

2020

THE INITIATES PLC MANAGEMENT ACCOUNT FOR PERIOD ENDED 30TH JUNE 2020



Initiates finance

THE INITIATES PLC.

7/16/2020



DOCUMENT TITLE: 2020 SECOND QUARTER MANAGEMENT ACCOUNT

DOCUMENT NO.: TIP-CFD-MNG -0022

REV NO.: 00

Unit/Dept: COMMERCIAL AND FINANCE

Site/Location:

TIP BASE

Completed By: DOUGLAS ROSEMARY

Position: CHIEF FINANCIAL OFFICER

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THE INITIATES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of **The Initiates Plc** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company and the results of its operations, cashflows and changes in equity for the period ended 30th June 2020, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

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

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

The Directors are responsible for:

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

The financial statements of the Company for the period ended 30th June 2020 were approved by directors on 29 July, 2020.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

.....
Mr. Joe Ogbonna Anosikeh
Chairman
FRC No:FRC/2014/NIS/00000008836

.....
Mr. Reuben Mustapha Ossai
Managing Director
FRC No:FRC/2014/NIAECHI/00000009687



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**CERTIFICATE OF COMPLIANCE OF THE INITIATES PLC PURSUANT TO
SECTION 60(2) OF THE INVESTMENT AND SECURITIES ACT, 2007 FOR THE FIRST
QUARTER ENDED 30TH JUNE 2020**

We hereby certify that:

1. The signing officers have reviewed the financial report;
 2. Based on the knowledge of the officers, the Management account does not:
 - a. Contain any untrue statement of a material fact;
 - b. Omit to state a material fact which would make the statement misleading in the light of the circumstances under which the statement was made;
 3. The financial statement represents fairly the financial condition and result of the operations of the Company as of and for the period indicated;
 4. The signing officers:
 - a. Are responsible for establishing and maintaining internal control.
 - b. Have designed such internal control to ensure that material information relating to the Company is made known to such officers within the entity particularly during the period in which the periodic report was prepared.
 - c. Have evaluated the effectiveness of the Company's internal control as of date within 30 days prior to the time of this account.
- I. The signing officers have disclosed to the Audit Committee of the Company.
- II. All significant deficiencies in the design or operations of the internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and was identified for any material weakness in internal controls;

Anosikeh, Joe Ogbonna
Chairman

FRC No: FRC/2014/NIS/00000008836

Ossai, Reuben Mustapha
Chief Executive Officer

FRC//2014//NIAECHI//00000009687

Douglas Rosemary
Chief Financial Officer

FRC//2017//ICAN//00000016060



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SECURITIES TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule): The Initiates Plc 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 Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.

Olaide Odejebi

Company Secretary

FRC/2017/NBA/00000016739



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SHAREHOLDING STRUCTURE AND FREE FLOAT STATUS AS AT THE PERIOD ENDED 30TH JUNE 2020

COMPANY NAME: THE INITIATES PLC.
BOARD LISTED: ASEM BOARD
YEAR END: DECEMBER REPORTING PERIOD
HALF YEAR: 30TH JUNE 2020
SHARE PRICE AT END OF REPORTING PERIOD: N0.70 (2019: N0.65)

DESCRIPTION	2020		2019	
	UNITS	PERCENTAGE (IN RELATION TO ISSUED SHARE CAPITAL) %	UNITS	PERCENTAGE (IN RELATION TO ISSUED SHARE CAPITAL) %
Issued Share Capital @ 50 Kobo per share	900,000,000	100%	900,000,000	100%
Details of Substantial Shareholdings (5% and above)				
DVCF OIL & GAS PLC	332,174,967	36.91	332,174,967	36.91
OSSAI REUBEN M	190,695,237	21.19	190,695,237	21.19
AFOLAYAN SAMUEL	65,453,152	7.27	65,453,152	7.27
OBOH-OZOHEREBE GORDON	58,568,412	6.51	58,568,412	6.51
Total Substantial Shareholdings	646,891,768	71.88	646,891,768	71.88
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
ANOSIKEH JOE OGBONNA	18,295,796	2.03	18,295,796	2.03
ALIKOR ACHI EDWARD	1,126,761	0.13	1,126,761	0.13
EBINUM JOSEPH (INDIRECT - BELL IYKE LIMITED)	34,550,000	3.84	34,550,000	3.84
OBOH CHARLES AROAWODE	1,000,000	0.11	1,000,000	0.11
Total Directors' Shareholdings	54,972,557	6.11	54,972,557	6.11
Details of Other Influential shareholdings, if any (E.g. Government, Promoters)				
EMPLOYEES	5,432,282	0.60	5,432,282	0.60
Total of Other Influential Shareholdings	5,432,282	0.60	5,432,282	0.60
Free Float in Unit and Percentage	192,703,393	21.41	192,703,393	21.41
Free Float in Value	N134,892,375.10		N125,257,205.45	

(A) THE INITIATES Plc with a free float percentage of 21.49% as at 30 June 2020, is compliant with The Exchange's free float requirements for companies listed on the ASEM Board.

(B) THE INITIATES Plc with a free float percentage of 21.49% as at 30 June 2019, is compliant with The Exchange's free float requirements for companies listed on the ASEM Board.



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AUDIT COMMITTEE REPORT OF THE INITIATES PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP.C20, LFN 2004, and Section 60(2) of the Investment and Securities Act 2007, we have reviewed the Management account for the first quarter ended 30th June, 2020 and hereby state as follows:

1. We examined the accounting entries, policies and bases for preparation of the second quarter account ended 30th June, 2020; this was in our opinion adequate.
2. We also reviewed the Internal Auditors report for the period as well as the Management's response thereon.
3. We ascertained that the accounting and reporting policies of the Company for the second quarter account ended 30th June, 2020 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the accounting entries, policies and bases of this Management account for the second quarter ended 30th June, 2020 was adequate and Management's response to Internal Auditors' findings thereon was satisfactory.

Dated 25th July, 2020

NWANMA UGOCHUKWU CHRISTIAN

Chairman

FRC/2017/ ICAN/00000016424

Members of the Committee:

Mr. Christian Ugochukwu Nwanma - Chairman/Shareholder Representative

Sir Enoch Iwueze- Shareholder Representative

Prof.Edward Alikor - Non-Executive Director

Mr. Joseph Ebinum - Non-Executive Director



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EXECUTIVE SUMMARY:

1.1 SECOND QUARTER (APRIL - JUNE 2020)

1.1.1 REVENUE

TIP posted a total revenue of NGN79.69m (2019: N85.53) for the second quarter representing a 6.8% drop. Q2 Revenue of NGN78.7m was far LOWER than that of previous Q1 2020 Revenue of NGN161.54m by 52.28%. This was as a result of low revenue generation due to the current COVID-19 pandemic. The makeup of this revenue along core business lines shows a significant contribution from Waste Management Service (TDU) –N60.9m (YTD 2020 146.07) representing 76.4% of the revenue for the period.

1.1.2 GROSS PROFIT

However due to the effects of COVID 19, inflation, high exchange rate, inter- state and city lockdown and various discounts granted to clients TIP posted a Gross Profit of NGN7.38m, (2019 – NGN41.94m) which is a 83.43% drop. **DC:** 2020 – NGN72.33m, 2019 – NGN43.60m, an increase in Direct Cost of 65.91.

1.1.3 NET PROFIT:

This high cost of operation resulted in a net loss of about 2020 - (NGN26.4), 2019 – (NGN6.61m) showing a drop in profit level of 306.06%, in the second quarter.

1.2 HALF-YEAR (JAN- JUNE 2020)

1.2.1 REVENUE: 2020 – NGN246.35m, 2019 – NGN266.98m, a meagre drop of 7.73%,

1.2. 2 GROSS PROFIT: 2020 – NGN66.99m, 2019 – NG105.12m a shortfall of 40.08%.

1.2.3 DC: 2020 – NGN183.36m, 2019 – NGN161.87m an increase in Direct cost by13.27%,

1.2.4 NET PROFIT: 2020 – (NGN14.1m), 2019 – NGN10.7m, a decline of 231.8%.



BALANCE SHEET

2.0 BALANCE SHEET

TIP Balance Sheet values dropped to NGN1.130b during the year under review from NGN1.133b as at 30 June 2019. Fixed Asset/Turnover ratio reached an all-time low of 0.09:1

1. Trade Receivables: This stood at NGN114.865m at the close of business (COB)

on 30 June, 2020 (2019: NGN211.218m). Out of this, only NGN41.26m were above 90 days.

2. Trade Payable: TIP Account Payable dropped to NGN79.98m as at 30 June, 2020 as against NGN77.07m as at 30 June, 2019.

3. Measurement of Liquidity

When TIP's Current Assets of NGN128.334m (i.e Trade & Other Receivables – NGN123.145m and Cash & Cash Equivalent – NGN5.189m) is charged against Current Liabilities of NGN175.282m, a Quick Ratio of about 0.73:1 is reported. This however shows a precarious liquidity situation meaning that TIP's current assets that can be quickly turn or converted into liquid cash will not be enough to meet immediate payable obligations. This is also confirmed by the negative net cash flow of NGN1.776m (Q2 Statement of Cash Flow) posted as at 30 June, 2020. TIP is eating deep into its favourable Cash reserve of NGN13.42m that was recorded as at 31 December, 2019 which has now be depleted to NGN5.189m.

The Management and Board has set up a strategic committee of proffer effective solutions (short, medium and long term) that urgent bring TIP out of this precarious position. We are confident and optimistic that these hard periods will be for just this quarter. The Q3 will be very good.



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THE INITIATES PUBLIC LIMITED COMPANY

HIGHLIGHT OF ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2020.

STATEMENT OF COMPREHENSIVE INCOME

<i>FOR THE PERIOD ENDED 30TH JUNE</i>				<i>SIX MONTHS ENDED JUNE 30TH</i>		
	<i>ACTUAL</i>	<i>HISTORICAL</i>	<i>CHANGE</i>	<i>ACTUAL</i>	<i>HISTORICAL</i>	
	<i>Q2 2020</i>	<i>Q2 2019</i>	<i>%</i>	<i>YTD 2020</i>	<i>YTD 2019</i>	<i>CHANGE</i>
	<i>N'Mn</i>	<i>N'Mn</i>		<i>N'Mn</i>	<i>N'Mn</i>	
Revenue	79.69	85.53	(6.82)	246.35	266.99	(7.73)
Direct cost	72.33	43.59	65.91	183.36	161.87	13.27
Gross Profit	7.37	41.94	(82.43)	62.99	105.12	(40.08)
Other Income	0.22	0.01	3,175.77	0.58	1.54	(62.48)
Total Indirect Cost	33.20	37.00	(10.27)	74.30	71.84	3.43
Financial Cost	-	10.38	(100.00)	-	(19.08)	(100.00)
Profit Before Tax	(25.60)	(5.44)	371.07	(10.73)	53.91	(119.91)
Provision of Income Tax Expense	0.80	1.07	(25.28)	3.37	5.04	(33.07)
Profit for the period	(26.40)	(6.50)	306.06	(14.10)	10.70	(231.80)
				-		

STATEMENT OF FINANCIAL POSITION

<i>AS AT 30TH JUNE</i>			
	<i>YTD 2020</i>	<i>YTD 2020</i>	<i>CHANGE</i>
ASSETS	<i>N'Mn</i>	<i>N'Mn</i>	<i>%</i>
Non-Current Assets			
Property, plant and Equipment	875.45	800.25	9.40
Total Non-Current Assets			
Current Assets			
Inventories	6.81	4.14	64.73
Trade receivables	123.15	218.71	(43.69)
Cash and cash equivalents	5.19	5.92	(12.26)
Current tax assets	116.18	99.01	17.34
Other current tax assets	3.95	10.63	(62.88)
Total current Asset	255.27	338.40	(24.56)
Total Assets	1,130.72	1,138.64	(0.70)
Non-Current Liabilities			
Deferred tax	70.06	54.38	28.84
Current Liabilities			
Trade and Other payables	92.18	150.59	(38.79)
Provisions	-	22.30	(100.00)
Current tax liabilities	27.35	12.48	119.19
Other current tax liabilities	55.63	39.47	40.94
Employees' benefits	3.50	2.04	71.07
Short term borrowings	-	-	-
Total current liabilities	178.65	226.88	(21.26)
Total Liabilities	248.71	281.25	(11.57)
Working Capital	6.56	57.14	(88.52)
Net Asset	882.01	857.39	2.87

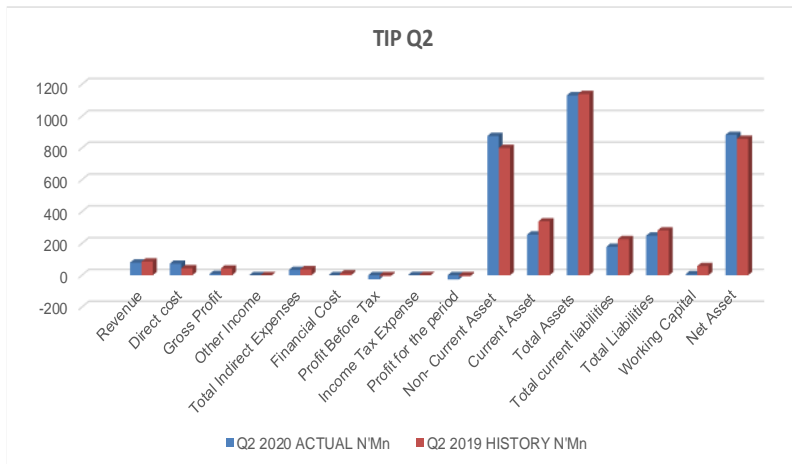


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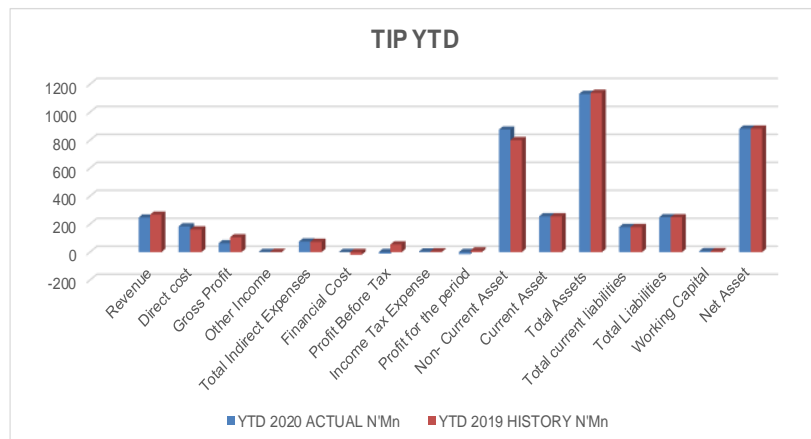
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KEY RATIOS						
THREE MONTHS ENDED 30TH JUNE				SIX MONTHS ENDED JUNE 30TH		
	Q2 2020	Q2 2019	% CHANGE	YTD 2020	YTD 2019	CHANGE
Earnings Per Share	(0.03) Kobo	0.01 Kobo	371.07	0.01 Kobo	0.01 kobo	(191.77)
Gross Profit Margin	9.25%	49.03%	(81.14)	25.57%	39.37%	(31.61)
Net Profit Margin	-32.12%	-6.35%	405.57	-4.36%	4.01%	(199.46)
Net Asset Per Shares	0.99Kobo	0.96Kobo	3.26	0.99kobo	0.96 Kobo	3.37
Return on Capital Employed	-2.67%	0.60%	349.54	1.12%	1.17%	(187.49)
Current Ratios	1.46 x	1.49x	(2.36)	1.46 x	1.49x	(1.98)
Net Working Capital:	1.02 x	1.30 x	(23.02)	0.32x	0.42x	(21.38)
Fixed Asset Turnover:	0.09 x	0.11x	(14.83)	0.28x	0.33x	(15.66)
Receivables Turnover	1.29 x	0.78 x	65.48	4.00x	2.44x	62.87
Payables Turnover	(2.29 x)	(1.00 x)	129.00	(5.59x)	(2.90x)	92.13
Return On Equity	-2.89%	0.01%	356.18	0.01%	0.01%	(188.78)
Return On Assets	7.05%	0.08%	(6.17)	0.22%	0.23%	(7.14)
Price Earning per Share	(17.38 kobo)	81.87Kobo	(78.77)	41.46 Kobo	41.59Kobo	(208.97)
	27.71%	0.33%	(15.53)	0.28%	0.33%	(15.67)



Graphical representation of TIP's SECOND QUARTER 2020 performance



Graphical representation of TIP's HALF YEAR 2020 performance



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THE INITIATES PLC

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH JUNE 2020**

		ACTUAL Q2 2020 N	HISTORICAL Q2 2019 N	CHANGE %	ACTUAL JAN - JUN 2020 N	HISTORICAL JAN - JUN 2019 N	CHANGE %	2019 N	2018 N
Continuing Operations	Notes								
Revenue from contracts with customers	6	79,694,797	85,530,976	(6.82)	246,353,471	266,989,790	(7.73)	550,218,779	700,798,753
Cost of sales	7	72,325,155	43,591,964	65.91	183,363,401	161,874,742	13.27	(285,547,369)	(371,721,258)
Gross profit		7,369,642	41,939,012	(82.43)	62,990,070	105,115,048	(40.08)	264,671,410	329,077,495
Other income	6a	223,011	6,808	3,175.77	578,999	1,543,078	(62.48)	30,140,845	22,643,412
Staff costs	8	15,095,231	16,652,176	(9.35)	31,861,656	33,585,183	(5.13)	(72,773,148)	(74,060,130)
Depreciation and impairment loss	9	2,134,778	1,782,019	19.80	4,117,342	3,544,388	16.17	(7,526,599)	(5,852,221)
Administrative expenses	10	15,967,067	18,562,536	(13.98)	38,323,577	34,708,004	10.42	(88,538,219)	(97,901,448)
Other expenses	11	-	-	-	-	-	-	-	(13,686,747)
Total Indirect Cost		33,197,075	36,996,731	(10.27)	74,302,575	71,837,575	3.43	(168,837,966)	(191,500,546)
Results from operating activities		(25,604,422)	4,949,090	(617.36)	(10,733,506)	34,820,551	(130.83)	125,974,289	160,220,361
Finance cost	13	-	10,384,452	(100.00)	-	19,084,452	(100.00)	(30,153,731)	(14,105,902)
Profit before tax		(25,604,422)	(5,435,362)	371.07	(10,733,506)	15,736,099	(168.21)	95,820,558	146,114,459
Provision for Income tax expense	14.1	796,948	1,066,518	(25.28)	3,370,240	5,035,552	(33.07)	(53,551,712)	(43,884,152)
Profit for the Period		(26,401,370)	(6,501,880)	306.06	(14,103,746)	10,700,547	(231.80)	42,268,846	102,230,307
Other Comprehensive income									
Foreign currency translation difference	6b	186,304.38	13,034,000	(98.57)	1,695,746	19,017,034	(91.08)	-	(11,249,990)
Revaluation surplus on property, plant and equipment	23.3	-	-	-	-	-	-	221,263,007	-
Other comprehensive income for the year		186,304.38	13,034,000	(98.57)	1,695,746	19,017,034	(91.08)	221,263,007	(11,249,990)
Total comprehensive income for the year		(26,215,066)	6,532,120	(501.33)	(12,408,000)	29,717,581	(141.75)	263,531,853	90,980,317
Basic earnings per share (kobo)	37	(0.03)	(0.01)	306.06	(0.02)	0.01	(231.80)	5	11

The notes on pages 15 to 36 form part of these financial statements.



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THE INITIATES PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE

	Note	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
Assets						
Non-current assets						
Property, plant and equipment	15	875,448,379	800,248,323	9.40	864,209,717	655,833,451
Current assets						
Inventories	16	6,813,392	4,136,084	64.73	8,063,918	3,708,367
Trade and other receivables	17	123,145,457	218,707,865	(43.69)	142,477,084	287,236,270
Cash and cash equivalents	18	5,189,891	5,915,402	(12.26)	13,421,682	79,055,268
Current tax assets	19	116,177,270	99,007,070	17.34	116,863,352	97,218,003
Other current assets	20	3,945,947	10,629,482	(62.88)	4,264,376	6,432,901
Total current assets		255,271,956	338,395,904	(24.56)	285,090,412	473,650,809
Total Assets		1,130,720,335	1,138,644,226	(0.70)	1,149,300,129	1,129,484,260
Equity and Liabilities						
Equity						
Share capital	21	444,990,776	444,990,776	-	444,990,776	444,990,776
Share premium	22	17,780,000	17,780,000	-	17,780,000	17,780,000
Revaluation reserve	23	303,473,535	221,389,128	37.08	303,473,535	82,210,528
Retained earnings	24	115,763,081	173,230,444	(33.17)	161,389,109	163,619,341
Total equity		882,007,392	857,390,348	2.87	927,633,420	708,600,645
Non-current liabilities						
Deferred tax liabilities	14.4	70,059,859	54,377,713	28.84	92,186,159	54,377,713
Current liabilities						
Trade and other payables	25	92,177,775	150,588,004	(38.79)	52,677,285	154,903,738
Provisions	26	-	22,296,843	(100.00)	13,482,130	36,028,711
Current tax liabilities	14	27,349,301	12,477,700	119.19	17,602,350	20,641,917
Other current tax liabilities	27	55,628,368	39,469,072	40.94	43,663,784	34,813,288
Employees' benefits	28	3,497,640	2,044,548	71.07	2,055,001	118,248
Borrowings	29	-	-	-	-	120,000,000
Total current liabilities		178,653,084	226,876,166	(21.26)	129,480,550	366,505,902
Total liabilities		248,712,943	281,253,879	(11.57)	221,666,709	420,883,615
Total equity and liabilities		1,130,720,335	1,138,644,227	(0.70)	1,149,300,129	1,129,484,260

These financial statements were approved by the Board of Directors on 29th July, 2020 and signed on its behalf by:

.....
 Mr. Joe Ogonna Anosikeh
 Chairman
 FRC No:FRC/2014/NIS/00000008836

.....
 Mr. Reuben Mustapha Ossai
 Managing Director
 FRC No:FRC/2014/NIAECHI/00000009687

.....
 Rosemary Douglas
 Chief Finance Officer
 FRC No:FRC/2017/ICAN/00000016060

The notes on pages 15 to 36 form part of these financial statements.



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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH JUNE 2020

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	444,990,776	17,780,000	303,473,535	161,389,109	927,633,420
Prior year adjustments	-	-	-	(33,218,028)	(33,218,028)
Dividend paid	-	-	-	-	-
Profit for the year	-	-	-	(14,103,746)	(14,103,746)
	444,990,776	17,780,000	303,473,535	114,067,335	880,311,646
Other comprehensive income:					
Exchange gain (Loss)				1,695,746	1,695,746
Revaluation surplus on property, plant and equipment (note 17.3)	-	-	-	-	-
At 30th June	444,990,776	17,780,000	303,473,535	115,763,081	882,007,392

FOR THE PERIOD ENDED 30TH JUNE 2019

	Share capital N	Share premium N	Revaluation reserve N	Retained earnings N	Total Equity N
At 1 January	444,990,776	17,780,000	82,210,528	163,619,341	708,600,645
Prior year adjustments	-	-	-	(20,106,478)	(20,106,478)
Dividend paid	-	-	-	-	-
Profit for the year	-	-	-	10,700,547	10,700,547
	444,990,776	17,780,000	82,210,528	154,213,410	699,194,714
Other comprehensive income:					
Exchange gain (Loss)				19,017,034	19,017,034
Revaluation surplus on property, plant and equipment (note 17.3)	-	-	139,178,600	-	139,178,600
At 30th June	444,990,776	17,780,000	221,389,128	173,230,444	857,390,348



DOCUMENT TITLE: 2020 SECOND QUARTER MANAGEMENT ACCOUNT

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THE INITIATES PLC

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH JUNE 2020**

	ACTUAL Q2 2020 N	HISTORICAL Q2 2019 N	CHANGE %	ACTUAL JAN - JUN 2020 N	HISTORICAL JAN - JUN 2019 N	CHANGE %	2019 N	2018 N
Cashflow from Operating Activities								
Cashflows from Operations	101,863,336	160,026,090	(36.35)	176,502,491	265,596,777	(33.54)	706,327,969	824,653,592
Cash Paid to Suppliers	(56,880,279)	(70,086,393)	(18.84)	(84,637,015)	(111,270,674)	(23.94)	(426,160,819)	(663,928,702)
Cash Paid to Employees	(15,095,231)	(16,652,176)	(9.35)	(31,861,656)	(33,585,183)	(5.13)	(72,773,148)	(74,060,130)
Paid to Government (taxes)	(2,752,934)	(3,665,349)	(24.89)	(2,752,934)	(3,665,349)	(24.89)	(53,551,712)	(1,932,316)
Total	27,134,893	69,622,172	(61.03)	57,250,887	117,075,571	(51.10)	153,842,291	84,732,444
Cashflow from Investment Activities								
Capex	(32,504,168)	(22,768,846)	42.76	(32,504,168)	(31,900,688)	1.89	(28,203,883)	(19,998,240)
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	-	1,700,000
Interest received	167,102	6,808	2,354.53	239,519	33,078	624.10	1,236,417	52,534
Total	(32,337,066)	(22,762,038)	42.07	(32,264,649)	(31,867,610)	1.25	(26,967,466)	(18,245,706)
Cashflow from Financing Activities								
Loans obtained	-	-	-	-	-	-	103,340,360	165,000,000
Repayment of loans	-	(120,000,000)	(100.00)	-	(120,000,000)	(100.00)	(223,340,360)	(105,000,000)
Unclaimed dividend returned	-	-	-	-	-	-	2,144,398	932,657
Dividend paid	-	-	-	-	-	-	(44,499,078)	(35,599,262)
Interest paid	-	-	-	-	(19,084,452)	(100.00)	(30,153,731)	(14,105,902)
Retained Earnings	-	-	-	(33,218,028)	(20,106,478)	65.21		
Total	-	(120,000,000)	-	(33,218,028)	(159,190,930)	(79.13)	(192,508,411)	11,227,493
Net Cash Flow	(5,202,174)	(73,139,866)	(92.89)	(8,231,791)	(73,982,969)	(88.87)	(65,633,586)	77,714,231
Opening Balance	10,392,065	79,055,268	(86.85)	13,421,682	79,898,371	(83.20)	79,055,268	1,341,037
Closing Balance	5,189,891	5,915,402	(12.26)	5,189,891	5,915,402	(12.26)	13,421,682	79,055,268

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THE INITIATES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020**

	ACTUAL Q2 2020 N	HISTORICAL Q2 2019 N	CHANGE %	ACTUAL JAN - JUN 2020 N	HISTORICAL JAN - JUN 2019 N	CHANGE %	2019 N	2018 N
6. Revenue from contracts with customer:	79,694,797	85,530,976	(6.82)	246,353,471	266,989,790	(7.73)	484,692,234	474,151,655
The revenue from contracts with customers is made up of:								
TDU	60,945,637	11,620,760	424.45	146,077,345	17,363,703	741.28	191,530,969	134,780,008
Incineration	9,625,149	60,421,362	(84.07)	34,139,626	82,115,353	(58.42)	3,976,500	-
Fixation and Stabilization	267,800	1,347,068	(80.12)	41,504,103	1,347,068	2,981.07	107,552,004	24,736,851
E- Waste	659,000	-	-	2,683,000	-	100.00	174,737,101	314,634,796
Industrial Cleaning Services	8,197,211	12,141,786	(32.49)	21,949,396	166,163,666	(86.79)	6,895,660	-
	79,694,797	85,530,976	(6.82)	246,353,471	266,989,790	(7.73)	484,692,234	474,151,655
6a. Other income								
Equipment rental	-	-	-	-	1,510,000	(100.00)	1,510,000	17,198,000
Interest received	167,102	6,808	2,354.53	239,519	33,078	624.10	1,236,417	52,534
Sale of secondary products	-	-	-	-	-	-	-	5,339,250
Sundry income	55,909	-	-	339,480	-	100.00	59,638	53,628
	223,011	6,808	3,175.77	578,999	1,543,078	(62.48)	2,806,055	22,643,412
6b Foreign exchange gains								
This represents exchange difference arising from translation of foreign currency transactions during the year under review.								
Foreign exchange gains	186,304	13,034,000	-	1,695,746	19,017,034	(91.08)	27,334,790	-
7. Cost of sales								
Waste Collection and Haulage	42,333,276	9,712,100	335.88	103,036,622	81,572,500	26.31	130,721,110	131,031,050
Waste Disposal	2,090,750	2,407,000	(13.14)	2,430,750	3,776,000	(35.63)	4,590,456	1,708,700
Hiring of equipment	464,152	6,205,732	(92.52)	3,716,486	11,374,117	(67.33)	19,148,768	83,400,711
Diesel and lubricants	1,503,736	2,672,393	(43.73)	1,747,675	5,873,131	(70.24)	11,216,472	4,968,465
Repairs and Maintenance	5,815,809	2,862,111	103.20	12,556,870	9,051,706	38.72	17,798,973	12,616,649
Transport and travelling	43,100	184,914	(76.69)	2,850,343	263,414	982.08	4,340,137	-
Consumables	331,450	4,827,460	(93.13)	21,408,540	22,358,735	(4.25)	28,680,185	49,310,646
Depreciation	8,663,260	6,986,212	24.01	17,148,163	13,902,686	23.34	33,564,025	26,872,375
Direct wages	6,173,985	3,871,200	59.49	10,947,040	5,456,880	100.61	11,750,880	15,432,441
Community relations and security	2,546,112	1,350,376	88.55	2,624,112	3,322,871	(21.03)	7,163,884	34,414,956
Compliance	478,395	988,008	(51.58)	1,496,540	1,198,008	24.92	8,442,699	9,097,757
Other direct costs	1,881,130	1,524,459	23.40	3,400,259	3,724,695	(8.71)	8,129,780	2,867,508
	72,325,155	43,591,964	65.91	183,363,401	161,874,742	13.27	285,547,369	371,721,258
7a. Other direct costs								
Business Development	27,000	126,500	(78.66)	621,746	619,985	0.28	2,295,635	715,000
QHSE	1,496,130	576,641	159.46	1,862,852	2,015,074	(7.55)	3,532,125	1,234,000
Permits	358,000	821,318	(56.41)	915,661	1,089,636	(15.97)	2,302,020	918,508
	1,881,130	1,524,459	23.40	3,400,259	3,724,695	(8.71)	8,129,780	2,867,508
8. Staff costs								
Salaries and allowances	12,228,307	13,684,925	(10.64)	24,985,569	27,708,036	(9.83)	59,443,411	60,182,532
Employer's pension contribution	1,476,875	1,356,813	8.85	3,002,413	2,725,100	10.18	5,533,500	5,522,064
Staff welfare	250,125	249,813	0.13	1,000,125	820,396	21.91	2,388,736	1,988,444
Performance Bonus	-	-	-	-	-	-	-	989,387
Medical expenses	1,139,923	1,360,626	(16.22)	2,873,549	2,331,651	23.24	5,407,501	5,377,703
	15,095,231	16,652,176	(9.35)	31,861,656	33,585,183	(5.13)	72,773,148	74,060,130



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THE INITIATES PLC

**NOTES TO THE FINANCIAL STATEMENTS
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	ACTUAL Q2 2020 N	HISTORICAL Q2 2019 N	CHANGE %	ACTUAL JAN - JUN 2020 N	HISTORICAL JAN - JUN 2019 N	CHANGE %	2019 N	2018 N
9. Depreciation and impairment loss								
Depreciation	2,134,778	1,782,019	19.80	4,117,342	3,544,388	16.17	7,526,599	5,852,221
10. Administrative expenses								
Directors' Remuneration	3,060,000	3,060,000	-	6,120,000	6,120,000	-	12,913,200	12,913,200
Directors' allowances and expenses	750,000	720,090	4.15	775,000	895,336	(13.44)	5,798,462	8,016,097
Directors' fees	-	-	-	-	-	-	2,250,000	2,250,000
Transport and travelling expenses	238,960	967,522	(75.30)	1,290,204	1,682,387	(23.31)	4,012,670	3,522,059
Professional fees	500,000	1,002,783	(50.14)	1,547,715	1,554,509	(0.44)	5,247,574	6,775,709
Electricity (PHCN)	400,733	86,840	361.46	915,459	295,132	210.19	676,837	1,419,288
Fuel and diesel	1,181,924	2,601,210	(54.56)	3,400,412	4,773,114	(28.76)	9,209,331	8,943,269
Licenses/Permits and levies	644,673	465,605	38.46	1,238,469	1,464,425	(15.43)	1,821,925	484,455
Security Personnel fees	386,982	-	100.00	386,982	-	100.00	-	-
Donation & Gift	-	-	-	1,120,000	362,500	-	735,500	640,000
Repairs and maintenance	1,786,695	599,545	198.01	4,543,525	1,327,470	242.27	2,747,650	5,685,040
Printing and stationery	117,524	128,472	(8.52)	314,671	438,812	(28.29)	1,107,206	1,128,020
Insurance	1,856,247	1,547,947	19.92	3,400,962	2,488,812	36.65	4,122,883	3,795,880
Telephone and Courier Services	186,400	158,200	17.83	323,100	290,200	11.34	928,585	1,124,523
Entertainment	88,500	76,400	15.84	414,650	324,750	27.68	840,800	839,530
Internet expenses	449,200	229,700	95.56	1,446,785	494,385	192.64	689,500	2,277,804
Industrial Training Fund	-	-	-	-	-	-	1,064,015	813,298
Bank charges	683,916	928,125	(26.31)	1,152,104	1,563,232	(26.30)	2,698,248	2,224,584
Training expenses	215,000	100,000	115.00	525,000	100,000	425.00	440,000	392,000
Local content tax	252,095	1,686,861	(85.06)	1,763,509	2,884,736	(38.87)	6,079,505	5,856,015
Subscription	20,000	1,116,629	(98.21)	548,478	2,152,752	(74.52)	1,378,407	902,300
Meal expenses	869,150	684,950	26.89	1,558,166	1,232,550	26.42	2,539,900	2,404,200
Corporate social responsibility	-	-	-	40,000	-	-	150,000	12,559,000
Balances written off	-	-	-	-	-	-	3,286,338	-
Leave allowance	455,400	486,750	(6.44)	1,070,850	960,300	11.51	-	-
Advertisement	-	342,847	(100.00)	567,000	342,847	65.38	383,847	715,784
Bad debt written off	-	-	-	-	-	-	40,671	7,188,072
Auditors' remuneration	1,000,000	1,000,000	-	2,000,000	2,000,000	-	2,500,000	2,500,000
Provision for doubtful debts	-	-	-	-	-	-	13,089,410	-
Terminal Benefit	-	-	-	-	-	-	-	-
Office and general expenses	823,669	572,060	43.98	1,860,537.50	959,755.01	93.86	1,785,755	2,531,321
	15,967,067	18,562,536	(13.98)	38,323,577	34,708,004	10.42	88,538,219	97,901,448
11. Other expenses								
Loss on sale of asset	-	-	-	-	-	-	-	3,071,528
Motor vehicle written off	-	-	-	-	-	-	-	716,875
Realized foreign exchange losses	-	-	-	-	-	-	-	9,898,344
12. Results from operating activities is stated after taking into account the undernoted items;								
Director's emolument:								
- Fees	-	-	-	-	-	-	2,250,000	2,250,000
- Others	-	-	-	-	-	-	18,711,662	20,929,297
Depreciation and impairment loss	2,134,778	1,782,019	-	4,117,342	3,544,388	16.17	41,090,624	32,724,596
Auditors' remuneration	1,000,000	1,000,000	-	2,000,000	2,000,000	-	2,500,000	2,500,000
13. Finance cost								
This represents interests charged by Guaranty Trust Bank Plc and Wema Bank Plc on invoice discounting and loan facilities obtained respectively by The Initiates Plc.								
Other financial charges	-	8,943,253	(100.00)	-	17,643,253	(100.00)	24,857,182	11,191,963
Interest on loans	-	1,441,198	(100.00)	-	1,441,198	(100.00)	-	-
	-	10,384,452	(100.00)	-	19,084,452	(100.00)	24,857,182	11,191,963
14. Taxation								
14.1 Minimum Tax Application due to Loss								
Net Loss	(25,604,422)	(5,435,362)	371.07	(10,733,506)	15,736,099	(168.21)	95,820,558	146,114,459
Add back Depreciation	10,798,038	8,768,231	23.15	21,265,506	17,447,074	21.89	41,090,624	5,852,221
Net Profit /(Loss)	(14,806,384)	3,332,869	(544.25)	10,531,999	33,183,173	(146)	136,911,182	151,966,680
Provision for Tax @ 32%	-	1,066,518	(100.00)	3,370,240	10,618,616	(47)	43,811,578	48,629,338
Minimum Tax @ 1%	796,948	-	-	-	-	-	-	-
	796,948	1,066,518	(25.28)	3,370,240	10,618,616	(68.26)	43,811,578	48,629,338



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**NOTES TO THE FINANCIAL STATEMENTS
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	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N	
14.2 Income tax expense						
Company income tax	1,852,760	1,859,084	(0.34)	12,990,332	15,117,272	
Provision for tax within the period	3,370,240	10,618,616				
Education tax	(0.02)	0.34	(105.88)	2,752,934	3,665,349	
	5,223,000	12,477,700	(58.14)	15,743,266	18,782,621	
Deferred tax	22,126,301	-		37,808,446	25,101,531	
	27,349,301	12,477,700	119.19	53,551,712	43,884,152	
14.3 Current tax liabilities						
Movement in Income tax liabilities						
At 1 January	17,602,350	20,641,917	(14.73)	20,641,917	12,992,056	
Payments during the year	(2,752,934)	(3,665,349)	(24.89)	(3,665,349)	(1,932,316)	
Tax charge for the year	27,349,301	12,477,700	119.19	15,743,266	18,782,621	
Withholding tax credit notes applied	(12,990,656)	(15,117,484)	(14.07)	(15,117,484)	(9,200,444)	
At 30th June	29,208,061	14,336,784	103.73	17,602,350	20,641,917	
14.4 Reconciliation of effective tax rate						
Profit for the year before tax	(10,733,506)	15,736,099	(168.21)	95,820,558	146,114,459	
Income tax using the company's domestic tax rate of 30%	796,948	(5,035,552)		28,746,167	43,834,338	
Education tax using tax rate of 2%	(512,088)	(108,707)	371.07	1,916,411	2,922,289	
Tax effect on expenses not deductible for tax purposes	-	-	-	13,384,360	11,888,960	
Tax effect on capital allowances	-	-	-	(27,529,336)	(36,370,430)	
Tax effect on tax incentives	-	-	-	(774,336)	(3,492,536)	
Tax charge in income statement (Income tax and Education tax)	284,860	(5,144,259)	(105.54)	15,743,266	18,782,621	
14.5 Deferred tax liabilities						
	YTD 2020 N	YTD2019 N	CHANGE %	Accelerated tax depreciation N	Revaluation surplus N	Total N
At 1 January 2020	70,059,859	29,276,182	139.31	29,276,182	-	29,276,182
Movement in the period	-	25,101,531	(100.00)	25,101,531	-	25,101,531
	70,059,859	54,377,713	28.84	54,377,713	-	54,377,713
	-	-		15,682,146	22,126,300	37,808,446
At 30th June 2020	70,059,859	54,377,713	28.84	70,059,859	22,126,300	92,186,159
15. Property, Plant and Equipment						
15.1 Summary						
The carrying amount of property, plant and equipment is stated as follows;						
Land	43,600,000	43,200,000	0.93	-	43,600,000	-
Buildings	168,919,520	163,450,303	3.35	-	170,073,340	176,190,811
Plant and Machinery	649,141,677	588,726,759	10.26	-	638,135,241	472,547,223
Furniture and Fittings	3,540,149	1,112,414	218.24	-	3,617,574	2,004,338
Office & HSE Equipment	10,247,032	3,758,847	172.61	-	8,783,562	5,091,079
	875,448,379	800,248,323	9.40	-	864,209,717	655,833,451



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020**

15.2 Analysis of Property, plant and equipment

	Land	Buildings	Plant and Machinery	Capital Work-in-Progress (note 17.4)	Motor Vehicles	Furniture and Fittings	Office & HSE Equipment	Total
Deemed Cost	N	N	N	N	N	N	N	N
At 1 January 2020	43,600,000	174,098,400	676,191,541	-	-	5,633,100	12,171,092	911,694,133
Addition in the year	-	590,720	28,154,599	-	-	955,000	2,803,850	32,504,168
At 30th June 2020	43,600,000	174,689,120	704,346,140	-	-	6,588,100	14,974,942	944,198,301
Accumulated Depreciation and impairment loss								
At 1 January 2020	-	(4,025,060)	(38,056,300)	-	-	(2,015,526)	(3,387,530)	(47,484,416)
Charge for the year	-	(1,744,540)	(17,148,163)	-	-	(1,032,425)	(1,340,379)	(21,265,507)
Write-off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 30th June 2020	-	(5,769,600)	(55,204,463)	-	-	(3,047,951)	(4,727,909)	(68,749,923)
Carrying amount								
At 30th June 2020	43,600,000	168,919,520	649,141,677	-	-	3,540,149	10,247,032	875,448,379
At 30th June 2019	43,200,000	163,450,303	588,726,759	-	-	1,112,414	3,758,847	800,248,323



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FOR THE PERIOD ENDED 30TH JUNE 2019

	Land	Buildings	Plant and Machinery	Capital Work-in-Progress (note 17.4)	Motor Vehicles	Furniture and Fittings	Office & HSE Equipment	Total
	N	N	N	N	N	N	N	N
Deemed Cost								
At 1 January 2019	-	176,190,811	472,547,223	-	-	2,004,338	5,091,079	655,833,451
Addition in the year		490,000	21,888,846			390,000	-	22,768,846
Reclassification	43,200,000	(43,200,000)	80,667,456			3,059,062	2,272,931	85,999,449
Revaluation surplus (note 17.3)	-	41,016,189	96,189,821	-	-	104,500	1,868,090	139,178,600
At 30th June 2019	43,200,000	174,497,000	671,293,346	-	-	5,557,900	9,232,100	903,780,346
Accumulated Depreciation and impairment loss								
At 1 January 2019	-	(9,692,634)	(69,842,768)	-	-	(3,749,858)	(4,562,057)	(87,847,318)
Charge for the year	-	(1,354,063)	(12,723,819)	-	-	(695,629)	(911,196)	(15,684,705)
Write-off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 30th June 2019	-	(11,046,697)	(82,566,587)	-	-	(4,445,486)	(5,473,253)	(103,532,023)
Carrying amount								
At 30th June 2019	43,200,000	163,450,303	588,726,759	-	-	1,112,414	3,758,847	800,248,323
At 30th June 2018	-	142,414,096	524,442,195	-	885,250.00	996,235.45	4,643,145	673,380,921



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15.3 Deemed cost

On 5 November 2018, the company's property, plant and equipment were revalued by Messrs. Jide Taiwo & Co (Estate Surveyors and Valuers - FRC/2012/0000000000254) on the basis of open market value of N880,800,000. The revalued amount was incorporated with the surplus of N221,263,007 arising therefrom transferred to revaluation reserve account in the financial statements as at 31st December 2019.

15.4 Capital work-in-progress

This represents costs incurred by The Initiates Plc on property, plant and equipment which were put to use in the prior year.

	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
Incinerator and E-Waste Plant Buildings	-	-	-	-	34,632,715
E-Waste Plant	-	-	-	-	36,723,693
Incinerator Plant	-	-	-	-	40,457,970
Rotocar	-	-	-	-	24,676,657
Transformer	-	-	-	-	3,000,000
Transfer	-	-	-	-	(139,491,035)
	-	-	-	-	-
15.5 Depreciation					
Cost of sales	17,148,163	13,902,686	23.34	33,564,025	26,872,375
Administrative	4,117,342	3,544,388	16.17	7,526,599	5,852,221
	21,265,506	17,447,074	21.89	41,090,624	32,724,596
15.6 Security					
As at 31 March 2020, there were no assets pledged as security.					
16. Inventories					
Diesel	2,693,950	479,351	462.00	3,784,544	1,180,219
QHSE Consumables	1,706,485	653,089	161.29	1,423,270	699,208
Stationeries	232,639	235,799	(1.34)	254,204	257,190
Technical/Electrical items	2,099,431	2,727,545	(23.03)	2,571,100	1,571,750
Other consumables	80,887	40,300	100.71	30,800	-
	6,813,392	4,136,084	64.73	8,063,918	3,708,367

The value of inventories recognised as an expense during the period was N6.998million (2018: N7.787 million).

No inventory was pledged as security during the year.

The Company uses First In First Out method in valuing its inventory.



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	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
17. Trade and other receivables					
Trade receivables (note 17.1)	114,865,393	211,218,583	(45.62)	135,472,885	280,541,407
Staff loans and advances (17.2)	1,973,063	1,397,681	41.17	912,598	2,487,532
Receivable due from related parties (note 17.3)	6,307,001	6,091,601	3.54	6,091,601	4,207,331
	123,145,457	218,707,865	(43.69)	142,477,084	287,236,270
17.1 Trade receivables					
Receivables from customers	114,865,393	211,218,583	(45.62)	155,819,661	287,798,773
Allowance for expected credit losses (note 17.1.1)	-	-	-	(20,346,776)	(7,257,366)
	114,865,393	211,218,583	(45.62)	135,472,885	280,541,407
Ageing of trade receivables					
Current				-	-
1 - 30 days past due	23,692,963	16,599,362	42.73	-	237,328,950
31 - 60 days past due	32,333,610	6,125,698	427.84	24,608,735	22,033,955
61 - 90 days past due	55,997,624	-	100.00	24,545,817	2,003,127
Over 90 days past due	2,841,195	188,493,523	(98.49)	106,665,109	26,432,741
	114,865,393	211,218,583	(45.62)	155,819,661	287,798,773
17.1.1 Movement in allowance for credit losses					
At 1 January	20,346,776	7,257,366	180.36	7,257,366	69,293
Allowance for the year	-	-	-	13,089,410	7,188,073
At 30th June 2020	20,346,776	7,257,366	180.36	20,346,776	7,257,366
17.2 Key management personnel and staff loans					
Loan to key management personnel	50,000	665,150	(92.48)	-	-
Staff loans and advances	1,923,063	732,531	162.52	953,269.00	2,487,532
Allowance for expected credit losses	-	-	-	(40,671.00)	-
	1,973,063	1,397,681	41.17	912,598	2,487,532

17.3 Receivable due from related parties
a. Relationship with Subsidiary Transactions

In February 2018, the Company entered into a joint venture agreement with a local company in Uganda with a view to tendering for waste management contracts in Total Uganda. This was followed up by the incorporation of a company (The Initiates Uganda Limited) in November 2018).



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When fully established the Company will be a subsidiary of The Initiates Plc.

	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
Due from					
The Initiates Uganda Limited - Pre-Incorporation expenses	6,307,001.00	6,091,601.00	3.54	6,091,601	4,207,331

b. Relationship with key management Personnel

Key management personnel include the Directors and the management staff of the Company

Transactions

During the year, funds were provided by the key management personnel to the Company. However, the Directors fees, allowances and other entitlements are stated in Note 32.

			2019 N	2018 N
At 1 January	-	-	-	-
Funds provided during the year	-	-	2,500,000	-
Repayments in the year	-	-	(2,500,000)	-
At 30th June 2020	-	-	-	-

18. Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank as at year end.

			N	N
Cash in hand	398,285	153,281	159.84	127,415
Cash at bank	1,652,931	3,324,134	(50.27)	10,294,267
	2,051,216	5,915,402	(65.32)	10,421,682
Apel Capital Investment note (note 18.1)	3,138,675	-	100.00	3,000,000
	5,189,891	5,915,402	(12.26)	13,421,682
				79,055,268

18.1 Short Term Investment

This represents short term investment in Apel Investment note. This investment has a tenor of 180 days with the interest rate of 8.25% per annum.



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19. Current tax assets

These represent withholding tax receivable as at year end.

	YTD 2020	YTD2019	CHANGE	2019	2018
	N	N	%	N	N
At 1 January	116,863,352	97,218,003	20.21	97,218,003	75,477,891
Withholding tax in the period	12,304,574	6,455,653	90.60	34,762,833	30,940,556
Withholding tax utilised during the year	(12,990,656)	(4,666,585)	178.38	(15,117,484)	(9,200,444)
At 30th June 2020	116,177,270	99,007,070	17.34	116,863,352	97,218,003

20. Other current assets

Prepaid expenses	3,945,947	10,629,482	(62.88)	4,264,376	6,432,901
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21. Share capital

Authorised: (note 23.1)

900,000,000 ordinary shares of N0.50 each	450,000,000	450,000,000	-	450,000,000	450,000,000
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Issued and fully paid: (note 23.2)

889,981,552 ordinary shares of N0.50 each	444,990,776	444,990,776	-	444,990,776	444,990,776
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21.1 Authorized share capital

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the authorized share capital of the company which was formerly 350,000,000 ordinary shares of N1.00 each was converted to 900,000,000 ordinary shares of N0.50 each.

21.2 Paid up share capital

At the 12th - 16th Annual General Meeting held on 23rd March 2015, the paid up share

22. Share premium

At 1 January	17,780,000	17,780,000	-	17,780,000
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Additional share premium	-	-	-	-
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At 30th June 2020	17,780,000	17,780,000	-	17,780,000
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23. Revaluation Reserve

On 5 November 2018, the company's property, plant and equipment were revalued by Messrs. Jide Taiwo & Co (Estate Surveyors and Valuers - FRC/2012/000000000254) on the basis of open market value of N880,800,000. The revalued amount was incorporated in these financial statements. The surplus of N221,263,007 arising therefrom was transferred to revaluation reserve account.

	N			
At 1 January	303,473,535	82,210,528	269.14	82,210,528
Adjustments (note 25.1)	-	-	-	-
Revaluation surplus	-	139,178,600	(100.00)	221,263,007
At 30th June 2020	303,473,535	221,389,128	37.08	303,473,535



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	YTD 2020	YTD2019	CHANGE	2019	2018
	N	N	%	N	N
24. Retained earnings					
At 1 January	161,389,109	163,619,341	(1.36)	163,619,341	169,621,532
Prior Year Adjustments (note 24.1)	(33,218,028)	(20,106,478)	65.21	-	(61,383,246)
Dividend paid	-	-	-	(44,499,078)	(35,599,262)
Profit for the year	(14,103,746)	10,700,547	(231.80)	42,268,846	102,230,307
	114,067,335	154,213,410	(26.03)	161,389,109	174,869,331
Other comprehensive income:					
Foreign currency translation difference	1,695,746	19,017,034	(91.08)	-	(11,249,990)
At 30th June 2020	115,763,081	173,230,444	(33.17)	161,389,109	163,619,341
24.1 Prior Year Adjustments					
These are adjustments made to correct errors in previous year's account balances. The account balances affected are as follows:					
				2019	2018
				N	N
Adjustment in trade and other payables	(33,218,028)		100.00	-	827,992
Adjustment in Bank	-			-	23,989
Adjustments in revenue and cost of sales	-			-	(58,455,594)
Adjustment in VAT and Withholding Tax Liabilities	-	(20,106,478)	(100.00)	-	(200,000)
Adjustments of prior year transactions paid in the current year	-			-	(729,633)
Adjustment in property, plant and equipment	-			-	(2,850,000)
	(33,218,028)	(20,106,478)	100.00	-	(61,383,246)
25. Trade and other payables					
Trade payables	79,982,523	77,068,880	3.78	34,092,049	140,812,003
Dividend payable (note 25.1)	3,603,731	45,958,411	(92.16)	3,603,731	1,459,333
Other payables	-	-	-	339,049	74,515
Accruals	8,591,521	27,560,712	(68.83)	14,642,456	12,557,887
	92,177,775	150,588,004	(38.79)	52,677,285	154,903,738



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	YTD 2020	YTD2019	CHANGE	2019	2018
	N	N	%	N	N
25.1 Dividend payable					
At 1 January	3,603,731	1,459,333	146.94	1,459,333	526,676
Unclaimed dividends	-	44,499,078		2,144,398	932,657
Prior Year Dividends approved during the year (note 25.1.1)	-	-		44,499,078	35,599,262
Payments made during the year	-	-		(44,499,078)	(35,599,262)
At 30th June 2020	3,603,731	45,958,411	(92.16)	3,603,731	1,459,333
25.1.1 Cash Dividend					
At the 20th Annual General Meeting held on 25 October 2019, the Shareholders approved dividend of 5 kobo per ordinary share payable out of the profit for the year ended 31 December 2018.					
				2019	2018
				N	N
26. Provisions					
At 1 January	13,482,130	36,028,711	(62.58)	36,028,711	107,802,085
Provisions made in the year	-	22,296,843	-100	22,000,000	79,000,000
Provisions used during the year	(13,482,130)	(36,028,711)	(62.58)	(44,546,581)	(150,773,374)
At 30th June 2020	-	22,296,843	(100.00)	13,482,130	36,028,711
27. Other current tax liabilities					
Pay As You Earn	1,491,628	427,533	248.89	971,713	4,688
Withholding tax payable	17,501,335	9,239,742	89.41	12,242,787	5,063,551
Local Content Tax Liability	1,223,200	-	100.00	-	-
Value Added Tax - Suppliers	9,792,207	7,071,824	38.47	11,756,403	3,772,983
Value Added Tax - Customers	25,619,998	22,729,973	12.71	18,692,881	25,972,066
At 30th June 2020	55,628,368	39,469,072	40.94	43,663,784	34,813,288
Accrued Haulage and Disposal	-	621,000	(100.00)	6,621,000	-
Accrued Auditors Fees	2,000,000	2,000,000	-	2,500,000	2,500,000
Accrued Directors' Fees	65,000	65,000	-	2,315,000	65,000
Accrued Performance Bonus	1,009,937	1,009,937	(0.00)	1,009,937	20,550.07
Accrued Staff Salary	4,152,284	596,597	596.00	5,809	4,152,284.12
Accrued Professional Fees	-	-	-	1,500,000	1,500,000.00
Accrued Directors' Emolument	792,780	792,780	-	-	240,794.00
Accrued interest on Loan	-	21,434,278	-	-	3,791,025.00
Accrued Security & Com Expense	571,520	1,041,120	(45.11)	690,711	897,822.41
At 30th June 2020	8,591,521	27,560,712	(68.83)	14,642,457	13,167,476



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	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
28. Employees' benefits					
Defined contribution plans (note 28.1)	3,497,640	2,044,548	0.42	2,055,001	118,248
28.1 Defined contribution plans					
These represent pension contribution. It is computed as follows: 8% of the employee's basic salary, housing and transport is contributed monthly by the employee and 10% of the employee's basic salary, housing and transport is contributed by the employer. The monthly contribution is remitted to the Pension Fund Administrators in accordance with the Nigerian Pension Reform Act 2014.					
At 1 January	2,055,001	118,248	1,637.87	118,248	2,669,645
Provision for the year	3,497,640	2,044,548	71.07	10,807,610	10,489,374
Payments made during the year	(2,055,001)	(118,248)	1,637.87	(8,870,857)	(13,040,771)
At 30th June 2020	3,497,640	2,044,548	71.07	2,055,001	118,248
29. Borrowings					
Guaranty Trust Bank Plc (note 29.1)	-	-	-	-	-
Wema Bank Plc (note 29.2)	-	-	-	-	120,000,000
Individuals (note 29.3)	-	-	-	-	-
	-	-	-	-	120,000,000



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	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
30. Information regarding directors and employees					
30.1. Directors					
Directors' emoluments comprises:					
Fees	-	-	-	2,250,000	2,250,000
Others - salaries and allowances	-	-	-	18,711,662	20,929,297
	-	-	-	20,961,662	23,179,297
Highest paid Director (Managing Director) - emolument	3,060,000	3,060,000		12,913,200	12,913,200
Other directors with emoluments	Number Nil	Number Nil	Number Nil	Number Nil	Number Nil
The number of directors with gross emoluments within the band stated were:					
Below N3,000,000	Number -	Number -	-	Number -	Number -
N3,000,001 - N7,000,000	-	-	-	-	-
N7,000,001 and above	1	1	-	1	1
	1	1	-	1	1
30.2 Employees				Number	Number
Average numbers of persons employed during the year:					
Management	10	10	-	10	10
Senior Staff	11	10	10.00	13	16
Junior Staff	28	28	-	28	26
	49	48	2.08	51	52
Aggregate payroll costs				N	N
Salaries and allowances	31,861,656	33,585,183	(5.13)	72,773,148	74,060,130
The number of employees in Nigeria with gross emoluments within the bands stated were:				Number	Number
N100,000	15	15	-	15	18
N500,001	14	12	16.67	14	12
N1,000,001	8	9	(11.11)	9	9
N1,500,001	12	12	-	13	13
	49	48	2.08	51	52



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31. Financial Risk Management

Risk management framework

The Board of Directors has over all responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee reports regularly to the Board of Directors on its activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments:

- a credit risk
- b liquidity risk
- c market risk
- d operational risk

a. 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 Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalents, including deposits with banks, amount due from related parties and staff loans.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company manages employee loans by ensuring that each employee does not exceed a loan greater than 40% of his or her annual pay, and only employees who meet this requirement receives a loan facility from the Company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews.



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Cash and cash equivalents are placed with banks which are regulated.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Counterparty credit limits are reviewed periodically, and may be updated at any point in the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a

The carrying amount of financial assets represents the maximum credit exposure.

i Exposure to credit risk

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

	Note	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
Trade and other receivables	17	123,145,457	218,707,865	(0.44)	142,477,084	287,236,270
Cash and cash equivalents	18	5,189,891	5,915,402	(0.12)	13,421,682	79,055,268
		128,335,348	224,623,267	(0.43)	155,898,766	366,291,538

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	Note	YTD 2020 N	YTD2019 N	CHANGE %	2019 N	2018 N
Customers	17	114,865,393	211,218,583	(0.46)	135,472,885	280,541,407
Related parties	17	6,307,001	6,091,601	0.04	6,091,601	4,207,331
Staff loans and advances	17	1,973,063	1,397,681	0.41	912,598	2,487,532
		123,145,457	218,707,865	(0.44)	142,477,084	287,236,270

The Company's most significant customer accounts for N101.0 million (2018:N200.3 million) of the trade and other receivables carrying amount at 30th June 2020



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ii Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing expected credit losses (ECL). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 33(i). The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2019 using a provision matrix:

31 December 2019

	Trade Receivables Days Past Due					Total
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	19.08%	
Estimated total gross carrying amount at default	-	-	24,608,735	24,545,817	106,665,109	155,819,661
Expected credit loss	-	-	-	-	(20,346,776)	(20,346,776)
	-	-	24,608,735	24,545,817	86,318,333	135,472,885

31 December 2018

	Trade Receivables Days Past Due					Total
	Current	1 - 30 days	31 - 60 days	61 - 90 days	> 90 days	
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	27.46%	
Estimated total gross carrying amount at default	-	237,328,950	22,033,955	2,003,127	26,432,741	287,798,773
Expected credit loss	-	-	-	-	(7,257,366)	(7,257,366)
	-	237,328,950	22,033,955	2,003,127	19,175,375	280,541,407

Expected credit loss measurement - other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for its other receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.



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ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days pastdue. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

b. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.



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The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

30 June 2020	Carrying Amount	Contractual Cash flows	Less than 1	1-2 Years	2-5 Years
Non derivative financial liabilities					
Borrowings	-	-	-	-	-
Trade and other payables	79,982,523	79,982,523	-	-	-
	79,982,523	79,982,523	-	-	-
30 June 2009	Carrying Amount	Contractual Cash flows	Less than 1	1-2 Years	2-5 Years
Non derivative financial liabilities					
Borrowings	-	120,000,000	120,000,000	-	-
Trade and other payables	77,068,880	77,068,880	-	77,068,880	-
	77,068,880	197,068,880	120,000,000	77,068,880	-

c. 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, foreign currency risk, commodity price risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low through different cost optimization initiatives and productivity agenda. Furthermore, market developments are monitored constantly through scenario planning and events assessed regularly with a view to taking mitigating actions where necessary.

i. Currency risk

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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (i.e. when revenue/expenses and assets/liabilities are denominated in a different currency from the Company's functional currency). The Company's exposure for the reporting periods shown is mainly due to trade receivables and payables

The Company manages its 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 Company invoices for services rendered to some of its customers in the functional currency - the Nigerian Naira (100% NGN) and others partly in the functional currency - the Nigerian Naira (40% NGN) and foreign currency - (60% USD). The Company's currency risk is mainly as a result of exposure to the USD and arises predominantly as a result of amounts receivable from customers, and payable to vendors.

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments. As a result the exchange rate use for 2020 fiscal year is N360 to \$1, N392.66 for 1 Euro and N445.22 for GB Pounds.

ii. Interest rate risk

The Company adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling rates to reduce the risk arising from interest rates.



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Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cashflow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the over all duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

d. **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

31.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.



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i Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cashflows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

ii Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

iii Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Q2 2020		Q2 2019		2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	N	N	N	N	N	N	N	N
Financial assets								
Loans and receivables	123,145,457	123,145,457	218,707,865	218,707,865	142,477,084	142,477,084	287,236,270	287,236,270
Cash and cash equivalents	5,189,891	5,189,891	5,915,402	5,915,402	13,421,682	13,421,682	79,055,268	79,055,268
	<u>128,335,348</u>	<u>128,335,348</u>	<u>224,623,267</u>	<u>224,623,267</u>	<u>155,898,766</u>	<u>155,898,766</u>	<u>366,291,538</u>	<u>366,291,538</u>

	Q2 2020		Q2 2019		2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	N	N	N	N	N	N	N	N
Financial liabilities								
Borrowings	-	-	-	-	-	-	120,000,000	120,000,000
Trade and other payables	92,177,775	92,177,775	150,588,004	150,588,004	52,677,285	52,677,285	154,903,738	154,903,738
	<u>92,177,775</u>	<u>92,177,775</u>	<u>150,588,004</u>	<u>150,588,004</u>	<u>52,677,285</u>	<u>52,677,285</u>	<u>274,903,738</u>	<u>274,903,738</u>



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At the end of the first quarter, the carrying amounts of loans and receivables and trade and other payables reasonable estimated their fair values.

31.2 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

	YTD 2020	YTD2019	CHANGE	2019	2018
	N	N	%	N	N
Total liabilities	248,712,943	281,253,879	(11.57)	221,666,709	420,883,615
Cash and cash equivalents	(5,189,891)	(5,915,402)	(12.26)	(13,421,682)	(79,055,268)
Net debt	<u>243,523,052</u>	<u>275,338,476</u>	<u>(11.56)</u>	<u>208,245,027</u>	<u>341,828,347</u>
Total Equity	<u>882,007,392</u>	<u>857,390,348</u>	<u>2.87</u>	<u>927,633,420</u>	<u>708,600,645</u>
Debt to capital ratio as at 30 June	<u>0.28</u>	<u>0.32</u>	<u>(14.02)</u>	<u>0.22</u>	<u>0.48</u>

There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.



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32. Guarantees and other financial commitments

The company did not guarantee any loan to the directors and officers of the company during the year.

33. Financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's financial statements have been taken into account in the preparation of the financial statements under review.

34. Contingent liabilities

There were no contingent liabilities arising from litigations in the ordinary course of business.

35. Capital commitments

There were no capital commitments at 30th June 2020

36. Events after the reporting date

COVID-19

The Directors are of the view that the going concern or the continuing existence of the Company is not in doubt, as a result of the impact of COVID-19 on their future operations.

37. Earnings per Share

Earnings per share are based on profit after tax and number of fully paid ordinary shares.

	ACTUAL Q2 2020 N	HISTORICAL Q2 2019 N	CHANGE %	ACTUAL JAN - JUN 2020 N	HISTORICAL JAN - JUN 2019 N	CHANGE %	2019 N	2018 N
Profit attributable to ordinary shareholders (in naira)	(25,604,422)	(5,435,362)	371.07	(10,733,506)	15,736,099	(100.00)	42,268,846	102,230,307
Number of ordinary shares issued and fully paid for basic earnings per share (in	889,981,552	889,981,552	-	889,981,552	889,981,552	-	889,981,552	889,981,552
Basic earnings per 50 kobo share	(2.88)	(0.61)	3.71	(1.21)	1.77	#REF!	4.75	11.49



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OTHER NATIONAL DISCLOSURES



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THE INITIATES PLC

**STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED 30TH JUNE 2020**

	ACTUAL Q2 2020		HISTORICAL Q2 2019		CHANGE		ACTUAL JAN - JUN 2020		HISTORICAL JAN - JUN 2019		CHANGE		2019		2018	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Revenue from contracts with customers	79,694,797		85,530,976				246,353,471		266,989,790		550,218,779		700,798,753			
Other income	223,011		6,808				578,999		1,543,078		30,140,845		22,643,412			
	79,917,808		85,537,784				246,932,470		268,532,868		580,359,624		723,442,165			
Less: Bought in materials and services																
Imported	-		-								53,514,815		68,293,750			
Local	79,628,962		65,552,740				204,538,815		201,764,511		317,160,479		413,499,220			
Value added	288,846	100	19,985,044	100			42,393,655	100	66,768,356	100	209,684,330	100	241,649,195	100		
Applied as follows:																
To pay employees' salaries wages and other benefits	15,095,231	5,226	16,652,176	83			31,861,656	75	33,585,183	50	72,773,148	35	74,060,130	31		
To pay Government taxation	796,948	276	1,066,518	5			3,370,240	8	5,035,552	8	15,743,266	7	18,782,621	8		
To provide for enhancement of assets and expansion:																
- deferred tax	-		-								37,808,446	18	25,101,531	10		
- depreciation of fixed assets	10,798,038	3,738	8,768,231	44			21,265,506	50	17,447,074	26	41,090,624	20	32,724,596	13		
- retained in the business	(26,401,370)	(9,140)	(6,501,880)	(33)			(14,103,746)	(33)	10,700,547	16	42,268,846	20	90,980,317	38		
	288,846	100	19,985,044	100			42,393,655	100	66,768,356	100	209,684,330	100	241,649,195	100		

Note: "Value added" represents the additional wealth which the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth amongst employees, capital providers, government, and that retained for future creation of wealth.



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FIVE YEARS FINANCIAL SUMMARY

	← 2019 N	2018 N	2017 N	31 December 2016 N	→ 2015 N
Assets employed					
Non-current Assets	864,209,717	655,833,451	678,098,211	587,311,661	510,297,266
Other non-current assets	-	-	-	-	10,000,000
Current Assets	285,090,412	473,650,809	465,676,462	271,955,506	218,027,195
Total Assets	1,149,300,129	1,129,484,260	1,143,774,673	859,267,167	738,324,461
Equity					
Issued capital	444,990,776	444,990,776	444,990,776	444,990,776	444,990,776
Share premium	17,780,000	17,780,000	17,780,000	17,780,000	17,780,000
Revaluation reserve	303,473,535	82,210,528	83,410,528	83,410,528	83,410,528
Retained earnings	161,389,109	163,619,341	169,621,532	152,938,913	33,869,063
	927,633,420	708,600,645	715,802,836	699,120,217	580,050,367
Liabilities					
Non-current liabilities	92,186,159	54,377,713	29,276,182	46,533,814	8,268,457
Current liabilities	129,480,550	366,505,902	398,695,655	113,613,136	150,005,637
Total liabilities and equity	1,149,300,129	1,129,484,260	1,143,774,673	859,267,167	738,324,461
Revenue	550,218,779	700,798,753	664,901,943	648,144,614	345,766,927
Profit before taxation	95,820,558	146,114,459	73,466,455	203,183,451	60,051,096
Income tax expense	(53,551,712)	(43,884,152)	8,511,955	(65,052,877)	(22,883,903)
Profit after taxation	42,268,846	102,230,307	81,978,410	138,130,574	37,167,193
Other Comprehensive income					
Foreign currency translation difference	-	(11,249,990)	(16,504,401)	(2,507,724)	-
Revaluation surplus on property, plant and equipment	221,263,007	-	-	-	37,501,392
Other comprehensive income for the year	221,263,007	(11,249,990)	(16,504,401)	(2,507,724)	37,501,392
Total comprehensive income for the year	263,531,853	90,980,317	65,474,009	135,622,850	74,668,585
Basic earnings per share (kobo)	5	11	9	16	4
Net assets per share (kobo)	104	80	80	79	65

Basic earnings per share are calculated on the profit after tax and the number of fully paid ordinary shares at the end of each year.

Net assets per share are based on the net assets and the number of fully paid ordinary shares at the end of each year.