NATIONAL SALT COMPANY OF NIGERIA PLC

2ND QUARTER INTERIM UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2013

NATIONAL SALT COMPANY OF NIGERIA PLC

2ND QUARTER UNAUDITED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2013

CONTENTS **PAGE**

Statement of profit or loss and other comprehensive income	**1**
Statement of financial position	**2**
Statement of changes in equity	**3**
Statement of cashflow	**4**
Notes to the financial position	**5-43**

NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	30/6/2013 N'000	30/6/2012 N'000	31/12/2012 N'000
Continiung Operations				
Revenue	5	5,336,491	6,999,008	13,414,185
Cost of sales	6	(3,025,501)	(4,441,998)	(8,323,191)
Gross profit		2,310,990	2,557,010	5,090,995
Investment income	8	201,259	61,944	268,490
Other income	9	208	2,735	415
Distribution expenses		(92,556)	(120,312)	(245,012)
Administrative expenses	7	(371,507)	(493,158)	(1,070,604)
Interest expense	10	(4,269)	(4,880)	(7,947)
Profit before tax		2,044,126	2,003,339	4,036,338
Income tax expense	11	(654,120)	(641,069)	(1,270,030)
Profit for the year from continiung operation		**1,390,006**	**1,362,271**	**2,766,308**
Discontinued Operation				
Loss from discontinued operation				-
Other comprehensive income				
Acturial gains (net of tax)	11	-		1,407
Total comprehensive income for the year		**1,390,006**	**1,362,271**	**2,767,715**
Earnings per share				
Basic & Diluted (kobo)		105	103	104

NATIONAL SALT COMPANY OF NIGERIA PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	30/6/2013 N'000	30/6/2012 N'000	Year ended 31/12/12 N'000
Assets				
Non-current assets				
Property, plant and equipment	14	5,189,233	3,566,691	3,642,570
Other assets	15	20,213	23,888	23,888
Deferred tax assets				-
Total non-current assets		**5,209,446**	**3,590,579**	**3,666,458**
Current assets				
Inventories	16	889,952	984,229	910,321
Trade and other receivables	17	2,668,572	1,962,903	2,005,735
Other assets	15	141,169	51,788	40,945
Cash and bank balances	18	1,437,944	2,709,307	4,066,082
Total current assets		**5,137,637**	**5,708,227**	**7,023,083**
Total assets		**10,347,083**	**9,298,806**	**10,689,542**
Equity and liabilities				
Capital and reserves				
Share capital	19	1,324,719	1,324,719	1,324,719
Share premium	20	434,037	434,037	434,037
Retained earnings	21	3,843,029	3,413,464	4,818,825
Total equity		**5,601,784**	**5,172,220**	**6,577,581**
Non-current liabilities				
Borrowings	22	38,570	38,570	38,570
Retirement benefit obligation	24.4	396,793	444,164	516,267
Deferred tax liabilities	11	180,002	359,057	180,002
Total non-current liabilities		**615,365**	**841,791**	**734,839**
Current liabilities				
Bank overdraft	18	5,236	6,906	5,236
Trade and other payables	23	2,320,830	1,928,471	1,922,139
Current tax liabilities	11	1,803,867	1,349,418	1,449,747
Total current liabilities		**4,129,934**	**3,284,795**	**3,377,122**
Total liabilities		**4,745,298**	**4,126,586**	**4,111,961**
Total equity and liabilities		**10,347,083**	**9,298,806**	**10,689,542**

The financial statements were approved by the board of directors and authorised for issue on 29th July, 2013

………………………………………..
……………………………………….. } Directors

NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2012	1,324,719	434,037	4,818,825	6,577,581
				-
Transfer to retained earnings upon transition	-	-	-	-
	1,324,719	434,037	4,818,825	6,577,581
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Net change in defined benefit plan			-	
Surplus released on asset disposed	-	-	-	-
Payment of dividends	-	-	-	-
Balance at 31 Dec, 2012	**1,324,719**	**434,037**	**4,818,825**	**6,577,581**
				-
Profit for the period	-	-	1,390,006	1,390,006
Other comprehensive income for the period	-	-	-	-
Other adjustment			18,693	18,693
Total comprehensive income	-	-	-	-
Payment of dividends	-	-	(2,384,495)	(2,384,495)
Balance at 30 June 2013	**-**	**-**	**3,843,029**	**5,601,785**

NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF CASH FLOW
AS AT 30 JUNE 2013

	Note	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Cash flows from operating activities				
Cash receipt from customers		5,011,862	7,033,884	13,509,492
Cash paid to suppliers and employees		(3,424,667)	(5,352,313)	(9,452,397)
		1,587,195	1,681,571	4,057,095
Value added tax paid		12,357	12,353	12,357
Tax paid		(300,000)	(150,000)	(829,433)
Net cash provided by operating activities		**1,299,552**	**1,543,925**	**3,240,019**
Cash flows from investing activities				
Purchase of PPE		(1,740,185)	(534,496)	(1,012,055)
Proceed from sale of PPE				-
Interest received		201,259	61,944	203,250
Net cash provided by investing activities		**(1,538,926)**	**(472,552)**	**(808,805)**
Cash flows from financing activities				
Dividend paid		(2,384,495)	(1,854,607)	(1,854,607)
Interest paid		(4,269)	(4,880)	(7,947)
Net cash provided by financing activities		**(2,388,764)**	**(1,859,487)**	**(1,862,554)**
Net Increase/(decrease) in cash and cash equivalents		(2,628,138)	(788,115)	568,660
Cash and cash equivalents at 1 January		4,066,082	3,497,422	3,497,422
Cash and cash equivalents at 30 June		**1,437,944**	**2,709,307**	**4,066,082**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30TH JUNE, 2013

1 GENERAL INFORMATION

National Salt Company of Nigeria Plc. was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatized in April, 1982 and became listed on the Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited that owns about 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling party is Alhaji Aliko Dangote.

The registered address of the Company is located at 16 Ikosi Road,Oregun, Ojota Lagos.

1.1 The principal activity

The principal activity of the Company is the refining and sale of edible, refined, bulk and industrial salt. The Company’s products are sold through distributors across the country.

1.2 Financial period

These financial statements cover the financial period from 1 January 2012 to 31 December 2012 with comparatives for the year ended 31 December 2011 and a statement of opening position as at 1 January 2011, the date of transition to IFRS.

1.3 Going Concern status

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

1.4 Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political, social, 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 affecting the Company’s access to capital and cost of capital for the Company and more generally, its business, results of operation, financial condition and prospects

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30TH JUNE, 2013

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs in issue but not yet effective

IFRS 9 Financial Instruments[3];
IFRS 11 Joint Arrangements[2];
IFRS 12 Disclosures of Interests in Other Entities[2];
IFRS 10 Consolidated Financial statements[2]
IFRS 13 Fair Value Measurement[1];
Amendments to IFRS 7 Financial Instruments: Disclosures (see below)
IAS 27 (as revised in 2011) Separate Financial Statements[2];
IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures[2];
Amendments to IAS 32 Financial Instruments: Presentation – "Offsetting Financial Assets and Financial Liabilities"[4];

Amendments to IFRSs – Annual Improvements to IFRSs 2009-2011 cycle except for the amendment to IAS 1 (see above)[1;]

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine[1].

[1] Effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

[2] Each of the five standards becomes effective for annual periods beginning on or after 1 January 2013, with earlier application permitted if all the other standards in the 'package of five' are also early applied (except for IFRS 12 that can be applied earlier on its own).

[3] Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9:

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. In addition, under IFRS 9 Financial Instruments, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 Financial Instruments requires that 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 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company's management anticipates that IFRS 9 Financial Instruments in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 Financial Instruments until a detailed review has been completed.

Amendments to IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: *Presentation – "Offsetting Financial Assets and Financial Liabilities and the related disclosures"*

The amendments to IAS 32 Financial Instruments: Presentation clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 Financial Instruments: Disclosures require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements for financial instruments under an enforceable master netting agreement or similar arrangement).

The disclosures should be provided retrospectively for all comparative periods.

The Company's management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regards to offsetting financial assets and financial liabilities in the future.

IAS 19 Employee Benefits

The amendments to IAS 19 Employee Benefits change the accounting for defined benefit plans and termination benefits and a definition of short-term 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:Employee Benefits 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. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 Employee Benefits are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to IAS 19 Employee Benefits require retrospective application. The Company's management does not anticipate that the revision of IAS 19 Employee Benefits will have a significant effect on the Company's consolidated and standalone financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009-2011 Cycle include a number of amendments to various IFRSs.
Amendments to IFRSs include:

Amendments to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 Financial Instruments: Presentation clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property plant and equipment are not inventory.

Amendments to IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The Company's management anticipates that the amendments to IAS 32 Financial Instruments:
Presentation will have no effect on the Company's consolidated and standalone financial statements.

IFRS 10,11 &12, IAS 27&28 (Revised in 2011)

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first full IFRS Financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. Disclosures outlining the adjustments necessary in the transition to IFRS are disclosed in Note 33, 34 and 35.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

3.3 Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

3.4 Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and any estimated customer returns. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

Sale of goods

Revenue from the sale of goods is recognised when 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 owners
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed.

3.5 Interest income

Interest income from a financial asset 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.

3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing 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 are recognised immediately in the statement of other comprehensive income. Past service cost is recognised immediately in the profit and loss account to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets, (if any). Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

3.7 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other 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 substantively enacted by the end of the reporting period.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting sheet date. Education tax is assessed at 2% of the assessable profits.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit and loss, 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 recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the company's share of the profit or loss and other comprehensive income of the associate. When the company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long term interests that, in substance, form part of the company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When applicable, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with the carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other income in relation to that associate on the assets or liabilities. Therefore , if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets and liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustments) when it loses significant influence over the associate.

When the company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of the interest in the associates that are not related to the Company.

3.9 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed assets under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of comprehensive income.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings – 50 years (2%)
- Plant and Machinery – 15 years (6.67%)
- Motor Vehicles – 4 years (25%)
- Computer Equipment – 3 years (33.3%)
- Tools and Equipment – 4 years (25%)
- Furniture and Equipment – 5 years (20%)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

3.1 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

3.1 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

3.1 Impairment of tangible and intangible assets excluding goodwill

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). Where 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. Where 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 group 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 profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 profit or loss.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of engineering spares and consumable stock is determined on a weighted average basis. Cost of other stock (Raw materials, packaging materials, work in progress and finished goods) is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods in transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.14 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 (when the time value of money is material).

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. Where 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 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.

3.14.1 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.

3.14.2 Environmental costs

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determine that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

Environmental costs, which are not included above, are expensed as incurred.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 the financial assets and financial liabilities (other than financial assets or 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 profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets 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. All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The Company's financial assets comprise loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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 (including trade and other receivables) 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.

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 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 all categories of 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 is becoming probable that the owner 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 asset, 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 30 days, as well as observable changes in national or local economic conditions that correlate with a 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. Such impairment loss will not be reversed in subsequent periods.

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 profit or loss.

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.

3.16 Cash and cash equivalents

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

3.17 Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments 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.

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 at the proceeds received, net of direct issue costs.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss (FVTPL) or other liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently 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 estimates 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.

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.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effects of all dilutive potential ordinary shares.

3.19 Foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Naira, which is the Company's functional and presentation currency.

3.19a Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

3.2 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.21 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates.

3.22 Segment information

Information reported to the Chief Operating decision maker of the Company for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined salt.

Hence, no segment reporting has been provided in the financial statements as the Company is solely involved in the refining and sale of refined salt.

4 CRITICAL ACOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's significant accounting policies, described in note 3, the directors are required to make judgments, 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 on-going 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.

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2 Useful life of property, plant and equipment

The Company reviewed and revised the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011, and under IFRS, has reviewed them annually at each reporting date. Useful lives are estimated based on the engineer's report, as at each reporting date. Some of the factors considered include the current service potential of the assets, potential cost of repairs and maintenance.

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total comprehensive income for the year.

4.3 Allowance for credit losses

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

4.4 First time adoption optional exemption of IFRS.

As previously noted, IFRS 1 requires retrospective application of all IFRS standards with certain optional exemptions and mandatory exceptions. The optional exemptions elected are described below.

Optional exemptions

a. 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. The Company has taken this option, resulting in the cumulative amount of actuarial losses on the defined benefit pension plans and other benefits plans being recognised in retained earnings at the Transition Date.

b. 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. The Company elected to take this exception and did not assess arrangements according to IFRIC 4 prior to Transition Date.

c. 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 mat 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 has decided to use fair value as deemed cost for certain property, plant and equipment.

Mandatory exceptions

d. Estimates

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

e. 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. The Company had assessed the classification of its financial assets in line with IAS 39.

f. De-recognition of financial assets and liabilities exception

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

g. Embedded derivative

In line with the first time adoption of IFRS 1, the Company applied the exception to the retrospective application of IAS 39 to contracts (with possible embedded derivative conditions) which existed at the date of transition. The exception requires a consideration of such contracts at the later of the date the Company became a party to the contract and the date a reassessment is required.

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 areas.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

5 Revenue

The following is the analysis of the entity's revenue for the year from continuing opertaions (excluding investment income- see note 8)

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Revenue from sale of edible/industrial salt	4,752,892	6,351,635	12,144,691
Freight income	583,598	647,373	1,269,494
	5,336,491	**6,999,008**	**13,414,185**

5.1 The amount represents revenue realised during the year on the sale of Edible, Refined, Bulk and Industrial salt.

5.2 Information about major customers

These are leading blue chip companies in Nigeria, and they include manufacturers of confectioneries, seasonings, refined edible oil, processed leather, noodles, cement, and oil industries. They buy industrial salts of different grades and specifications.

5.3 The company provides a freight services to customers by transporting refined salt purchased to their destination. Freight income represents revenue earned in respect of this during the year. The associated cost of running the freight services is rendered in cost of sales.

6 Cost of Sales

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Direct material cost	1,371,339	2,307,013	4,296,126
Direct labour cost	235,589	280,508	520,374
Direct overhead	369,656	462,319	1,591,572
External Haulage	614,649	967,481	1,215,284
Depreciation	269,728	275,312	374,538
Carriage	135,475	119,372	264,740
Loading	29,065	29,993	60,557
	3,025,501	**4,441,998**	**8,323,191**

7 Administrative Expenses

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Directors remuneration	30,741	27,100	43,083
Salaries & related staff costs	157,017	160,612	390,880
Management fee	118,325	147,736	283,190
Depreciation	20,802	16,458	33,919
Impairment loss	-	-	56,675
Utilities	4,911	4,209	158,639
AGM Expenses	19,430	12,588	26,370
Audit fee	6,950	4,950	9,900
Legal and professional fees	24,888	30,652	37,536
Others	103,399	88,855	30,410
	486,463	**493,158**	**1,070,602**

8 Investment income

	Note	30/6/2013 N'000	30/6/2012 N'000	2012 N'000	2011 N'000
Rental income:					
OTA warehouse	8.1	-		65,240	5,843
Interest income:					
Bank deposits	8.2	2,593	371	489	171
Fixed deposits		87,032	11,453	37,630	128,146
Commercial paper		111,634	50,120	165,131	17,855
		201,259	**61,944**	**268,490**	**152,015**

8.1 Rental income relates to income earned from DIL logistics with respect to warehouse service rendered to them. DIL Logistics uses NASCON OTA warehouse in keeping custody of its truck.

8.2 The interest income on bank deposits were earned at the average rate of 10%per annum

9 Other Income

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000	2011 N'000
Sale of scrap	28	2,550	-	7,027
Gain (loss) on disposal of asset	-	-	-	1,644
Non-refundable deposit from suppliers	180	185	415	245
				2,095
	208	**2,735**	**415**	**11,011**

10 Finance Cost

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000	2011 N'000
Bank charges	4,269	4,880	7,947	13,169
	4,269	**4,880**	**7,947**	13,169

NATIONAL SALT COMPANY OF NIG. PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

11 Taxation

11.1 Income tax recognised in profit or loss

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Current tax			
Current tax expense	613,238	601,002	1,352,584
Education tax	40,883	40,067	97,163
Adjustment for prior periods			-
	654,120	641,069	1,449,747
Deferred tax			
Deferred tax expense	-	-	(179,717)
	-	-	(179,717)
Total income tax recognised in current year	654,120	641,069	1,270,030

11.2 Current tax assets and liabilities

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Income tax payable	1,803,867	1,349,418	1,449,747
	1,803,867	1,349,418	1,449,747

11.3 Movement in tax payable account

	30/6/2013	30/6/2012	2012
Balance, beginning of the year	1,449,747	858,349	858,349
Charge for the year	654,120	641,069	1,449,747
Payment made during the year.	(300,000)	(150,000)	(829,433)
Over provision in prior year			(28,916)
Utilisation of withholding tax credits	-		-
Balance, end of the year	1,803,867	1,349,418	1,449,747
			-

11.4 Deferred tax balance

	30/6/2013	30/6/2012	2012
Deferred tax liabilities	180,002	359,057	180,002
	180,002	359,057	180,002

11.4.1 Movement in deferred tax payable account

	30/6/2013	30/6/2012	2012
Balance, beginning of the year	180,002	359,057	359,057
Charge/(write-back) for the year	-	-	(179,055)
Discontinued operation	-	-	-
Balance, end of year	180,002	359,057	180,002

11.4.2 Deffered tax effect on acturial gain tax

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Gross gain	-	-	2,069
Deferred tax charge	-	-	(662)
	-	-	1,407

Deferred tax as at 31 December 2012 was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances

NATIONAL SALT COMPANY OF NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

12 Profit for the year from continuing operations

	30/6/2013 N'000	30/6/2012 N'000	31 Dec 2012 N'000
Profit for the year is arrived after charging/(crediting) the following:			
Depreciation expense	269,728	275,312	548,127
Impairment Loss on trade receivables	-	-	44,469
Management fee	118,325	147,736	283,190
Director's remuneration	18,741	14,708	43,083
Staff gratuity scheme - current service cost	-	7,884	90,337
Secretarial & other professional fees	24,888	30,652	37,536
Staff cost	161,541	159,732	262,556
Provision for bad & doubtful debts	-	-	56,675
Auditor's remuneration	6,950	4,950	13,000

12 Discontinued operations

In 2011, the Company discontinued the importation of processed tomato paste which had been its supplemetary product since 2007. This is in line with the long term plan of the Company to commence the actual manufacturing of the same product in Nigeria. To this end, it has invested in the acquisition of equipements which are currently warehoused in its Otta location while the plant for the new business line is still under construction. The investments so far in the new business in recorded in the Company's capital work in progress.

Analysis of the profit for the year from discontinued operations

The result d of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been represented to include those operations classified as discontinued in the current year.

Loss for the year from discontinued operations

	30/6/2013 N'000	30/6/2012 N'000	31 Dec 2012 N'000
Revenue	-	-	64,898
Other gains	-	-	-
Expenses	-	-	(89,327)
Profit before tax	-	-	(24,429)
Attributable income tax expense	-	-	-
Loss for the year from discontinued operations (attributat	-	-	(24,429)

13 Earnings per share

	30/6/2013 N'000	30/6/2012 N'000	31 Dec 2012 N'000
Profit for the year attributable to the owners of the company	1,390,006	1,362,271	2,766,308
Earnings used in the calculation of basic earnings per share	1,390,006	1,362,271	2,766,308
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,649,438	**2,649,438**	**2,649,438**
Basic & Diluted earnings per share (kobo)			
From continuing operations	105	**103**	**104**

14 Property Plant and equipment

	BUILDING N'000	PLANT & MACHINERY N'000	TOOLS & EQUIPMENT N'000	MOTOR VEHICLES N'000	COMPUTER EQUIPMENT N'000	FURNITURE & FITTINGS N'000	CAPITAL WORK-IN-PROGRESS N'000	Total N'000
COST:								
Balance as at 1/1/2013	414,811	1,852,904	11,693	1,815,636	35,831	50,398	1,302,800	5,484,074
Additions	26,331	33,109	1,924	730,438	1,051	252	947,080	1,740,185
Disposal	-	-	-	-	-	-	-	-
Transfer			-	-	-	-	-	-
Adjustments	(36,963)	59,657	0	(2,810)	381	(1,199)	-	19,067
Balance at 30 June 2013	404,179	1,945,671	13,617	2,543,265	37,263	49,451	2,249,881	7,243,326
Accumulated depreciation and impairment								
Balance at 1 January 2013	84,213	552,253	9,914	1,127,924	27,929	39,269	-	1,841,502
Charge for the year	3,887	65,411	893	194,632	2,642	2,263	-	269,728
Eliminated on disposal				-				-
Adjustment	(39,492)	46,656	(147)	(5,142)	-	(1,791)		84
Impairment losses reognised in profit or loss				(57,220)			-	(57,220)
Depreciation expense	-	-	-	-	-	-		-
Balance at 30 June 2013	48,608	664,320	10,660	1,260,193	30,571	39,742	-	2,054,093
Carrying amount								
At 30 June 2013	355,572	1,281,351	2,957	1,283,071	6,692	9,710	2,249,881	5,189,233
At 30 June 2012	333,909	1,333,448	2,494	907,643	6,898	12,247	970,051	3,566,691
At 31 December 2012	330,598	1,300,651	1,779	687,712	7,901	11,129	1,302,800	3,642,574
				0				

14.1 Work-in-progress

Work-in-progress comprises of construction of a seasoning factory, palm oil plant .

14.2 Freehold land and buildings carried at

Some properties located at Otta & Apapa/Calabar were professionally valued at N192.4 million by Messrs Dan Odiete & Co. (Estate Surveyors , Valuers and Real Estate Consultants) on 22nd November 1994 and N760.3million by Alagbe & Partners (Estate Surveyors and Valuers) in July 2002 respectfully on the basis of the open market capital value. The surplus of N149.5m arising from the revaluation was credited to Revaluation Reserve Account but transferred to retained earnings on transition to IFRS

14.3 Assets pledged as security

No asset was pledged as security as at 30 June, 2013 (2012 :Nil)

14.4 Capital commitments

The company's total capital commitments as at 30 June, 2013 amounted to N2.232billion (2012 : N1.302billion) in respect of the new factories for tomato paste, seasoning and vegetable oil

15 Other assets

		30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Prepayments:				
Rent		69,191	66,975	45,823
Insurance		11,639	5,715	-
SAP implementation	15.1	39,545	-	-
Others	15.2	41,006	2,986	19,010
		161,382	**75,676**	**64,833**
Current		141,169	51,788	40,945
Non-current		20,213	23,888	23,888
		161,382	**75,676**	**64,833**

15.1 Amount represents deposit for installation and implementation of SAP ERP

15.2 Amount represents deposit for diesel used to power the company's equipments

16 Inventories

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Raw materials	615,010	751,200	687,822
Finished goods	157,922	99,152	85,369
Spare parts and consumables	38,591	60,411	63,190
Packaging Materials	74,294	55,848	59,333
Oil and Lubricants	4,135	17,619	14,607
	889,952	**984,229**	**910,321**

16.1 The cost of inventories recognised as an expense during the period in respect of continuing operations was N3.025bn (30 June, 2012: N4.44bn)

16.2 There was no write-down or reversals of previous write-down of inventory during the period

16.3 The provision for obsolete spares to spares for which the associated equipments are already written off in previous years and thus no more in operations and because they are specialised spares have no signficant alternative use.

Movement in stock of spares

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Cost	94,048	60,411	118,647
Allowance for obsolete spares	(55,457)	-	(55,457)
	38,591	60,411	63,190

16.4 No inventory was pledged as security for any liability

NATIONAL SALT COMPANY OF NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

17 Trade and other receivables

	Note	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Trade debtors		1,381,552	1,005,023	1,245,267
Allowance for bad and doubtful debts		(791,671)	(742,467)	(791,671)
		589,881	262,556	453,596
Staff loans and advances	17.6	119,549	152,075	86,273
Rebate receivable from suppliers	17.3	942,987	1,006,034	1,085,665
Advance to suppliers of services		100,009	113,187	46,722
Advance to suppliers of rawsalt/iodate	17.4	386,969	146,986	-
Insurance claim receivable		18,203	15,623	15,623
VAT receivable		27,016	27,012	27,016
Related party receivables	27	499,579	239,429	306,462
		2,684,195	1,962,903	2,021,358
Allowance for doubtful Insurance claim receivable		(15,623)		(15,623)
		2,668,572	**1,962,903**	**2,005,735**
		2,078,691	1,723,473	1,552,139

17.1 Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

17.2

The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the company's policy to recognise a 100% allowance on receivables that are due for over 365 days based on management judgement that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 60 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current financial position
Credit sales are made subject to observation of all credit approval procedures.

17.3 Amount relates to net adjustment of estimated transaction amount and the actual invoice amount in respect of transactions involving the importation of raw salt by the Company's main supplier

17.4 Amount relates to advance payment to salinor for purchase of raw salt for N237 Million, payment to Ajay SQM Group for purchase of iodate for N116 million and N33 million payment on NIMASA/NPA agaist import

17.5 Amount relates to advance payment made to suppliers for provision of sevices for which benefits has not been received as at year end. Some vendors are being paid in advance.

17.6 Amount relates to loans and advances to employees of the company which mainly are due within one year. The amount paid as housing allowance upfront is included in the current figure (31 Dec, 2012 - N/A)

17.7 Trade receivables

Average credit period	**30 Days**	**30 Days**	**30 Days**
Interest on receivables	**N/A**	**N/a**	**N/A**
allowance for doubtful debts	**360 Days**	**360 Days**	**360 Days**
customer credit qualification criteria			
Movement in allowance for doubtful debts			
Balance at beginning of the year	791,646	742,467	742,467
Impairment losses recognised on receivables	-	-	108,075
Amounts written off during the year as uncollectible	-	-	-
Amounts recovered during the year	-	-	(58,896)
Impairmant losses reversed	-	-	-
Foreign exchange translation gain and losses	-	-	-
Unwind of discount	-	-	-
Balance at end of the year	791,646	742,467	791,646

In determining the recoverability of a trade receivable, the entity considers 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 due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to N791m (31 December 2011:N742m) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquadation proceeds. The entity does not hold any collateral over these balances.

Age of impaired trade receivables			
less than 90 days			
91-180 days	49,204	32,328	49,204
181-360 days	742,442	710,139	742,442
360+ days	791,646	742,467	791,646

18 CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand and in banks and short term deposits with 30days tenor. Cash and cash equivalents at the end of the reporting period as ashown in the statement of cashflows can be reconciled to the related items in the statement of financial position as follows:

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Cash in hand	5,969	2,121	1,921
Bank balance	762,757	1,043,972	967,825
Short term deposits	669,219	1,663,215	3,096,336
	1,437,944	2,709,307	4,066,082
Bank overdrafts	(5,236)	(6,906)	(5,236)
	1,432,708	2,702,401	4,060,846

18.1 Short term deposits comprise of commercial papers and term deposits as shown below:

	Rate	Amortised cost
		N000
UBA fixed deposits	9.5%	60,000
Ecobank fixed deposits	9.5%	312,286
DIL Commercial papers	10%	296,933
		669,219

Commercial papers and fixed deposits have interest rates ranging from 9.5% to 10% respectively and less than 90 days maturity period
The company does not have restricted cash

18.2 Bank overdraft relates to outstanding debts with some Nigerian defuncts bank

19 Issued caiptal

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Share capital	1,324,719	1,324,719	1,324,719
	1,324,719	1,324,719	1,324,719
Issued capital comprises:			
Authorised	2,000,000	2,000,000	2,000,000
Issued and fully paid	**1,324,719**	**1,324,719**	**1,324,719**

20 Share Premium

	30/6/2013	30/6/2012	2012
1995 :Rights issue 65,846,667 ordinary shares of 50k each issued at N2.84 premiun	156,793	156,793	156,793
2007: Share Conversion	404,303	404,303	404,303
Less Deferred charges written off	(127,059)	(127,059)	(127,059)
	434,037	**434,037**	**434,037**

21 Retained earnings

		30/6/2013 N'000	30/6/2012 N'000	2012 N'000
At 1 January		4,818,825	3,905,800	3,905,800
Dividend declared and paid		(2,384,495)	(1,854,607)	(1,854,607)
Profit for the year		1,390,006	1,362,271	2,767,715
Adjustment	21.2	18,693		(83)
At 31 December		**3,843,029**	**3,413,464**	**4,818,825**

21.1 At the Annual General Meeting held on 31st May 2012, the shareholders approved that dividend of 70k be paid to shareholders (total value N1.854billion) for the year ended 31 December 2011. In respect of year 2012, the Directors propose that a dividend of 90k_per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is N2.385billion

21.2 Adjustmet relates to recognition of under provision for Company income tax for 2011.

21.3 Dividend

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Summary			
At 1 January			-
Dividend declared	(2,384,495)	(1,854,607)	1,854,607
	(2,384,495)	(1,854,607)	1,854,607
Payments - Meristem Registrars	2,384,495	1,854,607	(1,854,607)
At 30 June	-	-	-

Government grant

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
22 Unsecured borrowing at amortized cost			
Debenture	38,570	38,570	38,570

At the time of privatisation in 1992, the debt owed the Federal Government of Nigeria by the company was restructured by the Bureau for Public Enterprise . The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria.

23 Trade and other payables

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Trade creditors	1,014,221	172,623	225,077
Other creditors and accruals	485,481	798,770	748,797
Value added tax	14,659	14,659	14,659
Customers deposit	538,133	625,179	630,727
Withholding tax payable	25,552	29,966	21,635
PAYE	2,505	2,255	108
Staff pension	4,265	1,643	
Related party payables	236,015	283,376	281,136
	2,320,830	**1,928,471**	**1,922,139**

23.1 Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables. The directors consider that the carrying amount of trade payables approximates to the fair value.

23.2 Customer's deposit

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
New deposits	538,133	625,179	630,835
At 30 June	**538,133**	**625,179**	**630,835**

Customers' deposits relates to amount deposited by customers for which delivery has not been made during the period. Most of the customers often pay in advance for goods to be delivered to them.

23.3 Staff pension

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
At 1 January	(0)	10,842	10,842
Contributions during the year	25,372	24,717	49,668
Remittance in the year	(21,107)	(33,916)	(60,510)
At 30 June	**4,265**	**1,643**	**(0.00)**

The only obligation of the company with respect to the pension scheme is to make the specified contributions.

24 Retirement benefit obligation

24.1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for its non-permanent Nigerian employees. The assets of the plans are held separately from those of the company and managed by Pension Fund Administrators. The scheme is funded in accordance with the Pension Reform Act of 2004 with the employee and employer contribution 7.5% of the employee's relevant emoluments.

The total expense recognised in profit or loss of N12.6m (2012:N24.8M) represents contributions payable to this plan by the company as at 31st March, 2013. N4.2m due in respect of the 2013(2012) reporting period had not been paid over to the plan. The amount was paid subsequent to the end of the reporting period.

24.2 Defined benefit plans

The entity operates a defined benefit for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration. The basis of the computation is stated as below:

Less than 5year	Nil
5yr but less than 10years	100% of Annual gross salary for each year served divided by 10
10year but less than 15years	120% of Annual gross salary for each year served divided by 10
15years and above	150% of Annual gross salary for each year served divided by 10

The most recent acturial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2012 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 purposes of the actuarial valuations were as follows:
Financial Assumptions
Demographic Assumptions

24.2.1 *Financial Assumptions*

The principal financial assumptions used for the purposes of the actuarial valuations were as follows.

	30 June, 2003	as at 2012
		%
Long term average Discount rate (p.a)	-	13
Average Pay Increase (p.a)	-	12
Average rate of inflation (p.a)	-	10

NATIONAL SALT COMPANY OF NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

24.3 *Demographic assumptions*

Mortality in Service

The rates of mortality assumed for employess are the rates published in the A67/70 tables, published jointly by the institute and the Faculty of Actuaries in the UK

Sample age	Number of deaths in a year of age out of
25	7
30	7
35	9
40	14
45	26

Withdrawal from Service

Age band	Rate (%)
Less than or equal to 30	3.0
31-39	4.0
40-44	2.0
45-50	1.0
51-60	0.0

24.4 Movement in gratuity

	30/6/2013 N'000	30/6/2013 N'000	2012 N'000
Balance as at 1 January	**516,267**	430,155	430,155
Current Service cost	-115000	14,009	121,340
Actuarial (Gains)/Losses - Change in assumption			(1,687)
Benefits paid out	(4,474)	-	(33,541)
Balance as at 30 June	**396,793**	**444,164**	**516,267**

As at the date of the valuation,no fund has been set up from which payments can be disbursed

24.5 Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2013 N'000	2012 N'000
Current Service cost	(115,000)	121,340
Interest Cost	-	-
Past Service cost	-	-
Curtailment (Gains)	-	(1,687)
Expected Return on Plan asset	-	-
Net (Gain)/Charge	(115,000)	119,653

The expense for the period is included in the employee benefit expense in profit or loss for the year.

25 Reconciliation of net income to net cash provided by operating activities

	30/6/2013 N'000	30/6/2012 N'000	2012 N'000
Profit after tax	**1,390,006**	**2,003,339**	**2,767,715**
Adjustments to reconcile profit after tax to net cash provided			
Depreciation	269,728	275,312	548,127
Interest payable and similar charges	4,269	4,880	7,947
Interest receivable and similar income	(201,259)	64,680	(203,250)
Asset impaired			128,863
Adjustment to fixed assets			-
Changes in assets and liabilities			
(Increase)/decrease in inventory	20,369	(138,972)	(65,063)
(Increase)/decrease in Trade and Other receivables	(662,837)	(202,791)	(255,655)
(Increase)/decrease in amounts due from related companies	-	(10,029)	
Decrease/(increase) in other assets - short term	(100,223)	571,000	577,247
Decrease/(increase) in other assets - long term	3,675		4,595
Decrease in trade and other payables	398,691		(768,880)
Increase/(decrease) in due to related companies	-	138,944	
Increase/(decrease) in retirement benefit obligation	(119,474)		86,112
Increase in Gratuity	-		
Increase/(decrease) in deferred tax	(0)		(179,055)
Increase/(decrease) in tax payable	354,120	(100,329)	591,316
Total adjustments	**(32,942)**	**602,695**	**472,304**
Net cash provided by operating activities	**1,357,064**	**2,606,034**	**3,240,019**

26 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 the Finance and Establishment Committee.

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 frame work. 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 monitors and manages 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.

26.1 Capital Risk Management

The capital structure of the company consists of debt, which includes the borrowings disclosed in, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial

The company is not subject to any externally imposed capital requirements.

26.1.1 Gearing ratio

The gearing ratio at the year end is as follows

	30/6/2013 N'000	30/6/2012 N'000
Debt	5,236	5,236
Equity	5,601,784	5,171,755
Net debt to equity ratio	**0.09%**	**0.10%**

Debt is defined as long- and short-term borrowings (bank overdraft inclusive) , while equity includes all capital and reserves of the company.The gearing ratio increased over the years indicating increase in the company's debt profile relative to equity.

26.1.2 Categories of financial instruments

30 June, 2013

	Loans and receivables N'000	Non-financial assets N'000	Total N'000
Assets			
Trade and other receivables	2,568,563	100,009	2,668,572
Cash and cash equivalents	1,431,975	5,969	1,437,944
	4,000,538	**105,978**	**4,106,516**

Liabilities	At amortised cost	Non - financial liability	Total
Trade and other payables	1,835,350	485,481	2,320,830
Employee Benefits	396,793	-	396,793
	2,232,142	**485,481**	**2,717,623**

30 June, 2012

	Loans and receivables	Non-financial assets	Total
`	N'000	N'000	N'000
Assets			
Trade and other receivables	1,509,398	67,082	1,576,480
Cash and cash equivalents	2,709,307	2,121	2,711,428
	4,218,705	**69,203**	**4,287,908**

Liabilities	At amortised cost	Non - financial liability	Total
Trade and other payables	1,718,254	798,770	2,517,024
Employee Benefits	444,164		444,164
	2,162,418	**798,770**	**2,961,188**

26.1.3 **Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in relevant notes to the Financial statements.

26 **Financial risk management objectives**

The company monitors and manages financial risks relating to its operations through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

26 **Interest rate risk management**

The company is exposed to interest rate risk on fixed deposits placed with the banks. The risk is managed by the company by negotiating income interest rates and benchmarking with other financial institutions. The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

26.4 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:

	Book Value		Fair Value	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Financial Asset				
Trade and other receivables	2,668,572	2,005,735	-	-
Cash and cash equivalents	1,432,708	4,060,846		
Financial Liabilities				
Bank Loans (Overdrafts)	5,236	5,236	-	-
Trade and Other Payables	2,320,830	1,922,139	-	-
Employee Benefit	396,793	516,267		
Government Grant	38,570	38,570		

The Book value of the Trade and other receivables is arrived at by factoring allowance for doubtful debts on trade receivables and other receivables.
The carrying amount of bank overdrafts and loans is approximately equal to their fair value.

26.5 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 (bank guaranty, insurance bonds), 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, customers financial position, past trading relationship, its own trading records and other factors 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 risk management team periodically.

26.5.1 Trade Receivable

Concentration of risk

About 23% of the trade receivables are due from a single customer whose credit history is good. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers

26.5.2 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the company deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

26.5.3 Maximum exposure to credit risks

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:

	30/06/2013 N'000	31/12/2012 N'000
Trade Receivables	589,881	453,596
Other Receivable	2,668,572	2,005,735
Short Term Deposits	669,219	3,096,336
Amount due from related party	499,579	306,462
	4,427,250	**5,862,130**

26.6 Liquidity risk management

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.

26.6.1 Liquidity and interest risk tables

The following tables detail 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 Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	3 months to 1year N'000	1-5 Years N'000	Total N'000
30 June, 2013			
Borrowings	-	38,570	38,570
	-	**38,570**	38,570
31st Decemebr 2012			
Borrowings	-	38,570	38,570
	-	38,570	38,570

NATIONAL SALT COMPANY OF NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE, 2013

27 Intercompany receivables

	30/6/2013 N'000	30/6/2012 N'000
Parent and ultimate controlling party		
Dangote Industries Limited (Parent)	348,274	193,218
Allowance for doubtful debt		
	348,274	193,218
Other related party receivables		
Dangote Pasta Limited	7,918	6,938
Dangote Sugar Refineries	43,766	22,559
DIL Flour Mills, Apapa	-	7,471
Dangote Noodles Limited	11,847	6,696
Dansa Foods Limited	2,546	2,546
Dangote Cement	16,562	-
Agrosack Ltd	9	9
Dangote Transport		
Dangote Logistic	67,863	-
Dangote Foundation	794	-
Provison for doubtful related party receivables	-	
	151,304	46,220
	499,579	239,438

27.4 Identity of related parties

Related parties	Nature of related party
Dangote Transport Limited	Fellow subsidiary company
Dangote Sugar Refinery Plc	Fellow subsidiary company that buys industrial sugar
Dansa Foods Limited	An entity controlled by a key management
Dangote Flour Mills Plc	Fellow subsidiary -Supplies
Dangote Pasta Limited	Fellow subsidiary -
Dangote Industries Limited (see note 15.	Parent company that
Dangote Noodles Limited	Fellow subsidiary -
Dangote Agrosacks	Fellow subsidiary- Supplies empty sacks for bagging
Green view Development Company Limite	Fellow subsidiary -
Benue Cement	Fellow subsidiary-Truck
DANCOM	Fellow subsidiary-Provider
Dangote Cement Plc	Fellow subsidiary -
Obajana Cement	Fellow subsidiary -
Dangote Logistics	Fellow subsidiary-Uses

27.5 Identity of related parties

Related parties	**Nature of related party transactions**
Dangote Transport Limited	Fellow subsidiary company that provides haulage services
Dangote Sugar Refinery Plc	Fellow subsidiary company that buys industrial sugar
Dansa Foods Limited	An entity controlled by a key management personnel of the Company that has trading relationship with the Company.
Dangote Flour Mills Plc	Fellow subsidiary -Supplies of power
Dangote Pasta Limited	Fellow subsidiary -Exchange of AGO LPFO
Dangote Industries Limited (see note 15.	Parent company that provides management support and receives 2% of turnover as management fees
Dangote Noodles Limited	Fellow subsidiary -
Dangote Agrosacks	Fellow subsidiary- Supplies empty sacks for bagging finished sugar
Green view Development Company Limited	Fellow subsidiary - Property rentals.
Benue Cement	Fellow subsidiary-Truck ownership scheme
DANCOM	Fellow subsidiary-Provider of IT services
Dangote Cement Plc	Fellow subsidiary - exchange of diesel and LPFO
Obajana Cement	Fellow subsidiary - exchange of diesel, spares and LPFO
Dangote Logistics	Fellow subsidiary-Uses NASCON (OTTA) warehouse for truck

Information regarding Director and employess

27.6 Directors

	30 Jun 2013	31 Dec 2012
	N'000	**N'000**
Director's emoluments comprise:		
Fees	-	410
Salaries	12,392	24,783
Others	30,741	17,900
	43,133	43,093

The number of Directors excluding the Chairman with gross emoluments within the bands stated below were :

N'000	Number	Number
0 - 5000	-	-
20000 -25000	1	1
26000 -31000	-	-
38000 -43000	-	-

27.7 Employees

Average number of emplotees employed during the year :

	JUN 2013	JUN 2012	DEC. 2012
Management	19	29	18
Senior Staff	77	63	75
Junior Staff	374	406	390
Total	**470**	**498**	483

Aggregate payroll costs:

Wages,salaries,allowances and other benefits	371,758.02	386,204	795,899
Provision for gratuity		29,319	119,653
Pension cost	25,372	24,717	25,736