

THE TOURIST COMPANY OF NIGERIA PLC
ABRIDGED UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2012

THE TOURIST COMPANY OF NIGERIA PLC

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THE TOURIST COMPANY OF NIGERIA PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE QUARTER ENDED 31 DECEMBER 2012

The following is the summary of the significant accounting policies adopted by the Company in the preparation of its financial statements:

1. **Basis of accounting**

The financial statements are prepared in compliance with Statements of Accounting Standards (SAS) issued by the Financial Reporting Council of Nigeria. The financial statements are presented in the functional currency, Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment.

2. **Recognition and measurement**

Revenue is recognised to the extent that it is probable that, and in the financial year in which, the economic benefits will flow to the Company and the revenue can be reliably measured. Losses are accounted for in the period in which they are foreseeable.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet when they are reasonably likely to occur and can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

3. **Property, plant and equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation on a straight line basis over the estimated useful life of the assets, taking into consideration any residual value, excluding the cost of day-to-day servicing.

Property, plant and equipment also includes assets for which capital work in progress has not been completed.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year the asset is de-recognised.

4. **Depreciation on property, plant and equipment**

Depreciation is provided on the straight-line basis to write off the assets over their estimated useful lives, taking into consideration any residual value. Annual depreciation is calculated at fixed percentages of cost. Depreciation is charged only when the asset is put into use. Land and capital work in progress are not depreciated. Upon completion of the capital works, the attributable cost of the asset is transferred to the relevant asset category and depreciated accordingly.

The annual depreciation rates used are as follows:

	%
Buildings	2½
Plant and machinery	10
Furniture and fittings	10
Motor vehicles	33 ¹ / ₃
Computer equipment	25
Hotel, office and casino equipment	10

THE TOURIST COMPANY OF NIGERIA PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE QUARTER ENDED 31 DECEMBER 2012 (continued)

5. **Inventory**
Inventory is stated at the lower of cost and net realisable value. Cost comprises supplier's invoice price, and where appropriate, freight and other charges incurred to bring the materials to their current location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.
6. **Receivables**
Trade and other receivables are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts. Specific provision is made where there is objective evidence that the collection of a debt is considered to be doubtful. Debts considered irrecoverable are written off.
7. **Revenue**
Revenue comprises the amount invoiced to external customers for goods and services supplied, exclusive of value added tax, less any discount.
8. **Cost of sales**
Cost of sales comprises the full operating cost of goods and services provided, which consists of the cost of direct services and labour.
9. **Foreign currency translation**
The financial statements are presented in Naira, which is the Company's functional and presentation currency. Income and expenses denominated in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Naira at the applicable rates of exchange ruling at the balance sheet date. Any profit or loss arising on the conversion of foreign currencies is included in the income statement.
10. **Taxation**
Income tax expense is the aggregate of the charge to the income statement in respect of current income tax, education tax, capital gains tax and deferred taxation.
 - a) **Income tax**
Income tax payable is provided by applying the currently enacted tax rates on the profit for the financial period, as adjusted for taxation purposes.
 - b) **Deferred taxation**
Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax laws that have been enacted at the balance sheet date.
 - c) **Value added tax (VAT)**
Non-recoverable VAT paid in respect of items of a non-capital nature is written off to the income statement. Non-recoverable VAT paid in respect of an item of property, plant and equipment is capitalised as part of the cost of the asset.

The net amount owing to or due from the tax authority is included in current liabilities or current assets.

THE TOURIST COMPANY OF NIGERIA PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE QUARTER ENDED 31 DECEMBER 2012 (continued)

d) Withholding tax

Withholding tax credits are set-off against income tax payable. Withholding tax credits that are considered irrecoverable are written-off as part of the tax charge for the financial year.

11. Employees' retirement benefits

The Company operates a contributory retirement benefit scheme in line with the Pension Reform Act 2004. The Company and the employees respectively contribute 7.5% each of the employees' current salaries and designated allowances. The Company's contribution is charged to the income statement.

12. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, cash balances with banks and short-term bank deposits.

13. Provisions

Provisions are recognised when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

14. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns different from those segments operating in other economic environments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management, based on the Company's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

THE TOURIST COMPANY OF NIGERIA PLC

BALANCE SHEET AS AT 31 DECEMBER 2012

		31 December 2012 N'000	30 June 2012 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	9,815,075	10,024,568
Capital work in progress	3.2	18,642	6,034
		9,833,717	10,030,602
Current assets			
Inventory	4	184,821	173,953
Trade receivables	5	313,096	383,211
Other receivables and prepayments	6	37,890	92,014
Cash and cash equivalents	7	802,743	482,144
		1,338,550	1,131,323
Current liabilities			
Trade payables		51,983	75,679
Other payables and accruals	8	1,534,292	1,566,602
Taxation payable	9.1	140,969	34,969
		1,727,244	1,677,250
Net current liabilities		(388,694)	(545,928)
Total assets less current liabilities		9,445,023	9,484,674
Deferred taxation	9.3	(354,185)	(353,925)
Long term liabilities			
Loans	10	(7,571,746)	(7,393,268)
Net assets		1,519,092	1,737,481
Capital and reserves			
Share capital	11	1,123,220	1,123,220
Share premium	12	4,132,763	4,132,763
Revaluation reserve	13	99,849	99,849
General reserve	14	(3,836,740)	(3,618,351)
Shareholders' funds		1,519,092	1,737,481

The statement of significant accounting policies on pages 2 to 4 and the notes on pages 8 to 17 form an integral part of these financial statements.

THE TOURIST COMPANY OF NIGERIA PLC

INCOME STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2012

	Notes	Quarter ended 31 December 2012 N'000	Quarter ended 31 December 2011 N'000	Year ended 30 June 2012 N'000
Turnover	15	980,756	903,570	3,416,597
Cost of sales		<u>(373,858)</u>	<u>(367,087)</u>	<u>(1,510,957)</u>
Gross profit		606,898	536,483	1,905,640
Expenses	16	(493,077)	(627,527)	(2,290,279)
Other income	17	<u>79</u>	<u>-</u>	<u>71,061</u>
Operating profit/(loss)		113,900	(91,044)	(313,578)
Finance costs	18	<u>(98,968)</u>	<u>(88,522)</u>	<u>(357,133)</u>
Loss on ordinary activities before taxation	19	14,932	(179,566)	(670,711)
Taxation	9.2	<u>(36,195)</u>	<u>-</u>	<u>148,461</u>
Loss after taxation transferred to general reserve	14	<u>(21,263)</u>	<u>(179,566)</u>	<u>(522,250)</u>
Loss per share (Kobo)	20	(1)	(8)	(23)

The statement of significant accounting policies on pages 2 to 4 and the notes on pages 8 to 17 form an integral part of these financial statements.

THE TOURIST COMPANY OF NIGERIA PLC

STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2012

	Notes	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
Cash flows from operating activities			
Cash receipts from customers		929,846	3,445,600
Payment to suppliers and employees		(735,867)	(3,341,678)
Input VAT		7,658	1,354
Output VAT		(31,334)	(7,103)
Net cash provided by operating activities	21	<u>170,303</u>	<u>98,173</u>
Cash flows from investing activities			
Net additions to capital work in progress	3.2	(12,608)	(2,770)
Purchase of property, plant and equipment	3.1	(28,530)	(115,801)
Disposal of property, plant and equipment	3.1	150	-
Net cash provided by investing activities		<u>(40,988)</u>	<u>(118,571)</u>
Cash flows from financing activities			
Increase/(decrease) in loans		93,381	547,625
Finance costs capitalised		(98,968)	(357,133)
Gain/(loss) on currency translation		19,111	(89,074)
Net cash provided by financing activities		<u>13,524</u>	<u>101,418</u>
Net cash flow for the quarter ended 31 December 2012		142,839	81,020
Net cash flow for the quarter ended 30 September 2012		177,760	-
Cash and cash equivalents at the beginning of the period		482,144	401,124
Cash and cash equivalents at the end of the period	7	<u><u>802,743</u></u>	<u><u>482,144</u></u>

The statement of significant accounting policies on pages 2 to 4 and the notes on pages 8 to 17 form an integral part of these financial statements.

THE TOURIST COMPANY OF NIGERIA PLC

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

1. The Company

1.1 Legal form

The Company was incorporated on 10 April 1964, with its share capital wholly-owned by the Federal Government of Nigeria, to acquire the Federal Palace Hotel. In 1992, Ikeja Hotel Plc, in association with other investors (collectively the "Ikeja Hotel Group"), acquired all the shares in the Company from the Federal Government. Between 2009 and 2010, Sun International Limited of South Africa acquired a substantial shareholding in the Company, thereby becoming an equal shareholder with the Ikeja Hotel Group.

1.2 Principal activities

The principal activities of the Company are the operation of hotel and casino businesses, and the provision of catering services.

2. Going concern

The company recorded a loss after taxation of N21 million for the quarter ended 31 December 2012 (12 months ended 30 June 2012: N522 million) and recorded a working capital deficiency of N389 million as at 31 December 2012 (N546 million as at 30 June 2012). These developments raise potential concern about the Company's ability to continue as a going concern. However, most of the Company's liabilities are due to related parties. The Directors are confident that the Company's shareholders and lenders will continue to provide the necessary support to the Company, and thus consider it appropriate to prepare the financial statements on the going concern basis.

3. Property, plant and equipment

3.1 Fixed assets

	Land and buildings N'000	Plant and machinery N'000	Hotel & office equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Casino equipment N'000	Total N'000
Cost/valuation							
At 1 July 2012	9,330,715	288,520	848,873	658,817	44,180	837,554	12,008,659
Transferred from capital work in progress	1,845	-	20,408	6,051	-	226	28,530
Disposals	-	-	-	(150)	-	-	(150)
At 31 December 2012	<u>9,332,560</u>	<u>288,520</u>	<u>869,281</u>	<u>664,718</u>	<u>44,180</u>	<u>837,780</u>	<u>12,037,039</u>
Depreciation							
At 1 July 2012	1,068,523	82,229	375,794	217,617	26,540	213,388	1,984,091
Charge for the period	115,462	10,284	35,894	25,501	2,445	48,287	237,873
Disposals	-	-	-	-	-	-	-
At 31 December 2012	<u>1,183,985</u>	<u>92,513</u>	<u>411,688</u>	<u>243,118</u>	<u>28,985</u>	<u>261,675</u>	<u>2,221,964</u>
Net book value							
At 31 December 2012	<u>8,148,575</u>	<u>196,007</u>	<u>457,593</u>	<u>421,600</u>	<u>15,195</u>	<u>576,105</u>	<u>9,815,075</u>
At 30 June 2012	<u>8,262,192</u>	<u>206,291</u>	<u>473,079</u>	<u>441,200</u>	<u>17,640</u>	<u>624,166</u>	<u>10,024,568</u>

The adjustments resulted from reclassifications between fixed asset categories and the reconciliation of the financial records to the fixed asset register.

The Company's property, plant and equipment was revalued on 30 November 1990 by Messrs Jide Taiwo & Co, Estate Surveyors and Valuers, using the depreciated replacement cost method. The surplus arising on revaluation of land, building, premises and swimming pool, amounting to N99,849,329 was transferred to the revaluation reserve, whilst the surplus on revaluation of plant, equipment, furniture, borehole and motor vehicles, amounting to N13,127,733 has not been recognised in these financial statements. Subsequent additions are stated at cost.

A subsequent revaluation carried out on 12 August 2009 by Messrs Jide Taiwo & Co, put the open market value of the fixed assets of the Company at N25,963,249,000. This valuation has not been incorporated in these financial statements.

The revaluation of property, plant and equipment assets is undertaken when it is considered necessary by the Directors.

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

3.2 Capital work in progress

	Land and buildings N'000	Plant and machinery N'000	Hotel & office equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Casino equipment N'000	Total N'000
Cost							
At 1 July 2012	-	-	6,034	-	-	-	6,034
Additions during the period	1,845	-	33,016	6,051	-	226	41,138
Transferred to fixed assets (note 3.1)	(1,845)	-	(20,408)	(6,051)	-	(226)	(28,530)
At 31 December 2012	-	-	18,642	-	-	-	18,642

	31 December 2012 N'000	30 June 2012 N'000
4. Inventory		
Food	18,727	11,840
Beverages	6,721	5,347
Hotel operating supplies	91,246	96,406
Casino operating supplies	7,749	7,697
Consumables	47,779	44,423
Other	12,599	8,240
	<u>184,821</u>	<u>173,953</u>
5. Trade receivables		
Trade debtors	401,913	444,663
Less: Provision for doubtful debts (refer note 5.1)	(88,817)	(61,452)
	<u>313,096</u>	<u>383,211</u>
5.1 Provision for doubtful debts		
At 1 July 2012	61,452	112,021
Written off in the year	-	(73,657)
Charge for the quarter ended 30 September 2012	100	23,088
Charge for the quarter ended 31 December 2012	27,265	-
At 31 December 2012	<u>88,817</u>	<u>61,452</u>
6. Other receivables and prepayments		
Prepayments	37,890	92,014
	<u>37,890</u>	<u>92,014</u>
7. Cash and bank balances		
Cash on hand	58,218	39,082
Cash at bank	744,525	443,062
	<u>802,743</u>	<u>482,144</u>
8. Other payables and accruals		
Accrued expenses	556,753	502,156
Casino loyalty programme	22,263	28,394
Deposits received	19,603	35,609
Fees payable to Sun International Management Limited and Ikeja Hotel Plc (refer notes 26, 27, 28)	333,171	338,759
Other amounts payable to Sun International Management Limited (refer note 32)	551,272	597,561
Other payables	51,230	64,123
	<u>1,534,292</u>	<u>1,566,602</u>

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
9. Taxation		
9.1 Taxation payable		
Opening balance	34,969	32,157
Charge for the quarter ended 30 September 2012	70,000	-
Charge for the quarter ended 31 December 2012	36,000	2,812
Closing balance	<u>140,969</u>	<u>34,969</u>
9.2 Taxation charge		
Income tax	36,000	2,812
Deferred tax	195	(151,273)
	<u>36,195</u>	<u>(148,461)</u>

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

9.3 Deferred taxation

Opening balance	353,925	505,198
Charge for the quarter ended 30 September 2012 (refer note 9.2)	65	-
Charge/(write back) for the quarter ended 31 December 2012 (refer note 9.2)	195	(151,273)
Closing balance	<u>354,185</u>	<u>353,925</u>

The Company has adopted the Statement of Accounting Standard 19 on deferred taxation, which is computed using the liability method.

	31 December 2012 US\$'000	31 December 2012 N'000	30 June 2012 N'000
10. Loans			
Shareholders:			
Ikeja Hotel Plc			
Opening balance	15,547	2,426,654	2,246,911
Interest capitalised	459	61,239	117,219
Exchange revaluation	-	(2,657)	62,524
Closing balance	<u>16,006</u>	<u>2,485,236</u>	<u>2,426,654</u>
Sun International Limited			
Opening balance	16,556	2,584,209	2,392,795
Interest capitalised	489	65,216	124,830
Exchange revaluation	-	(2,831)	66,584
Closing balance	<u>17,045</u>	<u>2,646,594</u>	<u>2,584,209</u>
	<u>33,051</u>	<u>5,131,830</u>	<u>5,010,863</u>
Other:			
Omamo Investment Corporation			
Opening balance	15,263	2,382,405	2,205,937
Interest capitalised	451	60,121	115,084
Exchange revaluation	-	(2,610)	61,384
Closing balance	<u>15,714</u>	<u>2,439,916</u>	<u>2,382,405</u>
	<u>48,765</u>	<u>7,571,746</u>	<u>7,393,268</u>

The loan from Omamo Investment Corporation is currently the subject of a legal dispute.

Terms of the above loans:

- They are unsecured.
- There are no fixed terms of repayment.
- The loans are denominated in US Dollars.
- Interest is capitalised at 5% per annum and will only be paid when cash flow allows.

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
11. Share capital		
Authorised	<u>2,000,000</u>	<u>2,000,000</u>
Number of ordinary shares of 50 Kobo each at 31 December 2012: 4,000,000,000 (at 30 June 2011: 4,000,000,000)		
Issued and fully paid	<u>1,123,220</u>	<u>1,123,220</u>
Number of ordinary shares of 50 Kobo each at 31 December 2012: 2,246,437,472 (at 30 June 2012: 2,246,437,472)		
12. Share premium	<u>4,132,763</u>	<u>4,132,763</u>
13. Revaluation reserve		
Surplus on revaluation of land, buildings, construction and swimming pool carried out in 1990.	<u>99,849</u>	<u>99,849</u>
14. General reserve		
Opening balance	(3,618,351)	(3,117,893)
Prior year adjustment (refer note 14.1)	-	21,792
Transferred from profit and loss account:	(218,389)	(522,250)
For the quarter ended 30 September 2012	(197,126)	-
For the quarter ended 31 December 2012	(21,263)	-
Closing balance	<u>(3,836,740)</u>	<u>(3,618,351)</u>

14.1 Prior year adjustment

This represents reversals of prior period accruals of expenses.

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
15. Turnover		
Rooms	330,314	1,296,993
Food and beverage	262,696	853,792
Other services	19,112	84,253
Casino	368,634	1,181,559
	<u>980,756</u>	<u>3,416,597</u>
16. Expenses		
Administrative and general	238,693	1,252,950
Marketing and promotion	23,248	107,185
Property operational expenses	191,173	773,162
Other operating expenses	39,963	156,982
	<u>493,077</u>	<u>2,290,279</u>
17. Other income		
Interest received on bank balances	79	11
Provisions no longer required	-	71,050
	<u>79</u>	<u>71,061</u>
18. Finance costs		
Interest on long-term loans (refer note 10)	<u>98,968</u>	<u>357,133</u>
19. Loss on ordinary activities before taxation		
This is stated after charging:		
Audit fees	-	9,800
Depreciation of property, plant and equipment	237,873	119,836
Directors' fees	-	1,200
(Profit)/Loss on foreign currency translation	(19,111)	89,074
Management fees	39,963	156,982
	<u>39,963</u>	<u>156,982</u>
20. Loss per share		
Loss per ordinary share (basic) has been computed for each period on the loss after taxation attributable to ordinary shareholders, divided by the weighted average number of issued and paid up 50 Kobo ordinary shares at the end of the period.		
Loss after taxation	(21,263)	(522,250)
Number of shares	2,246,437,472	2,246,437,472
Weighted average number of shares	2,246,437,472	2,246,437,472
Loss per share (Kobo)	(1)	(23)

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
21. Reconciliation of loss after tax to cash provided by operating activities		
Loss after taxation	(21,263)	(522,250)
Depreciation of property, plant and equipment (refer note 3.1)	118,036	498,848
Prior year adjustment	-	21,792
Foreign currency (gain)/loss on translation	(19,111)	89,074
Reclassification of property, plant and equipment	-	(18,838)
Finance costs	98,968	357,133
Increase in taxation (refer note 9.1)	36,000	2,812
(Decrease)/increase in deferred tax liabilities (refer note 9.3)	195	(151,273)
(Increase)/decrease in operating assets (refer note 22)	113,372	(48,842)
(Decrease)/increase in operating liabilities (refer note 23)	(56,006)	(130,283)
Total adjustments	291,453	620,423
Net cash provided by operating activities	<u>270,190</u>	<u>98,173</u>
22. (Increase)/decrease in operating assets		
Inventory	(10,868)	(2,089)
Trade receivables	70,115	(53,557)
Other receivables and prepayments	54,124	6,804
	<u>113,372</u>	<u>(48,842)</u>
23. (Decrease)/increase in operating liabilities		
Trade payables	(23,696)	(32,553)
Other payables and accruals	(32,310)	(97,730)
	<u>(56,006)</u>	<u>(130,283)</u>

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
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24. Segment information

24.1 Business segments

The Company has two reportable business segments, summarised as follows:

Hotel operations: This includes the sale of rooms, food and beverages, pool club revenue and other minor operating services.

Casino operations: This includes the provision of tables and slots gaming services.

Turnover

Hotel operations	612,122	2,235,038
Casino operations	368,634	1,181,559
Total per income statement	<u>980,756</u>	<u>3,416,597</u>

Gross profit

Hotel operations	446,238	1,555,620
Casino operations	160,660	350,020
Total per income statement	<u>606,898</u>	<u>1,905,640</u>

Depreciation

Hotel operations	189,586	405,151
Casino operations	48,287	93,697
Total per income statement	<u>237,873</u>	<u>498,848</u>

Property, plant and equipment at net book value

Hotel operations	9,238,970	9,400,402
Casino operations	576,105	624,166
Total net book value of property, plant and equipment (refer note 3.1)	<u>9,815,075</u>	<u>10,024,568</u>

Net assets

Hotel operations	1,053,959	1,305,531
Casino operations	465,133	431,950
	<u>1,519,092</u>	<u>1,737,481</u>

	Hotel operations			Casino operations		Total
	Rooms N'000	Food and beverage N'000	Other services N'000	Tables N'000	Slots N'000	N'000
24.2 Analysis of turnover and gross profit by service						
Quarter ended 31 December 2012						
Turnover	330,314	262,696	19,112	92,118	276,516	980,756
Cost of sales	(43,341)	(117,825)	(4,718)	(56,638)	(151,336)	(373,858)
Gross profit	<u>286,973</u>	<u>144,871</u>	<u>14,394</u>	<u>35,480</u>	<u>125,180</u>	<u>606,898</u>
Year ended 30 June 2012						
Turnover	1,296,993	853,792	84,253	363,932	817,627	3,416,597
Cost of sales	(191,008)	(479,681)	(8,729)	(258,994)	(572,545)	(1,510,957)
Gross profit	<u>1,105,985</u>	<u>374,111</u>	<u>75,524</u>	<u>104,938</u>	<u>245,082</u>	<u>1,905,640</u>

THE TOURIST COMPANY OF NIGERIA PLC

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

	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
25. Information regarding directors and employees		
25.1 Emoluments of the directors		
Non-executive directors' fees	-	1,000
Chairman's fees (included above)	-	200
Emoluments of highest paid non-executive director	-	200
25.2 Number of directors whose emoluments were within the following ranges		
NO - N100,000	6	2
N100,000 - N200,000	-	5
	<u>6</u>	<u>6</u>
25.3 Analysis of staff costs		
Salaries and allowances	213,000	918,225
Pension fund contributions	7,104	60,003
	<u>220,104</u>	<u>978,228</u>
25.4 Analysis of the average monthly number of employees		
Management staff	27	27
Other staff	476	489
	<u>503</u>	<u>516</u>
25.5 Number of employees whose emoluments were within the following ranges		
NO - N200,000	9	9
N200,001 - N400,000	25	25
N400,001 - N600,000	249	262
N600,001 - N800,000	8	8
N800,001 - N1,000,000	74	74
N1,000,001 - Above	138	138
	<u>503</u>	<u>516</u>



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

26. Related party transactions and balances

During the year, the Company had significant business dealings with the following related parties, excluding long term loans, details of which are provided in note 10.

	Value of goods and services supplied (to)/by the Company		Amounts due (to)/by the Company	
	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000	Quarter ended 31 December 2012 N'000	Year ended 30 June 2012 N'000
26.1 Sun International Management Limited Is a subsidiary of Sun International Limited, which is a shareholder in the Company. It has an operating service agreement with the Company (refer note 27).	(63,408)	8,893	(820,304)	(285,296)
26.2 Ikeja Hotel Plc Is a shareholder in the Company and is controlled by a director of the Company. It has a support services agreement with the Company (refer note 28).	370	71,435	(18,213)	(11,250)
26.3 AVI Services Limited Is controlled by a director of the Company. It provides a staff transport service to the Company, operates a car hire business at the Hotel and rents offices from the Company.	(18,642)	(53,655)		(2,004)
26.4 GM Ibru & Co Is a firm of attorneys controlled by a director of the Company. It provides legal services to the Company. GM Ibru & Co rents premises from the Company, for which no rental charge has been processed.	-	(15,744)	(24,067)	(15,744)
26.5 IHL Services Limited Is controlled by a director of the Company. It provides company secretarial services to the Company.	(1,165)	(5,052)	(2,718)	(5,052)
26.6 Minet Nigeria Limited Is controlled by a director of the Company. It provides insurance broking services to the Company.	(19,866)	(52,616)	19,867	-
26.7 Crusader General Insurance Limited Is controlled by a director of the Company. It is a major underwriter for the Company's general insurance policies. 35% of annual premium, being N22,538,453, through the Company's insurance broker, Minet Nigeria Limited (refer note 26.6).	-	-	-	-
26.8 Maiden Ibru Maiden Ibru is the wife of the late Dr Alex Ibru, a former director with an indirect shareholding in the Company. Maiden Ibru rents retail premises from the Company, for which no rental charge has been processed.	-	-	-	-
26.9 Mrs Emuobo Ibru Mrs Ibru is the wife of a director. Mrs Ibru rents retail premises from the Company, for which no rental charge has been processed.	-	-	-	-
26.10 Estate Late Dr Alex Ibru A former director and indirect shareholder in the Company. The estate rents hotel penthouse premises from the Company, which is currently the subject of a legal dispute. The outstanding rent has been charged during the quarter.	2,125	-	2,125	-
26.11 Guy Saries Limited Is controlled by a director of the Company. It rents office premises from the Company, for which no rental charge has been processed.	-	-	-	-
26.12 Mr Goodie M Ibru Is a director of the Company. He rents office premises from the Company, for which no rental charge has been processed.	-	-	-	-

THE TOURIST COMPANY OF NIGERIA PLC

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

27. Operating service agreement

The Company has an agreement with Sun International Management Limited (a subsidiary of Sun International Limited) until 30 September 2017 to manage the Company's business. In terms of this agreement, the Company is obligated to pay the following annual fees to Sun International Management Limited.

27.1 Basic fee

A basic fee equal to 3% per annum of the gross revenue of the Company. This is exclusive of any taxes and is denominated and payable in Naira.

27.2 Incentive fee

An incentive fee of 10% per annum of the adjusted net profit of the Company. This fee is exclusive of any taxes and is denominated and payable in Naira.

27.3 Development management and technical services

A fee of 2.5% per annum of the aggregate cost of new property development projects undertaken by the Company. This fee is exclusive of any taxes and is denominated and payable in Naira.

28. Support services agreement

The Company has an agreement with Ikeja Hotel Plc to provide support services to the Company until 30 September 2017. In terms of this agreement, the Company is obligated to pay the following annual fees to Ikeja Hotel Plc:

28.1 Basic fee

A basic fee equal to 0.45% per annum of the gross revenue of the Company. This is exclusive of any taxes and is denominated and payable in Naira.

28.2 Incentive fee

An incentive fee of 1.5% per annum of the adjusted net profit of the Company. This fee is exclusive of any taxes and is denominated and payable in Naira.

29. Note to the statement of cash flows

The statement of cash flows has been drawn up using the indirect method. Working capital comprises of inventories, and current receivables and payables. Cash flow from financing activities relates to the net amount of payments made for financing business activities in the period and changes in short term borrowings. The net cash position consists of cash in hand, cash at bank, short-term bank deposits and bank overdraft.

30. Contingent liabilities

The Company is subject to various pending litigations arising in the normal course of business. The contingent liabilities are in respect of these pending litigations amounted to N0.9 billion as at 31 December 2012 (30 June 2012: N0.9 billion). In the opinion of the Directors, based on legal advice, no material loss is expected to arise from these claims. Therefore, no provision for any loss arising has been made in the financial statements.

31. Financial commitments

The Directors are of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

32. Reclassification of balances

Certain balances for the previous financial period have been reclassified to conform with the current financial period classification.

THE TOURIST COMPANY OF NIGERIA PLC

STATEMENT OF VALUE ADDED FOR THE QUARTER ENDED 31 DECEMBER 2012

	Quarter ended 31 December 2012 N'000	%	Year ended 30 June 2012 N'000	%
Turnover	980,756		3,416,597	
Other income	79		71,061	
	<u>980,835</u>		<u>3,487,658</u>	
Bought-in goods and services				
Local	(298,777)		(1,872,976)	
Foreign	(110,181)		(451,184)	
Value added	<u><u>571,877</u></u>	<u>100</u>	<u><u>1,163,498</u></u>	<u>100</u>
Distributed as follows:				
To pay employees				
Salaries and allowances, pension and staff welfare	220,104	39	978,228	84
To pay government				
Company income tax	36,000	6	2,812	0
To pay providers of funds				
Finance costs	98,968	17	357,133	31
Retained for maintenance of assets and future expansion of business				
Depreciation of property, plant and equipment	237,873	42	498,848	43
Deferred tax liabilities	195	0	(151,273)	(13)
Loss sustained	(21,263)	(4)	(522,250)	(45)
Value added	<u><u>571,877</u></u>	<u>101</u>	<u><u>1,163,498</u></u>	<u>100</u>

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

THE TOURIST COMPANY OF NIGERIA PLC

FIVE YEAR FINANCIAL SUMMARY

	31 December 2012 N'000	30 June 2012 N'000	30 June 2011 N'000	31 December 2009 N'000	31 December 2008 N'000
BALANCE SHEET					
Assets					
Property, plant and equipment	9,833,717	10,030,602	10,392,041	9,929,190	7,854,644
Net current (liabilities)/assets	(388,694)	(545,928)	(803,261)	1,795,921	(4,520,259)
Long term loans	(7,571,746)	(7,393,268)	(6,845,643)	(12,011,672)	(1,938,325)
Deferred tax liabilities	(354,185)	(353,925)	(505,198)	(268,999)	(237,910)
Provision for liabilities and charges	-	-	-	(3,470)	(1,036,415)
Net assets/(liabilities)	1,519,092	1,737,481	2,237,939	(559,030)	121,735
Equity and reserves					
Share capital	1,123,220	1,123,220	1,123,220	569,149	569,149
Share premium	4,132,763	4,132,763	4,132,763	519,686	519,686
Revaluation reserve	99,849	99,849	99,849	99,849	99,849
General reserve	(3,836,740)	(3,618,351)	(3,117,893)	(1,747,714)	(1,066,949)
Shareholders' funds	1,519,092	1,737,481	2,237,939	(559,030)	121,735
INCOME STATEMENT					
	Quarter ended 31 Dec 2012 N'000	Year ended 30 Jun 2012 N'000	18 months ended 30 Jun 2011 N'000	Year ended 31 Dec 2009 N'000	Year ended 31 Dec 2008 N'000
Turnover	980,756	3,416,597	4,460,579	1,677,650	1,485,079
Profit/(Loss) before taxation	14,932	(670,711)	(1,115,451)	(642,388)	(748,825)
Taxation	(36,195)	148,461	(254,728)	(38,288)	65,955
(Loss)/profit after taxation	(21,263)	(522,250)	(1,370,179)	(680,676)	(682,870)
Per share data					
Loss per ordinary share (Kobo)	(1)	(23)	(67)	(60)	(60)
Net assets/(liabilities) per ordinary share (Kobo)	68	77	109	(49)	11

Loss per share is based on the loss after taxation for the financial period and the weighted average number of issued and fully paid ordinary shares at the end of each financial period.

Net assets/(liabilities) per share is based on net assets/(liabilities) and the weighted average number of issued and fully paid ordinary shares at the end of each financial period.

THE TOURIST COMPANY OF NIGERIA PLC

INCOME STATEMENT FORECAST FOR THE QUARTER ENDING 31 MARCH 2013

	N'000
Turnover	976,822
Cost of sales	<u>(396,998)</u>
Gross profit	579,824
Expenses	<u>(602,865)</u>
Operating loss	(23,041)
Finance costs	<u>(100,752)</u>
Loss on ordinary activities before taxation	(123,793)
Taxation	<u>(36,195)</u>
Loss after taxation transferred to general reserve	<u>(159,988)</u>
Weighted average number of shares in issue	2,246,437,472
Loss per share (Kobo)	7