

eTranzact International Plc
Performance Report for the Period Ended 30th September 2016

eTRANZACT INTERNATIONAL PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2016

	30/09/2016	30/09/2015
	N'000	N'000
	Q3	Q3
Continuing operations		
Revenue	2,502,893	2,222,969
Cost of sales	<u>(1,850,293)</u>	<u>(1,576,690)</u>
Gross profit	652,600	646,279
Selling and Marketing costs	(23,189)	(40,752)
Administrative expenses	<u>(415,558)</u>	<u>(340,633)</u>
Operating profit	213,853	264,894
Investment income	<u>40,704</u>	<u>48,593</u>
Profit before tax	254,557	313,487
Taxation	<u>(75,901)</u>	<u>(100,316)</u>
Profit/(Loss) for the period	<u>178,656</u>	<u>213,171</u>
<p>There is no other comprehensive income for the year, hence the profit for the year is equal to the total comprehensive income.</p>		
Earnings per share		
Basic and diluted earnings per share (in kobo)	<u>4.25</u>	<u>5.08</u>

eTRANZACT INTERNATIONAL PLC


**STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016**

	Note	30/09/2016 N'000	31/12/2015 N'000
Non-current assets			
Property, plant and equipment	1	507,033	374,717
Investment property	2	645,917	645,918
Intangible assets	3	226,655	218,562
Deferred tax asset	5	27,803	27,803
Advance for deposit for shares		409,158	232,275
Total non-current assets		1,816,566	1,499,275
Current assets			
Inventories	7	331,220	259,755
Trade and other receivables	8	833,880	944,425
Other assets	6	148,190	53,304
Cash and cash equivalents	9	2,833,511	3,077,117
Total current assets		4,146,801	4,334,601
Total assets		5,963,367	5,833,876
Current liabilities			
Trade and other payables	10	1,578,667	1,814,374
Current tax liabilities	11	655,899	541,313
Total current liabilities		2,234,566	2,355,687
Total liabilities		2,234,566	2,355,687
Equity			
Share capital	12	2,100,000	2,100,000
Share premium account	13	646,875	646,875
Retained earnings	14	981,926	731,314
Total equity attributable to owners of the company		3,728,801	3,478,189
Total equity and Liabilities		5,963,367	5,833,876

The financial statements were approved by the board of directors and authorised for issue on 27th October, 2016.


Valentine Obi
Chief Executive Officer

FRC/2014/IODN/00000007265


Niyi Toluwalope
Chief Financial Officer

FRC/2013/ICAN/00000002251

eTRANZACT INTERNATIONAL PLC

CASHFLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

	Note	2016 N'000	2015 N'000
Cashflow from operating activities			
Cash receipt from customers		7,533,250	8,652,861
Cash paid to suppliers and employees		<u>(6,829,861)</u>	<u>(7,230,615)</u>
Cash generated from operations		703,389	1,422,244
Income taxes paid	11	<u>(192,823)</u>	<u>(68,427)</u>
Net cash generated by operating activities		<u>510,566</u>	<u>1,353,817</u>
Cashflow from investing activities			
Purchase of property, plant and equipment	1	(244,311)	(169,912)
Additions to intangible assets	3	(38,319)	(17,908)
Interest receivable and similar income		125,142	185,598
Proceeds from sale of Property, plant and equipment		<u>200</u>	<u>132</u>
Net cash generated by investing activities		<u>(157,288)</u>	<u>(2,089)</u>
Cashflow from financing activities			
Dividend paid to shareholders during the year		(420,000)	(210,000)
Deposit for Shares		<u>(176,883)</u>	<u>-</u>
Net cash generated by financing activities		<u>(596,883)</u>	<u>(210,000)</u>
Net increase/(decrease) in cash and cash equivalents		(243,605)	1,141,728
Cash and cash equivalents at beginning of year		<u>3,077,117</u>	<u>1,935,389</u>
Cash and cash equivalents at end of year		<u>2,833,512</u>	<u>3,077,117</u>

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2015	2,100,000	646,875	236,610	2,983,485
Profit for the year	-	-	704,704	704,704
Other comprehensive income	-	-	-	-
Dividend Paid during the year on 2014 account(5k per share)			(210,000)	(210,000)
Total comprehensive income	-	-	494,704	494,704
Balance at 31 December 2015	2,100,000	646,875	731,314	3,478,189
Profit for the period	-	-	670,612	670,612
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	-	-	670,612	670,612
Dividend Paid during the year on 2015 account(10k per share)			(420,000)	(420,000)
Balance at 30 September 2016	2,100,000	646,875	981,926	3,728,801

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

1 Property, plant and equipment

	Motor vehicles N'000	Plant and machinery N'000	Furniture, fittings and equipment N'000	Capital work in progress N'000	Computer Equipment N'000	Total N'000
Cost or Valuation						
At 1 January 2015	210,983	17,864	293,379	53,215	67,408	642,849
Additions	97,635	15,907	49,248	88	7,034	169,912
Reclassification	-	28,831	7,428	(53,303)	-	(17,044)
Disposals	(13,245)	-	-	-	-	(13,245)
At 1 January 2016	295,373	62,602	350,055	-	74,442	782,472
Additions	21,750	5,194	78,326	131,746	7,295	244,311
Reclassification	-	-	-	-	-	-
Disposals	-	(2,400)	-	-	-	(2,400)
At 30th September 2016	317,123	65,396	428,381	131,746	81,737	1,024,383

Accumulated depreciation

At 1 January 2015	82,389	9,147	166,859	-	58,268	316,663
Charge for the year	45,561	5,953	45,201	-	7,621	104,337
Eliminated on disposals	(13,245)	-	-	-	-	(13,245)
At 1 January 2016	114,705	15,100	212,060	-	65,889	407,755
Charge for the year	49,475	9,545	47,937	-	4,919	111,876
Eliminated on disposals	-	(2,280)	-	-	-	(2,280)
At 30th September 2016	164,180	22,365	259,998	-	70,808	517,350

Carrying amount

At 30th September 2016	152,943	43,031	168,384	131,746	10,929	507,033
At 1 January 2016	180,668	47,502	137,995	-	8,553	374,718

1.1 Impairment losses recognised in the year

There were no impairment losses recognized during the year.

1.2 Contractual commitments

At 30th September 2016, the company had no contractual commitments for the acquisition of property, plant and equipment

2 Investment property

	30/09/2016 N'000	31/12/2015 N'000
Cost		
Land	<u>645,917</u>	<u>645,917</u>

The company's investment property is held under freehold interests.

Investment property is recognized at cost in the books and subsequently tested for impairments.

As at the 30th September 2016, the Fair value of the investment property has been estimated as N645m (2015, N645m). The fair value has been determined by the management of the company by reference to market evidence of transaction prices for similar properties in comparable areas.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

3 Intangible assets

This represents the cost incurred in acquiring e-portal and other technologies which form the basis of the Company's e-payment Technology solutions.

	eTranzact enterprise platform N'000	eRemit platform N'000	Other softwares N'000	Total N'000
Cost				
At 1 January 2015	293,510	105,858	63,646	463,014
Additions for the Year	-	-	17,908	17,908
Reclassifications	-	-	15,100	15,100
At 1 January 2016	293,510	105,858	96,654	496,022
Additions for the Year	-	-	38,319	38,319
Reclassifications	-	-	-	-
At 30th September 2016	293,510	105,858	134,973	534,341
Amortisation				
At 1 January 2015	162,549	42,647	40,608	245,804
Charge for the year	14,292	4,234	13,130	31,656
At 1 January 2016	176,841	46,881	53,738	277,460
Charge for the year	9,927	3,176	17,123	30,226
At 30th September 2016	186,768	50,057	70,861	307,686
Carrying amount				
At 30th September 2016	106,742	55,801	64,112	226,655
At 1 January 2016	116,669	58,977	42,916	218,562

3.1 Significant intangible assets

In line with the IFRS reporting and disclosure standards, management has reviewed in detail the intangible assets and is of the opinion that the useful life of the Enterprise software platform and eRemit platform should be 25 years from its original implementation and this has been adjusted accordingly. The carrying amounts of eTranzact enterprise softwares of N116.67m (31 December 2014: N130.96m) will be fully amortised in 15 years, the eRemit platform with a carrying amount of N58.97m (31 December 2014: N63.21m) will be fully amortised in 19 years and 4 months while that of other softwares of N42.97m (31 December 2014: N23.04m) will be fully amortised at the end of their individual span.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

4 Financial assets

	30/09/2016 N'000	31/12/2015 N'000
Available-for-sale investments		
Opening Balance	-	27,000
Additions <i>during the year</i>	-	-
Disposals <i>during the year</i>	-	-
	<u>-</u>	<u>27,000</u>
Less: Impairment	<u>-</u>	<u>27,000</u>
	<u>-</u>	<u>-</u>

- 4.1 The Company holds 5.6% of the ordinary share capital of Citylink Transit Systems Limited, a company involved in the Transport Sector. The company's management has not been able to obtain any information from the Citylink Transit Systems Limited to support any existing value. A full impairment provision has been proposed and provided for in the financial statements.

5 Deferred taxation

	30/09/2016 N'000	31/12/2015 N'000
Deferred tax liabilities	-	-
Deferred tax assets	<u>27,803</u>	<u>27,803</u>
	<u>27,803</u>	<u>27,803</u>

6 Other assets

	30/09/2016 N'000	31/12/2015 N'000
Prepayments	124,343	41,453
Other assets (Note 18.1)	<u>95,762</u>	<u>83,767</u>
	220,105	125,220
Allowance for other assets	<u>(71,916)</u>	<u>(71,916)</u>
	<u>148,190</u>	<u>53,304</u>

6.1 Other assets

N71million out of the total Other assets balance represents amounts recoverable from the banks on unauthorized withdrawals on the reloadable customers float account in various banks, which were initially refunded by etranzact pending the outcome of investigations into the cases.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

7 Inventories

	30/09/2016 N'000	31/12/2015 N'000
Virtual airtime	252,397	157,070
SMS Printers Stock	2,895	2,895
Point of Sales (POS)	63,038	96,008
EMV	12,890	3,782
Bulk SMS	-	-
	<u>331,220</u>	<u>259,755</u>
Provision for obsolete spares and slow moving stock	-	-
	<u>331,220</u>	<u>259,755</u>

8 Trade and other receivables

	30/09/2016 N'000	31/12/2015 N'000
Trade receivables	276,220	244,766
Allowance for doubtful debts	<u>(191,642)</u>	<u>(191,642)</u>
	84,577	53,123
Other receivables		
Staff debtors (Note 20.1)	99,576	98,383
Other debtors	163,660	226,308
Due from related parties	<u>486,066</u>	<u>566,611</u>
	<u>833,880</u>	<u>944,425</u>

Other debtors represents advance deposit payments with card manufacturers, withholding tax receivable, cash advance and other sundry debtors.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

8.1 Staff debtors

	N'000	N'000
Staff debtors	101,218	100,024
Allowance for staff debtors	<u>(1,642)</u>	<u>(1,642)</u>
	<u>99,576</u>	<u>98,383</u>

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, short term investments with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	30/09/2016 N'000	31/12/2015 N'000
Cash and bank balances	906,963	598,354
Short term investments	<u>1,926,549</u>	<u>2,478,763</u>
	<u>2,833,512</u>	<u>3,077,117</u>

9.1 The carrying amount of these assets is approximately equal to their fair value.

Short term investment

These represents cash held in fixed deposits in various banks. These investments are placed in short term deposits and are continuously rolled over throughout the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

10 Trade and other payables

	30/09/2016	31/12/2015
	N'000	N'000
Trade payable	142,952	44,134
Other payables:		
Accruals and Deferred Income	357,804	273,484
Pension contribution (Note 10.1)	(2,225)	5,401
Information technology development levy	35,898	17,110
Other Statutory Payables	229,110	232,391
Other Payables	508,322	840,499
Other creditors	306,805	401,355
	<u>1,578,667</u>	<u>1,814,374</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 6 days. The company has financial risk management policies in place as well as efficient and effective treasury management policies to ensure that all payables are paid within the pre-agreed credit terms.

Included in other statutory payables for 2016 is an amount of about N104m (2015: N149m) which represents VAT payable. This amounts are withheld from proceeds from sales to third parties and commissions earned on switching transactions performed on the platform.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

10.1 Pension Contribution

	30/09/2016	31/12/2015
	N'000	N'000
At 1 January	5,401	6,094
Provisions	64,702	82,670
Payment	(72,328)	(83,363)
	<u>(2,225)</u>	<u>5,401</u>

10.2 Information Technology Development Levy

The computation for Information Technology Development Levy is 1% of profit before tax in accordance with the provisions of Section 12 (2a) of the National Information Technology Development Agency (NITDA) Act 2007.

11 Current tax liabilities

	30/09/2016	31/12/2015
	N'000	N'000
At 1 January	541,312	276,876
Charged for the year	307,410	332,863
Deferred taxation	-	-
Payments during the year	(192,823)	(68,427)
Adjustments		
	<u>655,899</u>	<u>541,312</u>

12 Share capital

	30/09/2016	31/12/2015
	N'000	N'000
Authorised, issued and fully paid:		
4,200,000,000 ordinary shares of 50k each	<u>2,100,000</u>	<u>2,100,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

13 Share premium

	30/09/2016	31/12/2015
	N'000	N'000
At 1 January	646,875	646,875
At 30th September 2016	<u>646,875</u>	<u>646,875</u>

14 Retained earnings

	30/09/2016	31/12/2015
	N'000	N'000
At 1 January	731,314	236,610
Dividend Paid	(420,000)	(210,000)
Profit for the year	670,612	704,704
At 30th September 2016	<u>981,926</u>	<u>731,314</u>