BERGER PAINTS NIGERIA PLC.

UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31ST MARCH, 2013

BERGER PAINTS NIGERIA PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

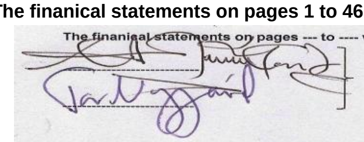
		Group			Company		
	Note	31/03/2013 N'000	31/03/2012 N'000	% Change	31/03/2013 N'000	31/03/2012 N'000	% Change
Revenue	6	606,042	541,684	12	606,042	541,684	12
Cost of sales		(376,484)	(325,011)	16	(376,484)	(325,011)	16
Gross profit		**229,558**	**216,673**	6	**229,558**	**216,673**	6
Other operating income	7	5,412	4,893	11	5,412	4,893	11
Investment income	8	19,270	20,953	(8)	19,270	20,953	(8)
Selling and distribution expenses		(37,345)	(49,553)	(25)	(37,345)	(49,553)	(25)
Administrative expenses		(171,646)	(134,423)	28	(171,646)	(134,423)	28
Finance costs		(1,104)	(1,306)	(15)	(1,104)	(1,306)	(15)
Profit before taxation		**44,145**	**57,237**	(23)	**44,145**	**57,237**	(23)
Tax expense	29	(14,127)	(18,316)	(23)	(14,127)	(18,316)	(23)
Profit for the year		**30,018**	**38,921**	(23)	**30,018**	**38,921**	(23)
Discontinued operation							
Loss before tax from discontinued operation	41	-	(5,044)		-	-	
Tax expense relating to discontinued operation		-	(1,231)		-	-	
TOTAL		**-**	**(6,275)**		**-**	**-**	
Total profit after tax for the year		**30,018**	**32,646**	(8)	**30,018**	**38,921**	(23)
Attributable to:							
Owners of the Company		30,018	32,803	(8)	-	**-**	
Non-controlling interest in discontinued operation	40	-	(157)	(100)	-	-	
		30,018	**32,646**	(8)	**30,018**	**38,921**	(23)
Other comprehensive income net of tax:							
Total comprehensive income for the year		**30,018**	**32,646**	(8)	**30,018**	**38,921**	(23)
Attributable to:							
Owners of the Company	9	30,018	32,803	(8)	30,018	38,921	(23)
Non-controlling interest in discontinued operation		-	(157)	(100)	-	-	(157)
		30,018	**32,646**	(8)	**30,018**	**38,921**	(23)
Earnings/(loss) per share:							
Continuing operations							
Basic (kobo)	32	**14**	**15**	(8)	**14**	**18**	(23)
Diluted (kobo)	32	**14**	**15**	(8)	**14**	**113**	(88)
Discontinued operation							
Basic (kobo)	32	-	(63)	(100)	-	-	0
Diluted (kobo)	32	-	(63)	(100)	-	-	0

BERGER PAINTS NIGERIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

		Group			Company		
	Note	31/03/2013 N'000	31/12/2012 N'000	% Change	31/03/2013	31/12/2012 N'000	% Change
Assets							
Non-current assets							
Property, plant and equipment	10	1,166,516	1,164,424	0	1,166,514	1,164,418	0
Investment in subsidiary	11	-	-		9,750	9,750	-
Available-for-sale investments	12	135,483	135,483	-	135,483	135,483	-
Total non-current assets		**1,301,999**	**1,299,907**	0	**1,311,747**	**1,309,651**	0
Current assets							
Inventories	13	606,962	537,857	13	606,962	537,857	13
Trade and other receivables	14	105,865	217,411	(51)	105,865	217,411	(51)
Other assets	15	39,542	34,534	15	39,542	34,534	15
Cash and bank balances	16	716,759	748,661	(4)	716,759	748,661	(4)
		1,469,128	1,538,463	(5)	1,469,128	1,538,463	(5)
Assets classified as held for sale	40.3	68,235	68,235		-	-	
Total current assets		**1,537,363**	**1,606,698**	(4)	**1,469,128**	**1,538,464**	(5)
Total assets		**2,839,360**	**2,906,601**	(2)	**2,780,875**	**2,848,115**	(2)
Equity and liabilities							
Capital and reserves							
Share capital	17	108,684	108,684	-	108,684	108,684	-
Share premium	18	160,201	160,201	-	160,201	160,201	-
Fair value reserve	19	18,903	18,903	-	18,903	18,903	-
Retained earnings	22	1,514,342	1,484,324	2	1,477,713	1,447,695	2
Equity attributable to owners of the Company		**1,802,130**	**1,772,112**	2	**1,765,501**	**1,735,483**	2
Non-controlling interests in a discontinued operation	23	1,996	1,996	-	-	-	
Total equity		**1,804,126**	**1,774,108**	2	**1,765,501**	**1,735,483**	2
Non-current liabilities							
Deferred tax liabilities	24	(13,828)	(13,828)	-	(13,828)	(13,828)	-
Retirement benefit obligations	25	237,502	251,500	(6)	237,502	251,500	(6)
Total non-current liabilities		**223,674**	**237,672**	(6)	**223,675**	**237,672**	(6)
Current liabilities							
Short term loans	26	6,483	6,706	(3)	6,483	6,706	(3)
Trade and other payables	27	499,335	553,008	(10)	499,060	552,735	(10)
Other liabilities	28	26,936	100,428	(73)	26,936	100,428	(73)
Current tax liabilities	29	126,427	112,300	13	126,427	112,300	13
Unclaimed dividend	30	132,792	102,792	29	132,792	102,792	29
Liabilities directly associated with assets classified as l	40.4	19,587	19,587		-	-	
Total current liabilities		**811,560**	**894,821**	(9)	**791,699**	**874,961**	(10)
Total liabilities		**1,035,234**	**1,132,493**	(9)	**1,015,374**	**1,112,633**	(9)
Total equity and liabilities		**2,839,360**	**2,906,601**	(2)	**2,780,875**	**2,848,115**	(2)
						-	

The finanical statements on pages 1 to 46 were approved by the Board of Directors on 18th April, 2013 and signed on its behalf by:



Directors

BERGER PAINTS NIGERIA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

Group

`	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Fair value reserve N'000	Treasury shares reserve N'000	Non-controlling interest N'000	Total N'000
Balance at 1 January, 2012	**108,684**	**160,201**	**-**	**1,433,865**	**2,027**	**22,376**	**2,298**	**1,729,451**
Disposal of AFS investment	-	-	-	-	(2,027)	-	-	(2,027)
Transfer from other comprehensive income	-	-	-	-	18,903	-	-	18,903
Dividend paid	-	-	-	(152,157)	-	-	-	(152,157)
Profit for the year	-	-	-	180,240	-	-	(302)	179,938
Disposal of treasury shares	-	-	-	22,376	-	(22,376)	-	-
Balance at 31 December 2012	**108,684**	**160,201**	**-**	**1,484,324**	**18,903**	**-**	**1,996**	**1,774,108**
Disposal of AFS investment	-	-	-	-	-	-	-	-
Transfer from other comprehensive income	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	30,018	-	-	-	30,018
Disposal of treasury shares	-	-	-	-	-	-	-	-
Balance at 31 March 2013	**108,684**	**160,201**	**-**	**1,514,342**	**18,903**	**-**	**1,996**	**1,804,126**

Company

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Fair value reserve N'000	Treasury shares reserve N'000	Non-controlling interest N'000	Total N'000
Balance at 1 Janaury 2012	**108,684**	**160,201**	**-**	**1,385,467**	**2,027**	**22,376**	**-**	**1,678,755**
Disposal of AFS investment	-	-	-	-	(2,027)	-	-	(2,027)
Transfer from other comprehensive income	-	-	-	-	18,903	-	-	18,903
Dividend paid	-	-	-	(152,157)	-	-	-	(152,157)
Profit for the year	-	-	-	192,009	-	-	-	192,009
Disposal of treasury shares	-	-	-	22,376	-	(22,376)	-	-
Balance at 31 December 2012	**108,684**	**160,201**	**-**	**1,447,695**	**18,903**	**-**	**-**	**1,735,483**
Disposal of AFS investment	-	-	-	-	-	-	-	-
Transfer from other comprehensive income	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	30,018	-	-	-	30,018
Disposal of treasury shares	-	-	-	-	-	-	-	-
Balance at 31 March 2013	**108,684**	**160,201**	**-**	**1,477,713**	**18,903**	**-**	**-**	**1,765,501**

BERGER PAINTS NIGERIA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

		Group			Company		
		31/03/2013	31/12/2012	%	31/03/2013	31/12/2012	%
	Note	N'000	N'000	Change	N'000	N'000	Change
Cash flows from operating activities							
Cash receipts from customers		682,820	2,508,971	(73)	682,820	2,508,971	(73)
Cash paid to suppliers and employees		(696,890)	(2,088,336)	(67)	(696,890)	(2,088,336)	(67)
Value added tax paid		(11,981)	(49,034)	(76)	(11,981)	(49,034)	(76)
Tax paid	29	-	(116,064)	(100)	-	(116,064)	(100)
Net cash flows from operating activities attributable to discontinued operation	40.2	-	(4,757)		-	-	
Net cash provided by operating activities	31	**(26,051)**	**250,780**	(110)	**(26,051)**	**255,537**	(110)
Cash flows from investing activities							
Purchase of fixed assets	10	(27,543)	(185,971)	(85)	(27,543)	(185,971)	(85)
Investment		-	-		-	-	
Proceeds from sale of fixed assets		-	6,896	(100)	-	6,896	(100)
Net cash flows from investing activities attributable to discontinued operation		-	-		-	-	
Net cash provided by investing activities		**(27,543)**	**(179,075)**	(85)	**(27,543)**	**(179,075)**	(85)
Cash flows from financing activities							
Unclaimed dividend		30,000	44,000	(32)	30,000	44,000	(32)
Interest and finance charges		(1,104)	(301)		(1,104)	(301)	
Dividend paid		-	(152,157)	(100)	-	(152,157)	(100)
Net interest received		-	79,300	(100)	-	79,300	(100)
Net cash flows from financing activities attributable to discontinued operation			-		-	-	
Net cash flow from financing activities		**28,896**	**(29,158)**	(199)	**28,896**	**(29,158)**	(199)
Net increase in cash and cash equivalents		**(24,698)**	**42,547**	(158)	**(24,698)**	**47,304**	152
Cash and cash equivalents at 1 January		755,864	713,317	6	748,660	701,357	7
Cash and cash equivalents at 31 March	16 & 40.3	**731,166**	**755,864**	(3)	**723,962**	**748,661**	(3)
Cash and cash equivalents attributable to continuing operations		**723,963**	**755,864**		**723,962**	**748,661**	
Cash and cash equivalents attributable to discontinued operation		**7,203**	**-**		**-**	**-**	
					-		

BERGER PAINTS NIGERIA PLC

CONSOLIDATED FINANCIAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER,	2012 N'000	2011 N'000	2010 N'000
Non-current assets:			
Property,plant and equipment	1,164,418	1,074,252	1,052,639
Available-for-sale Investments	135,483	142,545	4,715
Total non-current assets	**1,299,901**	**1,216,797**	**1,057,354**
Current Assets	1,606,700	1,458,238	1,553,647
Current Liabilities	(894,821)	(737,820)	(785,117)
Total assets less current liabilities	**2,011,780**	**1,937,215**	**1,825,884**
Non-current liabilities:			
Deferred taxation	(13,828)	1,954	(4,866)
Retirement benefits	251,500	205,810	166,462
Total non-current liabilities	**237,672**	**207,764**	**161,596**
Net assets	**1,774,108**	**1,729,451**	**1,664,288**
CAPITAL AND RESERVES			
Share capital	108,684	108,684	108,684
Share premium	160,201	160,201	160,201
Fair Value Reserve	18,903	2,027	4,483
Treasury Share Reserve	-	22,376	(1,029)
Retained Earnings	1,484,324	1,433,865	1,390,081
Shareholders' funds	**1,772,112**	**1,727,153**	**1,662,420**
Minority interest	1,996	2,298	1,868
Total Equity	**1,774,108**	**1,729,451**	**1,664,288**
		-	
TURNOVER AND PROFITS			
Revenue	2,513,664	2,574,359	2,756,608
Profit before taxation	284,465	369,325	519,897
Profit after taxation	179,938	227,816	442,463
Profit attributable to majority shareholders	193,075	223,617	442,275
PER 50 KOBO SHARE DATA (KOBO):			
Earnings - Basic	83	105	203
Net asset per share	816	796	771

NOTE:

Earnings per share are based on profit after tax and number of issued and fully paid ordinary share capital at the end of each financial year.

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

BERGER PAINTS NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

1 Description of business

Berger Paints Nigeria Plc was incorporated in Nigeria as a private limited Company in 1959 and was converted to a public liability Company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja.

The main activities of the Company which operate in Nigeria are the manufacturing and sale of paints and allied products.

1.1 Going concern status

The Company has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

1.2 Financial period

These financial statements cover the first quarter from 1 January 2013 to 31 March 2013 with comparatives for the period ended 31 March 2012 and statement of financial position as at 31 December 2012.

2 Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affect the Company's access to capital and cost of capital for the Company and, more generally, its business, results of operations, financial condition and prospects.

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements.

3. New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

	Effective date
IFRS 9 Financial Instruments	annual periods beginning on or after 1 January 2015
IFRS 10 Consolidated Financial Statements	annual periods beginning on or after 1 January 2013
IFRS 11 Joint Arrangements	annual periods beginning on or after 1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	annual periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	annual periods beginning on or after 1 January 2013
IAS 19 (as revised in 2011) Employee Benefits	annual periods beginning on or after 1 January 2013
IAS 27 (as revised in 2011) Separate Financial Statements	annual periods beginning on or after 1 January 2013
IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures	annual periods beginning on or after 1 January 2013

BERGER PAINTS NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH, 2013

3. New and revised IFRSs in issue but not yet effective

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that the standard will be adopted in the Company's financial statements for the annual period beginning 1 January 2015. The application of this standard may have impact on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).
Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, pending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors are of the opinion that these standards will not be applicable to the Company.

3. New and revised IFRSs in issue but not yet effective

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

4 Significant accounting policies

4.1 Statement of compliance with IFRSs

The Consolidated financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements. These are the Company's secon financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

4.2 Basis of preparation

The Consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position :

a. available-for- sale financial assets are measured at fair value.

b. held to maturity financial assets are measured at amortised cost

c. the defined benefit asset is recognised as the total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

d. The Company's expenses are disclosed by function in the Statement of Comprehensive income.

4.3 Basis of consolidation

The Group financial statements for the periods incorporate the financial statements of the Parent Company and its subsidiay (i.e. the discontinued operation) made up to 31 December 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of any subsidiary acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the subsidiary are identified separately from the Group’s equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s interests in the subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

Functional and Presentation Currency

The consolidated financial statements are presented in the Nigerian Naira(N=), which is the Group's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

4.4 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

4.5 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

4.5.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.5.2 Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.6 Rental income

Rental income from letting property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4.7 Foreign currency translation

For the purpose of this financial statements, the results and financial position of Berger Paints Plc are expressed in Naira, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4.8 Pensions and other post-employment benefits

Short term employee benefits: Short term employee benefit obligations are mearsured on an undiscounted basis and are expensed as the related srevice are provided by the employees. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Company operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2004 with employee contributing 7.5% and employer contributing 9% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

The Company also operates a gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses (if any) are recognised fully in other comprehensive income. Also, past service cost is recognised immediately in profit or loss.

4.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income/income statement because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantatively enacted by the end of the reporting period.

4.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.10 Property, plant and equipment.

Land and buildings mainly comprise factories, depots, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

Freehold land is not depreciated.

Leasehold land is depreciated at 2% per year and there still remains 43 years unexpired portion of the lease term of the land.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

	%
Leasehold land	2
Buildings	5
Fixed plant	8
Movable plan and laboratory equipment	15
Generators	20
Motor Cars	25
Office equipment, furniture and fittings	12
Sales cars and vans	33.33
Trailers	16.33
Computer equipment	50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Depreciation methods are also reviewed at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts. These profits and losses are included within 'items of a capital nature' in profit or loss.

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in

4.11 Impairment of tangible and intangible assets excluding goodwill and financial assets.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease subject to the avaialble surplus in the revaluation reserve.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible Assets

i. Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accummulated amortisation and accummulated impairment losses.

ii. Subsequent Expenditure: Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to whch it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of comprehensive income as incurred.

iii. Amortisation: Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in Statement of Comprehensive income on a straight line basis over the estimated useful lives of Intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values of intangibles are reviewed at each reporting date and adjusted if appropriate.

4.10.i Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. The Company defines a qualifying asset as an asset that takes more than a year to prepare for its intended use.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments is used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalisation rate is applied.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the

4.12 Inventories

Inventories are stated in the financial statements at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the Weighted Average Cost Method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Spare parts are valued at the lower of cost and net realisable value. Value reductions and usage of parts are charged to profit or loss. Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised and amortised as part of the equipment.

4.13 Trade receivables

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any allowance available and then to profit or loss. Subsequent recoveries of amounts for whcih a previous allowance was made are credited to the profit or loss. Long-term receivables are discounted where the effect is material.

Trade receivebles are measured at amortized cost. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.14 Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments generally with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

4.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

4.16.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

4.16.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

4.16.3 Environmental expenditure

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Company recognize its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Company’s portion of the total costs and also a portion of other potentially responsible parties’ costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

4.17 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.17.1 Financial assets

The Company's financial assets are classified into available for sale (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

4.17.1.1 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and

receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equities held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in the income statement when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

4.17.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include 'trade and other receivables', 'loans to joint ventures' and 'cash and cash equivalents' in the statement of financial position which are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.17.1.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

4.17.1.3 Impairment of financial assets (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

4.17.1.4 Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.17.2 Financial liabilities and equity instruments

4.17.2.1 *Classification as debt or equity*

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

4.17.2.2 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4.17.3 Financial liabilities

The Company's financial liabilities are classified as 'other financial liabilities'.

4.17.3.1 *Other financial liabilities*

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value. Subsequently they are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4.17.3.2 *Derecognition of financial liabilities*

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

4.18 *Segment information*

The Company is involved in the manufacture and sale of paints. There is only one business segment and operating results of the segment reported regularly to the Chief Operating Decision Maker (the Chief Executive Officer) for purposes of resource allocation and performance assessment.

4.19 IFRS 1 - First time adoption

As these financial statements represent the initial presentation of Company's results and financial position under IFRS, they were prepared in accordance with IFRS 1, *First Time Adoption of International Financial Reporting Standards ("IFRS 1").* IFRS 1 requires retrospective application of all IFRS standards, with certain optional exemptions and mandatory exceptions, which are described further in this Note. The accounting policies described in Note 4 have been applied consistently to all periods presented in the financial statements with the exception of the optional exemptions elected and the mandatory exceptions required. At 1 January 2011 ("the Transition Date"), an opening statement of financial position was prepared under IFRS.

The 2010 financial statements were previously prepared in accordance with Nigerian SAS. In this Note, our transition to IFRS is explained through the following:

i First time adoption optional exemptions and mandatory exceptions to retrospective application of IFRS
This section describes the standards for which IFRS was not applied retrospectively as available in IFRS.

ii Reconciliation of total equity and comprehensive income from Nigerian SAS to IFRS
Quantitative and qualitative explanations are included in this section to explain the differences between Nigerian SAS and IFRS in total equity and comprehensive income (see appendix).

iii Reconciliation of statement of financial position from Nigerian SAS to IFRS
This section explains quantitatively and qualitatively the impact and differences between Nigerian SAS and IFRS (see appendix).

4.19.1 First time adoption optional exemption and mandatory exceptions to retrospective application of IFRS

As previously noted, IFRS 1 requires retrospective application of all IFRS standard with certain optional exemptions and mandatory exceptions. The optional exemptions elected and the mandatory exceptions to retrospective application of IFRS are described below and the quantification of these are shown in the appendix.

Optional exemptions

a. Fair value as deemed cost
IFRS 1 provides option to elect to re-measure property, plant and equipment at fair value at the Transition date and use that fair value as their deemed cost. The 'fair value as deemed cost' exemption may be applied on an asset-by-asset basis. This exemption may also be applied to investment property if an entity elects to use the cost model in IAS 40, *Investment Property* . We had elected to use fair value as deemed cost for certain property, plant and equipment.

Optional exemptions (continued)

b. Employee benefits

IAS 19 provides the option of recognising all cumulative unamortized actuarial gains and losses in equity at the date of transition.

IAS 19, *Employee Benefits* , requires retrospective application for the recognition of actuarial gains and losses on employee benefits. IFRS 1 provides the option to recognise all deferred cumulative unamortised actuarial gains and losses on defined benefit pension plans and other benefits plans under Nigerian SAS in opening equity at the Transition Date and provide disclosures on a prospective basis. We have taken this option, resulting in the cumulative amount of actuarial losses on our defined benefit pension plans and other benefits plans being recognised in retained earnings at the Transition Date.

c. Leases

IFRIC 4, Determining Whether an Arrangement Contains a Lease, requires an assessment of whether a contract or arrangement contains a lease. The assessment should be carried out at the inception of the contract or arrangement. First-time adopters must apply IFRIC 4, but can elect to make this assessment as of the date of transition based on the facts at that date, rather than at inception of the arrangement. We had elected to take this exception and did not assess arrangement according to IFRIC 4 prior to Transition Date.

d. Fair value measurement of financial assets or financial liabilities at initial recognition

The current guidance in IAS 39 states the transaction price of a financial instrument is generally the best evidence of fair value, unless fair value is evidence by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market

At initial recognition, an entity may recognize as a gain or loss on the difference between this fair value measurement and the transaction price (i.e., —day one gain or loss) only if the measurement of fair value is based entirely on observable market inputs without modification. Otherwise, IAS 39 does not allow the recognition of a day one gain or loss and force initial recognition at the transaction price, which is considered the best evidence of fair value. Subsequent measurement and recognition would follow the guidance as defined by IAS 39.

We had remeasured certain AFS securities to fair value as of the Transition Date and applied this exemption prospectively.

Mandatory exceptions

e. Estimates

Estimates made in accordance with IFRS at the Transition Date are cosistent with estimates we previously made under Nigerian SAS.

f. Classification and measurement of financial assets

The entity is required to assess whether a financial asset meets the conditions in IAS 39 on the basis of the facts and circumstances that exist at the date of transition to IFRS. We had assessed the classification of our financial assets in line with IAS 39.

g. De-recognition of financial assets and liabilities exception

Financial assets and liabilities derecognized before 1 January 2011 are not re-recognized under IFRS.

All other mandatory exceptions in IFRS 1 were not applicable because there were no significant differences in management’s application of Nigerian SAS in these area.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

5.1 Property, plant and equipment

Property plant and equipment represent the most significant proportion of the asset base of the Company, accounting for about 50% of the Company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or it's residual value would result in the reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of the of property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

5.2 *Provision for gratuity*

The Company operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

5.3 *Allowance for doubtful receivables*

Judgment is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on the credit terms and historical experience regarding trade receivables, the Company makes a collective impairment allowance for doubtful debt.

5.4 *Taxation*

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self-assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under self-assessment thus making tax positions uncertain.

5.5 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

BERGER PAINTS NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		Group		Company	
		31/03/2013	31/03/2012	31/03/2013	31/03/2012
		N'000	N'000	N'000	N'000
6	**Revenue**				
	The following is an analysis of the Company's revenue for the year:				
	Paints and allied products	606,042	541,684	606,042	541,684
	Other	-	0	-	0
		606,042	**541,684**	**606,042**	**541,684**
	Revenue is derived substantially from sales and services rendered in Nigeria.				
7	**Other operating income**				
	Sale of empty drums/scrap	878	584	878	584
	Rental income	4,534	2,748	4,534	2,748
	Profit from disposal of fixed assets	-	-	-	-
	Recovery from excess bank charges	-	-	-	-
	Other income	-	1,561	-	1,561
	Write back of accruals	-	-	-	-
	Supply and apply income	-	-	-	-
		5,412	**4,893**	**5,412**	**4,893**
8	**Investment income**				
	Interest on fixed deposits	19,270	20,953	19,270	20,953
	Gain on disposal of AFS investment	-	-	-	-
	Other investment income	-	-	-	-
		19,270	**20,953**	**19,270**	**20,953**
9	**Profit for the year from continuing operations**				
	Profit for the year from continuing operations is attributable to:				
	Owners of the Company	30,018	226,673	30,018	243,902
	Non-controlling interests	-	(302)	-	-
		30,018	226,243	-	243,902
	Profit for the year from continuing operations has been arrived at after charging (crediting):				
	Depreciation	25,447	24,709	25,447	24,709
	Directors' emoluments:-				
	Fees	463	701	463	538
	Others	2,649	1,918	2,649	1,755
	Auditors' remuneration	3,750	3,658	3,750	3,163
	Write back of accruals	-	-	-	-
	Employee benefi expense	-	-	-	-
	Profit on disposal of fixed assets	-	-	-	-

BERGER PAINTS NIGERIA PLC

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10 FIXED ASSETS

10.1 The Group

FIXED ASSETS SCHEDULE AS AT MARCH 31, 2013

	Leasehold Land	*Building*	*Plant & Machinery*	*Furniture, Fixt. & Fittings*	*Office Equipments*	*Vehicles*	*Capital WIP - Abuja*	*TOTAL*
Coct or Valuation:	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**
As 1st January 2013	658,160,000	403,560,449	243,304,569	46,073,686	119,793,640	215,994,332	137,939,648	**1,824,826,325**
Additions	-	-	-	-	663,356	-	26,879,644	**27,543,000**
Disposals	-	-	-	-	-	-	-	-
AS AT 31/03/13	**658,160,000**	**403,560,449**	**243,304,569**	**46,073,686**	**120,456,996**	**215,994,332**	**164,819,292**	**1,852,369,325**
DEPRECIATION								
As 1st January 2013	92,214,066	139,822,989	132,753,691	25,931,543	105,084,927	164,599,113	-	**660,406,329**
Depn charged:	3,296,772	5,054,374	5,436,218	938,997	2,721,872	7,999,111	-	**25,447,344**
								-
Disposals	-	-	-	-	-	-	-	-
AS AT 31/03/13	**95,510,838**	**144,877,363**	**138,189,909**	**26,870,540**	**107,806,799**	**172,598,224**	**-**	**685,853,673**
NET BOOK VALUE 31.03.2013	562,649,162	258,683,086	105,114,660	19,203,146	12,650,198	43,396,108	164,819,292	1,166,515,653
NET BOOK VALUE 31.12.2012	565,945,934	263,737,460	110,550,878	20,146,143	14,708,714	51,395,219	137,939,648	1,164,423,997

10.2 The Company

FIXED ASSETS SCHEDULE AS AT MARCH 31, 2013

	Leasehold Land	*Building*	*Plant & Machinery*	*Furniture, Fixt. & Fittings*	*Office Equipments*	*Vehicles*	*Capital WIP - Abuja*	*TOTAL*
Cost or Valuation:	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**	**Naira**
As 1st January 2013	658,160,000	403,560,449	243,304,569	46,073,686	119,793,640	212,899,332	137,933,648	**1,821,725,325**
								-
Additions	-	-	-	-	663,356	-	26,879,644	**27,543,000**
								-
Disposals	-	-	-	-	-	-	-	-
AS AT 31/03/13	**658,160,000**	**403,560,449**	**243,304,569**	**46,073,686**	**120,456,996**	**212,899,332**	**164,813,292**	**1,849,268,325**
DEPRECIATION								
As 1st January 2013	92,214,066	139,822,989	132,753,691	25,931,543	105,084,927	161,500,113	-	**657,307,329**
Depn charged:	3,296,772	5,054,374	5,436,218	938,997	2,721,872	7,999,111	-	**25,447,344**
								-
Disposals	-	-	-	-	-	-	-	-
AS AT 31/03/13	**95,510,838**	**144,877,363**	**138,189,909**	**26,870,540**	**107,806,799**	**169,499,224**	**-**	**682,754,673**
NET BOOK VALUE 31.03.2013	562,649,162	258,683,086	105,114,660	19,203,146	12,650,198	43,400,108	164,813,292	1,166,513,653
NET BOOK VALUE 31.12.2012	565,945,934	263,737,460	110,550,878	20,142,143	14,708,714	51,399,219	137,933,648	1,164,417,997

Assets pledged as security

No Asset of the company was pledged as security for loan during the first quarter ended March 31, 2013.

Capital-work-in-progress

Capital work-in-progress represents assets under construction which are not subject to depreciation. These assets, after completion of construction will be reclassified to the appropriate class of property, plant and equipment.

Impairment of property, plant and equipment

There are no indicators of impairment at the end of the reporting period. Thus, the directors are of the opinion that allowance for impairment is not required. Thus, no impairment is recognized during the period.

11 Investment in subsidiary

	Group		Company	
	31/03/2013 N'000	31/12/2012 N'000	31/03/2013 N'000	31/12/2012 N'000
Investment at cost	-	-	9,750	9,750
	-	**-**	**9,750**	**9,750**

Details of the Company's subsidiary which is now a discontinued operation at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership	
			31/03/2013	31/12/2012
Robbialac Nigeria Limited -	Marketing of paints and allied	Nigeria	97.50%	97.50%

12 Available-for-sale investments

	Group 31/03/2013 N'000	Group 31/12/2012 N'000	Company 31/03/2013 N'000	Company 31/12/2012 N'000
At 1 January	135,483	142,545	135,483	142,545
Investment in ARM Pension Managers	-	-	-	-
Disposal of invesments	-	(2,198)	-	(2,198)
Liquidation of investment	-	(23,767)	-	(23,767)
Fair value change on investments	-	18,903	-	18,903
	135,483	**135,483**	**135,483**	**135,483**

Investment in ARM Pension Managers relates to investment undertaken by the Company in respect of retirement benefit obligations (gratuity). The investment is being managed by ARM Pension Managers (PFA) Ltd on behalf of the Company. The investment is within the control of the Company and hence does not qualify as plan asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

		Group		Company	
		31/03/2013	31/12/2012	31/03/2013	31/12/2012
		N'000	N'000	N'000	N'000
13	**Inventories**				
	Raw materials	285,424	293,224	285,424	293,224
	Work-in-progress	28,617	16,437	28,617	16,437
	Finished goods	509,021	444,433	509,021	444,433
	Engineering and miscellenous stocks	4,991	4,854	4,991	4,854
	Allowance for obsolete inventories (Note 13.1)	(221,091)	(221,091)	(221,091)	(221,091)
		606,962	**537,857**	**606,962**	**537,857**
13.1	**Allowance for obsolete inventories**				
	Opening b/f	221,091	181,997	221,091	181,997
	Charge for the year	-	39,094	-	39,094
	Write back during the year	-	-	-	-
		221,091	**221,091**	**221,091**	**221,091**

Total amount of N=311,639m being cost of inventories was recognised as an expense during the first quarter of the year in respect of continuing operations.

No Inventory was pledged as security for loans.

14	**Trade and other receivables**				
	Trade receivables	130,567	204,045	130,567	204,045
	Allowance for doubtful debts	(96,432)	(93,132)	(96,432)	(93,132)
		34,135	**110,913**	**34,135**	**110,913**
	Other receivables	71,730	106,498	71,730	106,498
		105,865	**217,411**	**105,865**	**217,411**

The average credit period granted to customers is 30 days. No interest is charged on overdue receivables. The Group and Company have recognised an allowanceof 100% for all receivables over 180 days, except where recovery is considered probable. The 100% allowance for receivables over 180 days is based on historical experience. The Group and Company do not hold any collateral over

Before accepting a new customer the Group initially trades with the customer on a cash basis to assess the customer's ability and also to determine the customer's transaction volumes. This enables a reasonable credit limit to be set. Once these are determined the customer is then allowed to apply for a credit facility from the company through a rigorous process with several levels of approval. Also, credit customers provide bank guarantees before being accepted as credit customers of the Group.

Credit sales form a small portion (less than 30%) of overall sales. The concentration of credit risk is limited due to this fact and the large and unrelated customer base. The company has pledged no trade receivables during the year.

BERGER PAINTS NIGERIA PLC

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14 Trade and other receivables (continued)

Of the trade receivables balance at the end of the quarter, the following Companies made up the largest customers:

	31/03/2013		31/12/2012		31/12/2011	
	N'000	%	N'000	%	N'000	%
ALCON NIGERIA	-	0	8,817	4	22,471	4
NIGERIAN ENGINEERING WORKS	7,005	5	3,542	2		0
FIRST ALUMINIUM	14,253	11	2,091	1	11,475	2
TECHLUM	16,953	13	15,599	8	20,871	4
DANGOTE SUGAR	3,322	3	6,710	3		0
DORMANGLONG ENGINEERING	5,860	4	5,860	3		0
SHELL	-	0	-	0	8,255	2
CHEVRON	-	0	-	0		0
GLOWORLD	3,356	3	-	0	14,829	3
SINOMA	-	0	-	0	12,835	2
ASTAC NIGERIA LIMITED	4,352	3	-	0		0

No other customer represents more than 10% of the total balance of trade receivables.

	Group			Company		
	31/03/2013	31/12/2012	31/12/2011	31/03/2013	31/12/2012	31/12/2011
	N'000	N'000	N'000	N'000	N'000	N'000
Ageing of past due but not impaired receivables						
31-60 days	-	57,367	75,122	-	57,367	75,122
61-180 days	-	53,752	31,096	-	53,752	31,096
181-365 days	-	-	-	-	-	-
Total	**-**	**111,119**	**106,218**	**-**	**111,119**	**106,218**
Ageing of impaired trade receivables						
31-60 days	-	-	-	-	-	-
61-180 days	-	-	-	-	-	-
181-365 days	-	92,926	425,383	-	92,926	425,383
Over 365 days	-	-	-	-	-	-
Total	**-**	**92,926**	**425,383**	**-**	**92,926**	**425,383**
Movement in the allowance for doubtful debts						
Balance at the beginning of the period	93,566	422,726	375,053	93,132	422,292	357,604
Amounts written off during the year as uncollectible	-	(300,078)	-	-	(300,078)	-
Amounts recovered during the year	-	(44,123)	(52,106)	-	(44,123)	(34,657)
Increase in allowance recognised in profit or loss	-	15,041	99,779	-	15,041	99,345
Balance at the end of the period	**93,566**	**93,566**	**422,726**	**93,132**	**93,132**	**422,292**

In determining the recoverability of the trade receivable, the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because of the customer base being large and unrelated and large credit risks are insured against irrecoverability. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

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		Group			Company		
		31/03/2013	31/12/2012	31/12/2011	31/03/2013	31/12/2012	31/12/2011
		N'000	N'000	N'000	N'000	N'000	N'000
15	**Other assets**						
	Prepayments	**39,542**	**34,534**	**5,088**	**39,542**	**34,534**	**4,775**
16	**Cash and cash equivalent**						
	Cash on hand	125,077	20,013	15,186	125,077	20,013	12,436
	Bank balance	46,143	183,109	262,925	46,143	183,109	253,715
	Bank deposit	545,539	545,539	435,206	545,539	545,539	435,206
		716,759	**748,661**	**713,317**	**716,759**	**748,661**	**701,357**

Included in cash and cash equivalents is a short term bank deposit of 30 day maturity. The carrying amount of this deposit includes the accrued interest as at transition date.

17	**Share capital**						
	Authorised:						
	800,000,000 ordinary shares of 50k each	**400,000**	**400,000**	**400,000**	**400,000**	**400,000**	**400,000**
	Issued and fully paid						
	217,367,585 ordinary shares of 50k each	**108,684**	**108,684**	**108,684**	**108,684**	**108,684**	**108,684**
18	**Share premium**						
	At 1 January	**160,201**	**160,201**	**160,201**	**160,201**	**160,201**	**160,201**
19	**Fair value reserve**						
	At 1 January	-	2,027	4,483	18,903	2,027	4,483
	Transferred on disposal of AFS investments	-	(2,027)	(1,743)	-	(2,027)	(1,743)
	Fair value change on AFS investments	-	18,903	(713)	-	18,903	(713)
		18,903	**18,903**	**2,027**	**18,903**	**18,903**	**2,027**

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	Group			Company		
	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000
20 Treasury shares reserve						
At 1 January	-	22,376	(1,029)	-	22,376	(1,029)
Disposal of treasury shares	-	-	1,029	-	-	1,029
Gain on disposal of treasury shares	-	-	22,376	-	-	22,376
Reclassified on disposal	-	(22,376)	-	-	(22,376)	-
	-	**-**	**22,376**	**-**	**-**	**22,376**
22 Retained earnings						
At 1 January	1,484,324	1,433,865	1,390,081	1,447,695	1,385,467	1,324,454
Reclassification of revaluation reserve	-	-	-	-	-	-
Dividend paid	-	(152,157)	(152,157)	-	(152,157)	(152,157)
Transfer from profit or loss	30,018	180,240	227,386	30,018	192,009	244,615
Reclassification of treasury shares on disposal	-	**22,376**	**-**	-	22,376	-
Reclassification of Provision under NGAAP	-	-	10,100	-	-	10,100
Actuarial Adjustment for Defined Benefits Plan	-	-	(39,348)	-	-	(39,348)
Deferred tax adjustment	-	-	(2,197)	-	-	(2,197)
	1,514,342	**1,484,324**	**1,433,865**	**1,477,713**	**1,447,695**	**1,385,467**

On 4 July 2012, a dividend of 70k kobo per share (total dividend N 152.157 million) was paid to holders of fully paid ordinary shares.

	Group			Company		
23 Non-controlling interest						
At 1 January	1,996	2,298	-		-	-
Share of subsidiary/discontinued operation's profit for the year (Note 40.1)	-	(302)	-		-	-
	1,996	**1,996**	**-**	**-**	**-**	**-**
24 Deferred taxes						
At 1 January	(13,828)	1,954	(4,866)	(13,828)	1,954	(243)
Charge for the year	-	(15,782)	6,820	-	(15,782)	2,197
	(13,828) -	**13,828**	**1,954**	**(13,828) -**	**13,828**	**1,954**

25 Retirement benefit plans

Defined contribution plan

The employees of the Company are members of a state arranged Pension scheme (Pension reform act, 2004) which is managed by several private sector service providers. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the statement of comprehensive income of N14.4m represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2012, contributions of N3.6m due in respect of October, November, and December 2012 had not been paid over to the plans. The amounts were paid subsequent to 31 December 2012, the end of the reporting period.

Defined benefit plan

The Company operates an unfunded defined benefit plans for qualifying employees . Under the plans, the employees are entitled to retirement benefits varying between 5 weeks and 10 weeks of final salary on attainment of a retirement age of 50 years and 55 years for Female and Male respectively. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out in March 2013 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuaial valuations were as follows

	Valuation at		
FINANCIAL ASSUMPTIONS	**31.12.2012**	**31.12.2011**	**1.1.2011**
	%	**%**	**%**
Discount rate	13	13	12
Expected rate(s) of salary increases	12	12	11
Expected return on reimbursement rights	-	-	-
Other(Rate of Inflation per annum)	10	10	10

DEMOGRAPHIC ASSUMPTIONS
Mortality in Service
The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This has been rated down by one year to more accurately reflect mortality in Nigeria.

Sample Age	**Number of deaths in year of age out of 10,000 lives**
25	**7**
30	**7**
35	**9**
40	**14**
45	**26**

Withdrawal from Servive

Age Band	**Rate**
Less than or equal to 30	**2.50%**
31-39	**1.50%**
40-45	**1.00%**
46-55	**0.00%**

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Group		Company	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	N'000	**N'000**	**N'000**	**N'000**
Current service cost	26,588	23,297	26,588	23,297
Interest on obligation	26,603	19,623	26,603	19,623
Expected return on reimbursement rights	-	-	-	-
Actuarial (gains)/losses recognised in the year	6,069	3,056	6,069	3,056
Past service cost	-	-	-	-
Losses/(gains) arising from curtailments or settlements	-	-	-	-
Adjustments for restrictions on the defined benefit asset	-	-	-	-
	59,260	**45,976**	**59,260**	**45,976**

25 Retirement benefit obligation (continued)

Of the expense for the quarter, N=Nil million has been included in profit or loss in the statement of comprehensive income as cost of sales and N=Nil million has been included in administrative expenses for the first quarter. Actuarial gains and losses have been reported in other comprehensive income for the year ended 31st December, 2012.

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	Group			Company		
	31/03/2013	31/12/2012	31/12/2011	31/03/2013	31/12/2012	31/12/2011
	N'000	N'000	N'000	N'000	N'000	N'000
Present value of defined benefit obligations	237,502	251,500	140,347	237,502	251,500	205,810
(Deficit)/Surplus in scheme	**237,502**	**251,500**	**205,810**	**237,502**	**251,500**	**205,810**
Past service cost not yet recognised in statement of financial position.	-	-	-	-	-	-
Net obilgations recognised in the statement of financial position.	**237,502**	**251,500**	**205,810**	**237,502**	**251,500**	**205,810**

Movements in the present value of defined benefit obligations were as follows:

At 1 January	251,500	205,810	166,462	251,500	205,810	166,462
Service cost	-	53,192	42,920	-	53,192	42,920
Actuarial gains and losses	-	6,069	3,056	-	6,069	3,056
Benefits paid	(13,998)	(13,570)	(6,628)	(13,998)	(13,570)	(6,628)
Past service cost	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-
	237,502	**251,500**	**205,810**	**237,502**	**251,500**	**205,810**

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		Group			Company		
		31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000
26	**Short term loans**						
	Balance	**6,483**	**6,706**	**6,505**	**6,483**	**6,706**	**6,505**

These represent ex-staff members' entitlements which were converted to loans by the entity at an interest rate of 4%. The loans are inclusive of the accrued interest at the end of the reporting period.

27	**Trade and other payables**						
	Trade creditors	341,002	313,129	249,457	341,002	313,129	249,457
	Due to discontinued operations	58,627	58,627	-	58,627	58,627	48,392
	Accruals	41,237	79,335	62,119	41,237	79,335	58,301
	Witholding taxation	2,982	2,916	3,848	2,982	2,916	3,848
	Value added taxation	14,729	13,496	23,771	14,729	13,496	23,771
	Other creditors	40,758	85,505	63,914	40,483	85,232	56,264
		499,335	**553,008**	**403,109**	**499,060**	**552,735**	**440,033**

The average credit period on purchases is 30 days. No interest is charged on trade payables. The Company have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

28	**Other liabilities**						
	Advance interest received	2,219	21,489	-	2,219	21,489	-
	Advance rent received	22,707	27,240	26,222	22,707	27,240	26,222
	Deposits from customers	2,010	51,699	105,090	2,010	51,699	101,279
		26,936	**100,428**	**131,312**	**26,936**	**100,428**	**127,501**
29	**Current tax liabilities**						
29.1	**Per Statement of Comprehjensive Income**						
	Income tax	13,244	100,264	110,639	13,244	100,264	110,639
	Education tax	883	7,974	9,484	883	7,974	9,484
		14,127	108,238	120,123	14,127	108,238	120,123
	Deferred tax (Note 24)	-	(15,782)	2,197	-	(15,782)	2,197
		14,127	92,456	122,320	14,127	92,456	122,320
29.2	**Per statement of financial position**						
	At 1 January	112,300	120,126	181,578	112,300	120,126	177,616
	Charge for the period	14,127	108,238	120,123	14,127	108,238	120,123
	Payments during the period	-	(106,411)	(167,515)	-	(106,411)	(164,446)
	WHT credit utilised	-	(9,653)	(13,167)	-	(9,653)	(13,167)
		126,427	**112,300**	**121,019**	**126,427**	**112,300**	**120,126**

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004, the Education Tax Act CAP E4, LFN 2004. Corporation tax and education tax is calculated at 30 % and 2% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Profit before tax on continuing operations	**44,145**	**284,465**
Corporation tax @30%	13,244	85,340
Education tax @2%	883	7,974
Tax at the statutory corporation tax rate on capital gain	-	-
Tax effect of expenses that are not deductible in determining taxable profit	-	6,169
Tax effect of income not taxable in determining taxable profit	-	(8,126)
Tax effect of utilisation of tax losses not previously recognised	-	-
Change in recognised deferred tax liabilities	-	-
Effect of capital allowance overclaimed	-	-
Effect of IFRS Adjustments	-	(1,638)
	14,126	**89,719**
Effective tax rate	**32**	**32**

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29.3 Income taxes relating to continuing operations

Income tax recognized in profit or loss

	2013	2012
	N'000	N'000
Current tax		
Current tax expense in respect of the current period:		
Company income tax payable	13,244	100,264
Arising on acturial (gains)/losses on staff retirement benefit	-	
Education tax payable	883	7,974
Captal gains tax	-	-
Industrial training levy	-	-
Adjustments recognized in the current period in relation to the current tax of	-	-
	14,126	**108,238**
Deferred tax		
Deferred tax expense recognized in the current period	-	(18,520)
Deferred tax reclassified from equity to profit or loss (if any)	-	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
Adjustments recognized in the current period in relation to the deferred tax	-	-
	-	**(18,520)**
Total income tax expense recognized in the current period relating to continuing operations	**-**	**89,718**

*Deferred tax asset is recognised to the extent that there is probability of future taxable profits or taxable temporary difference available for offset

29.4 Income tax recognized directly in equity

	2012	**2011**
	N'000	N'000
Current tax		
Share issue costs	-	-
Share buy-back costs	-	-
Arising on acturial (gains)/losses on staff retirement benefit	-	2,738
	-	-
Deferred tax		
Arising on transactions with owners:		
Initial recognition of the equity component of convertible notes	-	-
Share issue and buy-back expenses deductible over future periods	-	-
Excess tax deductions related to share-based payments	-	-
	-	2,738
	-	2,738
Total income tax recognized directly in equity	-	-

29.5 Income tax recognized in other comprehensive income

	2013	2012
	N'000	N'000
Current tax	14,126	108,238
Deferred tax		
Arising on income and expenses recognized in other comprehensive income:		
Arising on acturial (gains)/losses on staff retirement benefit	-	2,738
Translation of foreign operations	-	-
Fair value re-measurement of hedging instruments entered into for a hedge of a net investment in a foreign operation	-	-
Fair value re-measurement of available-for-sale financial assets	-	-
Fair value re-measurement of hedging instruments entered into for cash flow hedges	-	-
Property revaluations	-	-
	-	2,738
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	-	-
Relating to available-for-sale financial assets	-	-
On disposal of a foreign operation	-	-
Relating to disposal of revalued property	-	-
	-	-
Arising on gains/losses of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	-	-
Total income tax recognized in other comprehensive income	-	2,738

29.6 Current tax assets and liabilities

	2013	2012
	N'000	N'000
Current tax assets		
Tax Refund Receivable	-	-
Current Tax Liabilities		
Income Tax Payable	14,126	100,264
	14,126	100,264

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29.7 Deferred tax

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2013	2012	2011
	N'000	N'000	N'000
Deferred tax liabilities	-	59,800	59,785
Deferred tax assets	-	(73,627)	(57,830)
Arising on acturial (gains)/losses on staff			
	-	**(13,827)**	**1,955**

2012	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Closing balance
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	58,867	(2,759)	-	-	-	56,109
Provisions	(57,830)	(15,797)	-	-	-	(73,627)
Exchange difference	-	36	-	-	-	36
Acturial (gains)/losses on staff retirement benefit plan	917	-	2,738	-	-	3,655
	1,955	**(18,520)**	**2,738**	**-**	**-**	**(13,827)**

2011	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Closing balance
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	49,696	9,171	-	-	-	58,867
Provisions	(49,939)	(7,891)	-	-	-	(57,830)
Acturial (gains)/losses on staff retirement b	-	-	917	-	-	917
	(243)	**1,280**	**917**	**-**	**-**	**1,955**

2010	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Closing balance
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	-	49,696	-	-	-	49,696
Provisions	-	(49,939)	-	-	-	(49,939)
	-	**(243)**	**-**	**-**	**-**	**(243)**

Movement at a glance

	2012	2011	2010
	₦'000	**₦'000**	**₦'000**
Deferred tax (liabilities)/assets			
Opening balance	1,955	(243)	-
Recognised in profit or loss	(18,520)	1,280	(243)
Relating to adjustments to IFRS	2,738	917	-
Relating to reclassifications	-	-	-
Closing balance	**(13,827)**	**1,955**	**(243)**

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		Group			Company		
		31/03/2013	31/12/2012	31/12/2011	31/03/2013	31/12/2012	31/12/2011
		N'000	N'000	N'000	N'000	N'000	N'000
30	**Unclaimed dividend**						
	At 1 January	102,792	75,876	52,970	102,792	75,876	52,970
	Additions	30,000	26,916	22,906	30,000	26,916	22,906
		132,792	**102,792**	**75,876**	**132,792**	**102,792**	**75,876**
31	**Reconciliation of net income to net cash flow from operating activities**						
	Profit after taxation	**30,018**	**192,009**		**30,018**	**192,009**	
	Adjustments to reconcile net income to net cash provided:						
	Depreciation	25,447	94,041		25,447	94,041	
	Derecognition of gains on disposal of treasury shares	-	-			-	
	Net interest income	(19,270)	(79,300)		(19,270)	(79,300)	
	Profit on disposal of fixed assets	-	(5,268)		-	(5,268)	
	Changes in assets and liabilities:						
	Increase in stocks	(69,105)	37,254		(69,105)	22,434	
	Decrease/(increase) in trade debtors	76,778	(3,592)		76,778	(4,693)	
	Decrease in other debtors and prepayments	29,760	(78,543)		29,760	(78,886)	
	Increase/(decrease) in trade creditors	27,873	63,672		27,873	63,672	
	(Decrease)/increase in due to discontinued operation	-	-		-	10,235	
	(Decrease)/increase in accruals and other creditors	(127,406)	14,185		(127,681)	19,211	
	Increase in gratuity provisions	(13,998)	45,690		(13,998)	45,690	
	Increase/(decrease) in deferred taxation	-	(15,782)		-	(15,782)	
	(Decrease)/increase in income tax	14,127	(8,719)		14,127	(7,826)	
	Total adjustments	(55,794)	63,638	-	(56,069)	63,528	
	Net cash flow from operating activities attributable to continuing operations	(25,776)	255,647		(26,051)	255,537	
	Net cash flow from operating activities attributable to discontinued operation	7,203	7,203		-	-	
	Net cash flow from operating activities	**(18,573)**	**262,850**	**-**	**(26,051)**	**255,537**	

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32 Earnings per share

32.1 Continuing operations

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows

	Group		Company	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Basic EPS	N'000	N'000	N'000	N'000
Profit for the year attributable to owners of the Company	30,018	32,803	30,018	38,921
Weighted average number of ordinary shares ('000)	217,368	217,368	217,368	217,368
Basic earnings per share	14	15	14	18
Diluted EPS				
The earnings and weighted average				
Earnings used in the calculation of diluted earnings per share	30,018	32,803	30,018	38,921
Weighted average number of ordinary shares ('000)	217,368	217,368	217,368	217,368
Diluted earnings per share (kobo)	14	15	14	18

32.2 Discontinued operation

	31/03/2013	31/03/2012
Basic EPS	N'000	N'000
Profit for the year attributable to discontinued operation	-	(6,275)
Weighted average number of ordinary shares ('000)	10,000	10,000
Basic earnings per share	0	(63)
Diluted EPS		
The earnings and weighted average		
Earnings used in the calculation of diluted earnings per share	0	(6,275)
Weighted average number of ordinary shares ('000)	10,000	10,000
Diluted earnings per share (kobo)	0	(63)

33 Contingent liabilities

There was a pending legal action totalling N145 million against the Company in court of law in the ordinary course of business. The Board filed counter-claims in connection therewith . The High Court of Lagos State ordered discontinuation of the suit No.ID/1261/04 by the order dated 9th May, 2012 and struck out the suit, without any liability to the Company.
There was no other Contingent liability for the quarter ended March 31, 2013.

34 Related party transactions

.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	31/03/2013 N'000	31/12/2012 N'000
Short-term benefits	7,695	30,778

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

.2 Loans to Management Staff:

	Interest rate	Amount	Repayments	Balance 31/03/2013 N'000	Balance 31/12/2012 N'000
Total loans granted	15%	20,311	4,209	16,102	**17,772.00**

35 Events after the reporting period

There were no events after the reporting date that could have had a material effect on the financial statements of the Company that had not been provided for or disclosed in the financial statements.

36 Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged since 2011.
The capital structure of the Company consists of debt (which includes the borrowings disclosed in note 26) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the financial statements.
The Company is not subject to any externally imposed capital requirements.
The management of the Company reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

Gearing ratio

The gearing ratio at the year end is as follows:

	Group			Company		
	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000
Debt	6,483	6,706	6,505	6,483	6,706	6,505
Debt	**6,483**	**6,706**	**6,505**	**6,483**	**6,706**	**6,505**
Equity	**1,804,126**	**1,774,108**	**1,778,594**	**1,765,501**	**1,735,483**	**1,678,755**
Net debt to equity ratio	**0.36%**	**0.38%**	**0.37%**	**0.37%**	**0.39%**	**0.39%**

i. Debt is defined as current- and non current term borrowings.

ii. Equity includes all capital and reserves of the Company that are managed as capital.

37 Categories of financial instruments

31/03/2013

Group	Loans and advances N'000	Available for sale N'000	Non-financial N'000	Total N'000
Assets				
Cash and bank balances	716,759	-	-	716,759
Trade and other receivables	34,135	-	71,730	105,865
Other assets	-	-	39,542	39,542
Inventories	-	-	606,962	606,962
Available for sale investment	-	-	135,483	135,483
Property, plant and equipment	-	-	1,166,516	1,166,516
Assets classified as held for sale	-		-	-
	750,894	**-**	**2,020,233**	**2,771,127**

	Amortized cost N'000	Non-financial N'000	Total N'000
Liabilities			
Borrowings	6,483	-	6,483
Trade and other payables	399,629	99,706	499,335
Other liabilities	-	26,936	26,936
Current tax liabilities	-	126,427	126,427
Liabilities held for sale in a disontinued operation		19,587	19,587
Dividend payable	-	132,792	132,792
Deferred tax liabilities	-	(13,828)	(13,828)
Retirement benefit obligations	-	237,502	237,502
	406,112	**629,122**	**1,035,234**

37 Categories of financial instruments (continued)

31/12/2012

Group	Loans and advances N'000	Available for sale N'000	Non-financial N'000	Total N'000
Assets				
Cash and cash equivalents	748,661	-	-	748,661
Trade and other receivables	110,913	-	106,498	217,411
Other assets	-	-	34,534	34,534
Inventories	-	-	537,857	537,857
Assets classified as held for sales	7,203	-	61,032	68,235
Available for sale investment	-	-	135,483	135,483
Property, plant and equipment	-	-	1,164,424	1,164,424
	866,777	**-**	**2,039,828**	**2,906,605**

	Amortized cost N'000	Non-financial N'000	Total N'000
Liabilities			
Short-term loan	6,706	-	6,706
Trade and other payables	371,756	181,252	553,008
Other liabilities	-	100,428	100,428
Current tax liabilities	-	112,300	112,300
Liability held for sale in a discontinued operation		19,587	19,587
Dividend payable	-	102,792	102,792
Deferred tax liabilities	-	(13,828)	(13,828)
Retirement benefit obligations	-	251,500	251,500
	378,462	**754,031**	**1,132,493**

38 Risk management

Risk management roles and responsibilities are assigned to stake holders in the company at three levels: The board, executive committee and line managers.

The Board oversight is performed by the Board of Directors through Board Committes - Finance & Control Systems, Strategy & Direction.

The second level is performed by the Executive Management Committee (EXCOM)

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk framework. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

The Company monitor and manage financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

38.1 Market risk

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates.

Market risks exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

38.1.1 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to EURO, GBP and USD.

The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against EURO, GBP and USD currencies. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding EURO, GBP and US dollar denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the EURO, GBP and USD. For a 3% weakening of Naira against the EURO, GBP and USD there would be an equal and opposite impact on profit, and the balances below would be negative.

	Group		Company	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Naira strengthens by 3% against:				
USDollar	(7.27)	(16.86)	(7.27)	(16.86)
GBP	(2.04)	-	(2.04)	-
EURO	(0.17)	(25.32)	(0.17)	(25.32)
Profit / (loss)	**(9.48)**	**(42.17)**	**(9.48)**	**(42.17)**
Naira weakens by 3% against the US dollar				
USDollar	7.27	16.86	7.27	16.86
GBP	2.04	-	2.04	-
EURO	0.17	25.32	0.17	25.32
Profit / (loss)	**9.48**	**42.17**	**9.48**	**42.17**

38.2 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.
Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The carrying value of the Company’s financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

		Group			Company	
	31/03/2013	31/12/2012	31/12/2011	31/03/2013	31/12/2012	31/12/2011
	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	34,135	110,913	107,321	34,135	110,913	106,220

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

Parastatals/Government						
Corporates	34,135	110,913	107,321	34,135	110,913	106,220
SMEs	-	-	-	-	-	-
	34,135	**110,913**	**107,321**	**34,135**	**110,913**	**106,220**

Impairment losses

The ageing of trade receivables of the Company as on the reporting date was as follows:

Group	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
	Gross	**Impairment**	**Gross**	**Impairment**	**Gross**	**Impairment**
Not past due		-	-		-	-
Past due 0–30 days		-	-		-	-
Past due 30–60 days		-	-		-	-
Past due 60 - 90 days		-	-		-	-
Past due 90 – 180 days		-	-		-	-
Past due more than 180 days		-	-		-	-
	-	-	-	-	-	-

Company	**31/03/2013**		**31/12/2012**		**31/12/2011**	
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
	Gross	**Impairment**	**Gross**	**Impairment**	**Gross**	**Impairment**
Not past due	-	-	-	-	-	-
Past due 0–30 days	-	-	-	-	-	-
Past due 30–60 days	-	-	-	-	-	-
Past due 60 - 90 days	-	-	-	-	-	-
Past due 90 – 180 days	-	-	-	-	-	-
Past due more than 180 days	-	-	-	-	-	-
	-	-	-	-	-	-

38.3 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

38.3.1 Maturity analysis of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Group	**0-3 months** N'000	**3-6 months** N'000	**6-12 months** N'000	**12-24 months** N'000	**Above 24 months** N'000	**Total** N'000
31/03/2013						
Short term borrowings			6,483			6,483
Trade payables	-	-	341,002	-	-	341,002
	-	**-**	**347,485**	**-**	**-**	**347,485**
31/12/2012						
Short term borrowings	-	-	6,706	-	-	6,706
Trade payables	-	-	371,756		-	371,756
	-	**-**	**378,462**	**-**	**-**	**378,462**
31/12/2011						
Short term borrowings	-	-	6,505	-	-	6,505
Trade payables	-	-	249,457		-	249,457
	-	**-**	**255,962**	**-**	**-**	**255,962**
Company						
31/03/2013						
Short term borrowings			6,483			6,483
Trade payables	-	-	341,002	-	-	341,002
	-	**-**	**347,485**	**-**	**-**	**347,485**
31/12/2012						
Short term borrowings	-	-	6,706	-	-	6,706
Trade payables	-	-	371,756		-	371,756
	-	**-**	**378,462**	**-**	**-**	**378,462**
31/12/2011						
Short term borrowings	-	-	6,505	-	-	6,505
Trade payables	-	-	297,849		-	297,849
	-	**-**	**304,354**	**-**	**-**	**304,354**

39 Fair value of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Carrying amount			**Fair Value**		
	31/03/2013	**31/12/2012**	**31/12/2011**	**31/03/2013**	**31/12/2012**	**31/12/2011**
Group	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Financial Asset						
Available for sale financial assets	135,483	135,483	142,545	135,483	135,483	142,545
Trade receivables	130,567	110,913	107,321	34,135	110,913	107,321
Cash and bank balances	716,759	748,661	713,317	716,759	748,661	713,317
Finacial Liabilities						
Short term borrowings	6,483	6,706	6,505	6,483	6,706	6,505
Trade payables	399,629	371,756	249,457	399,629	371,756	249,457
Company						
Financial Asset						
Available for sale financial assets	135,483	135,483	142,545	135,483	135,483	142,545
Trade receivables	130,567	204,045	528,712	34,135	217,411	163,591
Cash and bank balances	716,759	748,661	701,357	716,759	748,661	701,357
Finacial Liabilities						
Short term borrowings	6,483	6,706	6,505	6,483	6,706	6,505
Trade payables	399,629	371,756	297,849	399,629	371,756	297,849

39.1 Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Group			Company		
	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000	31/03/2013 N'000	31/12/2012 N'000	31/12/2011 N'000
Financial assets						
Level 1						
Available for sale-quoted	135,483	135,483	142,545	135,483	135,483	142,545
	135,483	**135,483**	**142,545**	**135,483**	**135,483**	**142,545**
Level 2						
	-	**-**	**-**	**-**	**-**	**-**
Level 3						
Trade receivables	34,135	110,913	107,321	34,135	110,913	106,220
	34,135	**110,913**	**107,321**	**34,135**	**110,913**	**106,220**
Total	**169,618**	**246,396**	**249,866**	**169,618**	**246,396**	**248,765**
Financial liabilities						
Level 1						
	-	**-**	**-**	**-**	**-**	**-**
Level 2						
	-	**-**	**-**	**-**	**-**	**-**
Level 3						
Short-term loans	6,483	6,706	6,505	6,483	6,706	6,505
Trade payables	399,629	371,756	249,457	399,629	371,756	297,849
	406,112	**378,462**	**255,962**	**406,112**	**378,462**	**304,354**
Total	**406,112**	**378,462**	**255,962**	**406,112**	**378,462**	**304,354**

BERGER PAINTS NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH, 2013

40 Discontinued operation

On November 30 2012, the Directors of Berger Paints Nigeria Plc discontinued the operations of its subsidiary, Robbialac Nigeria Ltd. The discontinuation of operations is consistent with the Company's long-term policy to focus its activities on paints manufacturing. The assets and liabilities of the subsidiriay will be transferred to the Company in the following reporting year at their carrying amounts. The Company has not recognised any impairment losses in respect of the subsidiary, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

40.1 Analysis of profit or loss for the year from the discontinued operation

The results of the discontinued operations included in the statement of comprehensive income are set out below:

	31/03/2013	31/03/2012
	N'000	N'000
Revenue	-	49,226
Cost of sales	-	(47,840)
Gross profit	-	1,386
Expenses	-	(6,430)
Profit before taxation	-	(5,044)
Tax expense	-	(1,231)
Profit after taxation	**-**	**(6,275)**
Profit/(loss) attributable to the discontinued operation:		
Owners	-	(6,118)
Non-controlling interest	-	(157)
	-	**(6,275)**

40.2 Cash flows from discontinued operations

Net cash inflows from operating activities	-	-
Net cash inflows from investing activities	-	-
Net cash outflows from financing activities	-	-
Net cash flows	**-**	**-**

40.3 Assets of the discontinued operation classified as held for sale

Property, plant and equipment	2	2
Inventories	-	22,879
Trade and other receivables	2,403	(137)
Due from related company	58,627	33,823
Bank balances and cash	7,203	14,330
	68,235	**70,897**

40.4 Liabilities of the discontinued operation classified as held for sale

Other payables	14,748	14,330
Current tax liabilities	4,839	2,124
	19,587	**16,454**