



TOTAL NIGERIA PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2013

CONTENTS

3	Results at a glance
4	Unaudited Statement of Comprehensive Income
5	Unaudited Statement of Financial Position
6	Unaudited Statement of Changes in Equity
7	Unaudited Cashflow Statement
8-18	Statements of Accounting Policies
19-36	Notes to the Unaudited Financial Statements

TOTAL NIGERIA PLC

RESULTS AT A GLANCE

FOR THE PERIOD ENDED 30 JUNE 2013

	JUNE 2013 N'000	JUNE 2012 N'000	Change %
Revenue	117,294,682	109,838,923	7
Profit before taxation	3,902,668	4,466,050	(13)
Profit after taxation	2,409,131	2,923,506	(18)
Share capital	169,761	169,761	-

	JUNE 2013 N'000	DECEMBER 2012 N'000	
Shareholders' funds	13,711,045	11,301,914	21

	JUNE 2013	DECEMBER 2012
PER SHARE DATA:		
Based on 339,521,837 ordinary shares of 50 kobo each:		
Earnings per 50k share (Naira) - basic	7.10	13.76

Number of staff	471	474
-----------------	-----	-----

TOTAL NIGERIA PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

		JUNE 2013 N'000	JUNE 2012 N'000
	Note		
Revenue	5	117,294,682	109,838,923
Cost of sales	5	(101,730,620)	(96,929,510)
Gross profit		15,564,062	12,909,413
Other operating income	9	151,617	364,812
Interest income	13	62,314	70,533
Distribution costs	11	(2,386,071)	(2,209,078)
Administrative expenses	12	(8,377,581)	(6,448,886)
Operating profit		5,014,342	4,686,794
Other gains and losses	10	53,972	144,608
Finance costs	14	(1,165,646)	(365,352)
Profit before tax		3,902,668	4,466,050
Tax	15	(1,493,536)	(1,542,544)
Profit for the period		2,409,131	2,923,506
Other Comprehensive income		-	-
Total Comprehensive income		2,409,131	2,923,506
Earnings per share			
Basic	17	7.10	8.61

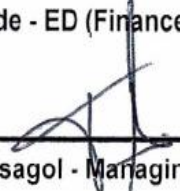
TOTAL NIGERIA PLC

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

		JUNE 2013 N'000	DECEMBER 2012 N'000
	Note		
Non-current assets			
Intangible assets	18	150,196	17,176
Property, plant and equipment	19	18,647,203	18,864,302
Investments		-	-
Prepayments - Non- current Portion	21.1	1,455,967	1,449,306
Total non-current assets		20,253,366	20,330,784
Current assets			
Inventories	20	19,156,271	24,504,577
Trade and other receivables	21	30,995,376	26,244,489
Prepayments - Current Portion	21.1	1,719,771	1,639,280
Cash and bank balances	25	1,050,370	3,347,935
Total current assets		52,921,789	55,736,281
Total assets		73,175,155	76,067,065
Current liabilities			
Trade and other payables	23	35,933,764	44,531,860
Current tax liabilities	15.1	3,477,850	2,752,203
Obligation under finance lease- Current Portion	22.1	-	107,147
Borrowings	22	16,952,698	14,560,165
Total current liabilities		56,364,312	61,951,375
Non-current liabilities			
Deferred tax liabilities	15.1	2,728,042	2,602,320
Other Non Current Liability	15.2	371,756	-
Obligation under finance lease- Non- Current Portion	22.1	-	211,456
Total non-current liabilities		3,099,798	2,813,776
Total liabilities		59,464,110	64,765,151
Equity			
Share capital	24	169,761	169,761
Retained earnings		13,541,284	11,132,153
Total Equity		13,711,045	11,301,914
Total equity and liabilities		73,175,155	76,067,065

The Unaudited financial statements on pages 4 to 37 were approved by the management of the Company on 24th July 2013. They were signed on its behalf by:


W. Konde - ED (Finance and Development)


F. Boussagol - Managing Director

TOTAL NIGERIA PLC

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

	Share Capital N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2012	169,761	9,856,454	10,026,215
As restated Under IFRS (Note 24)	169,761	9,856,454	10,026,215
Total comprehensive income for the year	-	4,670,917	4,670,917
Total Dividend -		(3,395,218)	(3,395,218)
Balance at 31 December 2012	169,761	11,132,153	11,301,914
Total comprehensive income for the Period	-	2,409,131	2,409,131
Dividends	-		-
Balance at 30 June 2013	169,761	13,541,284	13,711,044

TOTAL NIGERIA PLC

UNAUDITED CASHFLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

	Note	JUNE 2013 N'000	DECEMBER 2012 N'000
Cash Flow from operating activities			
Cash received from customers		112,529,093	218,280,366
Cash paid to suppliers and employees		<u>(113,632,874)</u>	<u>(224,467,766)</u>
Cash (used)/ generated from operations		(1,103,781)	(6,187,400)
Net value added taxes paid		(248,106)	(422,276)
Income taxes paid	15.1	<u>(642,169)</u>	<u>(1,818,923)</u>
net cash (used)/ provided by operating activities	26	<u>(1,994,056)</u>	<u>(8,428,599)</u>
Cash Flow from investing activities			
Purchase of Property, Plant and Equipment	19	(1,221,299)	(4,638,478)
Purchase of intangible assets	18	(121,393)	(12,713)
Interest receivable and similar income	8	62,314	139,577
(Increase) / Decrease in non-current prepayments		(6,661)	228,578
Proceeds from sale of Property, Plant and Equipment		<u>31,669</u>	<u>121,341</u>
Net cash used in investing activities		<u>(1,255,371)</u>	<u>(4,161,695)</u>
Cash Flow from financing activities			
Interest paid and similar charges		(1,165,646)	(1,572,437)
Additional finance lease and short term advances		-	289,756
Repayments of obligations under finance lease		(320,877)	(261,256)
Dividends paid		<u>-</u>	<u>(3,395,218)</u>
Net cash (used in)/from financing activities		<u>(1,486,524)</u>	<u>(4,939,155)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4,735,950)</u>	<u>(17,529,449)</u>
Cash and cash equivalents at beginning of year		<u>(11,212,230)</u>	<u>6,464,966</u>
Effect of foreign exchange rate changes	10	<u>45,853</u>	<u>(147,747)</u>
Cash and cash equivalents as at 30 June 2013		<u><u>(15,902,327)</u></u>	<u><u>(11,212,230)</u></u>

TOTAL NIGERIA PLC

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

1 THE COMPANY

Legal form:

The Company was incorporated as a private limited liability company in 1956 and was converted to a public company in 1978. The merger of the company with Elf Oil Nigeria Limited which commenced globally in November 1999 was completed in Nigeria in 2002. With this development, the authorized, issued and fully paid share capital was N148,541,000 made up of 297,082,000 ordinary shares of 50k each. With the capitalisation of the bonus issue of 42,440,228 ordinary shares of 50k each in March 2004, the authorised share capital became N169,760,918 made up of 339,521,837 ordinary shares of 50k each. 61.72% of the company's ordinary shares are held by Total Societe Anonyme (worldwide) with head office in Paris while the remaining 38.28% are held by the Nigerian public. To mark the completion of its corporate mergers, Total Group worldwide reverted to its former name Total in 2003 and adopted a new logo with a unifying design to express its corporate ambition. Accordingly, the company changed its name from TotalFinaElf Nigeria Plc to Total Nigeria Plc in the same year.

	JUNE 2013		DECEMBER 2012	
	Number of shares '000	Holdings %	Number of shares '000	Holdings %
Total Societe Anonyme	153,600	45.24	153,600	45.24
Elf Aquitaine S. A.	55,960	16.48	55,960	16.48
Nigerian Citizens & Associations	129,962	38.28	129,962	38.28
	339,522	100.00	339,522	100.00

No shareholder, except as disclosed above, held more than 10% of the issued capital as at 31st December 2012 and as at 30th June 2013.

Principal Activities:

The Company is engaged in the blending of lubricants and sales of petroleum products.

1.1 Description of business

Total Nigeria Plc., a subsidiary of Total S.A, (The Parent Company in France) and operates in the Petroleum marketing and distribution business in Nigeria. With over 500 retail outlets, 5 LPG Bottling Plants, 3 Lubricant blending plants and operating from 4 Aviation depots as well as other facilities spread across the country, the Company is regarded as the pacesetter in the downstream sector of the oil industry.

1.2 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Total Nigeria Plc in accordance with IFRS accounting presentation. The financial statements comprise:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements.

1.3 Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

TOTAL NIGERIA PLC

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

1.4 Financial period

These financial statements cover the financial period from 1st January to 30th June 2013, with comparative figures for the financial periods from 1st January to 3th June 2012, and where appropriate, from 1st January to 31st December 2012.

1.5 Statement of compliance

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

2 ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and revised IFRSs in issue but not yet effective

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

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets 1
- IFRS 9 Financial Instruments 3
- IFRS 11 Joint Arrangements 1
- IFRS 12 Disclosure of Interests in Other Entities 1
- IFRS 13 Fair Value Measurement 1
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income 1
- Amendments to IAS 12 Deferred Tax – Recovery of Underlying Assets 1
- IAS 19 (as revised in 2011) Employee Benefits 1
- IAS 27 (as revised in 2011) Separate Financial Statements 1

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

2.2 Early adoption of standards and interpretations

The company has no early adopted standards or interpretations during the current year

TOTAL NIGERIA PLC

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

3. Significant accounting policies

3.1 Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of CAMA.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

3.2 Accounting principles and policies

Pursuant to the accrual basis of accounting followed by Total Nigeria Plc, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at cost. Financial assets and liabilities are usually measured at fair value.

3.3 Foreign currencies

The financial statements of the Company are prepared in Naira which is its functional currency and presentation currency.

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each reporting date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized accordingly in "Other income" (exchange gain) or "Other expenses" (exchange loss).

3.4 Revenue from sale of goods

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the following conditions are satisfied

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

Exchanges of petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the statement of Comprehensive Income and the Statement of Financial Position.

TOTAL NIGERIA PLC

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

3.5 Dividends and interest income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that economic benefit will flow to the company and the amount of income 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 receipt through the expected useful life of the financial asset's net carrying amount on initial recognition.

3.6 Income taxes

Income taxes disclosed in the statement of Comprehensive income include the current tax expenses and the deferred tax expenses.

Total Nigeria Plc uses the liability method whereby deferred income taxes are recorded based on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax bases, and on carry forwards of unused tax losses and tax credits.

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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

TOTAL NIGERIA PLC

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

3.7 Earnings per share

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the period

3.8 General assistance, research and development

General Assistance and Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

- The technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset.
- The ability of the asset to generate probable future economic benefits.
- The ability to measure reliably the expenditures attributable to the asset.
- The feasibility and intention of the company to complete the intangible asset and use or sell it.

3.9 Property plant and equipment

Property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This cost includes borrowing costs directly attributable to the acquisition or production of a qualifying asset incurred until assets are placed in service.

Property, plant and equipment are depreciated using the straight-line method over their useful lives, which are as follows:

- Furniture, office equipment, machinery and tools 3-12 years
- Transportation equipment 5-20 years
- Storage tanks and related equipment 10-15 years
- Specialized complex installations and pipelines 10-30 years
- Buildings 10-50 years

TOTAL NIGERIA PLC

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

3.10 Intangible assets

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 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.

As at the reporting date, the company did not have any intangible Assets with indefinite useful lives.

Derecognition of intangible assets

An intangible asset is derecognised 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 derecognised.

3.11 Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or, if lower, at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as a financial liability. These assets are depreciated over the corresponding useful life used by the Company.

Leases that are not finance leases as defined above are recorded as operating leases. Certain arrangements do not take the legal form of a lease but convey the right to use an asset or a group of assets in return for fixed payments. Such arrangements are accounted for as leases and are analyzed to determine whether they should be classified as operating leases or as finance 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 asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.12 Impairment of long lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually. The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions.

TOTAL NIGERIA PLC

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

3.12 Impairment of long lived assets - Cont.

If this value is less than the carrying amount, an impairment loss on property, plant and equipment, or on other intangible assets, is recognized either in "Depreciation of property, plant and equipment, or in "Other expense", respectively. Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized.

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

3.13 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in 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 way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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 marketplace.

(i) Loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, by comparing the carrying amount of the assets to estimate of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their carrying amount, and at least annually. Any impairment loss is recorded in the statement of income.

TOTAL NIGERIA PLC

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

3.13 Financial instruments - Cont.

(ii) Other investments

These assets are classified as financial assets available for sale and therefore measured at their fair value. For listed securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in other comprehensive income. If there is any evidence of a significant or long-lasting impairment loss, a loss is recorded in the Statement of income. This impairment is reversed in the statement of income only when the securities are sold.

(iii) Derivative instruments

The company uses spot and forward deals to hedge its foreign exchange exposure. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Spot contract

This is the purchase or sale of a foreign currency or commodity for immediate delivery. Spot trades are settled "on the spot", as opposed to at a set date in the future.

Forward contract

The purchase or sale of foreign currency at a price fixed at the contract date with delivery and settlement at a future known and agreed date.

(iv) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized initially at Fair value and subsequently at amortized cost, except those for which hedge accounting is applied as described in the previous paragraph.

(v) Fair value of financial instruments

Fair values are estimated for the majority of the company's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used. Estimated fair values, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account. As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

Other financial instruments

Forward exchange contracts are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

TOTAL NIGERIA PLC

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

3.14 Inventories

Inventories are measured at the lower of historical cost and net realizable value. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.

Inventories are measured using the weighted-average cost method.

3.15 Provisions

Provisions comprises of liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks. A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. The amount of the liability corresponds to the management's best estimate.

3.16 Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate in the period in which the obligation arises. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the useful life of this asset. An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a risk-free discount rate to the amount of the liability. The increase of the provision due to the passage of time is recognized as "Other financial expense".

3.17 Employee benefits

The company participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans are either defined contribution or entirely funded and managed by independent fund managers.

For defined contribution plans, expenses correspond to the contributions payable. The net periodic pension cost is recognized under "Other operating expenses".

3.18 Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value. Investments with maturity greater than three months and less than twelve months are shown under "Current financial assets". Changes in current financial assets and liabilities are included in the financing activities section of the Statement of Cash Flows.

TOTAL NIGERIA PLC

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

3.19 Interest in joint ventures

A joint venture is a contractual arrangement whereby the company and other parties undertake an economic activity that is subject to joint control. The company's share of jointly controlled asset or liabilities incurred jointly with other venture are recognized in the financial statement and classified according to their nature.

3.20 Main indicators - information by business segment

(i) Operating income (measure used to evaluate operating performance)

Revenue from sales after deducting cost of goods sold and inventory variations, other operating expenses, depreciation and amortization. Operating income excludes the amortization of intangible assets other than currency translation adjustments and gains or losses on the disposal of assets.

(ii) Net operating income (measure used to evaluate the return on capital employed)

Operating income after taking into account the amortization of intangible assets other than currency translation adjustments, gains or losses on the disposal of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income of affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The only income and expense not included in net operating income but included in net income are interest expenses related to net financial debt, after applicable income taxes (net cost of net debt).

(iii) Adjusted income

Operating income, net operating income, or net income excluding the effect of adjustment items

(iv) Capital employed

Non-current assets and working capital, at replacement cost, net of deferred income taxes and non-current liabilities.

(v) ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

(vi) Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalents and other current financial assets.

TOTAL NIGERIA PLC

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

4.1 *Critical judgements in applying the entity's accounting policies*

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

Provision for decommissioning and restoration costs

Management of the Company exercises significant judgement in estimating provisions for restoration costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be significantly impacted.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the entity had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the entity's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

4.2 *Key sources of estimation uncertainty*

Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 30 June 2013 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Provision for obsolete inventory

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for such product. Accordingly, provision for impairment, if any, is made where the net realizable value is less than cost based on best estimates by the management.

Valuation of financial liabilities

Financial liabilities have been measured at amortised cost. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IAS 39 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

TOTAL NIGERIA PLC

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

5 Revenue

An analysis of the entity's revenue is as follows:

	JUNE 2013 N'000	JUNE 2012 N'000
Petroleum products	105,165,303	98,109,580
Lubricants and others	<u>14,371,410</u>	<u>13,725,869</u>
	119,536,713	111,835,449
Less Commission and discount	<u>(2,242,031)</u>	<u>(1,996,526)</u>
	<u>117,294,682</u>	<u>109,838,923</u>

COST OF SALES

Opening inventory at 1 January	24,504,577	13,713,658
Purchase of petroleum products	95,873,992	104,546,810
Other variable costs	<u>508,322</u>	<u>72,959</u>
	120,886,891	118,333,427
Closing inventory at 30th June	<u>(19,156,271)</u>	<u>(21,403,917)</u>
	<u>101,730,620</u>	<u>96,929,510</u>

6 Segment Reporting

Products and services from which reportable segments derive their revenues

Information reported to the entity's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of products for each type of activity. The principal sales channels are Network, General Trade and Aviation. The entity's reportable segments under IFRS 8 are therefore as follows: Network, General Trade and Aviation.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current period. (2012: Nil)

6.1 SEGMENT REVENUE & GROSS PROFIT

JUNE 2013								
		NETWORK N'000		GENERAL TRADE N'000		AVIATION N'000		Total N'000
Turnover	65.8%	77,137,502	23.4%	27,472,025	10.8%	12,685,155	100.0%	117,294,682
Cost of Sales	64.4%	<u>(65,543,324)</u>	23.8%	<u>(24,183,090)</u>	11.8%	<u>(12,004,205)</u>	100.0%	<u>(101,730,620)</u>
Gross Profit	74.5%	11,594,178	21.1%	3,288,935	4.4%	680,950	100.0%	15,564,062

JUNE 2012								
		NETWORK N'000		GENERAL TRADE N'000		AVIATION N'000		Total N'000
Turnover	64.4%	70,704,556	24.4%	26,796,438	11.2%	12,337,929	100.0%	109,838,923
Cost of Sales	62.8%	<u>(60,893,201)</u>	25.0%	<u>(24,238,248)</u>	12.2%	<u>(11,798,061)</u>	100.0%	<u>(96,929,510)</u>
Gross Profit	76.0%	9,811,356	19.8%	2,558,190	4.2%	539,869	100.0%	12,909,413

TOTAL NIGERIA PLC

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

6.2 SEGMENT ASSETS & LIABILITIES

JUNE 2013								
		NETWORK N'000		GENERAL TRADE N'000		AVIATION N'000		Total N'000
Net Long term assets	87.6%	17,750,028	8.9%	1,806,751	3.4%	696,587	100.0%	20,253,366
Inventories	66.8%	12,799,515	28.6%	5,478,348	4.6%	878,408	100.0%	19,156,271
Receivables	51.1%	16,730,260	40.3%	13,187,319	8.6%	2,797,569	100.0%	32,715,147
Cash	65.8%	690,764	23.4%	246,011	10.8%	113,595	100.0%	1,050,370
ASSETS	65.6%	47,970,567	28.3%	20,718,429	6.1%	4,486,159	100.0%	73,175,154
Payables	87.6%	34,540,296	8.9%	3,515,810	3.4%	1,355,508	100.0%	39,411,614
Borrowings	65.8%	11,148,747	23.4%	3,970,555	10.8%	1,833,396	100.0%	16,952,698
LT provisions	87.6%	2,716,659	8.9%	276,525	3.4%	106,613	100.0%	3,099,798
LIABILITIES	81.4%	48,405,703	13.1%	7,762,890	5.5%	3,295,517	100.0%	59,464,110

DECEMBER 2012								
		NETWORK N'000		GENERAL TRADE N'000		AVIATION N'000		Total N'000
Net Long term assets	87.5%	17,788,070	9.0%	1,834,787	3.5%	707,927	100.0%	20,330,784
Inventories	72.1%	17,679,752	24.0%	5,880,920	3.9%	943,906	100.0%	24,504,577
Receivables	48.9%	13,624,429	42.4%	11,833,220	8.7%	2,426,120	100.0%	27,883,769
Cash	63.5%	2,126,537	24.8%	829,837	11.7%	391,561	100.0%	3,347,935
ASSETS	67.3%	51,218,787	26.8%	20,378,764	5.9%	4,469,514	100.0%	76,067,065
Payables	87.5%	41,370,377	9.0%	4,267,233	3.5%	1,646,452	100.0%	47,284,063
Borrowings	63.5%	9,316,365	24.8%	3,635,519	11.7%	1,715,429	100.0%	14,667,312
LT provisions	87.5%	2,461,866	9.0%	253,934	3.5%	97,977	100.0%	2,813,777
LIABILITIES	82.1%	53,148,607	12.6%	8,156,687	5.3%	3,459,858	100.0%	64,765,152

For the purposes of monitoring segment performance and allocating resources between segments:

Cash and Overdrafts are allocated to reportable segments on the basis of the revenues earned by individual reportable segments

All liabilities are allocated to reportable segments other than borrowings. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment Long term assets.

TOTAL NIGERIA PLC

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

7 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	JUNE 2013 N'000	JUNE 2012 N'000
Fees payable to the company's auditors for the audit of the company's annual accounts	23,452	11,671
Total audit fees	23,452	11,671
7.1		
- Other services		
Total non-audit fees	-	-
7.3 Fees paid to other professional consultants		
- Tax services	77,317	46,050
- Information technology services	96,191	43,048
- Litigation services	1,745	18,806
- Recruitment and remuneration services	3,782	7,297
- Other services	43,445	34,422
Total non-audit fees	222,480	149,623

TOTAL NIGERIA PLC

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

8 Interest income and similar income

	JUNE 2013 N'000	JUNE 2012 N'000
Interest income:		
Bank deposits	48,833	65,515
Other loans and receivables	13,481	5,018
Total interest revenue	62,314	70,533
	62,314	70,533

Investment revenue earned on financial assets analysed by category of asset, is as follows:

Loans and receivables (including cash and bank balances)	62,314	70,533
	62,314	70,533

9 Other operating Income

Network income	103,492	96,882
Other sundry income	48,125	267,930
	151,617	364,812

Other Sundry Income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous

10 Other gains and losses

Gain on sales of Property, Plant and Equipment	8,118	55,157
Exchange gain / (Loss)	45,853	89,451
Bad and doubtful debts write back		
	53,972	144,608

TOTAL NIGERIA PLC

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

	JUNE 2013 N'000	JUNE 2012 N'000
11 DISTRIBUTION EXPENSES		
Costs of transportation of products	<u>2,386,071</u>	<u>2,209,078</u>
12 ADMINISTRATIVE EXPENSES		
Payroll expenses	2,637,346	2,322,676
Depreciation and amortisation	1,405,495	1,130,059
Outside services	570,068	448,445
Technical assistance and management fees	514,271	513,576
Motor Fuels and Travelling expenses	321,830	397,443
Other maintenance	321,799	355,213
Financial expenses	409	259,372
Sundry operating expenses	744,859	186,832
Communication, computer and stationery expenses	74,009	196,121
Pension and social benefits	190,912	181,368
Business promotion and publicity	225,493	117,788
Network maintenance	195,120	116,772
Professional and legal fee	122,507	104,178
Medical expenses	68,778	109,475
Licences and similar charges	39,459	71,434
Training expenses	45,072	55,304
Staff welfare expenses	84,776	30,375
Entertainment expenses	40,325	19,525
Audit fee	23,452	6,771
Loss on derecognition of Lease	-	-
Bad and doubtful debts provision/(write back)	379,844	(173,841)
Long Term Provision for Risks Charges	371,756	-
Loss on disposal of assets	-	-
	<u>8,377,581</u>	<u>6,448,886</u>
13 INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest on domiciliary account	509	358
Interest on call and other deposits	48,324	65,157
Interest on staff loan	13,481	5,018
	<u>62,314</u>	<u>70,533</u>

TOTAL NIGERIA PLC

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

14 Finance costs

	JUNE 2013 N'000	JUNE 2012 N'000
Interest on bank overdrafts and loans	1,165,646	346,017
Interest on obligations under finance leases		19,335
Total interest expense	<u>1,165,646</u>	<u>365,352</u>

15 Tax

Corporation tax expenses:

Income tax	1,282,327	1,339,815
Education tax	85,488	89,321
Capital gains tax		
Deferred tax (note 15.1)	<u>1,367,815</u> <u>125,721</u>	<u>1,429,136</u> <u>113,408</u>
	<u>1,493,536</u>	<u>1,542,544</u>

15.1

	JUNE 2013 N'000	DECEMBER 2012 N'000
Balance brought forward	2,752,204	2,296,969
Per profit and loss account- Tax charge (Note 15)	1,493,536	2,427,256
Payments during the year	(642,169)	(1,818,923)
Deferred taxation	<u>(125,721)</u>	<u>(153,098)</u>
Position as at June 2013	<u>3,477,850</u>	<u>2,752,204</u>

Deferred taxation

At 1 January	2,602,321	2,449,223
Charge to profit and loss account	<u>125,721</u>	<u>153,098</u>
At 30 June 2013	<u>2,728,042</u>	<u>2,602,321</u>

2013	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax liabilities in relation to:			
Property, plant & equipment	2,602,321	125,721	2,728,042
Finance leases	<u>2,602,321</u>	<u>125,721</u>	<u>2,728,042</u>

2012	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax liabilities in relation to:			
Property, plant & equipment	2,394,035	146,223	2,540,259
Finance leases	<u>55,188</u>	<u>6,875</u>	<u>62,062</u>
	<u>2,449,223</u>	<u>153,098</u>	<u>2,602,321</u>

Deferred tax as at 30th June 2013 was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes.

The charge for Income Tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended) and the Education Tax charge is based on the Education Tax Act CAP E4 LFN 2004.

15.2

	JUNE 2013 N'000	DECEMBER 2012 N'000
Long Term Provision for Risk & Charges		
Per profit and loss account- (Note 12)	371,756	
Position as at 30th June 2013	<u>371,756</u>	<u>-</u>

The Long Term provision relates to a potential Court Case whereby a local PMS supplier is claiming one billion naira for losses incurred by Him as he delivered product while the prices changed in January 2012.

TOTAL NIGERIA PLC

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

16 Dividends	JUNE 2013 N'000	DECEMBER 2012 N'000
At January 1	868,194	868,195
Final dividend		2,376,653
Interim dividend		1,018,566
	<u>868,195</u>	<u>4,263,414</u>
Unpaid dividend held by City Securities Limited		(520,801)
Transferred to City Securities Limited	-	(3,395,219)
Unclaimed dividends for the Period		<u>520,800</u>
As at 30th June	<u>868,195</u>	<u>868,194</u>

Unclaimed dividend are amounts payable to Nigerian shareholders in respect of dividend previously declared by the company which have been outstanding for more than 15 months after initial payments.

By the provision of the company's Articles of Association , dividend which remain unclaimed for 12 years stand forfeited. The dividends below accordingly revert to the company:

	No of Shareholders	JUNE 2013 N	DECEMBER 2012 N
Dividend No. 29	2711	17,535,906	17,641,642
Dividend No. 30	3314	<u>11,694,445</u>	<u>11,747,162</u>
		<u>29,230,351</u>	<u>29,388,804</u>

17 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	JUNE 2013 N'000	DECEMBER 2012 N'000
Earnings	<u>2,409,131</u>	<u>4,670,917</u>
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company		
	JUNE 2013 000	DECEMBER 2012 000
Number of shares		
Ordinary shares of 50 kobo each	<u>339,522</u>	<u>339,522</u>
Earnings per 50 kobo share (Naira) Basic	<u>7.10</u>	<u>13.76</u>

The denominators for the purposes of calculating both basic and diluted earnings per share are based on issued and paid ordinary shares of 50 kobo each.

18 Intangible assets

	Computer Software N'000
Cost	
At 1 January 2012	295,769
Additions	<u>12,713</u>
At 1 January 2013	308,482
Reclassification	93,319
Disposal	(270,563)
Additions	<u>121,393</u>
At 30 June 2013	<u>252,631</u>
Amortisation	
At 1 January 2013	(291,306)
Eliminated on disposal/reclassification	198,795
Charge for the Period	<u>(9,037)</u>
At 30 June 2013	<u>(101,548)</u>
Carrying amount	
At 30 June 2013	<u><u>150,196</u></u>
At 31 December 2012	<u>17,176</u>

TOTAL NIGERIA PLC

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

19 Property, plant and equipment

	Land and buildings	Plant, machinery and fittings	Office equipment and furniture	Computer equipment and other tangible assets	Motor vehicles	Assets under finance lease	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost or valuation								
At 1 January 2012	9,784,000	9,783,969	868,697	2,153,609	899,365	519,318	2,326,666	26,335,623
Additions	199,967	743,483	24,190	126,100	156,125	159,990	3,228,624	4,638,478
Transfers	886,231	659,065	90,002	450,898	17,564	23,550	(2,127,310)	(0)
Disposals	(146)	(633,393)	(78,028)	(313,761)	(39,737)	(157,230)	-	(1,222,295)
At 1 January 2013	10,870,052	10,553,124	904,861	2,416,846	1,033,316	545,627	3,427,980	29,751,805
Reclassification	108,755	(1,457,978)	(382,160)	2,500,262	(509,599)	-	-	259,280
	10,978,807	9,095,146	522,701	4,917,108	523,717	545,627	3,427,980	30,011,085
Additions	-	31,083	-	3,757	184,181	-	1,002,278	1,221,299
Transfers	335,455	364,964	19,797	424,950	20,685	-	(1,343,468)	(177,617)
Disposals	-	(166,058)	(882)	(27,218)	(11,274)	(10,790)	-	(216,222)
At 30 June 2013	11,314,262	9,325,135	541,616	5,318,597	717,309	534,837	3,086,790	30,838,545
Accumulated depreciation and impairment								
At 1 January 2012	(1,871,320)	(5,156,611)	(642,699)	(1,159,767)	(648,063)	(258,413)	-	(9,736,873)
Charge for the Period	(348,177)	(1,238,887)	(90,298)	(418,554)	(117,273)	(128,734)	-	(2,341,924)
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposals	146	624,119	77,750	313,759	31,780	143,740	-	1,191,294
At 1 January 2013	(2,219,351)	(5,771,379)	(655,247)	(1,264,563)	(733,556)	(243,407)	-	(10,887,503)
Reclassification	(46,326)	1,624,871	322,924	(2,532,558)	370,459	-	-	(260,630)
	(2,265,677)	(4,146,508)	(332,323)	(3,797,121)	(363,097)	(243,407)	-	(11,148,133)
Charge for the Period	(200,254)	(457,619)	(34,615)	(444,672)	(65,945)	(32,773)	-	(1,235,878)
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposals	3,762	60,886	852	117,220	5,465	4,484	-	192,669
At 30 June 2013	(2,462,169)	(4,543,241)	(366,086)	(4,124,573)	(423,577)	(271,696)	-	(12,191,342)
Carrying amount								
At 30 June 2013	8,852,093	4,781,894	175,531	1,194,024	293,732	263,141	3,086,790	18,647,203
At 31 December 2012	8,650,701	4,781,745	249,615	1,152,283	299,760	302,220	3,427,980	18,864,302
At 1 January 2012	7,912,680	4,627,358	225,998	993,842	251,302	260,905	2,326,666	16,598,750

19.1 Capital Work in progress relates to projects under construction and technical installation. As each project is completed, it is transferred to the appropriate class of fixed asset.

19.2 The company's obligations under finance leases (see Note 22.1) are secured by the lessors' title to the leased assets, which have a carrying amount of Nil

TOTAL NIGERIA PLC

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

20 Inventories

	JUNE 2013 N'000	DECEMBER 2012 N'000
Raw materials	1,470,033	2,692,114
Finished goods	17,674,673	21,688,197
Consumable equipment and spares	450,050	525,228
	19,594,757	24,905,539
Less Allowance:		
For obsolete spares	(366,726)	(366,726)
For slow moving stock	(71,760)	(34,236)
	19,156,271	24,504,577

21 Trade and other receivables

Customers account	14,259,905	9,840,435
Due from related parties (Note 34)	2,029,689	1,207,306
Allowance for doubtful debts	(913,121)	(588,474)
	15,376,473	10,459,267
Other receivables	1,693,657	3,482,662
Bridging claims less provisions	4,312,261	3,005,228
Receivable from petroleum support funds	8,744,790	8,429,137
City securities limited (Unclaimed dividends)	868,195	868,195
	15,618,903	15,785,222
	30,995,376	26,244,489

The credit policy of Total Nigeria Plc is set in accordance with the Sales Channel the Customer belongs:

Network Channel: Credit is extended to dealers who operate the Company Owned, Dealer Operated Service Station (CODO) and some of the Dealer Owned, Dealer Operated service stations (DODO) who specifically apply to operate under the DODO credit scheme. Under both CODO and DODO credit schemes, credit is extended to each dealer to cover the working capital needs of the station. Each day's sales proceeds are lodged into the Company's bank account at least twice daily. The Company's financial risk exposure is covered by retentions from dealers income to increase the security deposit, as well as, physical stock in the station.

General Trade (GT) Channel: Credit for the GT customers is set at the monthly average sales to the customer for a period of one year or six months after proper financial and qualitative analyses. The approved credit limit is extended for 30 days or 45 days in rare occasions for blue chip companies.

Bad and Doubtful Debt Provision: Provision for doubtful debts is made only for debts that are 91 days and above overdue. While 100% provision is made for debts that are overdue by 181 days and more, only 50% is made for debts that are overdue by 91 days and up to 180 days. Despite making provision for the overdue debts the company still makes efforts to collect the outstanding debts. Only debts that have been provided for, which cannot be collected after exhausting all debt recovery efforts, are eventually written off as bad debts.

TOTAL NIGERIA PLC

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

21 Ageing of impaired trade receivables

	JUNE 2013 N'000	DECEMBER 2012 N'000
0 - 90 days	-	-
91-180 days	185,925	446,308
Above 180 days	727,361	365,320
Total	<u>913,286</u>	<u>811,628</u>

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

	JUNE 2013 N'000	DECEMBER 2012 N'000
21.1 Prepayments		
Current		
Prepaid rent and employee advances	<u>1,719,771</u>	<u>1,639,280</u>
Non-current		
Long term prepaid network assets	1,360,944	1,408,222
Prepaid depot expenses	-	16,400
Prepaid rent	<u>95,023</u>	<u>24,684</u>
	<u>1,455,967</u>	<u>1,449,306</u>

The long term prepaid network assets relate to amount paid in advance for leased stations, as well as leased lands on which stations and other company installations are built.

TOTAL NIGERIA PLC

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

	JUNE 2013 N'000	DECEMBER 2012 N'000
22 Borrowings		
Unsecured borrowing at amortised cost		
Bank overdrafts	16,952,698	14,560,165
Secured borrowing at amortised cost		
Finance lease liabilities	-	318,603
Total borrowings	16,952,698	14,878,768
Amount due for settlement within 12 months	16,952,698	14,667,312
Amount due for settlement after 12 months	-	211,456

The other principal features of the company's borrowings are as follows.

- (i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts for the period approximates 13.0% per annum (2012: 16% per annum) and are determined based on Monetary Policy Rate plus lenders' mark-up.
- (ii) Finance lease liabilities are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding four years. As at 30th June 2013 the Finance lease is Nil
- (iii) The weighted average interest rates paid during the year were as follows:

	JUNE 2013 %	DECEMBER 2012 %
Bank overdrafts	13.0	16.0
Finance lease		16.0

22.1 Obligations under finance leases

	Minimum lease payments	
	JUNE 2013 N'000	DECEMBER 2012 N'000
Lease Obligations		
Within one year		141,684
In the second to fourth years		246,164
	-	387,848
Less: future finance charges		69,245
Present value of lease obligations	-	318,603

	Present value of minimum lease payments	
	JUNE 2013 N'000	DECEMBER 2012 N'000
Lease Obligations		
Within one year	-	107,147
In the second to fourth years	-	211,456
Present value of lease obligations	-	318,603

It is the company's policy to acquire field staff cars under finance leases. The average lease term is four years. For the period ended 30 June 2013, all lease obligations have been fully paid. Interest rate on lease is based on adjusted Lessor's Prime lending rate at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Naira.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

The company's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in Note 19.2

TOTAL NIGERIA PLC

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

	JUNE 2013 N'000	DECEMBER 2012 N'000
23 Trade and other payables		
Trade payables :		
Amount due to related companies (Note 34)	8,997,395	18,532,121
Trade creditors	7,388,720	6,484,586
Bridging contribution	6,776,659	4,146,074
Other Suppliers	1,293,293	3,932,870
Suppliers retention	84,865	41,930
	24,540,931	33,137,581
Other payables:		
Sundry creditors	2,385,774	4,153,495
Security deposit	4,281,641	4,029,450
Accrued Liabilities	3,682,231	1,297,106
Accruals on Products Supplied	116,798	1,004,397
Unclaimed dividend	868,195	868,195
Value added tax payable	26,817	26,893
Staff pension	23,239	14,502
Staff gratuity	8,137	241
	11,392,833	11,394,279
	35,933,764	44,531,860

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is thirty days.

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

	JUNE 2013 N'000	DECEMBER 2012 N'000
24 Share capital		
Authorised, Issued and fully paid:		
339,521,837 ordinary shares of 50k each	<u>169,761</u>	<u>169,761</u>
Issued and fully paid capital comprises:		
224,000,000 ordinary shares of 50k each before merger with Elf Oil Nigeria Limited	112,000	112,000
73,081,608 ordinary share of 50k each issued in exchange for the shares of Elf Oil Nigeria Limited in 2001.	36,541	36,541
42,440,229 ordinary shares of 50k each issued as bonus shares transferred from bonus issues reserve in 2004.	21,220	21,220
	169,761	169,761

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

	JUNE 2013 N'000	DECEMBER 2012 N'000
25 CASH AND CASH EQUIVALENTS		
Bank and cash balances	1,050,370	3,347,935
Foreign currencies purchased for imports	-	-
	1,050,370	3,347,935
Bank overdrafts	(16,952,698)	(14,560,165)
	(15,902,327)	(11,212,230)

TOTAL NIGERIA PLC

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

26 Cash Flow from Operating Activities

	JUNE 2013 N'000	DECEMBER 2012 N'000
Profit after tax	2,409,131	4,670,917
Adjustment to reconcile net profit to net cash provided:		
Depreciation of Property, Plant and Equipment	1,405,495	2,352,606
(Profit)/loss on asset disposal	(8,118)	(90,340)
Loss on derecognition of Lease		1,499
Effect of Forex rate change	(45,853)	147,747
Interest payable and similar charges	1,165,646	1,572,437
Interest receivable and similar income	(62,314)	(139,577)
Movements in Working Capital:		
(Increase) in inventories	5,348,306	(10,790,919)
(Increase)/decrease in debtors	(4,750,887)	(10,846,146)
Decrease/(Increase) in current prepayments	(80,491)	26,450
Increase in trade and other payables	(8,598,096)	4,058,397
Increase in tax payable	725,647	455,236
Increase in deferred tax provision	125,722	153,099
Increase in Long Term provision	371,756	
Net Cash (used in)/ provided by operating activities	(1,994,056)	(8,428,599)

27 Commitments and Contingent Liabilities

(i) Commitments

Financial commitments

The Company did not charge any of its assets to secure liabilities of third parties.

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements. These liabilities are relevant in assessing the company's state of affairs.

Guarantees and bonds

	JUNE 2013 N'000	DECEMBER 2012 N'000
Total commitments given	694,350	694,350
Total commitments received	155,000	110,000

Commitments given include primarily bonds to Major oil marketers association for joint petroleum product import in the ordinary course of business. No losses are anticipated in respect of this.

Commitments received include primarily customers guarantees.

Commitments received and given are held with local banks.

At 30 June 2013, the company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to N2,673,724,771.81. (2012: N2,501,462,000.00)

(ii) Contingent liabilities

There are contingent liabilities in respect of legal actions against the company amounting to N4,709,185,163 (2012: N2,567,352,870). Management has not made provision for these contingent liabilities as consultation with the Company's external solicitors has indicated that the likely outcome of the legal actions will favour the company.

TOTAL NIGERIA PLC

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

28 Retirement benefit schemes

The company operates two defined contribution schemes:

- (i) The company operates pension scheme in accordance with the provisions of the pension reform Act 2004. The scheme applies to all employees of the company and is funded through monthly contribution by both the company and the employees.
- (ii) The company operates a gratuity scheme for its employees in service before January 2001 which is funded by monthly contribution of 9.5% of total annual emolument and paid to Fund Managers chosen by each employee.

For the defined contribution plans, expenses correspond to the contributions payable. The net periodic pension cost is recognised under "Other operating expenses".

29 Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from prior year.

The capital structure of the company consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in note 24 and the Statement of Changes in Equity.

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

Gearing ratio

The gearing ratio is as follows:

	JUNE 2013 N'000	DECEMBER 2012 N'000
Debt	16,952,698	14,878,768
Cash and cash equivalents	(1,050,370)	(3,347,935)
Net Debt	<u>15,902,328</u>	<u>11,530,833</u>
Equity	<u>13,711,045</u>	<u>11,301,914</u>
Net debt to equity ratio	<u>116%</u>	<u>102%</u>

Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts) and obligations. Equity includes all capital and reserves of the company that are managed as capital.

29.1 Categories of financial instruments

	JUNE 2013 N'000	DECEMBER 2012 N'000
Financial assets		
at amortized cost		
<i>Loans and other receivables</i>	-	-
<i>Cash and bank balances</i>	1,050,370	3,347,935
<i>Trade and other receivables</i>	30,995,376	26,244,489
	<u>32,045,747</u>	<u>29,592,424</u>
Held to maturity	-	-
Financial liabilities		
at amortized cost		
<i>Trade and other payables</i>	35,933,764	44,531,859
<i>Borrowings</i>	16,952,698	14,878,768
	<u>52,886,462</u>	<u>59,410,627</u>

TOTAL NIGERIA PLC

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

30 Financial Risk Management

(i) Financial risk management objectives

The company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The company seeks to minimise the effects of risks by using Spot or Forward Purchase of Currency to hedge these risk exposures. The use of financial derivatives is governed by the Total group's policies, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a periodic basis. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports monthly to the Group's treasury, a section of the Group that monitor's risk and policies implemented to mitigate risk exposures.

(ii) Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The company enters into both spot and forward foreign exchange contracts to hedge the exchange rate risk arising on the normal course of business.

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

(iii) Interest rate risk management

The company is exposed to interest rate risk as it borrows funds at Multiple interest rates. The risk is managed by the company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

Interest rate risk

Sensitivity analysis

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

		JUNE 2013 N'000	DECEMBER 2012 N'000
Variable rate instruments	Average rate %		
Financial assets	16%		318,604
Bank Overdrafts	13%	16,952,698	14,560,165
		16,952,698	14,878,769

Foreign exchange risk management

The company uses the spot and forward deals to hedge its foreign exchange exposure. However, at the reporting date the company did not have any outstanding derivatives (2012: Nil)

TOTAL NIGERIA PLC

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

30 Financial Risk Management (cont'd)

Spot Contract

The purchase or sale of foreign currency at a price fixed at the contract date with delivery as at "now".

Forward Contract

The purchase or sale of foreign currency at a price fixed at contract date with delivery and settlement at a future known and agreed date. Forward exchange contracts are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

Sensitivity analysis

Foreign Exchange

A movement in the exchange rate either positively or negatively by 200 basis points is illustrated below. Such movements would have increased (decreased) the cash and bank balance (Statement of Financial Position) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

<i>Effect in thousands of Naira</i>	000	000			000
	Foreign Currency	Naira Balance	Exchange Rate	Effect of Increase / Decrease in Exchange Rate	
30 June 2013					
USD	3,999	645,850	161.50	'+/-2	7,998
EURO	277	58,317	210.85	'+/-2	553

	000	000			000
	Foreign Currency	Naira Balance	Exchange Rate	Effect of Increase / Decrease in Exchange Rate	
31 December 2012					
USD	6,788	1,066,793	157.15	'+/-2	13,577
EURO	143	29,680	208.27	'+/-2	285

A weakening of the Naira against the above currencies at the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iv) Liquidity risk management

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 Company can be required to pay. The tables include 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 end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	Less than 1month	1-3 months	3 months-1 year	1-3 months
30/06/2013					
Trade and other payables		35,933,764	-	-	-
Borrowings	13.0%	-	-	16,952,698	-
31/12/2012					
Trade and other payables		44,531,859	-	-	-
Borrowings	16%	-	-	14,878,768	-

The company manages liquidity risk by maintaining reserves, banking facilities by monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. Below is a listing of financing facilities that the company has at its disposal to further reduce liquidity risk.

TOTAL NIGERIA PLC

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

Financial Risk Management (cont'd)

Financing facilities

Unsecured bank loans and overdrafts payable at call and reviewed annually.

	JUNE 2013 N'000	DECEMBER 2012 N'000
Amount used	16,952,698	14,560,165
Amount unused	36,247,302	23,139,835
Total Facilities	53,200,000	37,700,000

(v) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The company uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are reviewed and approved by the management.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

JUNE , 2013			
	Fully Performing	Past Due	Total
	N'000	N'000	N'000
Network	4,706,214	(102,841)	4,603,374
General Trade	5,259,355	4,397,176	9,656,531
Total receivables	9,965,569	4,294,336	14,259,905
DECEMBER, 2012			
	Fully Performing	Past Due	Total
	N'000	N'000	N'000
Network	2,259,931	27,502	2,287,433
General Trade	4,312,172	3,240,828	7,553,000
Total receivables	6,572,103	3,268,330	9,840,433

31 Fair Value

The directors consider that the fair value of financial assets and liabilities are not significantly different from their carrying values.

32 Assets pledged as security

At the year ended June 2013 there were no Assets pledged as security

TOTAL NIGERIA PLC

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

33 Events after the balance sheet date

There were no post balance sheet events that could have material effect on the financial position of the company at 30 June

2013 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

34 Related party transactions

Trading transactions

During the year, the company entered into the following transactions with related parties.

	Sale of goods		Purchase of goods		Others	
	30/06/2013 N'000	31/12/2012 N'000	30/06/2013 N'000	31/12/2012 N'000	30/06/2013 N'000	31/12/2012 N'000
Total Outre Mer	-	-	30,262,608	93,502,903	-	-
Total International Ltd	-	-	3,675,620	17,402,885	-	-
Elf Aquitaine	-	-	-	-	-	-
Total S. A.	-	-	-	-	-	-
Total France	-	-	-	-	-	103,321
Total Gestion	-	-	-	-	-	1,563
Total Guinea Conakry	-	-	-	-	-	5,129
Total Gaz	-	-	-	-	-	-
Total Gambia	-	-	-	-	-	4,427
Total Ghana	-	-	-	-	-	-
Total RM	-	-	-	-	-	-
Total AXA	-	-	-	-	-	-
Total E&P Nigeria	5,404,166	16,482,389	-	-	-	-
Air Total International	-	-	-	-	-	-
Total Lubricants	184,414	333,491	-	-	-	-
	<u>5,588,580</u>	<u>16,815,880</u>	<u>33,938,228</u>	<u>110,905,788</u>	<u>-</u>	<u>114,440</u>

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	30/06/2013 N'000	31/12/2012 N'000	30/06/2013 N'000	31/12/2012 N'000
Total Outre Mer	-	-	7,956,394	17,747,603
Total International Ltd	-	-	-	-
Total E&P Nigeria	1,820,870	1,120,770	-	48,000
Air Total international	-	-	34,852	4,517
Elf Aquitaine	-	12,591	-	167,878
Total SA	174,573	19,086	-	460,800
Total France	-	-	-	103,321
Total Gestion international	-	1,563	-	-
Total Guinea	-	5,129	-	-
Total Gas	-	-	-	-
Total Gambia	-	4,427	-	-
Total Ghana	-	-	-	-
Total Oil Trading	-	173	977,156	-
Total RM	-	-	28,994	-
Total Lubrifiants	34,246	43,565	-	-
	<u>2,029,689</u>	<u>1,207,304</u>	<u>8,997,395</u>	<u>18,532,119</u>

During the period, the company traded with related parties on terms similar to such transactions entered into with third

The amounts outstanding from/ to Total Outre Mer are Secured using a Letter of Credit, while the other amounts are unsecured and will be settled in the normal course of business. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

TOTAL NIGERIA PLC

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

35 TECHNICAL SERVICE AGREEMENT

The Company has a technical service agreement with Total Outre-Mer (now called Total Africa Middle East) which is renewable every 3 years subject to the approval of The National Office for Technology Acquisition and Promotion (NOTAP). The amount charged in the profit and loss account was N514,271,159 (June 2012: N513,576,230).

36 RECLASSIFICATION OF BALANCES

Certain comparative balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation.

37 INFORMATION REGARDING EMPLOYEES

- (i) The table below shows the number of staff of the Company whose emoluments during the year excluding pension contributions were within the ranges stated:

N	N	JUNE 2013 Number	DECEMBER 2012 Number
1,500,001 -	2,000,000	0	1
2,000,001 -	2,500,000	0	3
2,500,001 -	3,000,000	6	13
3,000,001 -	3,500,000	7	10
3,500,001 -	4,000,000	7	13
4,000,001 -	4,500,000	13	10
4,500,001 -	5,000,000	33	43
5,000,001 -	5,500,000	23	115
5,500,001 -	6,000,000	53	43
6,000,001 -	6,500,000	72	87
6,500,001 and above		257	136
		471	474

- (ii) The average number of persons employed in the financial year and the staff costs were as follows:

	JUNE 2013 Number	DECEMBER 2012 Number
Managerial staff	106	102
Senior staff	340	341
Junior staff	25	31
	471	474

- (iii) The related salaries and wages amounted to N2,637,346,379 (2012 - N2,322,676,000).

Staff costs relating to the above were:

	JUNE 2013 N'000	JUNE 2012 N'000
Salaries and wages	2,637,346	2,322,676
Pension and social benefit	190,912	181,368
Staff Medical expenses	68,778	109,475
	2,897,036	2,613,519