



DIGICUT PRODUCTION & ADVERTISING PLC

**UNAUDITED FINANCIAL STATEMENT
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2022**



DIGICUT PRODUCTION & ADVERTISING PLC

Unaudited financial statement for the six-month period ended 30 June 2022

COMPANY INFORMATION

DIRECTORS	Joseph Kusi-Tieku John Sterlin Victoria Aligboh
SECRETARY	Credibilis Unlimited
COMPANY REGISTRATION	PL000412017
REGISTERED ADDRESS	No. 350, Nima Court Avenue Ward E, Block 2 Avenor – Accra, Ghana +233546886775
AUDITOR	Adom Boafo & Associates Mango Street Avenue Asylum Down – Accra, Ghana +233302788324
BANKERS	Ecobank Ghana Limited
ADVISOR	Teak Tree Brokerage Limited F380/4 Osu La Crescent Nyaniba Estate – Accra, Ghana +233302978838
REGISTRAR	Central Securities Depository 4th Floor, Cedi House Ridge – Accra, Ghana +233302689313

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KEY HIGHLIGHTS

KEY OPERATIONAL ITEMS

In the first half of 2022, Digicut Production & Advertising PLC (Digicut) continued to implement its turnaround plan (published by Ghana Stock Exchange (GSE) on 31 May 2021).

Stage 2: Streamline + Stabilize Operations

- Reconciled 35+ signboards across the country.
- Completed handful of projects in production, design, and advertising.
- Continued to engage clients that owe.
- Fixed a total of 3x mobile advertising vans (MAVs), out of a total of 5 MAVs.

Stage 3: Expand business

- Engaged and submitted proposal to over 20+ potential external clients.
- Filed a suit at the High Court, Accra (General Jurisdiction Division) to recover GH¢ 1.4 million of company funds with the Receiver of GN Savings and Loans (GNSL) (Suit GJ/0564/2022).

KEY FINANCIAL ITEMS

	2022	2021	Change
	GH¢	GH¢	
Revenue	67,092	110,309	- 39%
Gross profit	38,282	73,337	- 56%
Profit before interest and tax	(69,690)	(40,029)	+ 74%
Profit after tax	(69,690)	(40,029)	+ 74%
Total Assets	5,282,973	5,465,867	- 3%
Earnings per share (basic / diluted)	(0.0006)	(0.0003)	+ 74%

- Revenue down 39% year-on-year (YoY) from GH¢ 110,309 to GH¢ 67,092.
- Maintained healthy operating profit margin of 48%, resulting in a positive gross profit.
- Profit after tax and EPS remained negative, attributed to low revenue generation.
- Decrease in total assets of 3% YoY, mainly due to depreciation of PPE.
- Ended first half of 2022 with a cash balance of GH¢ 5,997, with funds spend to operationalize and upgrade 3x MAVs.

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2022 GH¢	2021 GH¢
Revenue	4	67,092	110,309
Cost of sales	5	<u>(34,711)</u>	<u>(36,972)</u>
Gross profit		32,382	73,337
Other operating income		<u>7,004</u>	-
Operating profit		39,385	73,337
Admin and general expenses	12	<u>(109,075)</u>	<u>(113,366)</u>
Profit before tax		(69,690)	(40,029)
Income tax expense		-	-
Profit after tax transferred to income surplus		(69,690)	(40,029)
Other comprehensive income		-	-
Total comprehensive income		(69,690)	(40,029)
Earnings per share (basic / diluted)	6	(0.0006)	(0.0003)

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***STATEMENT OF CHANGES IN EQUITY**

2022	Income Surplus GH¢	Stated Capital GH¢	Total GH¢
Balance at 1 Jan	(368,762)	3,103,811	2,735,049
Transfer to stated capital	-	-	-
Profit for the period	(69,690)	-	(69,690)
Balance at 30 Jun	<u>(438,450)</u>	<u>3,103,811</u>	<u>2,665,361</u>
2021	Income Surplus GH¢	Stated Capital GH¢	Total GH¢
Balance at 1 Jan	(198,253)	3,103,811	2,905,558
Additional stated capital	-	-	-
Profit for the period	(40,029)	-	(40,029)
Balance at 30 Jun	<u>(238,283)</u>	<u>3,103,811</u>	<u>2,865,528</u>


DIGICUT PRODUCTION & ADVERTISING PLC

Unaudited financial statement for the six-month period ended 30 June 2022

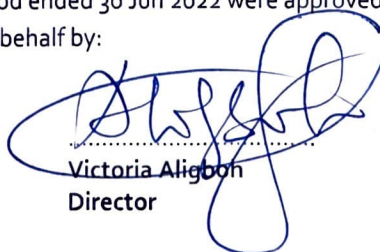
STATEMENT OF FINANCIAL POSITION

Assets	Notes	2022 GH¢	2021 GH¢
Non-current Assets			
Property, plant and equipment	7	15,559	63,061
Capital work-in-progress		<u>525,292</u>	<u>525,292</u>
		540,851	588,353
Current Assets			
Accounts receivable	8	4,563,711	4,651,491
Taxation		172,415	172,415
Cash and cash equivalents	9	<u>5,996</u>	<u>53,608</u>
		4,742,122	4,877,514
Total Assets		<u>5,282,973</u>	<u>5,465,867</u>
Equity and Liabilities			
Equity			
Stated capital		3,103,811	3,103,811
Income surplus		<u>(438,450)</u>	<u>(238,283)</u>
		2,665,361	2,865,528
Non-current Liabilities			
Borrowings	10	1,019,433	1,019,433
Current Liabilities			
Accounts payable	11	1,598,180	1,580,906
Total Equity and Liabilities		<u>5,282,973</u>	<u>5,465,867</u>

The unaudited financial statement for the six-month period ended 30 Jun 2022 were approved by the Board of Directors on 22 Jul 2022 and signed on their behalf by:



Joseph Kusi-Tieku
Director



Victoria Aligbon
Director

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***STATEMENT OF CASHFLOW**

	Notes	2022 GH¢	2021 GH¢
Cashflow from operating activities			
Operating profit		(69,690)	(40,029)
Depreciation	7	3,184	44,318
Operating profit before working capital changes		(66,506)	4,288
(Increase) / decrease in accounts receivables	8	3,861	59,112
Increase / (decrease) in accounts payables	11	9,935	(14,296)
Cash generated from operating activities		(52,710)	49,104
Tax paid (deferred tax adjusted)		-	-
Net cashflow from operating activities		(52,710)	49,104
Cashflow from investing activities			
Disposal of non-current assets		-	-
Net cashflow from investing activities		-	-
Cashflow from financing activities			
Change in loans		-	-
Net cashflow from financing activities		-	-
Net increase / decrease in cashflow		(52,710)	49,104
Balance at 1 Jan		58,706	4,504
Cash and cash equivalent		5,996	53,608
Analysis of changes in cash and cash equivalent			
Cash and bank		5,996	53,608
Investment		-	-
Balance at 30 Jun		5,996	53,608

NOTES TO THE FINANCIAL STATEMENT

1. REPORTING ENTITY

Digicut Production & Advertising PLC is a company publicly registered in Ghana under Companies Act, 2019 (Act 992). Additional details of the company can be found on page 2 of this report.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared on the historical cost basis except for financial instruments that are stated at fair values.

The financial statements have been presented in Ghana cedi which is the company's functional currency.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Where necessary, the comparatives have been reclassified from the previously reported results to take into account changes in presentation.

3. ACCOUNTING POLICIES

The accounting policies adopted in this report are consistent with those used in the most recent annual financial statements.

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***4. REVENUE**

	2022	2021
	GH¢	GH¢
Printing and production	19,290	5,906
Billboard rental	30,288	-
Mobile advertising van	10,554	5,000
Advertising and publicity	-	-
CNC router	-	-
Branding	6,960	99,403
	<u>67,092</u>	<u>110,309</u>

5. COST OF SALES

	2022	2021
	GH¢	GH¢
Printing and production	8,231	1,931
Billboard maintenance	17,422	50
Mobile advertising van	2,740	11,462
Advertising and publicity	1,108	-
CNC router	-	-
Branding	5,210	23,530
	<u>34,711</u>	<u>36,972</u>

6. EARNINGS PER SHARE

	2022	2021
	GH¢	GH¢
Profit attributable to equity holders	(69,690)	(40,029)
Outstanding ordinary shares (weighted average)	118,890,621	118,890,621
Earnings per share (basic)	<u>(0.0006)</u>	<u>(0.0003)</u>

The company has no category of potential diluted ordinary shares.

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***7. PROPERTY, PLANT AND EQUIPMENT**

Cost	Balance at 1 Jan GH¢	Addition GH¢	Disposal GH¢	Balance at 30 Jun GH¢
Computer and accessories	153,047	-	-	153,047
Furniture and fittings	47,264	-	-	47,264
Motor vehicle	1,709,980	-	-	1,709,980
Field equipment	422,990	-	-	422,990
Office equipment	41,508	-	-	41,508
Total	2,374,789	-	-	2,374,789
Depreciation	Balance at 1 Jan GH¢	Charge GH¢	Disposal GH¢	Balance at 30 Jun GH¢
Computer and accessories	153,047	-	-	153,047
Furniture and fittings	30,164	2,363	-	32,527
Motor vehicle	1,709,980	-	-	1,709,980
Field equipment	422,990	-	-	422,990
Office equipment	39,866	821	-	40,686
Total	2,356,046	3,184	-	2,359,230
Net book value				15,559

Capital work-in-progress (GH¢ 525,292) is related to the on-going office complex construction at Avenor.

8. ACCOUNTS RECEIVABLE

	2022 GH¢	2021 GH¢
Related-party debtors	2,917,162	3,010,625
Other trade debtors	21,451	20,610
Other prepayment and advances	19,347	14,505
Funds with Receiver (GN Bank)	1,478,169	1,478,169
Funds in GMMF	127,582	127,582
	4,563,711	4,651,491

DIGICUT PRODUCTION & ADVERTISING PLC*Unaudited financial statement for the six-month period ended 30 June 2022***9. CASH AND CASH EQUIVALENTS**

	2022	2021
	GH¢	GH¢
Cash balance	2,001	2,062
Bank balance	3,996	51,547
Short-term investment	-	-
	<u>5,996</u>	<u>53,608</u>

10. BORROWINGS (Related-Party)

	2022	2021
	GH¢	GH¢
Loan account	420,053	420,053
GGFC	585,572	585,572
GN Treasury	13,808	13,808
	<u>1,019,433</u>	<u>1,019,433</u>

11. ACCOUNTS PAYABLE

	2022	2021
	GH¢	GH¢
Related-party payables	378,085	377,298
Other trade payables	33,789	31,288
Accrued rent	511,364	499,364
Other accrued expenses	653,449	650,238
Audit fees	21,494	22,718
	<u>1,598,180</u>	<u>1,580,906</u>

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	2022	2021
	GH¢	GH¢
Accommodation	1,165	760
Accounting and payroll	5,059	3,600
Audit expense	100	788
Audit fees	8,944	-
Bank charges	320	306
CSD account maintenance fees	2,500	2,000
Cleaning and sanitation	-	450
Depreciation	3,184	44,318
Donation	500	-
Facility maintenance fees	531	782
FX loss	-	1,999
Fuel and lubricants	18,894	5,286
GSE listing fee	2,000	4,000
Health / life insurance (welfare)	1,380	-
Internet subscription	200	-
Legal fees	1,010	-
Office running	1,670	668
Office stationery	819	653
Operations consultancy	4,000	-
Registration and licensing	485	808
Rent and rate	-	12,000
Sales commission	2,722	-
Staff cost	17,496	26,639
Telephone expense	71	40
Transportation and travel	2,703	697
Vehicle insurance	1,034	-
Vehicle repairs and maintenance	32,290	7,572
	<u>109,075</u>	<u>113,366</u>