

DAAR COMMUNICATIONS PLC

Company No. RC117587

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2012



SIAO - Accomplish More

Wing B, 1st Floor
Bank of Industry Building
Herbert Macaulay Way
Central Business District
Abuja, FCT.
Tel: 09-2912462-3
Fax: 01-4630870
E-mail: enquiries@siao-ng.com

TABLE OF CONTENTS

	Page
Corporate Information	3
Financial Highlights	4
Report of the Audit Committee	5
Report of Independent Auditors	6
Statement of Financial Position	7
Statement of Profit or loss and Other Comprehensive Income	8
Statement of Cash Flows	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Nature of Operations	11
General Information and Statement of Compliance with IFRS	11
Summary of Significant Accounting Policies	12
Transition to IFRS	21
Property, Plant and Equipment	25
Intangible Assets	26
Deferred Tax Assets	26
Inventories	26
Trade Receivables	27
Other Receivables and Prepayments	27
Cash and Cash Equivalents	28
Share Capital	28
Share Premium	28
Bank Loan	29
Sub-ordinated Loan	29
Trade Payables	30
Other Payables	30
Short Term Borrowings	31
Taxation	31
Directors and Employees Costs	33
Revenue/Turnover	33
Segment Reporting	34
Direct Cost	36
Other Income	36
Administrative Expenses	37
Borrowing Costs (Interest and Similar Charges)	37
Financial Risk and Capital Management Policy	37
Events after Year End	38
Related Party Transaction	38
Contingent Liabilities	38
Explanation of the effect of Transition to IFRS	39
NON IFRS STATEMENTS	
Statement of Value Added	44
Five year Financial Summary	45

CORPORATE INFORMATION

Directors

High Chief Aleogho-Dokpesi, PhD, Dsc, OFR
Mr. Tony Akiotu
Olorogun Williams I. Makinde
Engr. Chukwuemeka Uyah
Mr. Idenalha John Iwarue
Mrs. Tosin Dokpesi
Ms. Paulyn Ugbodaga
Ms. Salomey Eferemo
Mr. Imoni Amarere
Dr. Don Pedro Obaseki
Mr. Raymond Paul Dokpesi Jnr.
Mallam Abba Dabo
Mallam Yaya Abubakar, Mni (Retired)
Alhaji Gambo Lawan
Prince Shedrack A. Akolokwu, JP
Mr. Charles Iyizoba
Prof. Ralph Akinfeleye
Mr. Cornelius Oboh
Mr. Kenny Ogungbe
Mrs. Khaderia Ahmed

Chairman
Group Managing Director
Executive Director
Executive Director
Executive Director
Executive Director-MD Television
Executive Director
Executive Director
Executive Director
Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director-MD Raypower
Non Executive Director

Company Secretary

Anopuo Donatus O. (Esq)
DAAR Communications Plc
Off T. Y. Danjuma Street
Asokoro, Abuja.

Company Number

Rc. 117587

Registered Office

Ladi Lawal Drive Kpaduma Hills,
Off T. Y. Danjuma Street,
Asokoro, FCT Abuja.

Auditors

SIAO (Chartered Accountants)
Wing B, 1st Floor, Bank of Industry Building
Herbert Macaulay Way, Central Business District
Abuja, FCT.
Tel: 09-2912462-3
Website: www.siao-ng.com
E-mail : enquiries@siao-ng.com

Registrars

First Registrars Ltd
No. 2 Abebe Village Road
Iganmu, Lagos.

Bankers

Fidelity Bank Plc
First Bank Nigeria Ltd
First City Monument Bank Plc
Sterling Bank Plc
Guaranty Trust Bank Plc.
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012**

FINANCIAL HIGHLIGHTS

	2012 ₦'000	2011 ₦'000	Changes %
Revenue	4,233,306	5,144,628	(18)
Profit before taxation	354,326	3,360,696	(89)
Profit after taxation	273,878	2,692,417	(90)
Non-Current Assets	22,684,489	22,274,036	2
Current Assets	2,595,365	10,102,659	(74)
Non-Current Liabilities	3,397,289	1,540,752	120
Current Liabilities	3,920,770	13,148,026	(70)
Issued share Capital	4,000,000	4,000,000	-
Share Premium	13,411,541	13,411,541	-
Shareholders' fund	17,961,795	17,687,917	2
Total Equity and Liabilities	25,279,854	32,376,695	(22)
Per Share Data			
Based on 8,000,000,000 (2011: 8,000,000,000)			
Ordinary Shares of 50k each.			
Earnings Per Share – kobo	3	34	(91)

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee to the members of DAAR Communications Plc for the year ended 31st December 2012

In compliance with the Provisions of Section 359 (3) to (5) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the members of the Audit Committee of DAAR Communications Plc have considered the audited Financial Statements for the year ended 31st December, 2012 together with the Management Report from the External Auditors and Management response thereon.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2012 was adequate.

After due consideration, the Audit Committee accepted the Report of the External Auditors that the Financial Statements were prepared in accordance with the International Financial Reporting Standards and agreed ethical practices and give a true and fair view of the state of affairs of the Company.

The Committee reviewed Management's Response to the Auditor's findings in respect of Management matters and is satisfied with Management's response thereto.

The Committee also considered and recommends to the Board provision made in the Financial Statements with respect to the remuneration of the Auditors.

The Committee therefore recommends that the audited Financial Statements of the Company for the year ended 31st December, 2012 and the Auditors' report thereon be presented for adoption at the Annual General Meeting.

John Adidi, FCA

FRC/2013/ICAN/00000000742

Chairman, Audit Committee

Dated thisday of 2014.

Members of the Audit Committee are:

Mr. John Adidi, FCA	-	Chairman	-	Shareholder's Representative
High Chief Francis Alimikhena	-	Member	-	Shareholder's Representative
Alhaja Rashidat O. Adesina	-	Member	-	Shareholder's Representative
Mr. Cornelius Oboh	-	Member	-	Board's Representative
Mr. Charles Iyizoba	-	Member	-	Board's Representative
Prince Shedrack A. Akolokwu	-	Member	-	Board's Representative

REPORT OF THE INDEPENDENT AUDITORS

Report on the Financial Statements

We have audited the accompanying financial statements of **DAAR COMMUNICATIONS PLC** for the period ended 31st December 2012, set out on pages 7 to 10 which have been prepared on the basis of the significant accounting policies on pages 12 to 21 and other explanatory notes on pages 22 to 43.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council Act, 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Nigerian Standard on Auditing issued by the Institute of Chartered Accountants of Nigeria and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004. The financial statements give a true and fair view of the financial position of **DAAR COMMUNICATIONS PLC** as at 31st December 2012 and of its financial performance and its Cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRS) as adopted by the Financial Reporting Council of Nigeria (FRC).

Other Matters

The financial statements of DAAR Communications Plc for the year ended 31st December 2011 were audited by another auditor (Ahmed Zakari & Co) who expressed an unmodified opinion on those statements on 30th May, 2012.

Abiodun Ariyibi

FRC/2013/ICAN/00000001548

SIAO (Chartered Accountants)

Lagos, Nigeria

Date: -----

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

STATEMENT OF FINANCIAL POSITION

		As at	As at	As at
Assets	Notes	31-Dec	31-Dec	01-Jan
Non-Current Assets		2012	2011	2011
		₦'000	₦'000	₦'000
Property, Plant And Equipment	1	20,687,504	20,701,694	22,290,751
Intangible Assets	2	545,190	514,616	693,682
Deferred Tax Assets	3	<u>1,451,795</u>	<u>1,057,726</u>	<u>937,538</u>
		22,684,489	22,274,036	23,921,970
Current Assets				
Inventories	4	80,721	161,442	232,947
Trade Receivables	5	2,366,285	5,109,656	2,928,252
Other Receivables & Prepayments	6	70,542	4,703,193	78,601
Cash And Cash Equivalents	7	<u>77,817</u>	<u>128,368</u>	<u>256,093</u>
Total Current Assets		<u>2,595,365</u>	<u>10,102,659</u>	<u>3,495,893</u>
Total Assets		<u>25,279,854</u>	<u>32,376,695</u>	<u>27,417,863</u>
Equity And Liabilities				
Capital And Reserves				
Share Capital	8	4,000,000	4,000,000	4,000,000
Share Premium	9	13,411,541	13,411,541	13,411,541
Retained Earnings		<u>550,254</u>	<u>276,376</u>	<u>(1,413,019)</u>
Total Equity		<u>17,961,795</u>	<u>17,687,917</u>	<u>15,998,522</u>
Non-Current Liabilities				
Bank Loans	10	1,701,710	-	1,500,000
Subordinated Loan	11	<u>1,695,579</u>	<u>1,540,752</u>	<u>1,437,345</u>
Total Non-Current Liabilities		<u>3,397,289</u>	<u>1,540,752</u>	<u>2,937,345</u>
Current Liabilities				
Trade Payables	12	99,811	168,411	261,779
Other Payables	13	2,246,729	2,387,173	2,595,284
Short Term Borrowings	14	2,049	9,494,778	5,292,633
Taxation	15	<u>1,572,181</u>	<u>1,097,664</u>	<u>332,300</u>
Total Current Liabilities		<u>3,920,770</u>	<u>13,148,026</u>	<u>8,481,996</u>
Total Liabilities		<u>7,318,059</u>	<u>14,688,778</u>	<u>11,419,341</u>
Total Equity and Liabilities		<u>25,279,854</u>	<u>32,376,695</u>	<u>27,417,863</u>

These financial Statements were approved and authorized for issue by the Board of Directors onand were signed on its behalf by:

Chairman
FRC no:

GMD/CEO
FRC no:

Executive Director, Finance & Accounts
FRC no:

The accounting policies on pages 12 to 21 and the accompanying notes on pages 22 to 43 form an integral part of these financial statements.

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	As at 31-Dec 2012 ₦'000	As at 31-Dec 2011 ₦'000
Turnover	18	4,233,306	5,144,628
Cost of Sales	20	<u>(6,136,697)</u>	<u>(3,678,065)</u>
Gross Loss/Profit		(1,903,391)	1,466,563
Other Income	21	5,472,622	8,048,161
Administrative Expenses	22	<u>(2,074,586)</u>	<u>(3,120,374)</u>
Operating Profit Before Interest Payable		1,494,645	6,394,351
Interest and Similar Charges	23	<u>(1,140,319)</u>	<u>(3,033,655)</u>
Profit Before Tax		354,326	3,360,696
Taxation	15	<u>(80,448)</u>	<u>(668,279)</u>
Profit For The Year		<u>273,878</u>	<u>2,692,417</u>
Other Comprehensive Income (Net Of Taxes)		-	-
Total Comprehensive Income		<u>273,878</u>	<u>2,692,417</u>
Earning Per Share (Kobo)		3	34

The accounting policies on pages 12 to 21 and the accompanying notes on pages 22 to 43 form an integral part of these Financial Statements.

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****STATEMENT OF CASHFLOWS**

	As at 31-Dec 2012 N'000	As at 31-Dec 2011 N'000
Cash Flows from Operating Activities		
Profit for the Year	354,326	3,360,696
Adjustments for:		
Depreciation	2,691,939	1,176,162
Amortization of Intangible Assets	329,016	207,506
Impairment Charges	860,804	-
Provision for Bad Debt	579,026	1,826,198
Interest Payable	1,125,361	3,033,655
Other Income	(4,878,541)	(8,047,275)
Prior Year Adjustment	-	8,296,680
	<u>1,061,932</u>	<u>9,853,622</u>
Changes in Assets & Liabilities		
Change in Inventory	80,721	71,505
Change in Trade and Other Receivables	7,720,623	(3,999,628)
Change in Prepayments	4,632,651	(4,624,592)
Change in Trade and Other Payables	<u>(209,044)</u>	<u>(301,479)</u>
Net Cash from Operating Activities	<u>13,286,882</u>	<u>999,427</u>
Tax paid	<u>-</u>	<u>(23,103)</u>
	13,286,882	976,324
Cash Flows from Investing Activities		
Acquisition of Intangible Assets	(882,501)	(343,846)
Acquisition of Property, Plant and Equipment	<u>(3,538,552)</u>	<u>(428,683)</u>
Net Cash Used in Investing Activities	(4,421,053)	(772,529)
Cash Flows from Financing Activities		
Bank Loan	1,701,710	(1,500,000)
Interest Paid	<u>(1,125,361)</u>	<u>(3,033,665)</u>
Net Cash from (used) in Financing Activities	576,349	(4,533,665)
Net decrease in Cash and Cash Equivalents	9,442,178	(4,329,870)
Cash and Cash Equivalents as at January 1	<u>(9,366,410)</u>	<u>(5,036,540)</u>
Cash and Cash Equivalents as at December 31	<u>75,768</u>	<u>(9,366,410)</u>
Represented by		
Cash and Bank Balances	77,817	128,368
Bank Overdraft	<u>(2,049)</u>	<u>(9,494,778)</u>
	<u>75,768</u>	<u>(9,366,410)</u>

The accounting policies on pages 12 to 21 and the accompanying notes on pages 22 to 43 form an integral part of these Financial Statements.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>
Balance as at January 1, 2011	4,000,000	13,411,541	(1,413,019)	15,998,522
Restatement on transition to IFRS	-	-	(1,003,022)	(1,003,022)
Profit for the Year	-	-	2,692,417	2,692,417
Balance as at December 31, 2011	<u>4,000,000</u>	<u>13,411,541</u>	<u>276,376</u>	<u>17,687,917</u>

Attributable to equity holders of the parent

	Share Capital	Share Premium	Retained Earnings	Total
	N'000	N'000	N'000	N'000
Balance as at January 1, 2012	4,000,000	13,411,541	276,376	17,687,917
Profit for the Year	-	-	273,878	273,878
Balance as at December 31, 2012	<u>4,000,000</u>	<u>13,411,541</u>	<u>550,254</u>	<u>17,961,795</u>

1. General Information and Statement of Compliance with IFRS

1.1. Corporate Information

DAAR Communications Plc. is the foremost independent broadcast organization in Nigeria. The Company was incorporated on August 31, 1988 as a limited liability company and converted into a public liability Company on April 23, 2007.

The Company pioneered private/independent broadcasting with the establishment of Raypower 100.5 FM radio station in September 1994 upon the deregulation of broadcast sector in 1993 by the Federal Government of Nigeria. The organization also pioneered global satellite broadcasting in 1996 with the establishment of African Independent Television (AIT).

1.2. Composition of Financial Statements

The Financial Statements are drawn up in naira, the functional currency of DAAR Communications Plc. In accordance with IFRS accounting presentation, the Financial Statements comprise:

- Statement of Profit or Loss and other comprehensive income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash flows
- Notes to the Financial Statements.

1.3. Basis of Presentation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). This is the first time that the Company has prepared its Financial Statements in accordance with IFRS, having previously prepared its Financial Statements in accordance with Nigerian Generally Accepted Accounting Principles (NGAAP). The details of the effects of transition from pre-changeover NGAAP to IFRS on financial position, financial performance and cash flows are disclosed in pages 39 to 43.

1.4. Financial Period

These Financial Statements cover the financial years ended 31st December 2012, 31st December 2011 and where appropriate, 31st December, 2010.

NOTES TO THE FINANCIAL STATEMENTS**(2). SIGNIFICANT ACCOUNTING POLICIES****(a) Going Concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment losses. Costs include expenditures that are directly attributable to the acquisition of assets. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where an asset retirement obligation exists, this will be included within the initial assessment of cost. Borrowing costs directly attributable to a qualifying asset, (that takes substantial period to make ready for the intended use) are added to the cost of such assets until they are ready for their intended use. All other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred.

(c) Depreciation

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

Each part of an item of PP&E with a cost that is significant in relation to the whole is depreciated separately over its expected useful life. Expected useful life is the period of use by the enterprise, not the asset's economic life, which could be appreciably longer. The depreciable amount takes account of the expected residual value of the assets. Both the useful life and the residual value are reviewed annually and the estimates revised as necessary.

The depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of an item of property, plant and equipment as follows:

Property Plant and Equipment	Range of Years
Building	10-50 years
Plant & Equipment	4-10 years
Motor Vehicles	4-5 years
Furniture and Fittings	5 years
Records and Discs	5 years

(d) Impairment of Property, Plant and Equipment

Where an item of Property, Plant and Equipment has become impaired, the carrying amount of the Property, Plant and Equipment is restated at the recoverable amount if it is lower than the carrying amount and the difference is recognized in the Statement of Comprehensive Income as an impairment loss. The revised carrying amount is amortized on a straight line basis over the remaining life of the asset. Where there is no recoverable amount, the carrying amount is written off to the profit and loss account and recognized as an impairment loss.

Impairment is tested for when there is an indication of impairment such as:

- Decline in the market value of an asset;
- Changes in the technological, economic or legal environment resulting in an adverse effect on our activities;
- Obsolescence or damage of assets;
- Worsening performance of assets.

Gains or losses arising on the disposal of Property, Plant and Equipment are determined as the difference between the disposal proceeds less expenses associated with the disposal and the carrying amount of the assets and are recognized in Profit or Loss within 'other income' or 'other expenses'.

NOTES TO THE FINANCIAL STATEMENTS

(e) Intangible Assets

License Fees

License fees are stated at historical cost less accumulated amortization. The amortization period is determined primarily by reference to the unexpired license period. Amortization is charged to the income statement on a straight-line basis over the estimated useful life of the license.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software programmes are recognised as an expense as incurred.

Computer Software

Computer Software with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

(f) Financial Instruments

The Company's other financial instruments include:

- Trade Receivables
- Trade and other payables
- Cash and cash equivalents
- Fixed Deposits
- Borrowings

Trade Receivables

Trade receivables are measured at amortised cost less any impairment losses. Since the effect of discounting is immaterial, they are stated at their invoice price. Trade receivables are assessed annually to determine if there is an objective evidence of impairment. The impairment loss is determined by splitting the receivables into groups of trade receivables that share similar credit risk characteristics. The credit risk groups are to be assessed for impairment using historical loss experience for each group. Such historical loss experience would be adjusted to reflect the effects of current conditions.

Appropriate allowances for estimated irrecoverable amounts are recognized in the Statement of Profit or Loss and Other Comprehensive Income when there is objective evidence that the asset is impaired. Subsequent recoveries of amounts previously provided for are credited to the Statement of Profit or Loss and Other Comprehensive Income.

Staff Receivables, which are interest free and for a tenor of less than twelve months, are also measured at amortised cost. In this case, it is the face value of the loan.

Trade and Other Payables

Trade and other payables are stated at amortised cost.

Interest-bearing Debt

Financial liabilities, such as bond loans and other loans from credit institutions are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortized cost with any difference between cost and redemption value being recognized in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings on an effective interest basis.

NOTES TO THE FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortised cost. For cash flow statement presentation purposes, cash and cash equivalents include bank overdraft.

Fixed Deposits

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently re-measured at amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in the profit and loss. Fixed deposits for periods of less than 3 months are treated as cash and cash equivalents.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to profit or loss over the period of the relevant borrowing.

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

Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. Also, for an investment in equity securities, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods and work in progress include raw materials, translations, printing and production costs. Raw materials are valued at purchase cost on a first in, first out basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provisions are made for slow moving and obsolete inventory. Reversals of previous write-downs to net realizable value are recorded when there is a subsequent increase in the value of the inventory.

(h) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they are incurred.

(i) Foreign Currency Transactions and Translation

Functional and presentation currency- 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

(j) Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company. The Company recognized revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The revenue is booked upon airing of advertisement or sponsorship programme and after it is confirmed by advert traffic department. Month-end cut-off procedures are performed and pro-rata income is recorded. The cost incurred to earn revenue is measured reliably. The cost comprises of salaries, depreciation, transportation, etc.

Product Sales

Sales relate mainly to decoders and are recognized upon delivery of products and customer acceptance, net of sales taxes, VAT and discounts, and after eliminating sales within the Company. Sales of goods are recognized when the Company has delivered products to the retailer, the retailer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the retailer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the retailer, and either the retailer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Sponsorship Revenues

Sponsorship revenue is recognized at the time sponsored programs are broadcast. Amount paid in respect of programs not yet broadcasted is treated as a deposit by customers and recognized according to the stage of completion at the reporting date. (That is, when obligation is carried out by the company). However, when the outcome of the transaction cannot be estimated reliably, recoverable contract costs will determine the extent of revenue recognition.

Advertising Expenses

Advertising expenses are expensed in the financial period in which they are incurred.

(k) Programme and Film Rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the reporting date in respect of programmes, series and films not yet in license are disclosed as commitments.

NOTES TO THE FINANCIAL STATEMENTS

Programme Production Costs

Programme Production Costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost and net realisable value. Net realisable value is set at the average cost of programme material rights. Where a prepayment has been made on a right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid. Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

Sports Event Rights

Sports events rights are recorded at the date that the period to which the events relate commences, at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.

Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sport events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

(l) Deferred Income

Deferred income represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still has to be earned as revenues by means of the delivery of goods and services in the future. Deferred income is recognized at its nominal value.

(m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(n) Employee Benefits

Defined Contribution Scheme

The Company operates a defined contribution scheme for its members of staff. This is a pension plan under which the Company pays a fixed contribution into a separate entity which operates the scheme. Other than this contribution, the Corporation has no further legal or constructive obligation to make further contributions to the scheme. Obligations for contributions to the scheme are recognized as an expense in the income statement in the period in which they arise.

Defined Benefit Scheme

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on more than one factors such as age, years of service and compensation. The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Statement of Financial Position less the fair value of plan assets.

(o) Taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in the Statement of Comprehensive Income, unless it relates to items recognized outside the statement of income. Tax expense relating to items recognized outside of the Statement of Comprehensive Income is recognized in correlation to the underlying transaction in either other comprehensive income or equity.

NOTES TO THE FINANCIAL STATEMENTS

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities are measured using substantively enacted tax rates and laws at the reporting date that are expected to be in effect when the temporary differences that arise on initial recognition of assets and liabilities other than in a business combination.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which they can be utilized.

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.

(p) Provisions

Provisions are recognized if the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation as of the date of the Statement of Financial Position, taking into account the risks and uncertainties surrounding the obligation.

Provisions are discounted and measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(q) Share Capital and Share Premium

Ordinary shares are recognized at par value and classified as share capital in equity. Any amounts received from the issue of shares in excess of the par value are classified as share premium in equity.

(r) Earnings per share

Basic and diluted earnings per share are presented even if the amounts are negative (a loss per share). Diluted earnings per share also are presented even if it equals basic earnings per share and this may be accomplished by the presentation of basic and diluted earnings per share in one line item. The calculation of basic earnings per share is based on the profits attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period, that is:

- The net profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognized in the period in respect of the dilutive potential ordinary shares and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares increases the weighted average number of ordinary shares outstanding.

NOTES TO THE FINANCIAL STATEMENTS

3. Use of Estimates and Judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Management uses estimates when accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of long-lived assets, assets impairments, provisions, employee benefit plans, deferred income taxes and goodwill impairment. Estimates are also made by management when recording the fair value of assets acquired and liabilities assumed in a business combination. Estimates are based on a number of factors, including historical experience, current events and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

4. Accounting Standards and Interpretations Issued but not yet Effective

4.1. IFRS 7 Financial Instruments

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its Statements of Financial Positions and the effects of rights of set-off on the entity's rights and obligations.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

4.2. IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In 2010, the Board also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available –for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard on the effective date of January 1, 2018.

The Company is in the process of reviewing the standard to determine the impact on the Financial Statements.

4.3. IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC-12 Consolidations- Special Purpose Entities and replaces parts of IAS 27 Consolidated and Separate Financial Statements.

Effective date of adoption: January 1, 2014.

The directors do not anticipate that application of this standard will have a material impact on future reporting period.

NOTES TO THE FINANCIAL STATEMENTS

4.4. IFRS 11 Joint Arrangements

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint operation or a joint venture. The standard eliminates the use of the proportionate consolidation method to account for joint ventures. Joint ventures will be accounted for using the equity method of accounting while for a joint operation; the venture will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. IFRS 11 supersedes SIC -13 Jointly Controlled Entities–Non–Monetary Contributions by Ventures and IAS 31 Joint Ventures. Effective date of adoption: January 1, 2013.

The directors do not anticipate that application of this standard will have a material impact on future reporting period.

4.5. IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. IFRS 12 replaces the previous requirements included in IAS 27 Consolidated and Separate Financial Statements; IAS 31 Joint Ventures and IAS 28 Investment in Associates. Effective date of adoption: January 1, 2013.

The directors anticipate that application of this standard may require more disclosures in the financial statement for future periods.

4.6. IFRS 13 Fair Value Measurement

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope. IFRS 13 is applicable to annual reporting periods beginning on or after 1 January 2013.

The directors anticipate that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

4.7. IAS 1 Presentation of Financial Statements effective 1 January 2013

Annual Improvements 2009–2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (opening statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the opening statement of financial position and that the related notes are not required to accompany the opening statement of financial position. The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The directors do not anticipate that the amendments to IAS 1 will have a significant effect on the Company's financial statements.

4.8. IAS 16 Property, Plant and Equipment effective 1 Jan 2013

Annual Improvements 2009–2011 Cycle: Amendments to the recognition and classification of servicing equipment. The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Company's financial statements.

4.9. IAS 19 Employee Benefits

The IASB made a number of amendments to IAS 19, which included eliminating the use of the “corridor” approach and requiring re-measurements to be presented in OCI; past service costs to be recognized immediately, whether vested or not as well as enhanced disclosures. The standard also requires that the discount rate used to determine the defined benefit obligation

should also be used to calculate the expected return on plan assets by introducing a net interest approach, which replaces the expected return on plan assets and interest costs on the defined benefit obligation, with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. The standard is effective for financial years beginning on or after January 1, 2013 with early adoption permitted.

The directors do not anticipate that the amendments to IAS 19 will have a significant effect on the Company's financial statements.

4.10. IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. Effective date of adoption: January 1, 2013.

The directors do not anticipate that the amendments to IAS 27 will have a significant effect on the Company's financial statements.

4.11. IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Effective date of adoption: January 1, 2013.

The directors do not anticipate that the amendments to IAS 28 will have a significant effect on the Company's financial statements.

4.12. IAS 32 Financial Instruments: Presentation effective 1 Jan 2013

Annual Improvements 2009–2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments. Annual Improvements 2009–2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities.

The directors do not anticipate that the amendments to IAS 32 will have a significant effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5. Legal

The Company is involved in number legal actions, primarily in the Media Segment, which arise in the ordinary course of business. While the final outcome of these matters cannot be predicted with certainty, any additional liability that may arise from such contingencies is not expected to have a material adverse effect on the financial position or results of operations of the Company

6. Transition to IFRS

DAAR's financial statements for the year ended December 31, 2012, are its first annual financial statements prepared in accordance with IFRS. The Company's transition date is January 1, 2011 and its opening Statement of Financial Position was prepared at that date.

IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2011 (Transition Date). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2012. The comparative information presented in these financial statements for the year ended December 31, 2011 and the opening IFRS Statement of Financial Position at January 1, 2011 are prepared in accordance with IFRS standards effective at the reporting date.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with pre-changeover NGAAP by previous Auditors, Messrs Ahmed Zakari & Co. (Chartered Accountants). The notes explaining how the transition from pre-changeover NGAAP to IFRS has affected the Company's financial position, financial performance and cash flows are stated hereunder.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

7. Statement of Financial Position-Based on IFRS Adjustment as at December 31, 2011

		IFRS Based	Adjustments	NGAAP
		N'000	N'000	N'000
Non-Current Assets				
Property, Plant and Equipment	i.	20,701,694	(841,580)	21,543,274
Intangible Assets	ii.	514,616	481,228	33,388
Deferred Tax Assets		<u>1,057,726</u>	<u>34,826</u>	<u>1,022,900</u>
		<u>22,274,036</u>	<u>(325,526)</u>	<u>22,599,562</u>
Current Assets				
Inventories		161,442	-	161,442
Trade Receivables	iii.	5,109,656	3,405,996	1,703,660
Other Receivables & Prepayments	iv.	4,703,193	4,641,279	61,914
Cash and Cash Equivalents		<u>128,368</u>		<u>128,368</u>
Total Current Assets		<u>10,102,659</u>	<u>8,047,275</u>	<u>2,055,384</u>
Total Assets		<u>32,376,695</u>	<u>7,721,749</u>	<u>24,654,946</u>
Equity And Liabilities				
Capital And Reserves				
Share Capital		4,000,000	-	4,000,000
Share Premium		13,411,541	-	13,411,541
Retained Earnings	v.	<u>276,376</u>	<u>8,296,680</u>	<u>(8,020,304)</u>
Total Equity		<u>17,687,917</u>	<u>8,296,680</u>	<u>9,391,237</u>
Non-Current Liabilities				
Bank Loans		-	-	-
Sub-Ordinated Loan	vi.	<u>1,540,752</u>	<u>(2,123,258)</u>	<u>3,664,010</u>
Total Non-Current Liabilities		<u>1,540,752</u>	<u>(2,123,258)</u>	<u>3,664,010</u>
Current Liabilities				
Payables		168,411	-	168,411
Other Payables	vii.	2,387,173	816,423	1,570,750
Bank Overdraft		9,494,778	-	9,494,778
Taxation		<u>1,097,664</u>	<u>731,904</u>	<u>365,760</u>
Total current liabilities		<u>13,148,026</u>	<u>1,548,327</u>	<u>11,599,699</u>
Total liabilities		<u>14,688,778</u>	<u>(574,931)</u>	<u>15,263,709</u>
Total Equity and Liabilities		<u>32,376,695</u>	<u>(7,721,749)</u>	<u>24,654,946</u>

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

8. Statement of Financial Position-Based on IFRS Adjustment as at January 1, 2011

	Note	IFRS Based ₦'000	Adjustments ₦'000	NGAAP ₦'000
Non-Current Assets				
Property, Plant and Equipment		22,290,751		22,290,751
Intangible Assets	viii	693,682	609,556	84,126
Deferred Tax Assets		<u>937,538</u>	<u>557,376</u>	<u>380,162</u>
		<u>23,921,970</u>	<u>1,166,931</u>	<u>22,755,039</u>
Current Assets				
Inventories		232,947	-	232,947
Trade Receivables		2,928,252	-	2,928,252
Other Receivables & Prepayments		78,601	-	78,601
Cash and Cash Equivalents		<u>256,093</u>	-	<u>256,093</u>
Total Current Assets		<u>3,495,893</u>		<u>3,495,893</u>
Total Assets		<u>27,417,863</u>	<u>1,166,931</u>	<u>26,250,932</u>
Equity And Liabilities				
Capital And Reserves				
Share Capital		4,000,000	-	4,000,000
Share Premium		13,411,541	-	13,411,541
Retained Earnings	ix	(1,413,019)	2,647,502	(4,060,521)
Total Equity		<u>15,998,522</u>	<u>2,647,502</u>	<u>13,351,020</u>
Non-Current Liabilities				
Bank Loans		1,500,000	-	1,500,000
Sub-Ordinated Loan	x	<u>1,437,345</u>	<u>(2,226,665)</u>	<u>3,664,010</u>
Total Non-Current Liabilities		<u>2,937,345</u>	<u>(2,226,665)</u>	<u>5,164,010</u>
Current Liabilities				
Payables		261,779	-	261,779
Other Payables	xi	2,595,284	746,094	1,849,190
Bank Overdraft		5,292,633	-	5,292,633
Taxation		332,300	-	332,300
Total current liabilities		<u>8,481,996</u>	<u>746,094</u>	<u>7,735,902</u>
Total Liabilities		<u>11,419,341</u>	<u>(1,480,571)</u>	<u>12,899,912</u>
Total Equity and Liabilities		<u>27,417,863</u>	<u>1,166,931</u>	<u>26,250,932</u>

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

9. Income Statement for the year ended December 31 2011- Based on IFRS Adjustments

		IFRS Based	Adjustments	NGAAP
	Note	₦'000	₦'000	₦'000
Revenue		5,144,628	-	5,144,628
Cost of sales		<u>(3,340,315)</u>	<u>(56,823)</u>	<u>(3,283,492)</u>
Gross Profit		1,804,313	(56,823)	1,861,136
Other income	xii	8,048,161	8,047,275	886
Administrative expenses	xiii	<u>(3,458,124)</u>	<u>(24,337)</u>	<u>(3,433,787)</u>
Operating profit/(loss) before interest payable		6,394,351	7,966,116	(1,571,765)
Interest and Similar Charges		<u>(3,033,655)</u>		<u>(3,033,655)</u>
Profit/(Loss) before tax		<u>3,360,696</u>	<u>7,966,116</u>	<u>(4,605,420)</u>
Tax provision				
Income Tax		(788,467)	731,904	(56,563)
Deferred Tax		<u>120,188</u>	<u>522,550</u>	<u>642,738</u>
		<u>(668,279)</u>	<u>1,254,454</u>	<u>586,175</u>
Profit/(Loss) for the year	xiv	<u>2,692,417</u>	6,711,662	<u>(4,019,245)</u>
Earning/(Loss) Per Share (kobo)		34		(50)

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

1. Property Plant and Equipment

	Land & Building	Plant & Equipment	Furniture & Fittings	Records & Discs	Motor Vehicles	Capital Work-In-	Total
Cost/Valuation:	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January, 2012	3,529,241	20,203,379	330,107	378,313	399,911	1,997,029	26,837,980
Additions	450,975	2,860,875	43,029	-	65,009	118,665	3,538,552
Reclassification	-	(39,131)	-	-	39,131	-	-
At 31 December, 2012	3,980,216	23,025,123	373,136	378,313	504,051	2,115,694	30,376,532
Depreciation:							
At 1 January, 2012	279,845	5,187,578	89,454	262,433	316,975	-	6,136,285
Charge for the Year	210,951	2,302,512	37,314	37,831	103,331	-	2,691,939
Impairment	-	860,804	-	-	-	-	860,804
At 31 December, 2012	490,796	8,350,894	126,768	300,264	420,306	-	9,689,028
Net Book Value:							
At 31 December, 2012	3,489,420	14,674,229	246,368	78,049	83,745	2,115,694	20,687,504

	Land & Building	Plant & Equipment	Furniture & Fittings	Records & Discs	Motor Vehicles	Capital Work-In-Progress	Total
Cost/Valuation:	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January, 2011	3,496,968	19,907,632	301,642	378,313	329,807	1,994,935	26,409,297
Additions	32,273	295,747	28,465	-	70,104	2,094	428,683
At 31 December, 2011	3,529,241	20,203,379	330,107	378,313	399,911	1,997,029	26,837,980

Depreciation:							
At 1 January, 2011	209,261	3,335,829	72,949	243,517	256,988	-	4,118,544
Charge for the Year	70,585	1,010,169	16,505	18,916	59,987	-	1,176,162
Impairment	-	841,580	-	-	-	-	841,580
At 31 December, 2011	279,846	5,187,578	89,454	262,433	316,975	-	6,136,286
Net Book Value:							
At 31 December, 2011	3,249,395	15,015,801	240,653	115,880	82,936	1,997,029	20,701,694

1.1 Land and Buildings

Management has elected to adopt cost model as its accounting policy. Land and Buildings are carried at cost less any accumulated depreciation and any accumulated impairment loss.

1.2. Plant and Equipment

The cost model was used in recognition of Plant and Machinery under the Nigerian Statement of Accounting Standards (SAS) and is retained on transition to IFRS.

1.3. Furniture and Fittings/Motor Vehicles

The cost model was used in recognition of Furniture and Fittings/Motor Vehicles under the Nigerian Statement of Accounting Standards (SAS) and is retained on transition to IFRS.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
2. Intangible Assets			
<i>As at January,1</i>	514,616	693,682	367,450
<i>Addition</i>	<u>882,501</u>	<u>343,846</u>	<u>641,638</u>
<i>Total</i>	1,397,117	1,037,528	1,009,088
<i>Less: Amortisation</i>	<u>(851,927)</u>	<u>(522,911)</u>	<u>(315,406)</u>
<i>Carrying Amount as at December 31</i>	<u>545,190</u>	<u>514,616</u>	<u>693,682</u>

The intangible asset consists of payment for Global TV Licence *and Accounting Software*. The payment of TV & Radio License is usually for a period of five years therefore, the amount is amortised over the periods it covers.

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
3. Deferred Tax Assets			
Balance Brought Forward	1,057,726	937,538	380,162
Addition in the Year	<u>394,069</u>	<u>120,188</u>	<u>557,376</u>
Balance Carried Forward	<u>1,451,795</u>	<u>1,057,726</u>	<u>937,538</u>

The deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credit to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. The deferred tax in the financial statement comprises the timing differences arising from the treatment of fixed assets for accounting purposes and taxation. The computation of deferred tax for the current year gave rise to a deferred tax asset which has been recognized in these financial statements.

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
4. Inventories			
Decoders and Televisions at Cost	161,442	161,442	232,947
Provision for obsolescence/Fire Damage	<u>(80,721)</u>	<u>-</u>	<u>-</u>
Carrying Amount	<u>80,721</u>	<u>161,442</u>	<u>232,947</u>

Sequel to the fire that broke out at few offices, an evaluation carried out by the Technical department of DAAR Communication Plc. showed that some quantities of the decoders were in good conditions. The balance as at December 2012 represents the Net Realisable Value (NRV) of the decoders that are in working condition.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
5 Trade Receivables			
Account Receivables	5,874,143	8,038,487	7,436,881
Less: Provisions for Doubtful Debts	(3,507,858)	(6,334,827)	(4,508,629)
Add Provision No Longer Required	-	3,405,996	-
	<u>2,366,285</u>	<u>5,109,656</u>	<u>2,928,252</u>

Movement in Provision for Doubtful Receivables

As at January 1	2,928,831	4,508,629	4,508,629
Write Back During the year		(3,405,996)	-
Addition During the year	<u>579,027</u>	<u>1,826,198</u>	-
	<u>3,507,858</u>	<u>2,928,831</u>	<u>4,508,629</u>

There was a write back of ~~₦3,405,996,000~~ (Three billion, four hundred and five million, nine hundred and ninety six thousand naira). This relates to Federal Government indebtedness which was fully provided for in prior years. The negotiations between the company and the Federal Government reached final stage in December 2011 and hence, it became virtually certain that the Company would receive the amount that the Government owed to it.

The event occurred before the 2011 Financial Statements were authorized for issue and provided an evidence of the condition that existed at December 31, 2011. Though, the amount was settled in 2012, certainty regarding recovery was established in December 2011. As a result, receivable from the Government was adjusted as an asset in 2011 Financial Statements. Hence, the previously created provision of ~~₦3.4~~ billion was reversed, in addition to recording interest income of ~~₦4.6~~ billion as part of Other Income.

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

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
6 Other Receivables and Prepayments			
Staff Loans and Advances	37,215	58,555	62,279
Other Receivables	33,327	3,267	15,680
Prepayment-Rent	-	92	642
Interest on Federal Government Debt	-	4,641,279	-
	<u>70,542</u>	<u>4,703,193</u>	<u>78,601</u>

Interest on Federal Government debt relates to interest paid by Federal Government on the debt owed DAAR Communication. The Federal Government of Nigeria was invoiced for the sum of ~~₦3,405,995,893.91~~ for the coverage of the under 17 World Cup organized in 2009. The debt became doubtful and was written off by the management. The Company submitted claims to the Government for interest payment, considering the fact that it was paying interest on loans to Fidelity Bank Plc that resulted due to the non-payment of the debt. The Federal Government in 2011 eventually agreed to pay the sum of ~~₦8,047,275,290.99~~ resulting in an interest of ~~₦4,641,279,397.08~~. The interest was recognised as receivables in 2011 financial year which was the year that it was certain that the amount would be received.

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****NOTES TO THE FINANCIAL STATEMENTS****7. Cash and Cash Equivalents**

For the purpose of Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalent at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the statement of financial positions as follows:

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
Cash in Hand	13,712	26,817	229,258
Bank Balances	64,105	101,551	26,835
	77,817	128,368	256,093
Bank Overdraft	(2,049)	(9,494,778)	(5,292,634)
	75,768	(9,366,410)	(5,036,541)

The Company entered into an out of court settlement with Fidelity Bank on September 1, 2012 to liquidate ₦11,125,484,300 (Eleven billion, one hundred and twenty five million, four hundred and eighty four thousand three hundred naira) being principal and accrued interest on loan granted by the bank to the Company and Bank guarantee of ₦1,446,944,305 (One billion, four hundred and forty six million, nine hundred and forty four thousand, three hundred and five naira).

In line with the terms of settlement, DAAR Communications made a deposit of ₦4,200,000,000 (Four billion, two hundred million naira) the bank waived the sum of ₦4,878,539,999 (Four billion, eight hundred and seventy eight million, five hundred and thirty nine thousand nine hundred and ninety nine naira), while the balance of ₦2,046,944,301 (Two billion, forty six million, nine hundred and forty four thousand, three hundred and one naira) shall be paid within 36 months at an interest rate of 10% commencing from September 1, 2012.

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
8 Share Capital			
Authorised			
8,000,000,000 Ordinary Shares of N 0.50 each	4,000,000	4,000,000	4,000,000
Issued and Fully Paid			
8,000,000,000 Ordinary Shares of N 0.50 each	4,000,000	4,000,000	4,000,000
9. Share Premium	13,411,541	13,411,541	13,411,541

DAAR COMMUNICATIONS PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012
NOTES TO THE FINANCIAL STATEMENTS

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
10 Bank Loan			
Fidelity Bank	2,259,960	1,500,000	2,314,918
Liquidation/repayment	(248,157)	(1,500,000)	(814,918)
Decrease in amount of Bank Loans by the amount required to adjust to its fair value	(310,093)	-	-
	1,701,710	-	1,500,000

Upon payment of long outstanding dues by the Government of Nigeria during year 2012, DAAR was able to negotiate with Fidelity Bank by paying off loan partly. A part of unpaid balance that pertained to interest & penalties was successfully negotiated by DAAR to be waived off. The remaining balance was restructured on September 1, 2012 for payments scheduled over next 36 months. DAAR was able to successfully negotiate an interest rate that was below prevailing market rate. Owing to the below market rate and in line with the discussions above, Bank loan was discounted at prevailing market rate with difference between fair value & transaction price/balance to be taken to retained earnings.

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
11. Sub-ordinated Loan			
Borrowing at Amortised Cost			
Shareholder's Loan-Subordinated Loan	3,664,010	3,664,010	3,664,010
Decrease in amount of Subordinated loans by the amount required to adjust to its fair value	(1,968,431)	(2,123,258)	(2,226,665)
	1,695,579	1,540,752	1,437,345

DAAR Investment Limited, parent company of DAAR Communications Plc, provided ₦4,200,000,000 (Four billion, two hundred million naira) subordinated loan facility to DAAR Communications Plc during year 2008 at an interest rate of 5% per annum. The interest was not required to be paid until year 2011. The interest rate charged by the parent company is below the interest rate prevailing in the market for a company of similar size & risk characteristics and for a similar amount and tenor to that of DAAR Communications Plc.

Relevant guidelines in the IFRS suggest that if an entity originates a loan that bears an off-market interest rate, the entity recognises the loan at its fair value, i.e. net of the fee it receives. The entity accretes the discount to profit or loss using the effective interest rate method. Based on this, the subordinated loan was discounted at prevailing market interest rate and the difference between the fair value and transaction value/balance is taken to profit or loss of the related period.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
12. Trade Payables			
Suppliers Account	99,811	<i>168,411</i>	<i>261,779</i>
	99,811	<i>168,411</i>	<i>261,779</i>

Trade payable comprises of amount outstanding for trade purchases. For supplies, no interest is charged on the trade payables. The directors consider that the carrying amount of trade payables approximates to their fair value.

	Dec-12	<i>Dec-11</i>	<i>Jan-11</i>
	₦'000	₦'000	₦'000
13. Other Payables			
Accrued Salary	99,321	<i>274,303</i>	<i>739,441</i>
PAYE	43,140	<i>36,119</i>	<i>33,851</i>
Pension Fund	343,082	<i>287,052</i>	<i>312,954</i>
NHF	484	<i>484</i>	<i>484</i>
NBC *	600,000	<i>809,889</i>	<i>673,720</i>
Audit Fee	22,160	<i>7,200</i>	<i>20,700</i>
VAT	332,379	<i>162,470</i>	<i>137,110</i>
Cooperative Society	14,637	<i>14,636</i>	<i>19,606</i>
Withholding Tax	11,971	<i>3,035</i>	<i>6,050</i>
Development Levy	-	-	<i>174</i>
NBC Charges **	68,370	<i>12,351</i>	<i>77,988</i>
Accrued Expenses	179,528	<i>247,158</i>	<i>179,179</i>
DAAR Investment Holdings Ltd	471,428	<i>532,476</i>	<i>394,027</i>
Provision for Gratuity	60,229	-	-
	2,246,729	<i>2,387,173</i>	<i>2,595,284</i>

*NBC License Fee: This represents the balance payable on 5 year broadcasting license acquired in 2010.

**NBC Charges: Section 14 paragraph 2(a) of the Nigerian Broadcasting Commission (NBC) Act empowers the Commission to impose levy on the annual income of licensed broadcasting stations. Consequently, NBC imposed a levy of 2.5% on turnover of broadcasting stations as operating levy. However, with effect from January 1, 2012, the levy was reduced from 2.5 per cent to 1.5 per cent. Additional provision of ₦63,500,000 (Sixty three million, five hundred thousand naira) has been made for 2012.

NOTES TO THE FINANCIAL STATEMENTS

	Dec-12 N'000	Dec-11 N'000	Jan-11 N'000
14. Short Term Borrowings			
Guaranty Trust Bank Transit A/C	1,895	-	
Barclays Bank	49	49	49
Zenith Bank Plc 2	105	1,961	-
First Bank of Nigeria Ltd	-	1,115	1,153
United Bank for Africa Plc	-	2,536	5,291,432
Fidelity Bank Plc	-	9,489,117	
	<u>2,049</u>	<u>9,494,778</u>	<u>5,292,634</u>

The Company entered into an out of court settlement with Fidelity Bank on September 1, 2012 to liquidate ₦11,125,484,300 (Eleven billion, one hundred and twenty five million, four hundred and eighty four thousand three hundred naira) being principal and accrued interest on loan granted by the bank to the Company and a lapsed Bank guarantee of ₦1,446,944,305 (One billion, four hundred and forty six million, nine hundred and forty four thousand, three hundred and five naira) in favour of Union of European Football Association (UEFA) to broadcast the championship league in Nigeria.

In line with the terms of settlement, DAAR Communications made a deposit of ₦4,200,000,000 (Four billion, two hundred million naira), the bank waived the sum of ₦4,878,539,999 (Four billion, eight hundred and seventy eight million, five hundred and thirty nine thousand, nine hundred and ninety nine naira), while the balance of ₦2,046,944,301 (Two billion, forty six million, nine hundred and forty four thousand, three hundred and one naira) shall be paid within 36 months at an interest rate of 10% commencing from September 1, 2012.

The balance ₦1,701,710,000 (One billion, seven hundred and one million, seven hundred and ten thousand naira) on bank loan represents the balance of discounted principal and accumulated interest as at December 2012.

	Dec-12 N'000	Dec-11 N'000	Jan-11 N'000
15. Taxation			
a. Per Profit and Loss Account:			
Company Income Tax	395,431	657,056	-
Minimum Tax	-	-	71,888
Education Tax	79,086	131,411	-
Deferred Taxation (see note 15c)	<u>(394,069)</u>	<u>(120,188)</u>	<u>(557,376)</u>
	<u>80,448</u>	<u>668,279</u>	<u>(485,488)</u>
b. Per Balance Sheet			
Balance Brought Forward	1,097,664	332,300	260,412
Tax Provision for the Year	474,517	788,467	71,888
Tax Payment during the year.	-	(23,103)	-
	<u>1,572,181</u>	<u>1,097,664</u>	<u>332,300</u>

The charges for taxation were computed in accordance with the provision of the income tax act CAP C21 LFN 2004 and Education tax act CAP E4 LFN 2004.

	Dec-12	Dec-11	Jan-11
	N'000	N'000	N'000
c Deferred Tax			
As at January 1	1,057,726	937,538	380,162
Movement	<u>394,069</u>	<u>120,188</u>	<u>557,376</u>
Balance as at December 31	<u>1,451,795</u>	<u>1,057,726</u>	<u>937,538</u>

d Effective Tax**Income tax relating to continuing operations:**

	2012	2011
	N'000	N'000
Education Tax Payable	79,086	131,411
Company Income Tax Payable	<u>395,431</u>	<u>657,056</u>
Tax expenses in respect of the current period	474,517	788,467
Deferred Tax expenses recognized in the period	<u>(394,069)</u>	<u>(120,188)</u>
Total Income Tax expenses relating to current period	<u>80,448</u>	<u>668,279</u>

The income tax expenses for the period can be reconciled to the accounting profit as follows:

Profit before Tax from counting operations (A)	<u>354,326</u>	<u>3,360,696</u>
Company Income Tax payable	395,431	657,056
Education Tax Payable	<u>79,086</u>	<u>131,411</u>
Income Tax expenses recognized in profit or loss (B)	<u>474,517</u>	<u>788,467</u>
Effective Tax Rate	134%	23%

	Dec-12	Dec-11	Jan-11
	N'000	N'000	N'000
16. Profit Before Taxation			
The profit before taxation is stated after charging:			
Depreciation	2,691,939	1,176,161	1,148,790
Amortisation	329,016	207,506	73,490
Impairment Loss on PPE	860,804	-	-
Audit Fee	15,000	15,000	15,000
Provision for doubtful debts	<u>579,027</u>	<u>1,826,198</u>	<u>-</u>

	Dec-12	Dec-11	Jan-11
	₦'000	₦'000	₦'000
17. Directors and Employees Costs			
The Employee Benefits including Directors' Emoluments are as follows:			
a. Staff Salaries and Allowances	1,122,303	1,049,890	1,349,380
Directors' Emoluments	56,510	56,510	75,882
Other Staff Costs (Medical, welfare, training & development.)	77,657	120,976	
	<u>1,256,470</u>	<u>1,227,376</u>	<u>1,425,262</u>

- b The Number of Employees excluding Directors with gross emoluments within the bands stated below are:

	Dec-12	Dec-11	Jan-10
₦	Number	Number	Number
200000 - 400,000	114	136	84
400,001 - 600,000	432	549	548
600,001 - 800,000	248	164	164
800,001 - 1,000,000	165	165	165
1,000,001 - Above	17	17	17
	<u>976</u>	<u>1,031</u>	<u>978</u>

- c Number of persons Employed at the end of the year were:

Managerial	216	225	225
Senior	467	392	391
Junior	293	414	362
	<u>976</u>	<u>1,031</u>	<u>978</u>

	2012	2011
	₦'000	₦'000
18 Turnover		
Television	3,789,719	4,739,562
Radio	442,687	404,856
DAARSAT	-	210
DVL	900	-
	<u>4,233,306</u>	<u>5,144,628</u>

NOTES TO THE FINANCIAL STATEMENTS

19. Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and assess its performance for which discrete financial information is available.

DAAR's business structure is divided among the following segments:

1. Raypower FM
2. AIT / Television
3. DAAR Ventures
4. DAAR SAT

Each of these businesses is managed separately by its designated operating officer and the team, with different set of accounts prepared for each of these. However, Property, Plant & Equipment (PP&E) for each of the segments are not separately identifiable.

The 'AIT / Television' is the predominant segment of DAAR, as the same contributes about 90% of the total revenue. The 'Raypower FM' contributes about 10% of the revenue. No information available on PP&E separately for segments.

'DAAR Ventures' provides revenue stream to DAAR essentially from the same sources considering the similar macro-economic and regulatory exposure at both the fronts, thereby, expected to exhibit similar long term performance

DAAR SAT is considered to be one of the major business units. This segment has not been working since late 2009. However, the company has devised a roadmap for its revival.

The Company also has operations in the United Kingdom and Sierra Leone (newly established), while having bureau office in the United States of America and Ghana. However, operations, except Sierra Leone, are managed under AIT /Television segment. Based on previous year's information, the management believes UK operations to be very insignificant. Sierra Leone operations are recently established and together with the US and Ghana whose operations serve as news collection agencies and hence, are not significant considering DAAR's size of operations.

19b. Segment Revenue and Result

The following is an analysis of the Company's revenue and results by reportable segment for the year ended 31 December 2012:

	Segment Revenue	Cost of Sales	Segment Gross Profit
	N'000	N'000	N'000
Television	3,789,719	5,411,694	(1,621,975)
Raypower	442,687	688,623	(245,937)
DAAR Ventures	900	36,380	(35,480)
	<u>4,233,306</u>	<u>6,136,697</u>	<u>(1,903,391)</u>
Central Administration Cost			(2,020,379)
Other Income			<u>5,472,622</u>
Operating Profit before Interest			1,548,851
Interest and similar charges			(1,140,319)
Profit before Tax			<u>408,531</u>
Provision for Tax			(86,953)
Profit for the year			<u>321,579</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, investment revenue, other gains and losses, finance costs and income tax expense. The business segments are determined by management based on the Company's internal reporting structure.

19c. Revenues from Major Products and Services

The Company's revenues from its major services were as follows:

Revenue by Segment

Revenue from	Television	Raypower	DVL	Total
	N'000	N'000	N'000	N'000
Personal Paid Advert	758,902	168,387	-	927,289
Programme Sponsorship	574,603	39,870	900	615,373
Agency Sales	1,936,037	231,481	-	2,167,518
Dedicated Media Coverage	181,111	2,312	-	183,423
Outside Broadcast	<u>339,067</u>	<u>636</u>	<u>-</u>	<u>339,703</u>
Total	<u>3,789,719</u>	<u>442,687</u>	<u>900</u>	<u>4,233,306</u>

Assets and liabilities for each of the segments are not separately identifiable.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

NOTES TO THE FINANCIAL STATEMENTS

	2012	2011
	₦'000	₦'000
20 Direct Cost		
Programme/Production	159,291	299,553
Satellite Expenses	679,016	687,072
Decoder	-	-
Direct Overhead Cost- Salary and Wages	913,561	734,923
Transport & Travelling	355,616	236,526
Vehicle Repairs	31,171	27,369
Printing & Stationery	17,622	37,220
Electricity	57,512	36,635
Internet Access	3,726	-
Website Cost	803	-
Subscription	19,062	70,507
Discount Allowed	-	49,688
Equipment Maintenance/Repairs	33,075	55,265
Plant Repairs	16,695	23,280
Diesel / Oil	256,057	190,132
International Operations	37,658	12,219
NBC Annual Operating Levy	63,500	-
Depreciation	2,302,512	1,010,169
Impairment Loss	860,804	-
Amortization Charges	329,016	207,506
	6,136,697	3,678,064
21. Other Gains and Investment Income		
Specific Debts Written Back	-	3,405,996
Interest on Federal Government Debt	-	4,641,279
Interest Waiver by Bank	4,878,541	-
Interest Received	24	886
Interest on Staff Receivables Waived	7,815	-
Interest on Subordinated Loan Waived	586,242	-
	5,472,622	8,048,161

Specific Debts written back/ Interest on Federal Government Debt

On January 28, 2012, the Company received ₦8,047,275,000 (Eight billion, forty seven million, two hundred and seventy five thousand naira) from the Federal Government of Nigeria in settlement of its indebtedness to the company in respect of 2009 Under 19 World Cup Championship. The amount consisted of 1) ₦3,405,996,000 (Three billion four hundred and five million, nine hundred and ninety six thousand naira) representing the actual invoiced amount, and 2) ₦4,641,279,000 (Four billion six hundred and forty one million, two hundred and seventy nine thousand naira) representing interest on delayed payments. The Company submitted higher claims to the Government though, considering the fact that it was paying interest on loans that resulted due to the above mentioned non-payment.

The negotiations between Company and Government reached final stage in December 2011. However, the Company was not certain about the exact amount and timing as at December 31, 2011. Though, the amount was settled in 2012 it is recorded in 2011 Financial Statements, the year the Company and Federal Government reached final conclusion on the payment of the debt.

NOTES TO THE FINANCIAL STATEMENTS

Interest Waiver

Owing to the non-payment of loans and interest thereon, Fidelity Bank filed lawsuits against DAAR that involved substantial amounts claimed by the bank. These cases arose due to non-payment of significant amount of dues by the Federal Government of Nigeria to DAAR, as it could not pay the loan amounts back to the bank.

The non-payment of dues triggered the bank to charge penalties in addition to interest amounts over the periods, which were recorded by the Company in addition to providing some disclosures.

The Company and bank settled their disputes out of court on September 1, 2012. The Company paid off N4.2 billion with the balance amounts of N4.8 billion waived off and N2 billion restructured for payment over 3 years.

The event of out of court settlement occurred subsequent to December 2011, though before the financial statements were authorized for issue. As the conditions did not exist as at December 31, 2011, this event is recognised in the 2012 Financial Statements.

	2012 N'000	2011 N'000
22. Administrative Expenses		
Selling Expenses	25,835	85,338
Salaries	265,252	314,967
Other Admin Expenses	1,204,473	893,871
Provision for Doubtful Debts	579,027	1,826,198
	<u>2,074,587</u>	<u>3,120,374</u>
23. Interest and similar charges		
Bank Charges	14,958	-
Term Loan Interest	355,919	3,033,655
Subordinated Loan Interest	183,201	-
Interest Rate Differential on Subordinated Loan	586,241	-
	<u>1,140,319</u>	<u>3,033,655</u>

24. Financial Risk and Capital Management Policy**24a.Credit Risks**

This refers to the risk that the Company's debtors would not be able to fulfill their obligation towards the Company. Currently, the Company does not have a quantitative threshold to manage this risk. However, the Company manages its credit risks by ensuring that a large percentage of its sales are on cash basis. And when credit sales transactions are carried out, the Company ensures that only customers with a good and clean credit record are transacted with.

24b.Liquidity Risks

This refers to the risk that the Company would not be able to fulfill its obligation towards its creditors. Currently, the Company does not have a quantitative threshold to manage this risk. However, the Company manages its liquidity risks by ensuring that liabilities are within the scope of the Company's projected cash outflows.

NOTES TO THE FINANCIAL STATEMENTS

24c Market Risks

This refers to the risk arising from changes in market variables such as interest rate, exchange rate etc. Currently; the Company does not have a quantitative threshold to manage this risk. However, the Company manages its market risks through its regular management meetings and budget appraisals.

25. Notes to the Statement of Cash Flow

The Cash Flow Statement has been drawn up using the indirect method. Working capital comprises stocks, receivables and current liabilities. Cash flow from investing activities relate to the net amount of investments and disposals. The cash flow from financing activities relate to the net amount of payments made for financing business activities in the year and changes in short term borrowings. The net cash position consists of cash in hand, cash at bank and overdraft.

26. Capital Commitments

There are no material commitments for capital expenditure not provided for in these financial statements.

27. Events after Year End

In July 2013, a Federal High Court made an order attaching the funds of the Company in a garnishee proceedings brought by Fidelity Bank due to inability of the Company to meet the terms of settlement of outstanding loan of N2,046,944,301 (Two billion, forty six million, nine hundred and forty four thousand, three hundred and one naira).

28. Related Party Transaction

The Company had significant transactions with its related companies in form of Sub-ordinated loan. The balances due from/to the related companies are as disclosed in notes 12.

29. Contingent Liability

Dispute with Satellite Service Providers

Two satellite service providers based in Netherland and Israel lodged claims separately with DAAR for the satellite space made available thereby to DAAR, which was claimed by DAAR not having been used. This resulted in dispute between DAAR and two satellite service providers. Based on the discussion with Head Legal Affairs, the likelihood of these claims being materialized is low and if at all, the cases turn out against the company, which is less likely, the claim amounts are likely to be brought down significantly based on negotiations.

The Company is also presently involved in Five (5) other litigations arising in the ordinary course of business. Apart from these litigations and stated indebtedness of the Company to Fidelity Bank Plc and the litigation against the Company, by the Bank which is still pending, there were no other Contingent Liabilities in respect of the year under review.

30. Reclassification of Balances

Certain prior year balances have been restated to conform to current year's presentation as well as to ensure proper disclosure in line with the International Financial Reporting Standard (IFRS).

31. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on.....

NOTES TO THE FINANCIAL STATEMENTS

Explanation of the Effect of the Transition to IFRS

These are the Company's first financial statements prepared in accordance with IFRS. The accounting policies set out in Notes a-v have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented for the year ended 31 December 2011 and the opening IFRS statement of financial position as at 1 January 2011.

In accordance with the requirements of the Financial Reporting Council of Nigeria, the Company has carried out the transformation to IFRS with effect from 1 January 2011. Explanation of the effect of reconciliation between Nigerian GAAP and IFRS of the Company's Statement of Financial Position as at 1 January 2011 and 31 December 2011 is provided hereunder:

i. Property, Plant and Equipment

The objective of IAS 36 "Impairment on Assets" is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss.

No impairment test was carried out under Nigerian GAAP, however an impairment loss of N841.580m was recognised for Plant and Equipment in 2011 under IFRS as the recoverable amount was found to be less than its carrying value.

	N'000
Effect –Decrease in value of Plants and Equipment	841,580

ii. Intangible Asset TV & Radio Licenses

Recognition of TV and Radio Licenses acquired

	N'000
Effect – Increase in value of Intangible Assets	481,228

iii. Trade Receivables

There was a write back of N3,405,996,000 (Three billion four hundred and five million, nine hundred and ninety six thousand naira). This relates to Federal Government indebtedness which was fully provided for in prior years. The negotiations between Company and Government reached final stage in December 2011 and hence, it became very likely that the Company would receive the amount that the Government owed to it.

	N'000
Effect – Increase in value of Trade Receivables	3,405,996

iv. Other Receivables & Prepayments - Interest on Federal Government Debt

Interest on Federal Government debt relates to interest paid by Federal Government on the debt owed DAAR Communication. The Federal Government of Nigeria was invoiced for the sum of ₦3,405,996,000 (Three billion four hundred and five million, nine hundred and ninety six thousand naira) for the coverage of FIFA under 17 world cup organized in 2009. The debt became doubtful and was provided for by the management. The Company submitted claims with the Government for interest payment, considering the fact that it was paying interest on loans obtained from Fidelity Bank Plc that resulted due to the non-payment of the debt. The Federal Government in 2011 eventually agreed to pay the sum of ₦8,047,275,000 (Eight billion, forty seven million, two hundred and seventy five thousand naira) resulting in an interest of ₦4,641,279,000 (Four billion six hundred and forty one million, two hundred and seventy nine thousand naira). The interest was recognised as receivables in 2011 financial year.

	₦'000
Effect – Increase in value of Other Receivables & Prepayments	4,641,279

v. Retained Earnings

	₦'000
Impairment Loss	(841,580)
Recognition of Intangible assets	481,228
Reversal of Write off of Receivables	3,405,996
Adjustment for interest on Government Debt	4,641,279
Adjustment for Deferred taxes	34,826
Adjustment of Payable for NBC Licence and Annual Charge	(816,423)
Adjustment for Company Income Tax	(731,904)
Adjustment for Subordinated Loan Discounting	2,123,258
Effect on Retained Earnings	8,296,680

vi. Sub-ordinated Loan

DAAR Investment Limited, parent company of DAAR Communications Plc, provided N4,200,000,000 (Four billion, two hundred million naira) subordinated loan facility to DAAR Communications Plc during year 2008 at an interest rate of 5% per annum.. The interest rate charged by the parent company is below the interest rate prevailing in the market for a company of similar size & risk characteristics and for a similar amount & tenor to that of DAAR Communications Plc.

Based on this, the subordinated loan was discounted at prevailing market interest rate and the difference between the fair value & transaction value/balance shall be taken to retained earnings.

	₦'000
Effect – Decrease in Sub-ordinated Loan	2,123,258

vii. Other Payables– NBC

DAAR subscribes to the TV & Radio licenses every five years and hence, amortizes the same over the same period. Both licenses cost ₦500 million each, aggregating to ₦1 billion. The payments are made in equal installments over five years under the agreement with National Broadcasting Commission (NBC), with first payment of ₦400 million for the current licenses made during 2012. The said payment, however, related to license period starting September 7, 2010 to September 7, 2012 and was delayed as the draft agreement with NBC was concluded during January 2012. Certain disagreements between NBC and DAAR caused delay in finalization of the agreement.

IAS 38 requires that if payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as interest expense over the period of credit unless it is capitalised in accordance with IAS 23 Borrowing Costs. The payment made by DAAR, was discounted back to record the same appropriately.

	₦'000
Adjustment for Payable on NBC Licence	809,889
Adjustment for NBC annual charge	6,534
Effect – Increase in value of Other Payables	816,423

viii. Intangible Assets TV & Radio Licenses

Recognition of TV and Radio Licenses acquired

	₦'000
Effect – Increase in value of Intangible Assets	609,556

ix. Retained Earnings

	₦'000
Recognition of Intangible assets	609,556
Adjustments of Deferred Tax Assets	557,376
Adjustment of Payable for NBC Licence and Annual Charge	(746,094)
Adjustment for Sub-ordinated Loan Discounting	2,226,665
	2,647,502

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****NOTES TO THE FINANCIAL STATEMENTS****x. Sub-ordinated Loan**

DAAR Investment Limited, parent Company of DAAR Communications Plc, provided ~~N~~4,200,000,000 (Four billion, two hundred million naira) subordinated loan facility to DAAR Communications Plc during year 2008 at an interest rate of 5% per annum. The interest rate charged by the parent Company is below the interest rate prevailing in the market for a company of similar size & risk characteristics and for a similar amount & tenor to that of DAAR Communications Plc.

Based on this, the subordinated loan was discounted at prevailing market interest rate and the difference between the fair value & transaction value/balance shall be taken to retained earnings.

	N'000
Effect – Decrease in Sub-ordinated Loan	2,226,665

xi. Other Payables -NBC

	N'000
Adjustment for Payable on NBC Licence	673,720
Adjustment for NBC annual charge (1.5% of Turnover)	72,374
Effect – Increase in value of Other Payables	746,094

xii. Other income

On January 28, 2012, the Company received ~~N~~8.045 billion from the Federal Government of Nigeria in settlement of its indebtedness to the Company in respect of 2009 FIFA Under 19 World Cup Championship hosted by Nigeria. The amount consisted of 1) ~~N~~3.4 billion representing the actual invoiced amount, and 2) ~~N~~4.6 billion representing interest on delayed payments. The Company submitted higher claims to the Government though, considering the fact that it was paying interest on loans it obtained from banks due to non-payment by the Government.

The negotiations between Company and Government reached final stage in December 2011. However, the Company wasn't certain about the exact amount and time the government would pay as at December 31, 2011. Though, the amount was settled in 2012 it was recognised in 2011 Financial Statements, the year the Company and Federal Government reached final conclusion on the payment of the debt.

	N'000
Specific Debts written back	3,405,996
Interest on Federal Government Debt	4,641,279
Effect – Increase in Income	8,047,275

NOTES TO THE FINANCIAL STATEMENTS

xiii. Profit or Loss Account

	N'000
Adjustment on Cost of Sales	(56,823)
Adjustment on Other Income	8,047,275
Adjustment on Admin Expenses	(24,337)
Adjustment on Income Tax	(731,904)
Adjustment on Deferred Tax	<u>(522,550)</u>
Effect – Increase in Profit	<u>6,711,662</u>

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

STATEMENT OF VALUE ADDED

NON-IFRS REQUIREMENT

	2012		2011	
	N'000	%	N'000	%
Turnover	4,233,306		5,144,628	
Other Income	<u>5,472,622</u>		<u>8,048,161</u>	
	9,705,928		13,192,789	
Bought in materials and services:				
Local	(1,471,334)		(2,417,707)	
Foreign	<u>(716,674)</u>		<u>(687,072)</u>	
Value Added	<u>7,517,920</u>	<u>100</u>	<u>10,775,082</u>	<u>100</u>
Distributed as follows:				
Employees				
Salaries, Pension and Welfare	1,256,470	17	1,170,866	11
Provider of Capital				
Interest Charges	1,140,319	15	3,033,655	28
To Government				
Taxation	474,517	6	788,467	7
Provided for Asset Replacement				
Depreciation of Property Plant and Equipment	2,691,939	36	1,176,161	11
Amortization/Provisions	2,074,866	27	2,033,704	19
Deferred Tax	(394,069)	(5)	(120,188)	(1)
Retained Profit for the year	<u>273,878</u>	<u>4</u>	<u>2,692,417</u>	25
	<u>7,517,920</u>	<u>100</u>	<u>10,775,082</u>	<u>100</u>

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among employees, provider of capital, government and that retained for the future creation of more wealth.

DAAR COMMUNICATIONS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

FIVE-YEAR FINANCIAL SUMMARY

NON-IFRS REQUIREMENT

	IFRS	<i>IFRS</i>	<i>IFRS</i>	<i>NGAAP</i>	<i>NGAAP</i>
	2012	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
	₦'000	<i>₦'000</i>	<i>₦'000</i>	<i>₦'000</i>	<i>₦'000</i>
Assets Employed					
Property, Plant & Equipment	20,687,504	20,701,694	22,290,751	23,274,219	9,765,849
Intangible Assets	545,190	514,616	693,682	141,266	36,507
Deferred tax assets	1,451,795	-	-	31,949	292,672
Net Current Assets	(1,325,405)	(1,987,641)	(4,048,565)	(2,592,828)	1,321,320
Bank Loan	(1,701,710)	-	(1,500,000)	(2,314,918)	-
Subordinated Loan	(1,695,579)	(1,540,752)	(1,437,345)	(3,669,504)	-
Net Assets	<u>17,961,795</u>	<u>17,687,917</u>	<u>15,998,522</u>	<u>14,870,184</u>	<u>11,416,348</u>
Funds Employed					
Share Capital	4,000,000	4,000,000	4,000,000	4,000,000	3,085,261
Share Premium	13,411,541	13,411,541	13,411,541	13,411,541	7,727,784
General Reserve	550,254	276,376	(1,413,019)	(2,541,357)	603,303
Shareholders' Fund	<u>17,961,795</u>	<u>17,687,917</u>	<u>15,998,522</u>	<u>14,870,184</u>	<u>11,416,348</u>
Turnover	<u>4,233,306</u>	<u>5,144,628</u>	<u>4,824,964</u>	<u>7,359,878</u>	<u>2,822,068</u>
Profit Before Tax	354,326	3,360,696	(1,908,385)	(2,774,084)	396,217
Tax Provision	<u>(80,448)</u>	<u>(668,279)</u>	<u>340,222</u>	<u>148,303</u>	<u>199,705</u>
Profit/(Loss) after Tax	<u>273,878</u>	<u>2,692,417</u>	<u>(1,568,163)</u>	<u>(2,625,781)</u>	<u>595,922</u>
Earning/(Loss) Per Share (Kobo)	3	34	(20)	(33)	10

FOR MANAGEMENT USE ONLY

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****MANAGEMENT INFORMATION****Statement of Financial Position-Based on IFRS Adjustment as at December 31, 2012**

	IFRS Based N'000	Adjustments N'000	NGAAP N'000
Non-Current Assets			
Property, Plant and Equipment	20,687,504	(3,050,282)	23,737,786
Intangible Assets	545,190	-	545,190
Deferred Tax Assets	1,451,795	34,826	1,416,969
	22,684,489	(3,015,456)	25,699,945
Current Assets			
Inventories	80,721	(80,721)	161,442
Trade Receivables	2,366,285	1,484,121	882,164
Other Receivables & Prepayments	70,542	-	70,542
Cash and Cash Equivalents	77,817	-	77,817
Total current assets	<u>1,753,785</u>	<u>1,403,400</u>	<u>1,191,965</u>
Total assets	25,279,854	(1,612,056)	26,891,910
Equity And Liabilities			
Capital and Reserves			
Share Capital	4,000,000	-	4,000,000
Share Premium	13,411,541	-	13,411,541
Retained Earnings	550,254	332,956	217,298
Total Equity	<u>17,961,795</u>	<u>332,956</u>	<u>17,628,839</u>
Non-Current Liabilities			
Bank Loans	1,701,710	(310,093)	2,011,803
Sub-ordinated Loan	<u>1,695,579</u>	<u>(1,968,431)</u>	<u>3,664,010</u>
Total Non-Current liabilities	3,397,289	(2,278,524)	5,675,813
Current Liabilities			
Payables	99,811	-	99,811
Other Payables	2,246,729	(244,223)	2,490,952
Bank Overdraft	2,049	-	2,049
Taxation	1,572,181	577,735	994,446
Total current liabilities	3,920,770	333,512	3,587,258
Total Liabilities	<u>7,318,059</u>	<u>(1,945,012)</u>	<u>9,263,071</u>
Total Equity and Liabilities	<u>25,279,854</u>	<u>(1,612,056)</u>	<u>26,891,910</u>

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****MANAGEMENT INFORMATION****Detailed Profit and Loss Account for the Year Ended 31 December, 2012**

	2012 N'000	2011 N'000
Turnover		
Television	3,789,719	4,739,562
Radio	442,687	404,856
DaarSat	-	210
DVL	900	-
	<u>4,233,306</u>	<u>5,144,628</u>
Direct Cost		
Programme/Production	159,291	299,553
Satellite Expenses	679,016	687,072
Direct Overhead Cost- Salary and Wages	913,561	734,923
Direct Overhead Cost- Other Engineering/Technical Expenses	466,450	-
Subscription	19,062	70,507
Discount Allowed	-	49,688
Equipment Maintenance/Repairs	33,075	55,265
Plant Repairs	16,695	23,280
Diesel / Oil	256,057	190,132
International Operations	37,658	12,219
NBC Annual Operating Levy	63,500	-
Depreciation	2,302,512	1,010,169
Impairment Loss	860,804	-
Amortization Charges	329,016	207,506
	<u>6,136,697</u>	<u>3,340,315</u>
Gross Loss / Profit	<u><u>(1,903,391)</u></u>	<u><u>1,804,313</u></u>

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****MANAGEMENT INFORMATION****Detailed Profit and Loss Account for the Year Ended 31 December, 2012 (Cont'd)**

	2012 N'000	2011 N'000
Gross Profit / (Loss)	(1,903,391)	1,804,313
Selling Expenses	25,835	85,338
Administrative Expenses		
Salaries and Wages	265,252	314,967
Telephone	10,333	19,029
Printing & Stationery	27,012	41,355
Office Entertainment	12,832	13,428
Donations	8,420	135
Advert & Publicity	23,424	41,009
Transport & Travelling	18,827	262,807
Electricity	-	40,706
Rent and Service Charges	12,453	40,714
Fuel / Motor Running Expenses	13,081	94,348
Vehicle Repairs	4,459	30,410
Legal Fees	43,481	42,546
Board Expenses	22,155	52,753
AGM Expenses	-	39,434
Security Expenses	38,922	30,235
Newspapers & Periodicals	3,017	2,340
Staff Trainings & Development	21,014	30,580
Office Maintenance	38,164	43,946
Furniture Repairs	366	-
Staff Welfare	35,978	43,892
Postages	1,125	1,842
Regulatory Fees	1,120	24,436
Insurance Expenses & Licenses	-	6,639
Medical	12,850	46,504
Building Repairs	27,486	28,032
Consultancy	109,613	73,110
Recruitment Cost	80	399
Audit Fees	15,000	15,000
Depreciation	389,427	165,992
Provision for Doubtful Debts	579,027	1,826,198
Adjustment Amortisation Expense	96,246	-
Provision for NBC Charges	149,544	-
Provision for Gratuity	60,229	-
Finance Charges:		
Bank Charges	14,958	-
Term Loan Interest	254,282	3,033,655
Subordinate Loan Interest	183,201	-
Additional Interest Expense - Bank Loan	101,637	-
Interest on Staff Debtors Waived	7,815	-
Interest on Sub-ordinated Loan Waived	586,242	-
Total Selling and Admin Expenses	3,214,906	6,491,779
Other income	5,472,622	8,048,161
Profit / (Loss) for the year	354,326	3,360,696

DAAR COMMUNICATIONS PLC**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012****MANAGEMENT INFORMATION****Bank Balances**

	2012	2011
	₦000	₦000
United Bank of Africa	11,383	-
Guaranty Trust Bank Pool A/C	1,822	-
Guaranty Trust Bank-Domiciliary A/C	683	683
Guaranty Trust Bank	6,389	55,581
Sterling Bank (ETB) Ikeja	7,053	12,545
Union Bank Nigeria Plc Agege	15	15
Cheque in Transit	1,355	-
FCMB Account 2	726	726
FCMB (Fin Bank)	7,148	7,148
Fidelity Bank Domiciliary A/C	1,573	313
Fidelity Bank Plc	10,137	10,467
Fidelity Bank Pool A/C	14,362	9,340
Fidelity Capital A/C	140	-
HSBC Bank, U.K.	476	476
AIT News A/C (Zenith Bank) 1	832	3,039
First Bank	11	-
Eco (Oceanic) Bank Plc	-	172
FCMB Alagbado for Kaduna	-	1,034
Access Bank Ikeja for Jos	-	12
	64,105	101,551

Cash Balances

	2012	2011
	₦000	₦000
Main Cash	13,427	26,817
Petty Cash	285	-
	13,712	26,817