

ROKANA INDUSTRIES PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012
COMPANY REGISTRATION NUMBER RC 26069

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ROKANA INDUSTRIES PLC

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012
DIRECTORS AND OTHER CORPORATE INFORMATION

BOARD OF DIRECTORS

BARR. CHINEDU EBOH	CHAIRMAN
CHIEF GEOFFREY C. EKENMA	MANAGING DIRECTOR
PRINCE OSUMA PATRICK OLA	EXECUTIVE DIRECTOR, FINANCE
MR FRANK ONWU	MEMBER
MR. CHIKE NWEGBE	MEMBER
MR. STEVE C. NWANZE	MEMBER
CHUKWUEMEKA E. UGWUH	MEMBER

REGISTERED OFFICE

NO. 4 AJAYI STREET
OFF ALLEN AVENUE
IKEJA – LAGOS

COMPANY SECRETARY

BARR. EDWIN ONYENEHO
ROKANA INDUSTRIES PLC
NO. 5, MISSION ROAD
UMUALUM NEKEDE
P.O. BOX 1260, OWERRI
IMO STATE

FACTORY

NO. 5, MISSION ROAD
UMUALUM NEKEDE
P.O. BOX 1260, OWERRI
IMO STATE

AUDITORS

GRANT THORNTON
(CHARTERED ACCOUNTANTS)
4 GEODETIC ROAD, RUMUOBIOKANI
P.O. BOX 12674, PORT HARCOURT
RIVERS STATE.

ROKANA INDUSTRIES PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012

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REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended 31 December, 2012

1 <u>ACCOUNTS</u>	2012 =N=	2011 =N=
Revenue	<u>111,999,330</u>	<u>103,942,217</u>
Net Loss Before Taxation	(38,668,002)	(42,993,727)
Taxation	(727,639)	(346,510)
Deferred Tax	<u>-</u>	<u>-</u>
	(39,395,641)	(43,340,237)
Dividend	-	-
Retained Comprehensive Loss for the Year	<u>-</u>	<u>-</u>
Transferred to General Reserve	<u>(39,395,641)</u>	<u>(43,340,237)</u>

2 DIVIDEND

The Directors have not recommended to shareholders the declaration of any dividend for the year.

3 LEGAL FORM

The company was incorporated in Nigeria on 11th September, 1978 as a private limited liability company and was converted to public limited company in 1991.

4 PRINCIPAL ACTIVITIES

The company engages primarily in the manufacture and distribution of household products such as toothbrushes, food packs and other household products. The company also manufactures on contract basis for third parties and operates a domestic gas filling plant.

5 FUTURE BUSINESS PLAN

i THE JOURNEY SO FAR

The company's business has not been rosy in the recent past as a result of the inter play of so many factors which include: inadequacy of working capital, high cost of raw materials and diesel. Consequent upon this, Rokana has witnessed a downward trend in its performance over the past few years.

REPORT OF THE DIRECTORS CONT'D

ii FUTURE PROSPECTS

The management of Rokana is looking into other opportunities including restructuring the company through consultations, interactions and agreements with interested partners/shareholders, which is expected to lead to positive cash inflows and business expansion in the years ahead.

6 EMPLOYMENT AND EMPLOYEES

a) Personnel

It is the company's policy that emphasis should be placed on suitability in terms of age, qualification and experience in its employment. There is no unfair discrimination in considering application for employment including those of disabled persons.

b) Health, Safety and Welfare

It is the basic policy of the company to maintain a safe working environment at all times and measures to ensure the achievement of this objective are under constant review.

c) Employees Involvement and Training

The company keeps its employees fully informed of the company's performance and progress. Their views are equally sought wherever practicable on matters which particularly affect them as employees. The company also places high premium on the training and development of manpower resources geared at improving efficiency.

7 FIXED ASSETS

The fixed assets have been disclosed in the books at cost less accumulated depreciation.

8 DONATIONS / CHARITABLE GIFTS

The company did not spend any money on donations, community development assistance and social responsibility during the year under review.

REPORT OF THE DIRECTORS CONT'D

9 DIRECTORS RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the loss for that year, and also comply with the Companies and Allied Matters Act, CAP C20, LFN 2004. By so doing, they ensure that:

- Proper accounting records are maintained;
- Internal control procedures are instituted which, as far as reasonably possible, safeguard the assets, prevent and detect fraud, and other irregularities.
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgements and estimates made are reasonable and prudent; and
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business.

10 AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, Grant Thornton (Chartered Accountants) will continue in office as Auditors to the Company having indicated their willingness to do so. A resolution will be proposed to authorise the directors to fix their remuneration.

BY ORDER OF THE BOARD

COMPANY SECRETARY

PORT HARCOURT - NIGERIA.

ROKANA INDUSTRIES PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

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	<u>NOTES</u>	2012 =N=	2011 =N=
Revenue	5	111,999,330	103,942,217
Cost of Sales	6	<u>(59,444,053)</u>	<u>(50,799,580)</u>
Gross Profit		52,555,277	53,142,637
Other Income	7	3,324,189	2,216,233
Interest Expenses	8	(38,104,890)	(21,249,701)
Selling & Distribution Costs	9	(5,005,589)	(4,056,809)
Staff Cost	10	(39,736,600)	(59,779,165)
Admin Expenses	11	<u>(11,700,389)</u>	<u>(13,266,922)</u>
Loss Before Tax		(38,668,002)	(42,993,727)
Income Tax	12	(727,639)	(346,510)
Deferred Tax	13	-	-
Loss after Tax for the Year		<u>(39,395,641)</u>	<u>(43,340,237)</u>
Other Comprehensive Income		-	-
Total Comprehensive Loss for the Year		<u><u>(39,395,641)</u></u>	<u><u>(43,340,237)</u></u>

ROKANA INDUSTRIES PLC**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

		31-Dec 2012 =N=	31-Dec 2011 =N=	1-Jan 2011 =N=
<u>Non Current Assets</u>	<u>NOTES</u>			
Property, Plant and Equipment	14	254,934,624	267,221,031	275,928,505
Intangible Assets	15	231,113	263,243	295,373
Investment in Associate Company	16	5,487,395	5,487,395	5,487,395
Deferred Tax	12	74,009,337	-	-
		<u>334,662,469</u>	<u>272,971,669</u>	<u>281,711,273</u>
<u>Current Assets</u>				
Inventories	17	31,663,363	51,171,618	51,330,294
Trade and Other Receivables	18	8,809,218	7,435,369	9,336,663
Amount due from Associate Company		21,350,167	21,350,167	21,350,167
Bank and Cash Balances	19	2,648,392	489,469	56,310,363
		<u>64,471,140</u>	<u>80,446,623</u>	<u>138,327,487</u>
Total Assets		<u>399,133,609</u>	<u>353,418,292</u>	<u>419,200,853</u>
<u>Liabilities and Equity</u>				
<u>Equity</u>				
Share Capital	20	25,000,000	25,000,000	25,000,000
Share Premium Account		10,725,216	10,725,216	10,725,216
Deposit for Shares	21	116,333,333	116,333,333	116,333,333
Revaluation Surplus		124,732,040	124,732,040	124,732,040
General Reserves	22	(249,403,394)	(219,308,291)	(175,968,054)
Total Equity		<u>27,387,195</u>	<u>57,482,298</u>	<u>100,822,535</u>
<u>Liabilities</u>				
<u>Non-Current Liabilities</u>				
Long Term Loan	23	111,522,723	158,189,391	207,300,091
Deferred Tax	12	74,009,337	-	-
		<u>185,532,060</u>	<u>158,189,391</u>	<u>207,300,091</u>
<u>Current Liabilities</u>				
Trade and Other Payables	24	12,885,178	15,142,751	38,945,116
Bank Overdraft and Short Term Loan	25	168,763,735	118,766,050	68,145,394
Taxation		1,872,894	1,145,255	1,295,170
Dividend Payable		2,692,547	2,692,547	2,692,547
		<u>186,214,354</u>	<u>137,746,603</u>	<u>111,078,227</u>
Total Liabilities		<u>371,746,414</u>	<u>295,935,994</u>	<u>318,378,318</u>
Total Liabilities and Equity		<u>399,133,609</u>	<u>353,418,292</u>	<u>419,200,853</u>

The statement of financial position was approved by the Board of Directors on _____
2014, and signed on its behalf by:

CHIEF GEOFFREY C. EKENMA
(Managing Director)
FRC/

PRINCE OSUMA PATRICK OLA
(Finance Director)
FRC/

ROKANA INDUSTRIES PLC

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STATEMENT OF CHANGES IN EQUITY**AS AT 31 DECEMBER, 2012**

	Share Capital =N=	Share Premium =N=	Deposits for Shares =N=	Revaluation Surplus =N=	General Reserve =N=	Total =N=
Balance as at 1 January 2011	25,000,000	10,725,216	116,333,333	124,732,040	(175,968,054)	100,822,535
Loss after tax for the year	-	-	-	-	(43,340,237)	(43,340,237)
Balance as at 31 December 2011	25,000,000	10,725,216	116,333,333	124,732,040	(219,308,291)	57,482,298
Prior Year Adjustment	-	-	-	-	9,300,538	9,300,538
Restated Balance as at 31 December, 2011	25,000,000	10,725,216	116,333,333	124,732,040	(210,007,753)	66,782,836
Loss after tax for the year	-	-	-		(39,395,641)	(39,395,641)
Balance as at 31 December 2012	25,000,000	10,725,216	116,333,333	124,732,040	(249,403,394)	27,387,195

ROKANA INDUSTRIES PLC
STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2012

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	2012 =N=	2011 =N=
<u>Cash Flow From Operating Activities</u>		
Loss before income tax	(38,668,002)	(42,993,727)
Adjustment For:		
Depreciation of property, plant and equipment	14,709,806	12,146,004
Interest expenses	38,104,890	21,249,701
Amoritsation of intangible assets	<u>32,130</u>	<u>32,130</u>
	14,178,824	(9,565,892)
Changes in inventories	19,508,255	158,676
Changes in receivables	(1,373,849)	1,901,294
Changes in Associated Company	-	(837,907)
Changes in payables	<u>(2,257,573)</u>	<u>(23,802,365)</u>
	30,055,657	(32,146,194)
Income tax paid	<u>-</u>	<u>(496,425)</u>
Net cash from operating activities	<u>30,055,657</u>	<u>(32,642,619)</u>
<u>Cash Flow From Investing Activities:</u>		
Acquisition of property plant and equipment	<u>(2,423,399)</u>	<u>(3,406,400)</u>
Net cash used in investing activities	<u>(2,423,399)</u>	<u>(3,406,400)</u>
<u>Cash Flow From Financing Activities:</u>		
Prior Year Adjustment	9,300,538	-
Interest Paid	(38,104,890)	(21,249,701)
Bank loans and borrowings	<u>3,331,017</u>	<u>1,509,956</u>
Net cash from financing activities	<u>(25,473,335)</u>	<u>(19,739,745)</u>
<u>Net Increase in Cash and Cash Equivalents</u>	2,158,923	(55,820,894)
Cash and cash equivalents at the beginning	<u>489,469</u>	<u>56,310,363</u>
Cash and cash equivalents at the end	<u><u>2,648,392</u></u>	<u><u>489,469</u></u>
<u>Presented By:</u>		
Cash and cash equivalents	<u><u>2,648,392</u></u>	<u><u>489,469</u></u>

The notes on pages 11 to 23 are an integral part of these financial statements.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

Rokana Industries Plc. a public liability company is incorporated and domiciled in Nigeria. The address of the Company's registered office is No 4 Ajayi Street, off Allien Avenue, Ikeja-Lagos and its principal place of business is No.5 Mission Road Umualum Nekede, P.O. Box 1260 Owerri Imo State. Rokana Industries Plc's shares are listed on the Nigerian Stock Exchange.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRC). These are the Company's first financial statements prepared in accordance with IFRS (see note 26 for explanation of the transition to IFRS).

The financial statements for the year ended 31 December 2012 were approved and authorized for issue by the Board of Directors on 29 September, 2014.

2 SUMMARY OF ACCOUNTING POLICIES

2.1 Overall considerations and first-time adoption of IFRS

(a) The financial statements have been prepared using accounting policies specified by those IFRSs that are in effect as at 31 December 2012.

(b) The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements.

2.2 Presentation of financial statements

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). The Company has elected to present the 'Statement of comprehensive income' in one statement.

In accordance with IFRS 1, the Company presents three statements of financial position in its first IFRS financial statements. In future periods, IAS 1 requires two comparative periods to be presented for the statement of financial position only in certain circumstances.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

2.3 Foreign currency translation

The financial statements are presented in naira currency.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the statement of comprehensive income.

Non-monetary items measured at historical costs are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Assets and liabilities will be translated into naira at the closing rate at the reporting date. Income and expenses will be translated into the Company's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity.

2.4 Revenue

Revenue comprises revenue from the sale of the company's products.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied, excluding vat, and trade discounts.

The Company often enters into sales transactions involving a range of its products for example for the delivery of brushes, lunch boxes etc. The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable components by taking into account the relative fair value of each component.

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, when the criteria for each of the company's different activities have been met. These activity-specific recognition criteria are based on the goods provided to the customer.

Sale of goods comprises the sale of brushes and lunch boxes and is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied.

Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Dividend income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

2.5 Operating expenses

Operating expenses are recognized in the statement of comprehensive income upon utilisation of the service or at the date of their origin.

2.6 Intangible assets

Intangible assets include acquired software used in production or administration. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. In addition, they are subject to impairment testing. The following useful lives are applied:

Software - 10 years

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software, ie expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

2.7 Property, plant and equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values on a systematic basis over their estimated useful lives. The average useful lives are as follows:

Motor vehicles	-	5 years
Office equipment	-	10 years
Office furniture & fittings	-	10 years
Plant and machinery	-	10 years
Building	-	20 years
Land	-	Nil

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

Each part of an item of office equipment and furniture with a cost that is significant in relation to the total cost of the item is depreciated separately.

The asset's residual values, useful lives and depreciation method are reviewed on an annual basis, and are adjusted if appropriate.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income under other operating expenses.

2.8 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve within equity comprise gains and losses due to the revaluation of property, plant and equipment.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

2.9 Employee Benefits

Pension fund Obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to an administered pension plans on a rule basis, however, additional voluntary contributions are allowed. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

ROKANA INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE
ENDED 31 DECEMBER 2012

2.10 Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax is charged or credited to the statement of comprehensive income for the period, except to the extent that the tax arises from (1) a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity or (2) a business combination. Deferred tax is charged or credited outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

2.11 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid, investments that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, bank overdrafts are included in current liabilities.

2.13 Financial Instruments

i Recognition and Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

Investments made by the company which are classified as either held at fair value through profit or loss or available-for-sale, are measured at subsequent reporting dates at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

ii Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

iii De-recognition of Financial Instruments

Financial assets are derecognised when the contractual right to receive cash flows from the investments have expired or on trade date when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

a Financial Assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the classification of financial assets at initial recognition. This classification depends on the nature and purpose of the financial asset.

i Financial Assets at Fair Value Through Profit or Loss

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those:

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

The company's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

ii Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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iii Available-For-Sale

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value on the statement of financial position.

iv Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Were the company to sell more than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as available-for-sale assets with the difference between amortised cost and fair value being accounted for in other comprehensive income. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

b Financial Liabilities

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised costs and interest is recognised over the period of the borrowing using the effective interest method.

The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

c Gains and Losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in the statement of comprehensive income except for short term receivables where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

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d Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

e Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or, realise the asset and settle the liability simultaneously.

f Impairment of Financial Assets

i Assets Carried at Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

ii Assets Carried at Fair Value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

ROKANA INDUSTRIES PLC
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2.15 Leased Assets

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements, correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3 FINANCIAL INSTRUMENT RISKS

a Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in the respective notes. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated at its management team, in close co-operation with the Board of Directors, and focuses on actively securing the company's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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b Foreign currency sensitivity

Most of the Company's transactions are carried out in naira. Exposures to currency exchange rates arise from the Company's overseas purchases, which are primarily dominated in US Dollar and other currencies where applicable.

The Company mitigate this risk by purchasing material in the prevailing exchange rate at the time of purchase and payments are paid at that date to avoid foreign exchange differences

c Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2012, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates for the Company's loan is considered immaterial.

d Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, receivables to customers, due from associate company, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

e Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities.

4 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its loans, less cash and cash equivalents as presented on the face of the statement of financial position.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

	2012	2011
	=N=	=N=
5 <u>REVENUE</u>		
Brushes	109,186,490	100,125,713
Lunch Boxes	46,362	3,816,504
Dental Sticks	12,858	-
Blisters	<u>2,753,620</u>	<u>-</u>
	<u>111,999,330</u>	<u>103,942,217</u>
6 <u>COST OF SALES</u>		
Raw Materials Consumed (6.1)	33,825,416	29,389,958
Factory Expenses	1,521,632	12,076,466
Repairs and Maint of factory equipment	2,575,490	-
Changes in work-in-progress	2,282,882	(1,769,723)
Changes in Finished Goods Stocks	(572,008)	496,290
Electricity and utilities	9,102,848	-
Depreciation of Plant and Machinery	<u>10,707,793</u>	<u>10,606,589</u>
	<u>59,444,053</u>	<u>50,799,580</u>
6.1 <u>RAW MATERIAL CONSUMED</u>		
Opening Stock	23,091,259	23,710,436
Purchases	<u>37,323,349</u>	<u>28,770,781</u>
	60,414,608	52,481,217
Closing Stock	<u>(26,589,192)</u>	<u>(23,091,259)</u>
	<u>33,825,416</u>	<u>29,389,958</u>

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

	2012 =N=	2011 =N=
7 <u>OTHER INCOME</u>		
Sales of scraps	8,400	46,400
Gas Services (Ebini)	2,700,000	-
Sundry receipts	<u>615,789</u>	<u>2,169,833</u>
	<u>3,324,189</u>	<u>2,216,233</u>
8 <u>INTEREST EXPENSES</u>		
Interest	38,104,890	21,249,701
Less Refund of Interest Charged	<u>-</u>	<u>-</u>
	<u>38,104,890</u>	<u>21,249,701</u>
9 <u>SELLING AND DISTRIBUTION COSTS</u>		
Selling expenses	2,291,290	1,937,800
Motor vehicle running expenses	805,990	525,500
Advert and sales promotion	100,000	168,000
Postages and telecomms	498,000	115,200
Depreciation of motor vehicles	<u>1,310,309</u>	<u>1,310,309</u>
	<u>5,005,589</u>	<u>4,056,809</u>
10 <u>STAFF COST</u>		
Terminal Benefit & Staff welfare expenses	12,000	4,315,063
Factory Salaries and Wages	9,758,400	9,702,140
Salaries and Allowances	24,606,628	40,166,463
Xmas gifts to staff	798,527	-
Sales Salaries and Allowances	3,437,740	4,888,779
Salesmen's Commissions	<u>1,123,305</u>	<u>706,720</u>
	<u>39,736,600</u>	<u>59,779,165</u>

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

	2012	2011
	=N=	=N=
11 <u>ADMINISTRATIVE EXPENSES</u>		
Rent and Rates	126,400	128,700
Transport and Travelling	2,018,590	2,943,170
Printing and Stationery	159,525	112,410
Postages and Telecommunications	651,450	590,385
Office Expenses	681,820	773,480
Advertisement and Business Promotion	213,400	327,000
Legal and Professional Expenses	1,326,830	740,000
Bank Charges	947,150	845,595
Subscriptions & Licence	275,000	336,500
Anti-Jordan Infringement Expenses	3,000	27,150
Office Electricity Expenses	20,000	70,000
Depreciation of Office Furniture and Equipt	2,691,704	229,106
Motor Running Expenses	172,300	324,100
Entertainment & Hotel expenses	21,480	40,570
Directors Sitting Allowances	1,027,500	1,738,110
Environmental Audit Expenses	350,650	-
Medical Expenses	13,590	62,100
Insurance	-	20,521
Audit Fees	1,000,000	750,000
AGM Expenses	-	3,058,025
Social Responsibility/Community Dev.	-	150,000
	11,700,389	13,266,922

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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	31-Dec 2012 N	31-Dec 2011 N	1-Jan 2011 N
12 TAXATION			
Balance Brought Forward	1,145,255	1,295,170	1,295,170
Add: Current Provision (12.1)	727,639	346,510	-
	1,872,894	1,641,680	1,295,170
Less: Payment	-	(496,425)	-
	1,872,894	1,145,255	1,295,170
12.1 CURRENT PROVISION			
Company Income Tax (CIT)	-	-	-
Education Tax (EDT)	-	-	-
Minimum Tax	727,639	346,510	-
	727,639	346,510	-

13 DEFERRED TAX

Deferred taxes arising from temporary differences are summarised as follows:

Deferred Tax Liabilities (Assets)	Recognised in		
	1/1/2012 =N=	Income Statement =N=	31/12/2012 =N=
Property & Equipment	-	73,940,003	73,940,003
Intangible Assets	-	69,334	69,334
Total Deferred tax liabilities			74,009,337
Utilization of unused tax credit -			
Deferred tax assets		(74,009,337)	(74,009,337)
	-	-	-

ROKANA INDUSTRIES PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012****14.1 PROPERTY, PLANT AND EQUIPMENT**

DETAILS	LAND =N=	BUILDINGS =N=	PLANT AND MACHINERY =N=	MOTOR VEHICLES =N=	FUNITURE & FITTINGS =N=	I.T. EQUIPT =N=	TOTAL =N=
<u>COST/VALUATION</u>							
As at 1/1/2012	20,000,000	49,894,558	265,164,716	14,558,984	5,843,780	801,000	356,263,038
Additions	-	-	2,398,099	-	25,300	-	2,423,399
As at 31/12/2012	<u>20,000,000</u>	<u>49,894,558</u>	<u>267,562,815</u>	<u>14,558,984</u>	<u>5,869,080</u>	<u>801,000</u>	<u>358,686,437</u>
<u>DEPRECIATION</u>							
As at 1/01/2012	-	-	71,285,685	12,566,807	5,044,652	144,863	89,042,007
Charge for the year	-	2,494,728	10,707,793	1,310,309	116,876	80,100	14,709,806
As at 31/12/2012	-	<u>2,494,728</u>	<u>81,993,478</u>	<u>13,877,116</u>	<u>5,161,528</u>	<u>224,963</u>	<u>103,751,813</u>
<u>NET BOOK VALUE</u>							
As at 31/12/2012	<u>20,000,000</u>	<u>47,399,830</u>	<u>185,569,337</u>	<u>681,868</u>	<u>707,552</u>	<u>576,037</u>	<u>254,934,624</u>
As at 31/12/2011	<u>20,000,000</u>	<u>49,894,558</u>	<u>193,879,031</u>	<u>1,992,177</u>	<u>799,128</u>	<u>656,137</u>	<u>267,221,031</u>

14.2 PROPERTY, PLANT & EQUIPMENT

<u>DETAILS</u>	<u>LAND</u> =N=	<u>BUILDING</u> =N=	<u>PLANT & MACH.</u> =N=	<u>MOTOR VEHICLES</u> =N=	<u>FURN & EQUIP</u> =N=	<u>IT EQUIP</u> =N=	<u>TOTAL</u> =N=
<u>COST/VALUATION</u>							
As at 1/1/2011	20,000,000	49,894,558	263,360,716	13,171,984	5,843,780	585,600.00	352,856,638
Additions	-	-	1,804,000	1,387,000	-	215,400	3,406,400
Disposal	-	-	-	-	-	-	-
As at 31/12/2011	<u>20,000,000</u>	<u>49,894,558</u>	<u>265,164,716</u>	<u>14,558,984</u>	<u>5,843,780</u>	<u>801,000</u>	<u>356,263,038</u>
<u>DEPRECIATION</u>							
As at 1/1/2011	-	-	60,679,096	11,256,498	4,927,776	64,763	76,928,133
Charge for the Year	-	-	10,606,589	1,310,309	116,876	80,100	12,113,874
Disposal	-	-	-	-	-	-	-
As at 31/12/2011	<u>-</u>	<u>-</u>	<u>71,285,685</u>	<u>12,566,807</u>	<u>5,044,652</u>	<u>144,863</u>	<u>89,042,007</u>
<u>NET BOOK VALUE</u>							
As at 31/12/2011	<u>20,000,000</u>	<u>49,894,558</u>	<u>193,879,031</u>	<u>1,992,177</u>	<u>799,128</u>	<u>656,137</u>	<u>267,221,031</u>
As at 1/1/2011	<u>20,000,000</u>	<u>49,894,558</u>	<u>202,681,620</u>	<u>1,915,486</u>	<u>916,004</u>	<u>520,837</u>	<u>275,928,505</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER, 2012**

15 <u>INTANGIBLE ASSETS - IT SYSTEM SOFTWARE</u>	31 Dec, 2012 =N=	31 Dec, 2011 =N=	1 Jan, 2011 =N=
Cost			
Balance as at 1 January	321,300	321,300	321,300
Acquisitions	-	-	-
Balance as at 31 December,	<u>321,300</u>	<u>321,300</u>	<u>321,300</u>
 Impairment and amortization losses			
Balance as at 1 January	58,057	25,927	-
Amortization for the Year	<u>32,130</u>	<u>32,130</u>	<u>25,927</u>
Balance as at 31 December	<u>90,187</u>	<u>58,057</u>	<u>25,927</u>
 Carrying Amount	<u>231,113</u>	<u>263,243</u>	<u>295,373</u>

16 INVESTMENT - UNQUOTED

Gross Investment - Cost			
Provision for Diminution in Value	7,500,000	7,500,000	7,500,000
	<u>(2,012,605)</u>	<u>(2,012,605)</u>	<u>(2,012,605)</u>
	<u>5,487,395</u>	<u>5,487,395</u>	<u>5,487,395</u>

This represents equity interest in Hydro Resources Industries Ltd, a company engaged in the processing and production of bottled pure natural spring water.

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE
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	31-Dec 2012 =N=	31-Dec 2011 =N=	1-Jan 2011 =N=
17 <u>INVENTORIES</u>			
Raw and Packaging Materials	26,543,483	23,091,259	23,710,436
Finished Goods	795,652	223,644	719,934
Work-in-progress	819,090	3,101,972	1,332,249
Other spare parts	45,709	676,459	676,459
Good in Transit	<u>3,459,429</u>	<u>24,078,284</u>	<u>24,891,216</u>
	<u><u>31,663,363</u></u>	<u><u>51,171,618</u></u>	<u><u>51,330,294</u></u>
18 <u>TRADE AND OTHER RECEIVABLES</u>			
Trade Receivables	5,860,629	4,176,480	6,235,595
Other Accounts	<u>2,948,589</u>	<u>3,258,889</u>	<u>3,101,068</u>
	<u><u>8,809,218</u></u>	<u><u>7,435,369</u></u>	<u><u>9,336,663</u></u>
19 <u>CASH AND BANK BALANCES</u>			
Cash in Hand	774,361	21,300	2,419,166
Bank Balances	<u>1,874,031</u>	<u>468,169</u>	<u>53,891,197</u>
	<u><u>2,648,392</u></u>	<u><u>489,469</u></u>	<u><u>56,310,363</u></u>
20 <u>SHARE CAPITAL</u>			
<u>Authorised, Issued and Fully Paid</u>			
50,000,000 ordinary shares			
of 50 Kobo each	<u><u>25,000,000</u></u>	<u><u>25,000,000</u></u>	<u><u>25,000,000</u></u>
21 <u>DEPOSIT FOR SHARES</u>			
Balance Brought Forward	116,333,333	116,333,333	116,333,333
For the year	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>116,333,333</u></u>	<u><u>116,333,333</u></u>	<u><u>116,333,333</u></u>

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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	31 Dec., 2012 =N=	31 Dec., 2011 =N=	1 Jan., 2011 =N=
22 <u>GENERAL RESERVES</u>			
Balance Brought Forward	(219,308,291)	(175,968,054)	(117,559,434)
Retained Loss for the year	(39,395,641)	(43,340,237)	(58,408,620)
Prior Year Adjustments	9,300,538	-	-
	<u>(249,403,394)</u>	<u>(219,308,291)</u>	<u>(175,968,054)</u>
23 <u>LONG TERM LOAN -UBN PLC</u>			
Balance Brought Forward	158,189,391	207,300,091	-
Loan granted - Bank of Industry	-	-	207,300,091
Repayment during the year	(46,666,668)	(49,110,700)	-
	<u>111,522,723</u>	<u>158,189,391</u>	<u>207,300,091</u>
24 <u>TRADE AND OTHER PAYABLES</u>			
Trade Payables	(698,000)	(390,000)	2,159,556
Customer's Deposits	-	-	84,880
Sundry Creditors	1,881,178	1,723,851	21,615,765
Grant Thornton	1,000,000	650,000	-
Engr. C. C. Ugwuh's Account (24.1)	10,702,000	13,158,900	15,084,915
	<u>12,885,178</u>	<u>15,142,751</u>	<u>38,945,116</u>
24.1 <u>Engr. C. C. Ugwuh's Account</u>			
Balance Brought Forward	13,158,900	15,084,915	19,232,365
Payments during the year	(2,456,900)	(1,926,015)	(4,147,450)
Balance Carried Forward (Note 24)	<u>10,702,000</u>	<u>13,158,900</u>	<u>15,084,915</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
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	31 Dec., 2012 =N=	31 Dec., 2011 =N=	1 Jan., 2011 =N=
25 <u>BANK OVERDRAFT</u>			
B.O.I Working Capital Loan	68,145,394	68,145,394	68,145,394
UBN Overdraft	100,618,341	50,620,656	-
	<u>168,763,735</u>	<u>118,766,050</u>	<u>68,145,394</u>

26 INFORMATION ON DIRECTORS & EMPLOYEES

a) Directors:

The remuneration paid to directors	2012	2011
was made up as follows:	=N=	=N=
Other Emoluments	1,027,500	1,738,110
	<u>1,027,500</u>	<u>1,738,110</u>

b) Employees:

The number of Employees who received salaries in the following ranges per month were :

			Number
Below 10000			1
10,001	-	20,000	38
20,001	-	30,000	7
30,001	-	40,000	1
40,001	-	50,000	3
50,001	-	60,000	1
60,001	-	70,000	2
70,001	-	80,000	1
80,001	-	90,000	0
90,001	-	100,000	0
100,001	-	200,000	1
200,001	-	300,000	2
Above	-	300,000	<u>3</u>
			<u>60</u>

27 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Directors were of the opinion that all known liabilities and financial commitments have been taken into account in the preparation of these financial statements. No provision has been made for contingent liabilities as there was neither occurrence of an event that could give rise to that nor legal action against the Company.

ROKANA INDUSTRIES PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012****28 RECONCILIATION OF EQUITY AND COMPREHENSIVE INCOME
AS PREVIOUSLY REPORTED UNDER NIGERIA GAAP TO IFRS**

The following table summarises the adjustments to the Company's statement of Profit or Loss and other Comprehensive Income as at 31 December 2012

	December 31 2012			December 31 2011		
	NIGERIAN GAAP =N=	EFFECT OF TRANSITION TO IFRS =N=	IFRS =N=	NIGERIAN GAAP =N=	EFFECT OF TRANSITION TO IFRS =N=	IFRS =N=
Turnover	114,699,330		114,699,330	103,942,217		103,942,217
Operating Cost	(84,689,796)	9,758,400	(74,931,396)	(81,750,421)	9,702,140	(72,048,281)
Gross Profit	30,009,534		39,767,934	22,191,796		31,893,936
Distribution Cost	(9,578,734)	4,573,045	(5,005,689)	(9,652,308)	5,595,499	(4,056,809)
Other gains	624,189		624,189	2,216,233		2,216,233
Staff cost		(39,907,623)	(39,907,623)		(59,779,165)	(59,779,165)
Admin Expenses	(33,796,089)	25,576,178	(8,219,911)	(57,748,448)	44,481,526	(13,266,922)
Income Tax expenses	(350,000)		(350,000)	(346,510)		(346,510)
Retained Profit/loss transferred to General Reserve	(13,091,100)	(9,758,400)	(13,091,100)	(43,339,237)	(9,702,140)	(43,339,237)

ROKANA INDUSTRIES PLC
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2012

28 RECONCILIATION OF EQUITY AND COMPREHENSIVE INCOME
AS PREVIOUSLY REPORTED UNDER NIGERIA GAAP TO IFRS

The following table summarises the adjustments to the Company's statement of financial position as at 1 January 2011 and 31 December 2011

	December 31 2012			December 31 2011			January 1, 2011		
	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS
Non Current Assets									
Property, Plant and Equipment	257,812,006	(231,113)	257,580,893	276,223,878	(263,243)	275,960,635	276,223,878	(295,373)	275,928,505
Intangible Assets	-	231,113	231,113	-	263,243.00	263,243	-	295,373	295,373
Investment in Associate Company	5,487,395	-	5,487,395	5,487,395	-	5,487,395	5,487,395	-	5,487,395
Current Assets									
Goods- in -Transit	3,495,449		3,495,449	24,078,284		24,078,284	24,891,216		24,891,216
Stocks	28,203,934		28,203,934	27,093,334		27,093,334	26,439,078		26,439,078
Debtors and Other accounts	31,053,832		31,053,832	7,435,369		7,435,369	9,336,663		9,336,663
Amount due from Associate company	21,350,167	-	21,350,167	21,350,167	-	21,350,167	20,512,260	-	20,512,260
Cash and Bank balances	2,648,390		2,648,390	489,469		489,469	56,310,363		56,310,363
	<u>350,051,173</u>	<u>-</u>	<u>350,051,173</u>	<u>362,157,896</u>	<u>-</u>	<u>362,157,896</u>	<u>419,200,853</u>	<u>-</u>	<u>419,200,853</u>

ROKANA INDUSTRIES PLC**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR THE ENDED 31 DECEMBER 2012****28 RECONCILIATION OF EQUITY AND COMPREHENSIVE INCOME**
AS PREVIOUSLY REPORTED UNDER NIGERIA GAAP TO IFRS

The following table summarises the adjustments to the Company's statement of financial position as at 1 January 2011 and 31 December 2011

	December 31 2012			December 31 2011			January 1, 2011		
	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	NIGERIAN GAAP	EFFECT OF TRANSITION TO IFRS	IFRS
Liabilities and Equity									
Share Capital	25,000,000		25,000,000	25,000,000		25,000,000	25,000,000		25,000,000
Share Premium account	10,725,216		10,725,216	10,725,216		10,725,216	10,725,216		10,725,216
Deposit for Shares	116,333,333		116,333,333	116,333,333		116,333,333	116,333,333		116,333,333
Surplus on revaluation	124,732,040		124,732,040	124,732,040		124,732,040	124,732,040		124,732,040
General Reserves	(94,576,251)		(94,576,251)	(219,308,291)		(219,308,291)	-175,968,054		(175,968,054)
Liabilities									
Creditors and other accounts	11,885,178		11,885,178	15,142,751		15,142,751	38,945,116		38,945,116
Bank Overdraft and short term loan	168,763,735		168,763,735	118,766,050		118,766,050	68,145,394		68,145,394
Taxation	1,495,255		1,495,255	1,145,255		1,145,255	1,295,170		1,295,170
Dividend payable	2,692,547		2,692,547	2,692,547		2,692,547	2,692,547		2,692,547
Long Term Loan	111,522,723		111,522,723	158,189,391		158,189,391	207,300,091		207,300,091
	<u>478,573,776</u>	<u>-</u>	<u>478,573,776</u>	<u>353,418,292</u>	<u>-</u>	<u>353,418,292</u>	<u>419,200,853</u>	<u>-</u>	<u>419,200,853</u>

ROKANA INDUSTRIES PLC
FIVE-YEAR FINANCIAL SUMMARY FOR THE
YEAR ENDED 31 DECEMBER, 2012

	IFRS CONVERTED		NIGERIA GAAP		
	2012	2011	2010	2009	2008
<u>ASSETS EMPLOYED</u>	N'000	N'000	N'000	N'000	N'000
Property Plant & Equipt.	254,935	267,221	276,224	283,839	295,705
Intangible Assets	231	263	-	-	-
Investment	5,487	5,487	5,487	5,487	5,487
Deferred Tax	74,009	-	-	-	-
Net Current Assets/(Deficit)	(121,743)	(57,300)	26,411	(130,095)	(130,810)
	<u>212,919</u>	<u>215,671</u>	<u>308,122</u>	<u>159,231</u>	<u>170,382</u>
<u>FINANCED BY</u>					
Share Capital	25,000	25,000	25,000	25,000	25,000
Reserves	2,387	32,482	75,822	134,231	145,382
LongTerm Liabilities	185,532	158,189	207,300	-	-
	<u>212,919</u>	<u>215,672</u>	<u>308,122</u>	<u>159,231</u>	<u>170,382</u>
<u>OPERATING RESULTS</u>					
Revenue	<u>115,324</u>	<u>103,942</u>	<u>111,368</u>	<u>94,651</u>	<u>77,888</u>
Loss Before Taxation	(38,668)	(42,994)	(58,034)	(10,790)	(37,720)
Taxation	(728)	(347)	(374)	(360)	(265)
Loss After Taxation	(39,396)	(43,341)	(58,408)	(11,150)	(37,985)
Prior Year Adjustment	-	-	-	-	(8,585)
Dividend	-	-	-	-	-
Retained Loss	(39,396)	(43,341)	(58,408)	(11,150)	(46,570)
Deficit Per Share	(1.6)	(1.7)	(117k)	(22k)	(93k)