>	<b>19,115,066</b>	<b>26,479,345</b>	<b>23,744,130</b>	<b>19,115,066</b>

**(c) Liquidity risk**

The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. The objective is to maintain a balance between working capital and medium term business expansion funding requirements. Access to sources of short and medium term funding is sufficiently available, where required.

**26.2 Accounting classifications and fair values**

Trade and other receivables, cash and cash equivalents, and trade and other payables are the Group's financial instruments. Accordingly, their fair values are not expected to be materially different from their carrying values.

### 26.3 Capital management

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 June 2023.

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

	GROUP			COMPANY		
	As at 31		As at 30 June 2022 N'000	As at 31		As at 30 June 2022 N'000
	June 2023 N'000	December 2022 N'000		June 2023 N'000	December 2022 N'000	
Trade and other payables	20,845,452	19,145,605	17,018,756	21,022,031	19,323,482	17,200,749
Less: cash and bank balances	23,214,990	19,976,023	12,877,541	23,214,990	19,976,023	12,877,541
	(2,369,538)	(830,418)	4,141,215	(2,192,959)	(652,541)	4,323,208
Equity	9,214,442	9,532,452	9,110,656	9,051,609	9,368,321	8,942,160
Capital and net debt	6,844,904	8,702,034	13,251,871	6,858,649	8,715,780	13,265,367
<b>Gearing ratio (Capped to Zero)</b>	<b>0%</b>	<b>0%</b>	<b>31%</b>	<b>0%</b>	<b>0%</b>	<b>33%</b>

### 27 Contingencies

#### 27.1 Pending litigation and claims

The Group is currently involved in some civil actions in court either as defendant, co-defendant or as plaintiff including those arising from ex-employees' actions after the divestment of the drinks business. The cases are at various stages of adjudication and our solicitors are adequately protecting and promoting our interest. The Group has a total contingent liability amounting to N70 million with respect to these litigations (2022: N81 million). Based on the facts, it is the opinion of the Directors that the effect of the current actions will not be material.

#### 27.2 Financial commitments

The Group had no financial commitment at the reporting date (2022: Nil). The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the financial position of the Group, have been taken into consideration in the preparation of these condensed consolidated and separate financial statements.

### 28 Impact of the ongoing conflict between Russia and Ukraine

The ongoing conflict between Russia and Ukraine have had little to no impact on the Group's operations. As the situation continues to evolve, the directors have put in place measures to monitor developments in the conflict for any potential impact and respond appropriately.

### 29 Going concern

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have come to the conclusion that the Group and Company will not remain a going concern in the year ahead. This is due to the following reasons:

- The GSK Group has informed GlaxoSmithKline Consumer Nigeria plc of its strategic intent to cease commercialization of its prescription medicines and vaccines in Nigeria through local operating Companies and transition to a local third-party direct distribution model for GSK products.
- The Haleon Group has informed GlaxoSmithKline Consumer Nigeria plc of its intent to cease its distribution agreement with them in the coming months and to appoint a local third-party distributor in Nigeria for the supply of its consumer healthcare products.

Due to the above reasons, GlaxoSmithKline Consumer Nigeria Plc has no realistic alternative but to cease operations.

### 30 Events after the reporting date

There are no other known events occurring after the reporting period which could have had a material effect on the state of affairs of the Group and Company as at 30 June 2023 that has not been adequately provided for or disclosed in these consolidated and separate financial statements.