

NATIONAL SALT COMPANY OF NIG. PLC

**UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER, 2011**

NATIONAL SALT COMPANY OF NIG PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE THIRD QUARTER ENDED 30 SEPTEMBER, 2011

The following are the summary of significant accounting policies which have been adopted by the Company in the preparation of its financial statements.

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost basis modified to include the revaluation of certain land and buildings and plant and machinery. No adjustments have been made to reflect the impact on the financial statements of specific price changes or changes in the general level of prices

2. TURNOVER

Turnover represents the net value of goods and services sold and delivered to third parties during the year less discounts.

3. FIXED ASSETS

Fixed Assets are stated at cost or valuation less accumulated depreciation.

4. DEPRECIATION:

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their expected useful lives. The principal annual rates used for this purpose are:

Leasehold land and buildings	2%
Plant and Machinery	6 2/3%
Motor Vehicles	25%
Furniture and Fittings	20%
Tools and equipments	25%
Computer Equipment	33 1/3%

5. FINANCE LEASE

Assets under finance lease are included in the balance sheet at the net book value of the assets and the present value of the minimum lease payments. Depreciation is calculated using the rate applicable to other fixed assets in the same category.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE THIRD QUARTER ENDED 30 SEPTEMBER, 2011

6. STOCKS AND WORK-IN-PROGRESS

Stocks are valued at lower of cost and net realisable value. Cost of raw materials which comprises suppliers' invoice price and where appropriate freight and other charges incurred to bring the materials to their location and condition, is determined using standard cost, which approximates actual cost on a FIFO basis. Finished goods which include direct labour and factory overheads, is valued at standard cost which approximates actual cost on a FIFO basis. Engineering spares and packaging materials are valued at invoice price only.

7. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. Assets and Liabilities existing in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date. Gains or losses arising there-from are included in the profit and loss account.

8. DEBTORS

Debtors are stated after specific provision for debts considered doubtful of recovery.

9. EMPLOYEES RETIREMENT BENEFIT SCHEME

The company makes provision for retirement benefits in accordance with the Pension Reform Act of 2004. the contribution of the employer is 7.5% while that of the employee is 7.5% of relevant emoluments.

The company also operates a gratuity scheme for its permanent Nigerian staff, the benefits under which are related to employees' length of service and remuneration. The provision for liability in respect thereof made in full in the financial statements.

10. TAXATION

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

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11. DEFERRED TAXATION

Deferred taxation is provided by the liability method which represents taxation at current rate on the difference between the net book values of fixed assets qualifying for capital allowances and their corresponding income tax values

12. PROVISIONS

Provisions are recognized when the company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an overflow of resources embodying economic benefits will be required to settle obligation and a reliable estimate can be made of the amount of the obligation.

13 .INVESTMENTS

Short term investments are stated at cost after specific provision for diminution in value.

14. EARNINGS PER SHARE

The company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss after tax attributable to ordinary shareholders of the company by the number of issued and fully paid ordinary shares at the end of each financial year.

15. RISK MANAGEMENT

The existing Code of Corporate Governance has been designed to mitigate risks, both identified and anticipated. In respect of risk identified, provision is only made for the amount the Directors consider prudent in relation to probable cash flow. For anticipated risks, appropriate controls are instituted by Management to mitigate such risk.

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PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER, 2011

	Note	30 SEPT 2011 N'000	30 SEPT 2010 N'000
Turnover	2	7,260,764	6,538,016
Cost of sales		<u>(4,494,834)</u>	<u>(4,520,820)</u>
Gross profit		2,765,930	2,017,195
Distribution and administrative expenses		<u>(835,340)</u>	<u>(627,397)</u>
Operating profit		1,930,590	1,389,798
Other income	3	12,979	27,415
Interest receivable and similar income	4	<u>69,234</u>	<u>92,693</u>
Operating profit before interest payable		2,012,803	1,509,906
Interest payable and similar charges		<u>(10,525)</u>	<u>(8,221)</u>
Profit before taxation	5	2,002,278	1,501,685
Taxation	6	<u>(640,729)</u>	<u>(480,539)</u>
Profit after taxation transferred to revenue reserve	18	<u>1,361,549</u>	<u>1,021,146</u>
Earnings per share - Basic (Kobo)	7	<u>69</u>	<u>51</u>
Earnings per share - Adjusted/Diluted (Kobo)		<u>69</u>	<u>51</u>

The accounting policies on pages 2 to 4 and other explanatory notes on pages 8 to 17 form part of these financial statements.

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BALANCE SHEET

AS AT 30 SEPTEMBER, 2011

	Note	30 SEPT 2011 N'000	31 DEC 2010 N'000	30 SEPT 2010 N'000
FIXED ASSETS	8	3,356,839	2,555,373	2,701,182
CURRENT ASSETS				
Stocks	10	361,046	915,198	559,396
Trade debtors	11	393,845	673,335	1,580,443
Other debtors and prepayments	12	1,426,763	894,128	845,014
Due from holding company	28	179,753	200,343	235,153
Due from related Companies	28	14,882	79,569	119,947
Short term investment		3,466,785	743,361	1,129,703
Bank and Cash balances	21	1,186,493	1,448,485	1,958,552
		7,029,567	4,954,419	6,428,209
CREDITORS: Amounts falling due within one year				
Bank loans and overdrafts	13	5,236	5,236	5,745
Trade creditors		356,038	257,201	150,666
Other creditors and accruals	14	2,979,612	689,432	891,336
Taxation		1,329,704	719,814	1,245,152
Due to holding company		149,946	317,876	423,765
Due to related Companies	28	12,441	34,657	0
		4,832,978	2,024,216	2,716,664
NET CURRENT ASSETS		2,196,590	2,930,203	3,711,545
TOTAL ASSETS LESS CURRENT LIABILITIES		5,553,429	5,485,576	6,412,727
Deferred taxation		(209,630)	(209,630)	(458,437)
Debenture loan	20	(38,570)	(38,570)	(38,570)
PROVISION FOR LIABILITIES AND CHARGES				
Gratuity	16	(313,265)	(282,242)	(263,042)
NET ASSETS		4,991,964	4,955,134	5,652,678
CAPITAL AND RESERVES				
Share capital	17	1,324,719	1,324,719	1,324,719
Share premium	18	434,037	434,037	434,037
Capital reserves		149,450	149,450	149,450
Revenue reserve	19	3,083,758	3,046,928	3,744,472
		4,991,964	4,955,134	5,652,678

The financial statements on pages 2 to 20 were approved by the Board of Directors on **26th October, 2011** and signed on its behalf by:

The accounting policies on pages 2 to 4 and other explanatory notes on pages 8 to 17 form part of these financial statements.

