

CAPITAL HOTELS PLC
**CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER 31 MARCH, 2013**

	Notes	Mar 2013 N'000	Mar 2012 N'000	Dec 2012 N'000
Assets:				
Non current assets				
Property, plant and equipment	5	1,407,890	1,781,808	1,420,729
Capital work in progress	6	464,115	-	464,115
Intangible assets	7	7,158	-	8,078
Loans and receivables	8	1,000,000	-	1,000,000
		<u>2,879,162</u>	<u>1,781,808</u>	<u>2,892,922</u>
Current assets:				
Inventories	9	203,071	209,695	218,386
Trade and other receivables	10	1,018,408	971,617	1,062,117
Loans and receivables	8	210,057	1,062,905	210,057
Other current assets	11	115,238	293,539	115,238
Cash and cash equivalents	12	2,022,387	2,329,312	1,937,608
		<u>3,569,162</u>	<u>4,887,468</u>	<u>3,543,406</u>
Liabilities				
Current liabilities				
Accounts payable and accrual	13	1,209,576	128,094	1,171,508
Deferred income		29,185	66,813	27,255
Current taxation payable	14	292,213	377,469	236,988
		<u>1,530,974</u>	<u>572,376</u>	<u>1,435,751</u>
Net current assets		<u>2,038,188</u>	<u>4,315,092</u>	<u>2,107,655</u>
Non - current liabilities				
Employee benefits	17	2,089,033	2,578,561	2,089,033
Deferred taxation	15	-	251,874	195,976
		<u>2,089,033</u>	<u>2,830,435</u>	<u>2,285,009</u>
Net assets		<u>2,828,317</u>	<u>3,266,465</u>	<u>2,715,568</u>
Equity and reserves				
Ordinary share capital	18	774,390	774,723	774,390
Retained earnings	19	2,053,927	2,491,742	1,941,178
Total equity		<u>2,828,317</u>	<u>3,266,465</u>	<u>2,715,568</u>

CAPITAL HOTELS PLC
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER 31 MARCH, 2013**

	Notes	March 2013 N'000	March 2012 N'000
Revenue		1,155,397	1,128,367
Cost of sales		<u>(875,040)</u>	<u>(782,957)</u>
Gross operating profit		280,357	345,410
Other income	21	-	9,885
Distribution expenses	23.1	<u>(39,196)</u>	<u>(50,802)</u>
Administration and general expenses	23	<u>(88,653)</u>	<u>(20,954)</u>
Result from operating activities		152,508	283,539
Finance income	22	13,299	-
Profit before tax		165,807	283,539
Current tax expense	16	<u>(53,058)</u>	<u>(90,732)</u>
Deferred tax expense	16	<u>-</u>	<u>-</u>
Profit for the year		112,749	192,807
Other comprehensive income:			
Actuarial (loss)/gain	17	-	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>112,749</u>	<u>192,807</u>
Earning per share - Basic (Kobo)	29	<u>7</u>	<u>12</u>
- Diluted		<u>7</u>	<u>12</u>

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

	Issued share capital N'000	Retained earnings N'000	Total equity N'000
At 1 January 2012	774,390	2,299,269	3,073,659
Changes in equity for 2012:			
Profit for the period	-	192,806	192,806
Actuarial loss for the year	-	-	-
Total comprehensive income for the year	<u>774,390</u>	<u>2,492,075</u>	<u>3,266,465</u>
Issue of share capital	-	-	-
Bonus issue	-	-	-
Transaction costs for equity issue	-	-	-
Gains(loss) arising from foreign transactions	-	-	-
Share-based payment transaction	-	-	-
Dividends paid during the year	-	-	-
Purchase of treasury shares	-	-	-
Convertible bond- equity component	-	-	-
Non-controlling interest arising on business combination	-	-	-
Contributions by and to owners of the business	-	-	-
At 31 December 2012	<u>774,390</u>	<u>2,492,075</u>	<u>3,266,465</u>

3

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER 31 MARCH, 2013**

	Notes	2013 N'000	2012 N'000
Cash flows from operating activities			
Cash receipts from customers		1,199,106	839,317
Cash payments to suppliers and employees		<u>(1,099,156)</u>	<u>(616,327)</u>
Net cash generated by operations		99,950	222,990
Taxation paid		-	-
Net cash from operating activities	26	<u>99,950</u>	<u>222,990</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	<u>(28,479)</u>	<u>(13,681)</u>

Purchase of intangible assets	7	-	-
Finance income		<u>13,308</u>	-
Net cash used in investing activities		(15,172)	(13,682)
Cash flows from financing activities:			
Dividend	19	-	-
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		<u>84,779</u>	<u>219,191</u>
Cash and cash equivalents at the beginning of the year		<u>1,937,608</u>	<u>2,110,121</u>
Cash and cash equivalents at the end of the year	12	2,022,387	2,329,312

The statement of significant accounting policies on pages 2 to 4 and accompanying notes on pages 8 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS PERIOD ENDED 31 MARCH, 2013

6. Capital work in progress

		Building improvement N'000	Plant and machinery N'000	Furniture, fittings and equipment N'000	Total N'000
At 31 MARCH 2013	90737.78	90,738	167,434	205,943	464,115

6.1 Capital work in progress represents work on the cabana.

7. Intangible assets

Computer software				
Cost				
At 1 January		8,078	-	-
Additions in the year		-	-	8,976
At 31 December		<u>8,078</u>	<u>-</u>	<u>8,976</u>
Amortisation				
At 1 January		898	-	-
Charge for the year		22	898	898
At 31 March		<u>920</u>	<u>898</u>	<u>898</u>
Carrying amount		7,158	8,078	8,078

The Company migrated to SAP ERP in the year 2012. Prior to the migration, software costs was expensed on acquisition.

8. Loans and other receivables

At 1 January		1,002,385	1,082,905	1,002,385
Additions in the year		180,000	-	-
Interest receivable		<u>27,672</u>	<u>1,082,905</u>	<u>1,002,385</u>
At 31 March		1,210,057	210,057	2,385
Current portion				
Non-current portion		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Based on the terms of loans and other receivables, these were not measured at amortised cost as it was impracticable to do so.

29

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS PERIOD ENDED 31 MARCH, 2013

		Mar 2013 N'000	Mar 2012 N'000	Dec 2012 N'000
9. Inventories				
Food and beverage		58,853	67,889	65,837
Maintenance supplies		79,269	82,673	82,573
Office supplies		10,856	13,224	12,239
Operating equipment		33,594	27,093	34,183
General stores		<u>20,498</u>	<u>18,816</u>	<u>23,554</u>
		203,070	209,695	218,387

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS PERIOD ENDED 31 MARCH, 2013

		Mar 2013 N'000	Mar 2012 N'000	Dec 2012 N'000
10. Trade and other receivables				
Trade receivables (Note 10.1)		<u>1,026,840</u>	<u>1,032,983</u>	<u>862,471</u>
Impairment		<u>(102,106)</u>	<u>(61,366)</u>	<u>(119,644)</u>
Net trade receivables		924,733	971,617	742,827
Other receivables		-	-	261,497
Non financial instruments		<u>924,733</u>	<u>971,617</u>	<u>1,004,324</u>
Prepayments		<u>93,675</u>	<u>-</u>	<u>57,793</u>
		1,018,408	971,617	1,062,117

- 10.1 The Company allows an average debtors period of 30 days after invoice date. It is the Company's policy to assess trade receivables for recoverability on an individual basis and to make provision where it is considered necessary. In Trade receivables which are past due but not impaired relate to customers that have a good track record with the Company in terms of recoverability. Other receivables are expected to be recoverable.

30

		Mar. 2013 N'000	Mar. 2012 N'000	Dec. 2012 N'000
11. Other current assets				
At 31 March		<u>115,238</u>	<u>293,939</u>	<u>115,238</u>
This represents the current account balance between The Company and the Operators of the Hotel.				
12. Cash and cash equivalents				
Cash in hand		<u>3,185</u>	<u>3,850</u>	<u>4,846</u>
Cash at bank		<u>87,881</u>	<u>504,187</u>	<u>228,863</u>
		91,066	508,037	233,709
Time deposits		<u>1,931,321</u>	<u>1,821,275</u>	<u>1,703,899</u>
		2,022,387	2,329,312	1,937,608

Time deposits relates to tenured placement with Nigerian banks at varying interest rates.

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS PERIOD ENDED 31 MARCH, 2013

	Mar. 2013 N'000	Mar. 2012 N'000	Dec. 2012 N'000
13. Accounts payable and accrual:			
Financial instruments			
Accounts payables	130,507	-	122,434
Accrued expenses	89,294	78,750	92,727
Other payables	719,456	-	700,124
	<u>939,257</u>	<u>78,750</u>	<u>915,285</u>
Non financial instruments			
Deposits	257,073	49,345	247,241
VAT	13,247	-	8,982
	<u>1,209,576</u>	<u>128,095</u>	<u>1,171,508</u>

The fair value of accounts payable and accruals approximate their carrying value.

31

	Mar. 2013 N'000	Mar. 2012 N'000	Dec. 2012 N'000
14. Current taxation payable			
At 1 January	239,155	286,737	286,737
Payment in the year	-	-	(225,740)
Charge for the period (Note 16)	53,058	90,732	175,991
At 31 March	<u>292,213</u>	<u>377,469</u>	<u>236,988</u>

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 and the Education Tax Act, CAP E4, LFN 2004 as amended.

	Mar. 2013 N'000	Mar. 2012 N'000	Dec. 2012 N'000
15. Deferred taxation			
At 1 January	-	251,874	251,874
Write back in the year (Note 16)	-	-	(55,898)
At 31 March	<u>-</u>	<u>251,874</u>	<u>195,976</u>

The Company has adopted the International Accounting Standard 12 - Income taxes, deferred taxation, which is computed using the liability method.

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS THREE MONTHS PERIOD ENDED 31 MARCH, 2013

	Mar. 2,013 N'000		Mar. 2,012 N'000	Dec. 2,012 N'000
17. Employee benefits				
At 1 January	2,046,884	2,046,884	2,578,561	2,046,884
Current service cost	132,910	132,910	-	132,910
Past service cost (Note 17.1)	(324,374)	(324,374)	-	(324,374)
Interest cost	279,143	279,143	-	279,143
Payments in the year	(371,832)	(371,832)	-	(371,832)
Actuarial loss/(gain)	326,302	326,302	-	326,302
	<u>2,089,033</u>	<u>2,089,033</u>	<u>2,578,561</u>	<u>2,089,033</u>

	Mar. 2,012 N'000		Mar. 2,012 N'000	Dec. 2,012 N'000
18. Share capital				
Authorised				
1,600,000,000 ordinary shares of 50k each	<u>800,000</u>	800000	<u>800,000</u>	<u>800,000</u>
Issued and fully paid				
1,548,780,000 ordinary shares of 50k each	<u>774,390</u>	774390	<u>774,723</u>	<u>774,390</u>

	Mar. 2,012 N'000		Mar. 2,012 N'000	Dec. 2,012 N'000
19. Retained earnings				
At 1 January	1,941,178	2018383.428	2,298,936	(67,357)
Dividend declared during the year	-	-108415	-	(116,159)
Transferred from profit or loss account	112,749	-1355984.909	192,806	2,201,899
At 31 December	<u>2,053,927</u>	<u>553983.5183</u>	<u>2,491,742</u>	<u>2,018,383</u>

32

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS THREE MONTHS PERIOD ENDED 31 MARCH, 2013

20. Segment information				
Operating segments				
The Company has three reportable segments, summarised as follows:				
Rooms:	This includes the sale of rooms and rent of office space			
Food and beverage:	This includes the sale of rooms and rent of office space			
Other services:	This include the services of other minor operating departments that individually the reported revenue is below 10% of the combined revenue of all operating segments and are similar in the class of			
2013				
	Rooms N'000	Food and beverage N'000	Other services N'000	Total N'000
Turnover	589,583	496,718	69,097	1,155,397
Cost of sales	(117,587)	(284,833)	(472,621)	(875,040)
Gross profit/(loss)	<u>471,996</u>	<u>211,885</u>	<u>(403,524)</u>	<u>280,357</u>
2012				
	Rooms N'000	Food and beverage N'000	Other services N'000	Total N'000
Turnover	631,813	417,130	79,424	1,128,367
Cost of sales	(117,211)	(267,714)	(398,032)	(782,957)
Gross profit/(loss)	<u>514,602</u>	<u>149,416</u>	<u>(318,608)</u>	<u>345,410</u>

There is no disclosure of depreciation and assets per business segment because the assets of the Company are not directly related to a particular segment.

	2012	Mar. 2,013 N'000	Mar. 2,012 N'000
21. Other income			
Gain on currency translation	0	-	-
Sundry receipts	3728.9	-	2
	<u>3728.9</u>	<u>-</u>	<u>2</u>
22. Finance income			
Interest income on loan	51699.4272	13,299	9,883
N51 million of interest income relates to income earned on loan to Ikeja Hotel Plc.			
		Mar. 2013	Mar. 2012
23. Administration and general expenses			
Management service charge (Note 34)	220233.4595		5,763

Depreciation of property, plant and equipment	232055.8816	42,203	-
Employee costs	78505.09618	-	-
License fee (Note 33)	110116.732	-	-
Provision for doubtful debts	69803.164	-	-
Legal and professional fees	16168.85822	1,575	2,842
Insurance	33106.26413	4,088	-
Transport and travelling	8840.158	3,278	-
Management incentive fee (Note 33)	27447.54	-	-
Security expenses	23635.402	1,700	-
Others	53341.92341	35,812	12,349
	873254.479	<u>88,653</u>	<u>20,954</u>

23.1 Distribution expenses represents sales and marketing expenses.

29. Earnings per share

Earnings per share (Basic) have been computed for each year on the profit after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 50 kobo ordinary shares during the

Profit after taxation	<u>112,749</u>	<u>192,807</u>
Number of shares	<u>1,548,780</u>	1,548,780
Earnings per share (Kobo) - Basic	<u>7</u>	<u>12</u>
- Diluted	7	12

37. Events after the reporting date

There are no significant post reporting date events which could have had a material effect on the state of affairs of the Company as at balance sheet date that have not been adequately provided for or disclosed in the financial