

PHARMA DEKO PLC

..... Providing Healthy Solutions

PHARMA-DEKO PLC
UNAUDITED JANUARY TO JUNE 30TH, 2017
FINANCIAL REPORT.

Prepared in accordance with IFRS & IAS 34

FOR THE NIGERIAN STOCK EXCHANGE

PHARMA-DEKO PLC

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PHARMA-DEKO PLC

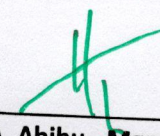
IFRS Financial Statements for Half Year to 30th June 2017
Financial Highlights

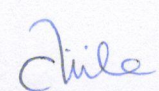
	Description	HY.'2017		HY.'2016		As At Dec.'2016		% Change
		N'000	% Revenue	N'000	% Revenue	N'000	% Revenue	
1	Revenue	697,975		379,417		1,095,109		184%
2	Cost of sales	(394,886)	-57%	(208,542)	-55%	(595,558)	-54%	189%
3	Distribution, Admin & Other Expenses	(352,372)	-50%	(309,835)	-82%	(745,619)	-68%	114%
4	Gross Margin	303,088		170,875		499,551		177%
4	Other Income	3,484		927		37,547	-	376%
5	Finance cost	-		-		-	-	0%
6	Loss before taxation	(45,800)		(138,033)		(208,521)	-	33%

Comments on Half Year Results:

1. Sales recorded for half year 2017 is attributable to limitations on production capacity as a result of an old bottling line which has been replaced. A new bottling line with an increased production capacity has been installed, commercial production of which is planned July 2017.
2. The marginal increase in the cost of sales was due to cost of raw and packaging materials that were adversely impacted in early in 2017 by poor supply of foreign currency by CBN which resulted in increase in N:US\$ exchange rate following increased demand.
3. We are optimistic that once the installation of the new bottling line is in full operation, production capacity would significantly increase and coupled with strategic marketing & sales initiatives, results for the second half of 2017 would be positive.

The financial statements and accompanying notes were approved by the Board of Directors on 27th July 2017 and signed on its behalf by:


J.A. Abibu - Managing Director
(FRC/2015/IODN/00000011374)


Aima Eshiet – Chief Finance Officer
(FRC/2017/ICAN/00000016906)

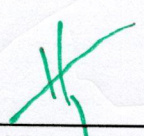
PHARMA-DEKO PLC

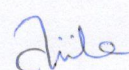
Pharma Deko Plc
IFRS Financial Statements for Half Year to 30th June 2017

Statement of Financial Position

		As at Jun.'2017	As at Dec.'2016
	Note	N''000	N''000
Property, Plant and Equipment	6	1,765,183	1,733,678
Intangible Assets	6.1	611	977
Deferred Tax Asset	16	10,007	10,007
		1,775,801	1,744,662
Current Assets:			
Inventories	7	252,811	331,045
Trade Receivables	8	4,752	7,197
Other Receivables and Prepayments	9	97,297	195,715
Cash and Cash equivalents	10	11,964	45,426
		366,825	579,383
TOTAL ASSETS		2,142,626	2,324,045
Equity and liabilities			
Share Capital	17	108,465	108,465
Share Premium	18	375,888	380,009
Revaluation Reserve	19	1,241,433	1,241,433
Retained Earning	20	(52,899)	10,869
Total Equity		1,672,887	1,740,776
Employee Benefits	11	98,447	100,349
Deferred Tax Liability		-	-
Total Non Current Liabilities		98,447	100,349
Loans and Borrowings	10.1	-	50,000
Trade Payables	12	69,106	53,050
Interim Dividend Payable		-	-
Other Payables	13	201,215	268,976
Taxation	15	100,971	110,894
Total Current Liabilities		371,292	482,920
Total Liabilities		469,739	583,269
TOTAL EQUITY AND LIABILITIES		2,142,626	2,324,045

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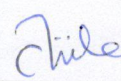
Pharma Deko Plc
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Statement of Comprehensive Income

		Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
	Note	N''000	N''000	N''000
Turnover	4	697,975	379,417	1,095,109
Cost of sales		(394,886)	(208,542)	(595,558)
Gross Margin		303,088	170,875	499,551
Other Income	5	3,484	927	37,547
		306,572	171,802	537,098
Selling and Distribution Expenses		(125,607)	(80,038)	(137,171)
Administration Expenses		(226,765)	(229,797)	(608,448)
Operating Loss before Taxation		(45,800)	(138,033)	(208,521)
Taxation	15	-	-	(10,182)
Loss from Continuing Operation		(45,800)	(138,033)	(218,703)
Profit/(loss) from discontinuing Operation		-	-	-
Loss for the period		(45,800)	(138,033)	(218,703)
Revaluation surplus (net of tax)		-	-	206,826
Total Comprehensive Loss for the Period		(45,800)	(138,033)	(11,877)
Per share data (50 kobo ordinary share):				
Profit per share-Kobo (Note: the number of shares as at Sept'16, 217million shares. See note 20 of Note to Account)		(21.11)	(63.63)	(101.00)

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Pharma Deko Plc
IFRS Financial Statements for Half Year to 30th June 2017

Statement of Changes in Equity

	Share Capital N''000	Share Premium N''000	Revaluation Reserve N''000	Retained Earnings N''000	Total N''000
Balance as at January 1 2017	<u>108,465</u>	<u>380,009</u>	<u>1,241,433</u>	<u>10,868</u>	<u>1,740,776</u>
Total Comprehensive income of the Period					
Loss as at 30th June.' 2017	-	-	-	(45,800)	(45,800)
Transactions in Equity					
Interim Dividend	-	-	-	(10,847)	(10,847)
Movement during the year	-	(4,121)	-	(7,121)	(11,242)
Balance as at 30 June 2017	<u>108,465</u>	<u>375,888</u>	<u>1,241,433</u>	<u>(52,899)</u>	<u>1,672,887</u>
Balance as at January 1 2016	<u>108,471</u>	<u>380,024</u>	<u>1,034,607</u>	<u>262,094</u>	<u>1,785,197</u>
Total Comprehensive income of the Period					
Loss for the year	-	-	-	(218,703)	(218,703)
Transactions in Equity					
Dividend paid	-	-	-	(32,523)	(32,523)
Refund on Right Issue	(6)	(15)	-	-	(21)
Revaluation Surplus (net of tax)	-	-	206,826	-	206,826
Total Comprehensive income of the Period	<u>(6)</u>	<u>(15)</u>	<u>206,826</u>	<u>(32,523)</u>	<u>174,282</u>
Balance as at 31 December 2016	<u>108,465</u>	<u>380,009</u>	<u>1,241,433</u>	<u>10,868</u>	<u>1,740,776</u>

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IFRS Financial Statements for Half Year to 30th June 2017

Statement of Cashflows

	As at Jun.'17	As at Dec.'16
	N''000	N''000
Cash flows from operating activities		
Cash generated from operations	53,248	(305,912)
Vat paid	(10,561)	(13,462)
Tax paid	(9,923)	(26,618)
Net cash provided/(used) by operating activities	<u>32,764</u>	<u>(345,992)</u>
Cash flow from investing activities		
Purchase of fixed assets	(54,698)	(269,770)
Purchase of intangible asset	-	-
Interest received and similar income	3,440	2,798
Net cash used in investing activities	<u>(51,258)</u>	<u>(266,972)</u>
Cash flow from financing activities		
Dividend Paid	(10,847)	(32,523)
(Decrease)/Increase in Share Capital	-	(6)
Decrease in Share Capital premium	(4,121)	(15)
Net cash used by financing activities	<u>(14,968)</u>	<u>(32,544)</u>
Net decrease in cash and cash equivalents	<u>(33,462)</u>	<u>(645,508)</u>
Cash and cash equivalents at 1 January	<u>45,426</u>	<u>690,934</u>
Cash and cash equivalent at 30 Jun.' 2017 (See Note 10)	<u>11,964</u>	<u>45,426</u>

PHARMA-DEKO PLC

Notes to the Financial Statement

1. Nature of Operations

The Company's principal activities include the marketing, manufacturing of high quality pharmaceutical and consumer products. The consumer and pharmaceutical products share the same production utilities and the Company leverages on this to ensure efficiency and effectiveness in its production process.

The Company is also engaged in the canning of high quality beverages for other companies in the beverages – brewers/distillers sector. Adequate investment is being made in this line to ensure that the company becomes the number one canning choice for beverages.

2. General information and statement of compliance with IFRS

The financial statements of the company for the half year ended June 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN). The company produced its first set of IFRS financial statements in 2012.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The financial statements comprise of a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows and notes. The financial statement is presented in the functional currency, Nigerian Naira rounded up to the nearest thousand.

3. Summary of Significant Accounting Policies

3.1. Property, Plant and Equipment

Property, Plant and Equipment are tangible assets that can span more than one accounting periods. These items are stated at their original cost or fair value less accumulated depreciation and impairment losses.

Land and Building is measured at fair value which is determined every two years. The fair value is determined by engaging the services of an external professional Valuer. Any increase as a result of the revaluation of Land and Building is recognized in other comprehensive income and accumulated in equity under the heading of Revaluation Surplus. However, the increase is recognized in Profit or Loss to the extent that it reverses a revaluation decrease previously recognized in Profit or Loss. If the revaluation results to a decrease in the carrying amount of Land and Building, the decrease is recognized in Profit or Loss. However, the decrease is recognized in Other Comprehensive Income to the extent of any credit balance existing in the Revaluation Surplus in respect of the asset. Any Revaluation Surplus remaining in equity on disposal of the asset is transferred to Retained Earnings.

Plant and Machinery, Furniture and Fittings, Motor Vehicles and Computer Equipment are measured at cost. The initial cost of these assets comprises its purchase price and any costs directly attributable to bringing the asset into operation. The capitalized value of plant and machinery acquired via finance lease is also included within property, plant and equipment.

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Notes to the Financial Statement

3.2. Depreciation and Impairment

Depreciation is charged over the estimated useful life of the assets when available for use and is calculated at the following rates per annum on cost or valuation:

	%
Buildings	2
Plant and Machinery	10
Furniture and Fittings	15
Motor Vehicles	20
Motor Bike/Tricycle	50
Computer Equipment	33 ¹ / ₃
Computer Software	33 ¹ / ₃

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

Impairment is measured as the difference between the carrying amount of an asset and its recoverable amount. Recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Impairment is tested for when there is an indication of impairment such as:

- Decline in the market value of an asset;
- Changes in the technological, economic or legal environment resulting in an adverse effect on our activities;
- Obsolescence or damage of assets;
- Worsening performance of assets.

When there is an objective evidence of impairment, the loss is recognized in profit or loss except when there has been a previous upward revaluation in which case the impairment loss is recognized directly in equity. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'other income' or 'other expenses'.

3.3. Fair Value

Land and Building are measured at fair value by reference to market based evidence (Level 1 Fair Value Measurement). The fair value measurement is carried out every two years to ensure that the carrying amount of Land and Building is not materially different from its market value.

3.4. Lease Assets

In accordance with *IAS 17 Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are owned by Pharma Deko Plc. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to income statement over the period of the lease.

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Notes to the Financial Statement

3.5. Inventories

Inventories are stated at the lower of cost and net realizable value after making adequate provision for obsolete, slow moving and damaged items. In case of good manufactured by the company, cost includes production overheads. Stock is valued at weighted average and goods in transit at the invoice price. Work in progress is stated at cost. Cost in this case consists of direct labour and materials plus appropriate proportion of factory overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

3.6. Financial Instruments

a. Non Derivative Financial Assets

i. Trade Receivables

Trade receivables are financial assets measured at amortized cost less any impairment losses. Credit sales are rarely done and the effect of discounting is immaterial hence they are stated at their invoice price. Trade receivables are assessed annually to determine if there is an objective evidence of impairment. The impairment loss is determined by splitting the receivables into groups of trade receivables that share similar credit risk characteristics. The credit risk groups are to be assessed for impairment using historical loss experience for each group. Such historical loss experience would be adjusted to reflect the effects of current conditions.

Staff Receivables, which are interest free and for a tenor of less than twelve months, is also measured at amortised cost. In this case it is the face value of the loan.

ii. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Non Derivative Financial Liabilities

The company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Trade payables are measured at amortized cost. They are shown at face value because they do not carry any interest and usually have a tenor of two to three months.

Loans and Borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

3.7. Taxation

Income tax and education tax payable are provided on taxable and assessable profits respectively at the current statutory rates.

Deferred Taxation

Deferred Taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Based on the IFRS provisions, IAS 12, liability method recognizes all timing differences as temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

PHARMA-DEKO PLC

Notes to the Financial Statement

Deferred Taxation

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which Pharma Deko Plc expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted at the Statement of Financial Position date. Deferred tax assets are recognized when it is considered probable (more likely than not) that those assets will be recovered.

3.8. Foreign Currency Transaction

Transactions denominated in foreign currencies are translated into Naira at the ruling rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the prevailing exchange rate at the balance sheet date. Any gain or loss arising from a change in exchange rates is charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.9. Employee Benefits

The company provides a contributory pension fund scheme which is funded by contributions from employees at 8% and employer at 10% based on basic salary, housing and transport in line with the Pension Reform Act of 2004. The employers' contribution is charged to the Statement of Profit or Loss and Comprehensive Income. Contributions are expensed in the period they are payable and any unpaid contribution at the end of the period are recognized as a liability.

The company also operates an unfunded non-contributory gratuity scheme. Employee final benefit on this scheme is determined based on employee's years of service and terminal salary. This applies to employees who retire, resign or are made redundant or the company terminates their appointment as aforesaid. It does not apply to employees who are dismissed from the company.

3.10. Provisions

Provisions are recognized when the company has present obligation whether legal or constructive, as a result of past events for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*.

3.11. Revenue

Sales of Goods

The sales of good comprises of pharmaceutical goods and consumer goods. Revenue from the sale of these goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales tax and volume rebates. Revenue is recognized when the risks and rewards of ownership is transferred to the buyer. This occurs when the buyer has taken delivery of the goods. Revenue is recognized when the amount of revenue can be measured reliably, collection is probable and the costs incurred or to be incurred can be measured reliably.

Rendering of Services

The rendering of services involves the canning of consumer beverages. Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, costs incurred and cost to complete can be measured reliably and stage of completion can be ascertained at end of the reporting period. The stage of completion is determined by using the surveys of work completed.

PHARMA-DEKO PLC

Notes to the Financial Statement

3.12. Discontinued Operations

A discontinued operation represents a component of the company's principal business that is a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Profit or loss from discontinued operations is presented in a single amount in the income statement. This amount is the post-tax profit or loss of discontinued operations.

3.13. Earnings per Share

The company presents basic earnings per share (EPS) data for its ordinary shares. The Basic EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.14. Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Though the company collects rent from a portion of its warehouse, it is not considered an investment property because the portion used for production or supply of goods and services is significant compared to the portion used for rent.

3.15. Significant Management Judgment in applying Accounting Policies and Estimation Uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Below is the significant management judgment in applying the accounting policies of Pharma Deko Plc that has the most significant effect on the financial statements.

4. Operating Segment

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses.

Pharma Deko Plc is engaged in the manufacturing and marketing of high quality pharmaceutical and consumer products. The Company has three reportable segments which serve as the Company's Strategic Business Units.

The following summary describes the operations in each of the reportable segments:

- **Pharma:** This refers to the pharmaceutical products of the Company;
- **Consumer:** This refers to Sans Cream Soda (pet and can) and Bien in Pet;
- **Contract:** This refers to the canning of beverages for other companies

These operating segments are assessed and strategic decisions are made on the basis of operating segment results. Due to the nature of the Company's operations and the relationship among the above segments (sharing of production utilities), the assets and the liabilities of the company cannot be determined on a segmental basis and does not form part of the information provided to management for segmental review. Hence, such information is not disclosed as part of operating segments.

Also, Cost of Sales, Selling and Distribution Costs, Administrative Expenses and Interest Expenses are distributed evenly to all segments due to the reason mentioned above.

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IFRS Financial Statements for Half Year to 30th June 2017

Notes to the Financial Statement

4. Operating Segment

Summary of Operating Segment- 2017	Pharma	Consumer	Contract	Total
	N'000	N'000	N'000	N'000
Segment Revenue	288,652	409,322	-	697,975
Cost of Good Sold	(116,658)	(262,780)	-	(379,437)
Depreciation	(4,576)	(10,874)	-	(15,449)
Total Cost of sales	(121,233)	(273,653)	-	(394,886)
Selling and Distr.	(44,958)	(80,649)	-	(125,607)
Admin. Exp.	(105,826)	(120,939)	-	(226,765)
Interest Exp.	-	-	-	-
	(272,018)	(475,240)	-	(747,258)
Segment Profit after Extra-Ordinary	16,635	(65,918)	-	(49,283)

Summary of Operating Segment- 2016	Pharma	Consumer	Contract	Total
	N'000	N'000	N'000	N'000
Segment Revenue	130,990	248,427	-	379,417
Cost of Good Sold	(48,051)	(144,167)	-	(192,218)
Depreciation	(3,498)	(12,827)	-	(16,324)
Total Cost of sales	(51,548)	(156,993)	-	(208,542)
Selling and Distr.	(28,389)	(51,649)	-	(80,038)
Admin. Exp.	(80,257)	(149,541)	-	(229,797)
Interest Exp.	-	-	-	-
	(160,194)	(358,183)	-	(518,377)
Segment Profit after Extra-Ordinary	(29,204)	(109,756)	-	(138,960)

5.1. Reconciliation of Operating Segment Profit before Other Income

Description	Jan-Jun.'17	Jan-Jun.'16
	N'000	N'000
Total Profit for Segments	(49,283)	(138,960)
Discontinued Operations	-	-
	(49,283)	(138,960)
Add: Unallocated Amount		
Other Income	3,484	927
Company Profit before Income Tax	(45,799)	(138,033)
Details of Other Income	N'000	N'000
Foreign Exchange Gain	914	
Miscellaneous Income	2,456	
Net-gain on Asset Disposal		
Interest Income & Similar	3	
Sales of scrap	67	862
Net Arbitration Award	-	-
	3,440	862

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Notes to the Financial Statement

5.1. Reconciliation of Operating Segment Profit before Other Income

Other Income represents exchange gain on foreign exchange transactions, Insurance claim and sales from used kegs, drums, caps and nylons.

6. Property, Plant and Equipment

	Land Land N''000	Building Building N''000	Plant and Machinery N''000	Furniture and Fittings N''000	Motor Vehicles N''000	Computer Equipment N''000	Fixed Asset in Progress N''000	Total N''000
<u>COST/VALUATION</u>								
At 1 January 2017	485,612	658,838	150,785	9,115	97,473	10,637	383,351	1,795,811
Additions	-	5,046	25,499	364	1,534	-	22,255	54,698
At 30 Jun.' 2017	485,612	663,884	176,284	9,479	99,007	10,637	405,606	1,850,509
Accumulated Depreciation								
At 1st January 2017	-	-	-	2,421	52,219	7,493	-	62,133
Charge for the period	-	6,592	7,978	596	7,453	574	-	23,193
At 30 Jun.' 2017	-	6,592	7,978	3,017	59,672	8,067	-	85,326
Impairment								
At 1st January 2017	-	-	-	-	-	-	-	-
Impairment on revalued	-	-	-	-	-	-	-	-
Assets written back	-	-	-	-	-	-	-	-
Charge for the period	-	-	-	-	-	-	-	-
At 30 Jun.' 2017	-	-	-	-	-	-	-	-
Net book value								
At 30 June 2017	485,612	657,292	168,306	6,462	39,335	2,570	405,606	1,765,183
At 31 December 2016	485,612	658,838	150,785	6,694	45,254	3,144	383,351	1,733,678

	Land Land N''000	Building Building N''000	Plant and Machinery N''000	Furniture and Fittings N''000	Motor Vehicles N''000	Computer Equipment N''000	Fixed Asset in Progress N''000	Total N''000
<u>COST/VALUATION</u>								
At 1st January 2016	469,702	644,000	792,571	2,303	83,248	7,426	81,992	2,081,242
Additions	-	16,211	24,850	6,812	18,350	3,211	200,336	269,770
Disposal	-	-	-	-	(4,125)	-	-	(4,125)
Elimination of Acc. Depreciation	-	(53,114)	(641,118)	-	-	-	-	(694,232)
Impairment	-	-	(75,363)	-	-	-	-	(75,363)
Revaluation Surplus	15,910	51,740	49,846	-	-	-	101,023	218,519
At 31 December 2016	485,612	658,838	150,785	9,115	97,473	10,637	383,351	1,795,811
Accumulated Depreciation								
At 1st January 2016	-	40,099	625,738	1,887	37,688	6,158	-	711,570
Charge for the period	-	13,015	15,381	534	16,404	1,335	-	46,669
Disposal	-	-	-	-	(1,873)	-	-	(1,873)
Acc. Depreciation on revalued assets	-	(53,114)	(641,119)	-	-	-	-	(694,232)
At 31 December 2016	-	-	-	2,421	52,219	7,493	-	62,133
Impairment								
At 1st January 2016	-	-	75,363	-	-	-	-	75,363
Impairment on revalued	-	-	-	-	-	-	-	-
Assets written back	-	-	(75,363)	-	-	-	-	(75,363)
Charge for the period	-	-	-	-	-	-	-	-
At 31 December 2016	-	-	-	-	-	-	-	-
Net book value								
At 31 December 2016	485,612	658,838	150,785	6,694	45,254	3,144	383,351	1,733,678
At 31 December 2015	469,702	603,901	91,470	416	45,560	1,268	81,992	1,294,310

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6.1. Intangible Assets

	AS AT Jun.'2017	AS AT Dec.'2016
Cost	N"000	N"000
At 1 January	2,197	2,197
Additions	-	-
At 30 Jun.' 2017	2,197	2,197
Accumulated amortisation & impairment:		
At 1 January	1,221	488
Amortisation	366	732
	1,587	1,221
At 30 Jun.' 2017	611	977

7. Inventories

	AS AT Jun.'2017	AS AT Dec.'2016
	N"000	N"000
Raw material	99,566	99,035
Finished goods	55,108	128,833
Packaging Material	75,090	77,550
Engineering Consumable Item./Diesel	23,047	25,627
	252,811	331,045
Impaired inventories	-	-
	252,811	331,045

7.1. Movement in the allowance for impairment of inventories

	AS AT Jun.'2017	AS AT Dec.'2016
	N"000	N"000
At 1 January 2017	-	107,890
Charge for the year	-	-
Write-back	-	(107,890)
At 30 Jun.' 2017	-	-

8. Trade Receivables

	AS AT Jun.'2017	AS AT Dec.'2016
	N"000	N"000
Trade Receivables	4,752	7,197
Impairment of trade receivables	-	-
	4,752	7,197

Trade Receivables are non-interest bearing and are generally on a 30 day term

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9. Other Receivables and Prepayments

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
Staff debtors	5,965	6,560
Cash Advance	1,520	-
Total Finance Assets	7,485	6,560
Sundry Receivables(Reclassification)	53,142	88,830
Prepayments	29,012	5,462
Deposit for import-PPE & STOCK	7,657	51,625
Prepaid Housing Allowance	-	43,238
Total Non Finance Assets	89,812	189,155
	97,297	195,715

10. Cash and Cash Equivalents

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
Cash at Bank	11,960	45,422
Cash in hand	4	4
Cash and cash Equivalents	11,964	45,426
Bank overdrafts used for cash management purposes	-	-
Bank overdrafts	-	-
Cash and cash Equivalents in Statement of Cashflows	11,964	45,426

10.1. Loans and Borrowings

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
Bank overdrafts	-	-
Commercial paper	-	50,000
	-	50,000

The commercial papers comprise several issuances from Financial Derivatives Company Limited the balance of N100million. It was agreed to be settled within 2years (2016 & 2017). The last settlement of N50 million was paid in March 2017

11. Employee Benefits

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At 1. January	100,349	72,340
Provision as at Jun. 2017	11,566	76,043
Payment made as at Jun. 2017	(13,468)	(48,034)
At 30 Jun.' 2017	98,447	100,349

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Notes to the Financial Statement

12. Trade Payables

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At 30 Jun.' 2017	<u>69,106</u>	<u>53,050</u>

Trade payables are measured at amortized cost. However, because the trade payables are non-interest bearing and have a settlement period of three months hence they are stated at the invoice amount.

13. Other Payables

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
Financial Liability		
Sundry creditors (Note 13.1)	69,293	109,251
Accruals	54,580	74,699
Vat-Receiveables	(2,690)	18,859
Employee Benefits-Unpaid Contribution (Note 13.2)	69,630	56,167
	<u>190,813</u>	<u>268,976</u>
Non Financial Liability		
Deferred Rent Income	-	-
Customer's deposit	10,402	-
	<u>10,402</u>	<u>-</u>
Total	<u>201,215</u>	<u>268,976</u>

13.1. Sundry Creditors

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
Other creditors	831	35,657
Industrial training fund (Note 13.3)	8,163	5,678
Union Dues	330	152
Withholding Tax on Dividend	231	231
Withholding Tax on Services	45,363	45,392
Pay As You Earn (PAYE)	1,982	2,072
Salaries and Wages Payable	1,450	10,499
1% NSITF	10,043	8,670
Dividend Payable	900	900
	<u>69,293</u>	<u>109,251</u>

13.2. Employee Benefits – Unpaid Contributions

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At January	66,167	81,451
Provision as at Jun. 2017	24,304	48,446
Payment made as at Jun. 2017	(20,841)	(63,730)
At 30 Jun.' 2017	<u>69,630</u>	<u>66,167</u>

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13.3. Industrial Training Fund

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At January	5,678	323
Provision as at Jun. 2017	2,485	15,159
Payment made as at Jun. 2017	-	(9,804)
At 30 Jun.' 2017	8,163	5,678

13.4. Withholding Tax on Services

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At January	45,392	45,836
Deductions	1,982	-
Remittances	(2,011)	(444)
At 30 Jun.' 2017	45,363	45,392

14. Interim Dividend

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At January	-	-
Proposed for the period	-	32,523
Payment made as at Jun. 2017	-	(32,523)
	-	-

The interim dividend of 15k per share was declared for 217 million shares.

15. Taxation

	AS AT Jun.'2017	AS AT Dec.'2016
	N''000	N''000
At January	110,894	127,330
Charge for the year (Note 15.1)	-	10,182
Payment made as at Jun. 2017	(9,923)	(26,618)
	100,971	110,894
Paid during the year	-	-
At 30 Jun.' 2017	100,971	110,894

The amount of N100.9 million represents a provision for estimated Capital Gains Tax on disposal of the company's landed property in 2015. The company also acquired assets in excess of N300 million between 2015 and 2016 that qualify for roll over relief. This is currently been evaluated in readiness for filing with the relevant tax authorities.

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Notes to the Financial Statement

15.1. Tax Charge for the Year

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
Education Tax	-	-
Minimum Tax	-	10,182
Company income tax	-	-
Capital gain tax	-	-
Deferred tax charge/(write back)	-	-
End of the Year	-	10,182

16. Deferred Income Tax

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
Start of the Year	(10,007)	(21,700)
Charge/(Write back) for the year	-	11,693
At 30 Jun.' 2017	(10,007)	(10,007)

The deferred income tax is calculated using the enacted income tax rate of 30%.

17. Share Capital

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
300,000,000 ordinary shares of 50k each	150,000	150,000
Ordinary Shares Issued and Fully Paid		
At 1 January	108,465	108,471
Movement during the year	-	(6)
At 30 Jun.' 2017	108,465	108,465
 At 1 January	 216,930	 216,942
Movement during the year	-	(12)
At 30 Jun.' 2017	216,930	216,930

18. Share Premium

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
At 1 January	380,009	380,024
Movement during the year	(4,121)	(15)
At 30 Jun.' 2017	375,888	380,009

19. Revaluation Reserve

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
At 1 January	1,241,433	1,034,607
Movement during the year	-	206,826
At 30 Jun.' 2017	1,241,433	1,241,433

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Notes to the Financial Statement

20. Retained Earnings

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
Revenue reserves	10,869	262,095
Dividend Paid	(10,847)	(32,523)
Movement-Events After Reporting	(7,121)	-
Loss for the period	(45,800)	(218,703)
	(52,899)	10,869

20.1. Rights Issue Reconciliation

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
Share capital	-	(6)
Share premium	-	(15)
	-	(21)

Basic earnings per share

The calculation of basic earnings per share was based on the Profit for the period of N6.97million and a weighted average number of ordinary shares outstanding of 216,942 thousand.

21. Reconciliation of Profit after Taxation to Net Cash provided by Operating Activities

	AS AT Jun.'2017 N''000	AS AT Dec.'2016 N''000
Loss before taxation	(45,800)	(208,521)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	23,193	46,668
Amortisation	366	732
Write-back Inventory	-	-
Loss on PPE disposal	-	(546)
Additional cost on PPE disposal	-	-
VAT and WHT provision on PPE disposal	-	-
Impairment of plant and machinery	-	-
Changes in operating assets and liabilities		
Decrease in inventories	78,234	3,472
Increase in trade debtor	2,445	2,460
Increase other debtors and prepaymt.	98,418	21,542
Increase / (decrease) in trade creditors	16,056	(86,988)
Decrease in other creditors	(67,761)	(62,740)
Decrease in Loans and Borrowing	(50,000)	(50,000)
Increase / (decrease) in retirement benefits	(1,902)	28,009
	99,048	(97,391)
Cash provided /(used) by operating activities	53,248	(305,912)

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