Beta Glass PLC

Annual Report 2012

RC No. 13215

Contents

Who we are

Beta Glass is a member of the Frigoglass Group, a strategic partner to beverage brands throughout the world. Beta Glass is the principal supplier of glass packaging in the high growth markets of West Africa.

Our operations represent West Africa's largest glass container capacity, encompassing two plants and three furnaces that exceed 600 tons of produced glass containers per day.

Through a wide range of glass containers, we provide superior packaging solutions to a variety of customers operating in the soft drinks, beer, spirit, cosmetic and pharmaceutical market segments.

We have recently invested in the lightweight bottle technology which significantly reduces material use as well as energy consumption during the manufacturing process.

Financial highlights

Results at a glance

	2012 N'000	2011 N'000	Increase (Decrease) %
Major statement of financial position			
Share capital	249,986	249,986	-
Share premium	312,847	312,847	-
Other reserves	2,429,942	2,429,942	-
Shareholders' funds	12,455,803	11,327,212	10
Total assets	22,456,567	18,021,590	25
Major profit and loss account items			
Turnover	12,932,549	12,726,227	2
Profit before income tax	1,857,089	2,300,357	(19)
Profit for the year	1,328,580	1,774,660	(25)
Information per 50 kobo ordinary share			
Basic earnings per share (Kobo)	265.73	354.95	(25)
Net assets per share (Kobo)	24.91	22.66	10
Stock Exchange quotation - 31 December (Naira)	10.50	12.71	(17)
Market capitalization as at 31 December (N:Million)	5,250	6,355	(17)

Five-year financial summary

Turnover

Year	N' Million
2012	**12,933**
2011	12,726
2010	11,168
2009	10,561
2008	9,076

Profit After Tax (PAT)

Year	N' Million
2012	**1,329**
2011	1,775
2010	1,472
2009	1,385
2008	1,193

Shareholders' Fund

Year	N' Million
2012	**12,456**
2011	11,327
2010	10,073
2009	8,524
2008	7,290

Earnings per share (EPS)

Year	Kobo
2012	**266**
2011	355
2010	295
2009	277
2008	239

Company snapshot

Beers and malt

Breweries (including malt) represent our largest customer segment accounting for 52% of total glass unit sales.

Soft drink bottles

Sales to soft drink companies account for 25% of our glass unit sales.

Key projects involve light-weighting the entire range of Coca-Cola beverage products, significantly reducing glass weight whilst maintaining functionality.

Wine and spirits

Wine and spirits represent 13% of our unit sales with an offering from proprietary to generic bottles.

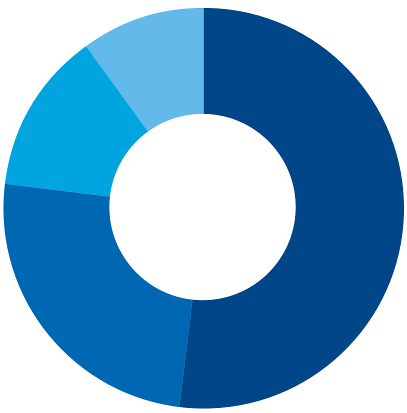
Pharmaceutical and cosmetics

This segment represents 10% of our glass unit sales. We manufacture glass containers for leading global pharmaceutical and cosmetic companies.

Revenue breakdown by customer segment

Sales per unit

Beers and malt	52 %
Soft drink bottles	25 %
Wine and spirits	13 %
Pharmaceutical and cosmetics	10 %



Markets

Beta Glass exports to 13 countries including:
Angola, Benin, Burkina Faso, Cameroon, Gabon Gambia, Ghana, Guinea, Liberia, Mauritius, Rwanda, Sierra Leone and Togo.

2 production plants

Guinea plant
Delta plant

Capacity

Number of furnaces:

3

Daily glass production:

600 tons

Capital expenditure

Capital expenditure amounted to N2.73 billion in 2012, directed primarily to machinery and equipment as well as the cold repair of one of our furnaces.

N2.73 billion

Awards

We received the "Exporter of the Year" award at the 3rd Nigerian Non-Oil Export Conference.

Notice of annual general meeting

Temidayo Olaofe (Mrs)
Company Secretary

Notice is hereby given that the 39th Annual General Meeting of Beta Glass PLC will be held at Mainland Hotel, Ebute-Metta, Lagos on Wednesday, July 3, 2013 at 12.00 noon for the following purposes:

1. To lay before the meeting, the audited financial statements for the year ended December 31, 2012 and the Directors', Auditors' and Audit Committee's Reports thereon.

2. To elect/re-elect Directors retiring in accordance with the Company's Articles of Association.

3. To declare a dividend.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect/re-elect shareholders' representatives on the Audit Committee.

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

All instruments of proxy duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S.8 Laws of the Federation of Nigeria 2004) should be deposited with the Registrar at City Securities (Registrars) Limited, 358 Herbert Macaulay Way, Yaba, Lagos not less than 48 hours before the time for holding the meeting.

By Order of the Board

Temidayo Olaofe (Mrs)
Company Secretary
FRC/2013/ICSAN/00000002145

IDDO HOUSE, IDDO, LAGOS
Dated this 26th day of March, 2013

Dividend Warrants

If the payment of a dividend of 34k per share as recommended by the Directors is approved, it is intended that the warrants will be posted on July 4, 2013 to holders of eligible shares whose names appear on the Register of Members on May 24, 2013.

Directors, officers and advisers

Directors

Chief Joseph Babatunde Oke, OON	Chairman
George Papachristou (Greek)	Managing Director
Chief Chris Avielele	Director
Harry G David (Cypriot)	Director
Kolapo A Lawson	Director
John Mastoroudes (British)	Director
Abimbola Ogunbanjo	Director
Gerasimos Varvias (Greek)	Director
Torsten Tuerling (German) *(Appointed 5/12/2012)*	Director

Secretary

Temidayo Olaofe (Mrs)

Registered office

Iddo House, Iddo, P O Box 159, Lagos
Phone: +234 1 280 6700, 234 1 774 0844
Fax: +234 1 280 6701

Registrar and transfer office

City Securities (Registrars) Limited
358 Herbert Macaulay Way,
Yaba, Lagos

Auditors

PricewaterhouseCoopers (Chartered Accountants)
252E Muri Okunola Street, Victoria Island, Lagos

Chairman's statement

Distinguished Shareholders, Ladies and Gentlemen, it gives me great pleasure to welcome you to another Annual General Meeting, the 39th in the series, of our company.

Economic/business environment

The year under review started with a degree of tension in the polity as a result of the attempt by the Federal Government to remove a substantial part of the subsidy on Petroleum Products particularly **PMS** and **AGO**.

This led to a standoff between Labour and the Federal Government resulting in a nationwide strike that paralyzed economic activities for about 2 weeks. This, of course affected our customers and invariably, there were delays in placing new orders for glass containers and in some cases, outright cancellations or suspension of delivery of orders already placed. It took several weeks for our customers to resume production at the required level of operations, which in turn took time for us to receive orders.

The continued banking reforms and monetary regulations further pushed the cost of borrowing to a higher level despite clamours from the Organized Private Sector (OPS) for a systematic reduction to achieve a single digit interest rate.

The lack of provision of adequate infrastructure and the unresolved issue of multiple taxation also militated against the efficient operation and profitability of the manufacturing process.

The relationship with the members of our host communities remained very cordial and peaceful, save in the situation where there was a misunderstanding regarding land ownership in the Delta plant. The issue however, was swiftly resolved and in accordance with the laws of the State and the Federation.

I wish on your behalf, to thank the Delta State Government and in particular, the Deputy Governor, his Excellency, Professor Amos Utuama for his efforts in resolving the issue and averting a crisis in the plant.

Operating Results

Despite all the difficulties that were encountered during the year under review, the company achieved a turnover that was higher than that of last year even though it was below expectations. Our operations were also affected by the Cold End repair carried out in Agbara plant, resulting in the closure of a furnace for over one month and which led to loss of sales revenue in the first quarter of the year under review.

It was however gratifying to note that a substantial part of our Export Expansion Grant payments were received and this positively affected our results. It is expected that payments of these grants will be made regularly in the future.

I am pleased also to inform you that we received an award in the year under review as the outstanding **Exporter of the Year in the Manufacturing sector.**

Dividend

Despite the harsh economic conditions under which we operated, your company's operating results were such that the Board of Directors is able to recommend a dividend payout of **34 kobo** per share. This may be a little less than what was paid in the previous year; it is still in line with the company's dividend policy that ensures consistent payout after taking into consideration our needs to ensure sustainable growth in future years.

Registrars

Again, you must have noticed that we have new Registrars, City Securities (Registrars) Limited; this is as a result of the acquisition of Fin Registrars Limited by City Securities (Registrars) Limited, a direct consequence of the take-over of Finbank Plc by First City Monument Bank Plc.

We welcome the new Registrars and express the sincere hope that they will serve us diligently.

Annual Report

You must have noticed the size of our Annual Report for this year. This is as a result of the introduction of the new accounting rules. The financial statements of the company have been prepared in accordance with International Financial Reporting Standards **(IFRS)** for the first time. In preparing the financial statements, the company had to adjust figures reported previously in accordance with the Nigerian Accounting Standards Board Regulations. The transition from **NGAAP** to **IFRS** affected the company's financial presentation, balance sheet, financial performance, profit & loss and cash flow which are set out in the tables and notes to the financial statements.

The major areas of such impact for the company are the format of presentation and disclosures, accounting for property, plant, machinery and equipment and employee benefits, etc. The conversion to **IFRS** is expected to bring the company's reporting standards and systems in uniformity with other companies, nationally and internationally.

Directors, management and staff

Dr. Justus Clinton Uranta resigned from the Board early this year. We seize this opportunity to express our appreciation for his tenure as a director of the company and on your behalf, I wish him well in his future endeavours.

At the same time, I welcome Mr. Torsten Tuerling, who is the Managing Director and Chief Executive Officer of Frigoglass. He will resign at this Annual General Meeting and being eligible will seek for election. I am sure that our company will benefit from his world wide experience and expertise.

Overall, the industrial relations between staff and management remained cordial and realizing that people are our greatest assets, training was effected on a continuous basis.

I seize this opportunity to thank management and staff for achieving these results despite the harsh economic climate under which we operated. I implore them not to sit on their laurels but strive to achieve a better result next year.

As at December 31, 2012, the company had **676** members of staff including **16** expatriates on its payroll.

Future prospects

The activities in the Beer and Soft drinks industry continue to improve after the impasse of the first quarter of the year under review. The first quarter of the 2013 financial year has been very encouraging as we are **20%** above the 2012 sales levels. Our export profile is also very encouraging as we continue to explore new markets in the Africa region. In our quest for excellence, we shall continue to invest in furnace rebuilt and other essential machinery, tooling and equipment.

Conclusion

I would like to appreciate our major shareholders and holding company Frigoglass S.A.I.C for their continued assistance and cooperation. Their technical and managerial supports have been invaluable to our performance and growth.

I also thank my colleagues on the Board without forgetting to commend our distinguished shareholders and customers for their regular advice, unwavering support and patronage over the years. We shall continue to focus our attention on maintaining and improving our leadership position of the Container Glass Market in Africa in general and Nigeria in particular.

Thank you for your attention.

Chief Joseph Babatunde Oke, OON
Chairman
FRC/2013/NIM/00000002128

Board of directors

Chief Joseph Babatunde Oke, OON
Chairman

George Papachristou (Greek)
Managing Director

Harry G. David (Cypriot)
Director

Kolapo A Lawson
Director

Chief Chris Avielele
Director

John Mastoroudes (British)
Director

Abimbola Ogunbanjo
Director

Gerasimos Varvias (Greek)
Director

Torsten Tuerling (German)
Director

Directors' report

The Directors present to the members of the Company, the Annual Report together with the audited financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the Company is the manufacture and sale of glassware.

Results for the year

The Company is a first time adopter of the International Financial Reporting Standards (IFRS) and the Financial Statements are prepared in accordance with the IFRS requirements. The objective of the IFRS is to move to a higher quality and global accounting standards versus the Nigerian Accounting Standards (NGAAP). The Financial statements for 2012 are compliant with the IFRS, and the Financial Statements of 2011 have been restated to be in line with the IFRS, to ensure comparability and adhere to the IFRS first time adoption needs.

The transition from the NGAAP to the IFRS has impacted the Company's Statement of Financial Position (Balance Sheet), Statement of comprehensive income (Profit & Loss Account), and the Statement of cash flows for the years ended 31 December 2011 and 31 December 2010. The details of the changes are captured in detail in the notes and the explanations to the financial statements. The key areas of impact can be summarized to be on the fixed Assets (i.e. restatement of useful lives and componentization), borrowing costs, employee retirement obligations and restatement of provisions for inventories and receivables. It is anticipated that the IFRS based financial reporting will usher in a harmony in reporting and alignment to international accounting principles.

Brief highlight of the result for the year is as follows:

	2012 N'000	2011* N'000
Turnover	12,932,549	12,726,227
Profit before Taxation	1,857,089	2,300,357
Profit after Taxation	1,328,580	1,774,660

*2011 numbers represent IFRS equivalent of previously reported NGAAP numbers.

Appropriation of profit after taxation

The Directors recommend to the shareholders, the payment of a gross dividend of 34 kobo per 50 kobo ordinary share to all shareholders on the Company's Register of Members as at the close of business on May 24, 2013. If the Directors' recommendation is approved by the shareholders, the profit after taxation of N1,328,580,000 will be appropriated as follows:

	N'000
Proposed Dividend (Gross)	169,990
Transfer to General Reserve	1,158,590

Directors

Mr. Justus Clinton Uranta resigned as a Director and Mr. Torsten Tuerling was appointed a Director after the last Annual General Meeting. Mr. Tuerling will retire at this meeting and seek election.

The Directors retiring by rotation in accordance with the Articles of Association are Mr. Abimbola Ogunbanjo, Chief Chris Avielele, and Mr. Gerasimos Varvias. They being eligible, offer themselves for re-election.

Record of directors' attendance at meetings

Pursuant to Section 258(2) of the Companies and Allied Matters Act, the records of Directors' attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

Directors' interests in the shares of the company

As at 1 January 2012 and 31 December 2012 the interests of the Directors (and those who served on the Board during the year under review) in the issued share capital of the company as recorded in the register of members in compliance to Section 275 of the Companies and Allied Matters Act, were as follows:

Number of shares as at	31 Dec 2012	1 Jan 2012
Chief Joseph Babatunde Oke, OON	122,274	122,274
George Papachristou (Greek -		-
Chief Chris Avielele	27,474	27,474
Harry G. David (Cypriot)	25,437	25,437
Kolapo A. Lawson*	100,000	100,000
John Mastoroudes (British)	-	-
Abimbola Ogunbanjo	-	-
Justus Clinton Uranta (resigned w.e.f.01.01.2013)	-	-
Gerasimos Varvias (Greek)	-	-
Mr. Torsten Tuerling (German) (appointed w.e.f 05.12.2012)	-	-

* Mr. Kolapo A. Lawson is a beneficiary in the Estate of Chief Adeyemi Lawson, which holds 2,710, 400 shares.

Save as disclosed above, the Company is not aware of any other interests of the directors in the share capital of the Company or of its Holding Company Frigoglass Industries (Nigeria) Limited as at 31 December 2012 or at the date of this report.

Directors' interests in contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, of any disclosable interests in contracts involving the Company either as at 31 December 2012 or at the date of this report.

Charitable gifts

In compliance with Section 38(2) of the Companies and Allied Matters Act, the Company did not make any donations or gifts to any political party, political association or for any political purpose during the year under review.

Corporate governance

The Directors have striven to maintain its corporate governance ethics and rules and regulations of the regulatory authorities during the year under review.

Corporate social responsibility

It is the policy of the Company to try and improve on some amenities within its host communities. Thus during the year under review, the Company accomplished the following:

Block of three classrooms donated to Ekrerhavwe Community in Delta State	N 3,255,000
Interlocking stones for Eruemukohwarien Community town hall	N 2,108,111
12 Lockup market stores donated to Ekakpamre Community in Delta State	N 3,045,000
Donation to Physically Challenged Persons in Ughelli North Local Government for the procurement of a Generator.	N 150,000
Total	**N 8,558,111**

Significant changes in fixed assets

Movements in fixed assets during the year were as shown in note 14 of the financial statements. In the opinion of the Directors, the market value of the Company's fixed assets is not less than as shown in the statement of financial position.

Employment policies and training

The Company's employment policy ensures that opportunities are given to disabled persons. Disabled applicants are therefore given special consideration for employment having regard to the aptitudes and capabilities of each applicant.

The Company also has training programmes designed to ensure that employees who became disabled during their employment are not, for the sake of their disabilities, disadvantaged in their career development in the Company. The Company provides overseas and on-the-job technical training for its employees' in glass production technology.

Health, safety and welfare of employees

The Company has standard in-plant clinics run by competent and qualified medical personnel where free medical services are provided for all staff. There are also stand-by ambulances for transfer of serious cases of illness to designated hospitals retained by the Company.

The company provides free meals to its employees at the staff canteens.

There are contributory retirement benefit schemes for both management and junior employees of the Company. The schemes are in compliance with the provisions of the Pensions Reform Act 2004.

Employees' involvement

The Company consults with representatives of the workers union on important issues that affect the career of employees and the fortunes of the Company. Employees' suggestions are entertained through the use of suggestion boxes strategically located in the Company's premises.

Auditors

Messrs. PricewaterhouseCoopers, having indicated their willingness will continue in office as Auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act.

By Order of the Board

Temidayo Olaofe (Mrs)
Company Secretary
FRC/2013/ICSAN/00000002145

IDDO HOUSE, IDDO, LAGOS
26 March, 2013

Corporate governance report

BETA GLASS PLC ("Company") is committed to the best practices in corporate governance; hence the Board is continually reviewing corporate governance standards and procedures in the light of the current developments in and outside Nigeria. It recognizes that corporate governance is fundamental to earning the confidence and trust of the shareholders and consequently provides the structure through which the objectives of the Company are set and the means of attaining such objectives.

The Board is guided in its Corporate Governance policies by the provisions of the Code of Corporate Governance ("the Code") which came into effect on April 1, 2011 and its policies are designed to ensure that the Company's business is conducted in a fair and transparent manner which conforms to high ethical standards. The governance framework helps the Board to discharge its roles of providing oversight and strategic counsel in balance with their responsibility to ensure conformity with regulatory requirements and acceptable risk.

In compliance with Section 34(4) of the Code, it is hereby reported as follows:

The Board of Directors

The Directors of the Company are professionals who are well established in various fields of endeavor such as Consultancy, Accountancy, Law, Insurance, Business, Engineering, etcetera, creating a good skills- mix and wealth of experience which they have brought to bear on deliberations at Board meetings and in the exercise of their oversight functions. The Board governs and supervises the overall activities of the Company through the Managing Director.

Composition of the Board of Directors

The composition of the Board of Directors of the Company is as follows:

Title	Name	Executive / Non- Executive	Independent	Date of Appointment
Chairman	Chief J B Oke, OON	Non-Executive		24/04/2008
Managing Director	George Papachristou (Greek)	Executive		28/03/2012
Member	Harry George David (Cypriot)	Non-Executive		24/04/2008
Member	Kolapo Lawson	Non-Executive		13/01/2000
Member	Chief Chris Avielele	Non-Executive		28/09/2010
Member	John Mastoroudes (British)	Non-Executive	Independent	28/09/2010
Member	Abimbola Ogunbanjo	Non-Executive		28/09/2010
Member	Gerasimos Varvias (Greek)	Non-Executive		24/04/2008
Member	Torsten Tuerling (German)	Non-Executive		05/12/2012

The roles of the Board of Directors

The Charter provides for the following as the roles and responsibilities of the Board of Directors:

- Strategy and Planning
- Staffing at Board and Senior Management Levels & Succession Planning
- Executive Remuneration
- Performance Monitoring
- Risk Management and Internal Control
- Capital Management and Financial Reporting
- Communication with the shareholders and Management of Investor relations
- Audit and Compliance

The Board was alive to its responsibilities which primarily involve the creation of stakeholder value and ensuring the success of the Company. The Board is responsible for ensuring that the affairs of the Company are run in an efficient manner and in compliance with applicable regulations. Members of the Board are required at all times to act in the best interest of the Company in the articulation and formulation of its strategic direction. The Board of Directors is dedicated to ensuring that the Company achieves its objectives. The Board met four times during the year, on the following days: 28 March, 2012, 4 July, 2012, 14 September, 2012 and 5 December, 2012.

Attendance at meetings by Directors

The following is the list of the directors and their attendance at meetings during the year:

	Board	Audit Committee
Number of Meetings	**4**	**3**
Chief Joseph Babatunde Oke, OON	4	N/A
George Papachristou (Greek)	4	3
Harry George David (Cypriot)	3	N/A
Kolapo Lawson	2	N/A
Chief Chris Avielele	4	2
Justus Clinton Uranta (resigned w.e.f 01/01/2013)	-	-
John Mastoroudes (British)	4	N/A
Abimbola Ogunbanjo	2	2
Gerasimos Varvias (Greek)	3	N/A
Mr. Torsten Tuerling (German) (appointed w.e.f 05/12/2012)	1	N/A

Mr. Torsten Tuerling was appointed a Director after the last Annual General Meeting. He will retire at this meeting and seek election.

The Directors retiring by rotation in accordance with the Articles of Association are Mr Abimbola Ogunbanjo, Chief Chris Avielele, and Mr Gerasimos Varvias. They being eligible, offer themselves for re-election.

The biographical details of the Directors seeking election/re-election are as stated below:

Mr Torsten Tuerling

Mr. Torsten Tuerling was appointed a Director of the Board on 5th December, 2012. He has 18 years of senior management experience in business operating across international markets, including more than 12 years of direct relevant experience in commercial refrigeration. Mr. Torsten Tuerling holds a Master's degree in Business Administration from the University of Saarbrucken in Germany and a Master of Science in Management from E. M. Lyon Business School in France.

Mr. Abimbola Ogunbanjo

Mr. Abimbola Ogunbanjo is an Economist and a Lawyer. The Managing Partner of Chris Ogunbanjo & Co (Solicitors) has a vast knowledge of and experience in the areas of Corporate Commercial and Admiralty Law. He has, over the years garnered considerable corporate finance experience and has a brilliant understanding of legal issues in his preferred areas of practice. Mr. Ogunbanjo is a distinguished council member of the Nigerian Stock Exchange and Director of many other companies with membership also of many national and international professional bodies. He joined the Board of Beta Glass PLC on September 28, 2010.

Chief Chris Avielele

Chief Avielele joined the Board of the Company on September 28, 2010. He holds an MBA Degree of the University of Lagos, had previous education at the University of Salford United Kingdom where he majored in Business Administration. A Fellow of the Nigerian Institute of Management, Fellow of Chartered Institute of Personnel Management and Chairman Glass Manufacturing Association, an arm of the Manufacturers' Association of Nigeria. Chief Avielele was a one-time General Manager of Beta Glass Plc., Ughelli Plant and Group Human Resources Director of Frigoglass Industries (Nigeria) Limited.

Mr Gerasimos Varvias

Mr. Gerasimos Varvias joined Beta Glass Board in April 2008, when he was appointed Nigerian Operations Director. He joined Frigoglass Group in May 2006 as Commercial Director and became the Regional Director, Africa & Middle East operations in September 2010. He holds a degree in Electrical and Electronics Engineering from the University of East London and an MBA from the ALBA Business School. He started his carrier in sales and held various positions, including those of sales Managers and Commercial Managers.

The Board is in the process of establishing a formal annual evaluation of its performance, those of its committees, the chairman and individual directors. The Board determined that the performances of its Chairman and Directors were considered satisfactory.

The Audit Committee

The Audit Committee is composed of 6 members made up of three representatives of the shareholders elected at the 2011 Annual General Meeting for a tenure of one year, and three representatives of the Board of Directors nominated by the Board. The Chairman of the Committee, Professor C A Osuntogun, OFR in compliance with the requirements of Corporate Governance is a shareholder representative. The Committee met three times in the year, on the following days: 22 March, 2012, 4 July, 2012 and 22 October, 2012.

Composition

1	Professor Caleb Adeniyi Osuntogun, OFR	Shareholder/Chairman
2	Mr. Abimbola Ogunbanjo	Director/Member
3	Chief Chris Avielele (appointed w.e.f 04.07.2012)	Director/Member
4	Chief Simeon Akinyemi Odubiyi	Shareholder/Member
5	Mr. Peter Knight Okoh	Shareholder/Member
6	Mr. George Papachristou	Director/Member

Members' attendance at the audit committee meetings during the financial year ended 31 December 2012 is as stated below:

Professor Caleb Adeniyi Osuntogun, OFR	3/3
Mr. Abimbola Ogunbanjo	2/3
Chief Simeon Akinyemi Odubiyi	3/3
Chief Chris Avielele	2/3
Mr. Peter Knight Okoh	3/3
Mr. George Papachristou	3/3

Corporate governance report (continued)

In 2012 the Audit Committee:

- reviewed the results of the audits undertaken by the Internal Audit department and considered the adequacy of management's responses to the matters raised, including the implementation of any recommendations made.

- reviewed and approved the 2013 Internal Audit programme, including the proposed audit approach, coverage and allocation of resources.

- reviewed the effectiveness of Internal Audit, taking into account the views of directors and senior management on matters such as independence, proficiency, resourcing, audit strategy, planning and methodology.

- reviewed regular reports on control issues of Company level significance, including details of any remedial action being taken. It considered reports from the Internal and external auditors on the Company's systems of internal control and reported to the Board on the results of its review.

The Internal Audit department is an independent function that ensures that all operations are executing their duties in accordance with the corporate objectives, policies and procedures. In particular, Internal Audit seeks to ensure that internal financial control systems across the Company remain robust and consistent.

The Internal auditor acts according to the International Standards for the Professional Practice of Internal Auditing and the policies and procedures of the Company, and reports directly to the Audit Committee

Financial reporting, communication and internal control

The Company produces a detailed Annual Report and Financial Statements, which provide insight about the business and its financial results, according to relevant international and local standards and regulations. The annual report is sent to every shareholder ahead of the Annual General meeting. The Company publishes full and half year results and also provides quarterly forecasts as required by the Investment and Securities Act 2007. The results are published in two national dailies with wide circulation. All the financial information released for public consumption is approved by the Board. The share price sensitive information is disseminated simultaneously to all shareholders without giving any preferential treatment to anyone.

The Company put in place adequate internal control procedures which include an independent audit function reporting to the audit committee. The internal audit function assists the directors and management to maintain effective controls through periodic evaluation to determine the effectiveness and efficiency of the company's internal control systems and make recommendations for enhancement or improvement.

The directors having gone through the reports of audit committee are satisfied with the adequacy and effectiveness of internal control framework existing in the company.

Code of business conduct

Beta Glass PLC is a member of Frigoglass SAIC and follows the Code of Business Conduct (CoBC) for Frigoglass group companies. The CoBC constitutes an integral part of responsible corporate governance to which the Frigoglass Group including Beta Glass Plc has committed itself. The CoBC can be accessed at **http://www.frigoglass.com/sites/default/files/Code%20of%20Business%20conduct_31.01.12.pdf** and provides guidance on achieving corporate objectives through operating with honesty, fairness and integrity. The CoBC contains the following amongst others:

- Corporate values
- Compliance with laws and regulations
- Commitment to and expectations of our employees
- Our responsibilities to customers, suppliers and markets
- Our commitment to shareholders
- Our responsibilities to the public

The Company's sustainability policies and programmes covering such issues as corruption, community service, environmental protection, HIV/AIDS and matters of general corporate social responsibility are covered by CoBC.

The CoBC is subscribed to by all members of the Board of Directors, Managers and all Employees of the Company. The Company mandates strict adherence to the code in the Company's day to day operations.

Compliance with the Code's provisions

The Board after a careful review of the provisions of the code with the assistance of Company Secretary is of the opinion that the Company's corporate governance practices and structure are in compliance with the provisions of the Code.

Statement of directors' responsibilities

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. This responsibility includes:

a) ensuring that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and

c) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Chief Joseph Babatunde Oke, OON
Chairman

26 March 2013
FRC/2013/NIM/00000002128

Mr. George Papachristou
Managing Director

26 March 2013
FRC/2013/IODN/00000002337

Report of the audit committee

In accordance with Section 359(6) of the Companies and Allied Matters Act, we have reviewed:

1) the scope and planning of the audit requirement;

2) the External Auditors' management report for the year ended December 31, 2012 as well as the management responses thereon

   and;

3) ascertained that the accounting and reporting policies of the Company for the year ended December 31, 2012 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2012 together with the audited accounts were satisfactory. We were satisfied with management responses to the Auditors findings.

Professor C A Osuntogun
Chairman of the Audit Committee
Dated this 22nd day of March 2013

Members of the Audit Committee

Prof C A Osuntogun	Chairman
Mr George Papachristou	Member
Chief S.A. Odubiyi	Member
Mr P.K. Okoh	Member
Mr Abimbola Ogunbanjo	Member
Chief Chris Avielele	Member

Report by the independent auditors

Report on the financial statements

We have audited the accompanying financial statements of Beta Glass Plc ("the company"). These financial statements comprise the statement of financial position as at 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii the company has kept proper books of account, so far as appears from our examination of those books;
- iii the company's statement of financial position and income statement are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria
FRC/2013/ICAN/00000000643

Income statement

		For the year ended	
	Notes	31 December 2012 N'000	31 December 2011 N'000
Revenue	6	12,932,549	12,726,227
Cost of sales	7	(9,811,848)	(9,305,355)
Gross profit		**3,120,701**	**3,420,872**
Selling and distribution expenses	7	(118,163)	(67,666)
Administrative expenses	7	(1,141,012)	(1,137,966)
Other income	8	308,532	109,072
Foreign exchange gain	9	53,285	12,431
Operating profit		**2,223,343**	**2,336,743**
Finance income	10	1,018	-
Finance cost	10	(367,272)	(36,386)
Finance costs - net	10	(366,254)	(36,386)
Profit before income tax		**1,857,089**	**2,300,357**
Income tax expense	11	(528,509)	(525,697)
Profit for the year		**1,328,580**	**1,774,660**
Earnings per share for profit attributable to the equity holders of the company			
Basic and diluted EPS (Naira)	12	2.66	3.55

The results shown above for both 2012 and 2011 relate to continuing operations.

The notes on pages 29 to 56 are an integral part of these financial statements.

Statement of comprehensive income

		For the year ended	
	Notes	**31 December 2012** N'000	**31 December 2011** N'000
Profit for the year		1,328,580	1,774,660
Other Comprehensive Income:			
Actuarial gains and losses (net of tax)	11.2	-	(330,670)
Other comprehensive Income (net of tax)		**-**	**(330,670)**
Total comprehensive income		**1,328,580**	**1,443,990**

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 11.2

The notes on pages 29 to 56 are an integral part of these financial statements

Statement of financial position

	Notes	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Assets				
Non-current assets				
Property, plant and equipment	14	9,864,569	9,100,926	8,676,163
Intangible assets	15	27,406	12,982	12,526
		9,891,975	9,113,908	8,688,689
Current assets				
Inventories	16	2,649,148	2,899,382	2,994,426
Trade and other receivables	17	8,841,853	4,833,837	3,953,339
Cash and cash equivalents	18	1,073,591	1,174,463	830,012
		12,564,592	8,907,682	7,777,777
Total assets		**22,456,567**	**18,021,590**	**16,466,466**
Liabilities				
Non-current liabilities				
Borrowings	19	1,901,238	-	-
Amount due to employees	20	1,633,003	1,633,385	-
Deferred taxation liabilities	21	1,574,905	1,410,480	1,560,195
Retirement benefit obligations	22	131,053	-	1,316,582
		5,240,199	**3,043,865**	**2,876,777**
Current liabilities				
Short term borrowings	19	17,883	2,740	-
Trade and other payables	23	4,341,099	3,074,508	3,234,790
Current income tax liabilities	24	387,946	573,157	267,517
Dividend payable	25	13,637	108	14,171
		4,760,565	**3,650,513**	**3,516,478**
Total liabilities		**10,000,764**	**6,694,378**	**6,393,255**
Equity				
Ordinary share capital	26	249,986	249,986	249,986
Share premium	26	312,847	312,847	312,847
Other reserves	27	2,429,942	2,429,942	2,429,942
Retained earnings	28	9,463,028	8,334,437	7,080,436
Total equity		**12,455,803**	**11,327,212**	**10,073,211**
Total equity and liabilities		**22,456,567**	**18,021,590**	**16,466,466**

The financial statements on pages 24 to 59 were approved and authorised for issue by the board of directors on 26 March 2013 and were signed on its behalf by:

Chief Joseph Babatunde Oke, OON
Chairman

FRC/2013/NIM/00000002128

Mr. George Papachristou
Managing Director

FRC/2013/10DN/00000002337

Statement of changes in equity

	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total N'000
Balance at 1 January 2011	249,986	312,847	2,429,942	7,080,436	10,073,211
Profit for the year				1,774,660	1,774,660
Other comprehensive income for the year:					
Actuarial loss for the year				(330,670)	(330,670)
Total comprehensive income for the year	-	-	-	1,443,990	1,443,990
Dividend relating to 2010 year end				(189,989)	(189,989)
Balance at 31 December 2011	**249,986**	**312,847**	**2,429,942**	**8,334,437**	**11,327,212**
Balance at 1 January 2012	249,986	312,847	2,429,942	8,334,437	11,327,212
Profit for the year				1,328,580	1,328,580
Total comprehensive income for the year	-	-		1,328,580	1,328,580
Dividend relating to 2011 year end				(199,989)	(199,989)
Balance at 31 December 2012	**249,986**	**312,847**	**2,429,942**	**9,463,028**	**12,455,803**

The notes on pages 29 to 56 are an integral part of these financial statements.

Statement of cash flows

	Notes	31 December 2012 N'000	31 December 2011 N'000
Cash flows from operating activities			
Cash generated from operations	29	1,832,413	3,061,177
Tax paid	24	(549,295)	(228,057)
Retirement obligations paid	22	-	(97,645)
Net cash from operating activities		**1,283,118**	**2,735,475**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(2,731,940)	(2,153,899)
Purchase of intangible assets	15	(18,427)	(1,953)
Proceeds from sale of property, plant and equipment		2,710	2,526
Interest income	10	1,018	-
Net cash used in investing activities		**(2,746,639)**	**(2,153,326)**
Cash flows from financing activities			
Increase in long-term borrowings	19	1,901,238	-
Interest paid	10	(367,272)	(36,386)
Unclaimed dividend received	25	13,529	-
Dividend paid	25	(199,989)	(204,052)
Net cash from/(used in) financing activities		**1,347,506**	**(240,438)**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(116,015)	341,711
Cash, cash equivalents and bank overdrafts at the beginning of the year	18	1,171,723	830,012
Cash, cash equivalents and bank overdrafts at the end of the year	**18**	**1,055,708**	**1,171,723**

The notes on pages 29 to 56 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Beta Glass Plc (the Company) manufactures, distributes and sells glass bottles and containers for the leading soft drinks, wine and spirit, pharmaceutical and cosmetics companies. The Company has manufacturing plants in Agbara Ogun state and in Ughelli Delta state. Beta Glass Plc exports to 13 countries including: Angola, Benin, Burkina Faso, Cameroun, Gabon, Gambia, Ghana, Guinea, Liberia, Mauritius, Rwanda, Sierra Leone and Togo.

The Company is a public limited company, which is listed on the Nigerian Stock Exchange and incorporated and domiciled in Nigeria. The address of its registered office is Iddo House, Iddo, Lagos State, Nigeria. P.O. Box 159.

Beta Glass Plc is a subsidiary of Frigoglass Industries Nigeria Limited (the parent company) which holds 61.9% of the ordinary shares of the company. The ultimate controlling party is Frigoglass S.A.I.C.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements are the stand alone financial statements of the company.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) , including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These financial statements are the first Beta Glass Plc financial statements to be prepared in accordance with IFRS.

Subject to certain transition elections and exceptions disclosed in note 37, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2011 throughout all periods presented, as if these policies had always been in effect. Note 37 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2011 prepared under Nigerian GAAP.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The financial statements were authorised for issue by the Board of Directors on 26th of March, 2013. The owners of Beta Glass Plc do not have the right to change the issued financial statements after it has been approved by the Board and accepted at the AGM.

The financial statements have been prepared using a rounding level of N1000.

2.1.1 Going concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

2.1.2 Changes in accounting policy and disclosure

New standards and interpretations issued but not yet effective and not early adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a material impact on the financial statements of the company.

2.2 Segment reporting

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

Notes to the financial statements (continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of Beta Glass PLC is the Nigerian naira (N).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the foreign exchange gain in profit or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. 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 group and the cost can be measured reliably. All other repairs and maintenance costs including costs of fixed assets below N50,000 are charged to profit or loss during the financial period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings 3%

Plant and machinery:
- Furnaces 14%
- Factory equipment and tools 10%
- Quarry equipment and machinery 20%
- Other plant and machinery 10%

Computer equipment 25%

Motor vehicles 20%
Furniture, Fittings and equipment:
- Office and house equipment 15%
- Household furniture and fittings 20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Interest costs on borrowings specifically used to finance the acquisition of property, plant and equipment are capitalized during the period of time required to prepare and complete the asset for its intended use. Other borrowing costs are recorded in the profit or loss as expenses. There have been no qualifying assets in the current period.

2.5 Intangible assets

Computer software

Capitalized software licenses are acquired and carried at acquisition cost less accumulated amortization, less any accumulated impairment. They are amortized using the straight-line method over five (5) years. Computer software maintenance costs are recognized as expenses in the profit or loss as incurred.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the financial statements (continued)

2.7 Financial assets

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.7.1 Classification

Management determines the classification of its financial instruments at initial recognition.

The company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The company did not own any financial assets that can be classified as fair value through profit and loss or available-for-sale financial assets during the periods presented in these financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

2.7.2 Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently they are carried at amortised cost using the effective interest method.

2.7.3 Impairment of financial assets

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result an event that occurred after the initial recognition of the asset and that loss event has an impact in the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing financial difficulty, default in interest or principal payments, or the probability that they will enter bankruptcy and where there is an indication of a decrease in the estimated future cash flows.

For loans and receivables, the amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced and the loss is recognised 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 reversal of the previously recognised impairment loss is recognised in profit or loss.

2.8 Financial liabilities

Financial liabilities at amortized cost include trade and other payables, bank overdraft and long-term loan.

Recognition and measurement

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

2.9 Offsetting 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.

Notes to the financial statements (continued)

2.10 Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition.

The cost of engineering spares and raw materials is determined using the weighted average method.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

2.12 Cash, cash equivalents and bank overdrafts

Cash and cash equivalent include cash on hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

2.13 (a) Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

(b) Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

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

No borrowing costs were capitalised in 2012 as there were no qualifying assets.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Current and deferred income tax

The tax for the period comprises current, education and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Notes to the financial statements (continued)

2.15 Current and deferred income tax (continued)

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 goodwill or 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 except where the Group 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.16 Employee benefits

Pension scheme

(a) Defined contribution scheme

The company operates a defined contribution retirement benefit scheme for all its full time employees.

Under the defined contribution retirement benefit scheme, 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. The company's contributions to the defined contribution schemes are charged to the profit or loss account in the year to which they relate.

(b) Defined benefit gratuity scheme

Effective from 2012, the company operates a post employment benefit scheme into which a fixed percentage of staffs' annual emolument is recognised. No contribution is made by the staff and interest of 8% per annum is given to staff on the liability held. The plan is unfunded.

In the previous period, the company operated a service gratuity scheme based on final salary and number of years of employment. This was calculated annually by independent actuaries using the projected unit credit method. The liability recognised in the statement of financial position in respect of the service gratuity scheme is the present value of the defined benefit obligation at the reporting date, together with adjustments for actuarial gains/losses and past service cost. The plan was unfunded.

Actuarial gains and losses were recognized in full in the period in which they occured, in other comprehensive income and cumulated in other reserves without recycling to profit or loss in subsequent periods. Current service cost, the recognized element of any past service cost and the interest expense arising on the pension liability are included in the comparative period in the same line items in profit or loss as the related compensation cost.

2.17 Export expansion grant

Export expansion grants (EEG) from the government are recognized at fair value when there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions.

The following conditions must be met by the company in order to receive the EEG:

- The exporter must be registered with the Nigerian Export promotion Council (NEPC)
- An exporter must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- An exporter-company shall submit its baseline data which includes audited Financial Statement and information on operational capacity to NEPC.
- An eligible exporter shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 180 days, calculated from the date of export and as approved by the EEG Implementation Committee.

Notes to the financial statements (continued)

2.18 Revenue recognition

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated net of discounts, returns and value added taxes.

Sales of goods

Sale of glass bottles arises from both domestic and foreign sales to third parties. Revenue from the sale of goods is recognized when the significant risks and rewards of owning the goods are transferred to the buyer. Where goods are picked up by customers, risk is transferred immediately. Where goods are delivered, Beta Glass bears the risk in transit and the risk transfers when the goods are delivered. For export sales risk and rewards transfer when goods are loaded.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The Company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Company's risk management programme is to minimise potential adverse impacts on the Company's financial performance.

Risk management is carried out in line with policies approved by the board of directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the Treasury manager, which aims to effectively manage the financial risk of Beta Glass, according to the policies approved by the Board of Directors. The treasury manager identifies and monitors financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Company's financial instruments consist of trade and other receivables and trade and other payables, bank overdraft, cash and cash equivalents and loan.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Company buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to countries such as Angola, Benin, Burkina Faso, Cameroon, Gabon, Ghana, Mauritius, Sierra Leone and Togo are in US dollars. The Company makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions.

At 31 December 2012, if the Naira had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have decreased/increased by N34.22m (2011: N76.97m) mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated bank balances.

(ii) Price risk

The Company is not exposed to price risk as it does not hold any equity instruments.

(iii) Interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings are issued at floating rates exposing the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. The Company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits. Beta Glass Plc took out a long term loan of $12.25million in the last quarter of 2012. The loan is denominated in US dollars.

At 31 December 2012, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, the effect on post-tax profit for the year would have been a decrease/increase of N5.07 million .

Notes to the financial statements (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Company uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks. At the year end, Beta Glass Plc considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security.

The table below analyses the company's financial assets into relevant maturity groupings as at the reporting date.

31 December 2012

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 150 days**	**Over 150 days**
Cash and cash equivalents (Note 18)	1,073,591	-	-	-
Trade receivables (Note 17)	-	2,725,598	58,214	126,900
Receivables from related parties (Note 17)	4,290,289	-	-	-
Staff advances (Note 17)	84,803	-	-	-
	5,448,683	**2,725,598**	**58,214**	**126,900**

31 December 2011

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 150 days**	**Over 150 days**
Cash and cash equivalents (Note 18)	1,174,463	-	-	-
Trade receivables (Note 17)	-	1,604,023	59,322	129,993
Receivables from related parties (Note 17)	2,041,171	-	-	-
Staff advances (Note 17)	82,514	-	-	-
	3,298,148	**1,604,023**	**59,322**	**129,993**

31 December 2010

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 150 days**	**Over 150 days**
Cash and cash equivalents (Note 18)	830,012	-	-	-
Trade receivables (Note 17)	-	1,845,827	143,712	139,839
Receivables from related parties (Note 17)	873,735	-	-	-
Staff advances (Note 17)	61,575	-	-	-
Other receivables (Note 17)	78,318	-	-	-
	1,843,640	**1,845,827**	**143,712**	**139,839**

An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

Credit rating	**2012** N'000	**2011** N'000	**2010** N'000
B+	470	180,692	1,581
AAA	803,470	902,949	827,122
Aa+	269,651	90,823	1,310
	1,073,591	**1,174,463**	**830,012**

Notes to the financial statements (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the Company does not breach borrowing limits on any of its borrowing facilities. The Company manages liquidity risk by effective working capital and cash flow management.

Beta Glass Plc invests its surplus cash in interest bearing current accounts. At the reporting date the company had N1.07 billion in current accounts.

The table below analyses the Company's financial liabilities and into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2012	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	N'000	N'000	N'000	N'000
Financial liabilities:				
Trade and other payables	4,341,099	-	-	4,341,099
Borrowings (principal and interest)	133,528	1,068,628	1,002,233	2,204,389
Bank overdraft	17,883	-	-	17,883
Amount due to staff	-	-	1,633,003	1,633,003
	4,492,511	**1,068,628**	**2,635,236**	**8,196,374**

At 31 December 2011	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	N'000	N'000	N'000	N'000
Financial liabilities:				
Trade and other payables	3,074,508	-	-	3,074,508
Bank overdraft	2,740	-	-	2,740
Amount due to staff	-	-	1,633,385	1,633,385
	3,077,248	**-**	**1,633,385**	**4,710,633**

At 31 December 2010	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	N'000	N'000	N'000	N'000
Financial liabilities:				
Trade and other payables	3,234,790	-	-	3,234,790

The long term borrowing is a three year loan which includes a 15 month moratorium on principal only. Interest is paid quarterly at LIBOR +6%.

3.2 Capital risk management

The objective in managing capital is to safeguard the Company's ability to continue as a going concern to in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the Company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at 31 Dec 2012 and 2011 are as follows:

	2012	**2011**
	N'000	N'000
Total debt	845,530	(1,171,723)
Total equity	12,455,803	11,327,212
Gearing ratio	**6%**	**-**

The increase in the gearing ratio resulted from the loan facility obtained in 2012.

Notes to the financial statements (continued)

3.3 Financial instruments which are carried at other than fair value

The carrying value of all financial assets and financial liabilities is a reasonable approximation of fair value. No further disclosure is required.

4 Critical accounting estimates and judgements

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates made in the preparation of the financial statements is shown below.

Plant and machinery

Plant and machinery is depreciated over its useful life. Beta glass estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

5 Segment information

IFRS 8 'Operating segments requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board of Directors which includes executive directors and other key management. It is the Board of Directors that has responsibility for planning and controlling the activities of the Company.

The company's reportable segment has been identified on a product basis as glass bottles. Beta Glass is a one segment business.

Customer sales greater than 10% of sales of Beta Glass Plc:

	2012 N'000	%	**2011** N'000	%
Customer 1	3,143,462	24	3,470,159	27
Customer 2	2,340,480	18	1,511,386	12
Customer 3	1,615,800	12	2,269,047	18

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

	2012 N'000	**2011** N'000
Local sales	10,920,348	11,623,428
Export sales	2,012,201	1,102,799
Total revenue	**12,932,549**	**12,726,227**

The Board of Directors assesses the performance of the operating segment based on profit from operations.

	2012 N'000	**2011** N'000
Operating profit	**2,223,343**	**2,336,743**

Notes to the financial statements (continued)

6 Turnover

	31 December 2012 N'000	31 December 2011 N'000
Sales of glassware and bottles in Nigeria	10,952,101	11,623,429
Export sales	2,012,201	1,102,798
Sales discounts and rebates	(31,753)	-
	12,932,549	**12,726,227**

Included in sales of glassware and bottles are sales to related parties of N3.18bn (2011;N3.21bn). See note 32 for further details.

7 Expenses by nature

	31 December 2012 N'000	31 December 2011 N'000
Cost of sales		
Purchases	(3,418,287)	(3,556,378)
Depreciation and amortisation charges (Note 14 & 15)	(1,872,624)	(1,656,102)
Technical assistance fees	(408,191)	(400,876)
Factory salaries and wages (Note 13)	(1,320,818)	(1,338,535)
Fuel, gas and electricity	(1,662,656)	(1,683,948)
Other factory overheads	(1,129,271)	(669,516)
	(9,811,848)	**(9,305,355)**
Administrative expenses		
Depreciation and amortisation charges (Note 14 & 15)	(90,947)	(74,380)
Auditors remuneration	(19,184)	(14,400)
Legal & professional fees	(85,660)	(78,932)
Advertising costs/sales promotion	(17,695)	(15,018)
Salaries and wages (Note 13)	(331,883)	(289,435)
Other employee costs and benefits (Note 13)	(87,673)	(90,690)
Post employment benefits (Note 13)	(187,098)	(6,773)
Directors' remuneration (Note 13)	(8,340)	(8,386)
Head office administrative charge	(258,651)	(254,525)
Travel and transportation	(66,975)	(72,372)
Donations	(120)	(205)
Other administrative income/(expenses)	13,214	(232,850)
	(1,141,012)	**(1,137,966)**
Distribution costs		
Selling and distribution expense	(118,163)	(67,666)
	(118,163)	**(67,666)**
Total cost of cost of sales, administrative expenses and distribution costs	**(11,071,023)**	**(10,510,987)**

8 Other income

	31 December 2012 N'000	31 December 2011 N'000
(Loss)/Profit on disposal of property plant and equipment	(6,025)	2,376
Proceed from sale of scraps	314,557	106,696
	308,532	**109,072**

Notes to the financial statements (continued)

9 Foreign exchange gain

	31 December 2012 N'000	31 December 2011 N'000
Foreign exchange gains	53,285	12,431
	53,285	**12,431**

10 Finance income and expenses

	31 December 2012 N'000	31 December 2011 N'000
Finance income		
Bank interest income	1,018	-
Finance cost		
Bank interest on overdrafts	-	(36,386)
Interest expense on loans	(367,272)	-
Net finance cost	**(366,254)**	**(36,386)**

11 Income tax expense

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Income tax	289,065	462,033	114,137
Education tax	75,019	71,664	59,410
	364,084	533,697	173,547
Deferred tax provision/(write back) Note 21	164,425	(8,000)	273,088
Tax expense	**528,509**	**525,697**	**446,635**

The current tax charge has been computed at the applicable rate of 30% (31 December 2012: 30%) plus education levy of 2% (31 December 2012:2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductable expenses include items such as donations and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as export profits and gain on disposal of fixed assets which are not taxable.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

11.1 Effective tax reconciliation

	31 December 2012 N'000	31 December 2011 N'000
Profit before tax	1,857,089	2,300,357
Tax at the Nigeria Corporation Tax rate of 30% (2011:30%)	557,127	690,107
Tax effects of:		
Non chargeable income	(72,241)	(205,616)
Non deductible expenses	11,784	6,688
Effect of education tax	75,019	71,664
Effect of tax incentive	(43,179)	(37,145)
Tax charge for the year	**528,509**	**525,697**

Notes to the financial statements (continued)

11.2 The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Before tax N'000	Tax charge/(credit) N'000	After tax N'000
Actuarial gains or losses	472,385	(141,716)	330,670
	472,385	(141,716)	330,670
Split between:			
Current tax		-	
Deferred tax		(141,716)	

12 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	31 December 2012 N'000	31 December 2011 N'000
Profit attributable to shareholders of the Company	1,328,580	1,774,660
Weighted average number of ordinary shares in issue	499,972	499,972
Basic Earnings per share (Naira)	2.66	3.55

Diluted EPS is the same as the Basic earning per share as there are no potential securities convertible to ordinary shares.

13 Particulars of directors and staff

a The average number of persons, excluding directors, employed by the company during the year was as follows:

	31 December 2012 Number	31 December 2011 Number
Management	296	280
Factory	371	384
Sales and Administration	9	12
	676	**676**

b The number of the employees in Nigeria with gross emoluments excluding retirement benefits within the bands stated below were:

	31 December 2012 Number	31 December 2011 Number
N200,001 - N400,000	-	-
N400,001 - N600,000	-	125
N600,001 - N800,000	102	80
N800,001 - N1,000,000	98	131
N1,000,001 - N1,200,000	99	107
N1,200,001 - N1,400,000	125	62
N1,400,001 - N1,600,000	57	42
N1,600,001 - N1,800,000	44	26
N1,800,001 - N2,000,000	32	13
N2,000,001 - N2,500,000	45	30
N2,500,001 - N3,000,000	22	20
Over N3,000,000	52	40
	676	**676**

Notes to the financial statements (continued)

13 Particulars of directors and staff (continued)

c Staff costs for the above persons (excluding executive Directors):

	31 December 2012 N'000	31 December 2011 N'000
Wages and salaries	1,652,701	1,627,970
Pension costs - defined contribution plans	56,045	64,710
Pension costs - defined benefit scheme	131,053	(57,937)
Other employee costs and benefits	87,673	90,690
	1,927,472	**1,725,433**

e Directors' emoluments

The remuneration paid to the Directors of the Company was:

	31 December 2012 N'000	31 December 2011 N'000
Short term benefits	8,340	8,386
Amount paid to the highest paid director	4,642	3,708

This includes fees, sitting allowance and travel expenses.

The number of directors of the company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the company fell within the following ranges:

	31 December 2012 Number	31 December 2011 Number
N150,000 - N500,000	4	4
N500,001 - N5,000,000	4	4
	8	**8**

14 Property plant and equipment - see page 49

Notes to the financial statements (continued)

15 Intangible Assets

	Computer Software N'000
Cost	
As at 1 January 2011	12,526
Additions	1,953
As at 31 December 2011	14,480
Additions	18,427
As at 31 December 2012	32,907
Accumulated amortisation and impairment:	
At 1 January 2011	-
Amortisation charge for the year	(1,497)
As at 31 December 2011	(1,497)
Amortisation charge for the year	(4,003)
As at 31 December 2012	(5,501)
Net book value	
As at 1 Jan 2011	12,526
Cost	14,480
Accumulated amortisation and impairment:	(1,497)
As at 31 December 2011	12,982
Cost	32,907
Accumulated amortisation and impairment:	(5,501)
As at 31 December 2012	27,406

The remainining amortization period of the intangible asset is between 3 and 4 years.

16 Inventories

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Raw materials - cost	759,198	676,718	802,207
Work in progress - cost	18,188	24,527	30,402
Finished goods - cost	729,291	691,996	769,169
Spare parts and consumables - cost	1,025,371	1,056,262	1,016,921
	2,532,049	2,449,502	2,618,698
Goods in transit - cost	117,100	449,880	375,728
	2,649,148	**2,899,382**	**2,994,426**

Analysis of value of inventories charged to income statement is as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Cost of inventories included in cost of sales	**8,093,900**	**8,638,958**	**7,015,939**

Notes to the financial statements (continued)

17 Trade and other receivables

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Trade receivables	2,910,712	1,793,339	2,129,378
Prepayments	1,556,049	916,812	810,330
Other receivables	-	-	78,318
Staff advances	84,803	82,515	61,578
Receivables from related parties (Note 32)	4,290,289	2,041,171	873,735
Total	**8,841,853**	**4,833,837**	**3,953,339**

There is no impairment charge against trade receivables in 2012, 2011 and 2010. All trade receivables are current.

18 Cash and cash equivalents

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Cash in hand	3,800	1,700	3,022
Cash at bank	631,989	562,740	435,521
Domiciliary account balance	437,802	610,023	391,469
Cash and cash equivalents	**1,073,591**	**1,174,463**	**830,012**

For the purpose of the cash flow statement, cash and cash equivalents comprise of: cash in hand, cash at bank, domicillairy account balance and bank overdraft.

Cash and cash equivalents	1,073,591	1,174,463	830,012
Bank overdrafts (Note 19)	(17,883)	(2,740)	-
	1,055,708	**1,171,723**	**830,012**

19 Borrowings

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Bank overdraft	17,883	2,740	-
Long term loan	1,901,238	-	-
	1,919,121	**2,740**	**-**

The company obtained a long term loan of $12.25million (2011; Nil) in the last quarter of 2012. The long term borrowing is a three year loan denominated in USD, which includes a 15 month moratorium on principal only. Interest and principal repayments are made quarterly at LIBOR +6%. The amortised cost of the loan in naira is N1.90bn.

20 Amount due to employees

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
As at 1 January	1,633,385	-	-
Transfer from post employment benefit (Note 22)	-	1,633,385	-
Interest and provision for the year	130,071	-	-
Payment during the year	(130,453)	-	-
As at 31 December	1,633,003	1,633,385	-

Amount due to employees relates to the terminated defined benefit scheme. See note 22

Notes to the financial statements (continued)

21 Deferred tax liabilities

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
The analysis of deferred tax liabilities is as follows:			
Deferred tax liability to be recovered after more than 12 months	1,574,905	1,410,480	1,617,210
Deferred tax liability to be recovered within 12 months	-	-	149,716
	1,574,905	1,410,480	1,560,195

The movement in deferred tax is as follows:

Deferred tax liability	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
At start of year	1,410,480	1,560,195	1,328,744
Changes during the year:			
- Credit on actuarial loss (Note 11.2)	-	(141,716)	(41,637)
- Charge/(credit) to profit or loss (Note 11)	164,425	(8,000)	273,088
At end of year	1,574,905	1,410,480	1,560,195

	Property plant and equipment N'000	Employee retirement benefit N'000	Provisions N'000	Total N'000
At 1 January 2011	1,970,333	(297,974)	(112,164)	1,560,195
Charged/(credited) to income statement	(42,024)	(11,189)	45,213	(8,000)
Charged/(credited) to other comprehensive income	-	(141,716)	-	(141,716)
At 31 December 2011	**1,928,309**	**(450,879)**	**(66,951)**	**1,410,480**
Charged/(credited) to income statement	175,812	(78,338)	66,951	164,425
At 31 December 2012	**2,104,121**	**(529,217)**	**-**	**1,574,905**

22 Retirement benefit obligations

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Statement of financial position obligations for:			
Defined benefit scheme	131,053	-	1,316,582
Defined contributory scheme	-	-	-
Liability in the statement of financial position	**131,053**	**-**	**1,316,582**

The company operates a defined contributory and a defined benefit scheme. In 2011, the company terminated the defined benefit scheme and replaced it with a new post employment benefit scheme.

Notes to the financial statements (continued)

22 Retirement benefit obligations (continued)

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Profit or loss charge for:			
Defined pension benefits	131,053	(57,937)	240,353
Defined contribution scheme	56,045	64,710	55,428
	187,098	**6,773**	**295,781**
Actuarial losses recognised in the statement of other comprehensive income in the year	-	472,385	138,790
Reversal of actuarial loss on termination of defined benefit scheme	-	(611,175)	-
Cumulative actuarial losses recognised in the statement of comprehensive income	-	-	138,790

(a) Pension benefits

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Present value of unfunded obligations	131,053	-	1,316,582
Liability in the statement of financial position	**131,053**	**-**	**1,316,582**

The movement in the defined benefit obligation over the year is as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
At 1 January	-	1,316,582	1,166,810
Current service charge	121,345	57,452	69,762
Interest cost	9,708	104,092	170,591
Actuarial (gains)/losses	-	472,385	138,790
Benefits paid	-	(97,645)	(229,371)
Curtailments (gain)/loss	-	(219,481)	-
	131,053	**1,633,385**	**1,316,582**
Transfer to amount due to staff on termination of scheme (Note 20)	-	(1,633,385)	-
At 31 December	**131,053**	**-**	**1,316,582**

The amounts recognised in profit or loss are as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Current service cost	121,345	57,452	69,762
Interest cost	9,708	104,092	170,591
Curtailment gain	-	(219,481)	-
Total included in staff costs	131,053	(57,937)	240,353

Notes to the financial statements (continued)

22 Retirement benefit obligations (continued)

(a) Pension benefits (continued)

The principal actuarial assumptions were as follows:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Discount rate	-	-	0.11
Future salary increases	-	-	0.1
Future pension increases	-	-	0.1

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

These tables translate into an average life expectancy in years for a pensioner retiring at age 65.

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Retiring at the end of the reporting period			
- Male	-	-	14
- Female	-	-	14
Retiring 20 years after the end of the reporting period			
- Male	-	-	30
- Female	-	-	30

The defined benefit scheme was terminated in 2011 and the final liability is held by the company as an amount due to staff at annual interest rate of 8%. Employees will be entitled to take the amount due to them and the accrued interest thereon at the time of disengagement from the company.

In 2012, the company commenced a new post employment benefit scheme into which a fixed percentage of staffs' annual emolument is booked. No contribution is made by the staff and interest of 8% per annum is charged on the outstanding balance.

23 Trade and other payables

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Trade payables	2,046,935	1,134,697	662,088
Social security and transaction taxes	241,058	144,435	107,703
Accrued expenses and other payables	472,574	482,927	651,986
Amounts due to related parties (Note 32)	1,580,532	1,312,449	1,813,013
	4,341,099	**3,074,508**	**3,234,790**

All trade payables are due within twelve (12) months.

24 Tax payable

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
The movement in tax payable is as follows:			
At 1 January	573,157	267,517	216,343
Provision for the year (Note 11)	364,084	533,697	173,547
Payment during the year	(549,295)	(228,057)	(122,373)
	387,946	**573,157**	**267,517**

Notes to the financial statements (continued)

25 Dividend payable

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
At 1 January	108	14,171	14,150
Dividend declared during the year	199,989	189,989	179,990
Prior years unclaimed dividend	13,529	-	-
Prior years unclaimed dividend paid during the year	-	(14,063)	-
Dividend paid during the year relating to prior year (Note 28)	(199,989)	(189,989)	(179,969)
At 31 December	**13,637**	**108**	**14,171**
Dividend per share (Naira)	**0.40**	**0.38**	**0.36**

26 Share capital

a Authorised:

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
600,000,000 ordinary shares of 50kobo each	300,000	300,000	300,000
Allotted, called up and fully paid:			
499,972,000 ordinary shares of 50k each	**249,986**	**249,986**	**249,986**

Sale of Beta Glass Plc shares took place in April and May 2012. Frigoglass Industries (Nigeria) Limited (FINL) purchased an additional 7,257,773 shares from the stock market. There was no change in the overall number of shares. This sale does not represent a change in control of Beta Glass Plc.

	31 December 2012		31 December 2011	
	Number of shares	%	Number of shares	%
Frigoglass Industries Nigeria Limited	309,391,133	61.88	302,133,360	60.43
Delta - Invest Holdings Limited	40,833,131	8.17	40,833,131	8.17
Delta State Ministry of Finance Incorporated	30,508,549	6.10	30,508,549	6.10
Others	119,239,187	23.85	126,496,960	25.30
	499,972,000	100.00	499,972,000	100.00

b Share premium

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Share premium	312,847	312,847	312,847

27 Other reserves

	N'000
At 1 January 2011	2,429,942
At 31 December 2011	2,429,942
At 31 December 2012	2,429,942

Other reserves represents furnace rebuilt reserve set aside from retained earnings in previous years and the amount is not available for distribution to the equity holders of the company.

Notes to the financial statements (continued)

28 Retained earnings

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
At start of year	8,334,437	7,080,436	4,632,618
Dividend paid during the year relating to prior year (note 25)	(199,989)	(189,989)	(179,969)
Profit for the year	1,328,580	1,774,660	2,724,940
Actuarial loss for the year - net of tax	-	(330,670)	(97,153)
At end of year	**9,463,028**	**8,334,437**	**7,080,436**

29 Cash generated from operating activities

	31 December 2012 N'000	31 December 2011 N'000
Profit before tax	1,857,089	2,300,357
Adjustment for:		
Depreciation of fixed assets (Note 14)	1,959,562	1,728,986
Amortisation of intangible assets (Note 15)	4,003	1,497
Loss/(profit) on disposal of property, plant and equipment	6,025	(2,376)
Net retirement benefit obligations charged/(credit) to profit or loss (Note 22)	131,053	(57,937)
Interest income (Note 10)	(1,018)	-
Interest paid (Note 10)	367,272	36,386
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(4,008,016)	(880,500)
Decrease in inventories	250,234	95,044
Increase/(decrease) in trade and other payables	1,266,591	(160,282)
Increase in amount due to staff	(382)	-
Net cash generated from operations	**1,832,413**	**3,061,177**

30 Export expansion grant

The export expansion grant (EEG) scheme is a government scheme for the stimulation and development of the non-oil export sector. EEG rates are applicable to exporters under three categories, one of these is Manufacturing: processed to finished products of Nigerian origin which Beta Glass Plc falls under.

To qualify under this scheme, the qualifying export transaction must have the proceeds fully repatriated within 180 days from the date of export and as approved by the EEG Implementation Committee.

The EEG is recognised as a credit to cost of sales and a receivable is booked when there is objective evidence that the export proceeds have been repatriated into Nigeria.

	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
EEG balance as at 31 December	1,418,826	828,652	698,361

Notes to the financial statements (continued)

14 Property, plant and equipment

	Land	Building	Plant and Machinery	Furniture fittings and equipment	Motor Vehicles	Furnaces	Assets under Construction	Total
	N'000	N'000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost or valuation:								
At 1 January 2011	168,540	1,441,885	12,300,380	277,559	247,011	3,281,372	296,633	18,013,381
Additions	-	61,235	1,094,467	26,738	55,626	60,845	854,988	2,153,899
Disposals	-	-	(436,504)	(1,569)	(10,688)	-	-	(448,761)
Reclassifications	-	30,612	213,760	12,692	4,773	11,573	(273,410)	-
At 31 December 2011	**168,540**	**1,533,732**	**13,172,103**	**315,420**	**296,722**	**3,353,790**	**878,212**	**19,718,519**
At 1 January 2012	168,540	1,533,732	13,172,103	315,420	296,722	3,353,790	878,212	19,718,518
Additions	-	43,329	1,158,737	27,591	59,800	872,219	570,264	2,731,940
Disposals	-	-	(16,938)	(23,359)	(9,574)	(2,823)	-	(52,694)
Reclassifications	-	-	912,835	-	-	-	(912,835)	-
At 31 December 2012	**168,540**	**1,577,061**	**15,226,737**	**319,652**	**346,948**	**4,223,185**	**535,641**	**22,397,764**
Depreciation:								
At 1 January 2011	-	257,737	6,731,701	227,951	171,199	1,948,629	-	9,337,217
Charge for the year	-	47,213	1,230,289	25,760	44,603	381,121	-	1,728,986
On disposals	-		(436,503)	(1,420)	(10,688)	-	-	(448,611)
At 31 December 2011	**-**	**304,950**	**7,525,487**	**252,291**	**205,115**	**2,329,750**	**-**	**10,617,593**
At 1 January 2012	-	304,950	7,525,487	252,291	205,115	2,329,750	-	10,617,593
Charge for the year	-	49,831	1,408,063	26,002	53,138	422,528	-	1,959,562
On disposals	-	-	(15,045)	(16,518)	(9,574)	(2,823)	-	(43,960)
At 31 December 2012	**-**	**354,781**	**8,918,506**	**261,775**	**248,679**	**2,749,454**	**-**	**12,533,195**
Net book value:								
At 31 December 2012	**168,540**	**1,222,280**	**6,308,231**	**57,876**	**98,269**	**1,473,731**	**535,641**	**9,864,569**
At 31 December 2011	**168,540**	**1,228,782**	**5,646,616**	**63,129**	**13,214**	**1,024,040**	**878,212**	**9,100,926**
At 31 December 2010	**168,540**	**1,441,885**	**5,568,679**	**49,608**	**75,812**	**1,332,743**	**296,633**	**8,676,163**

Assets under construction represents value of plant and machinery in progress. On completion, the assets will be capitalized and subsequently depreciated.

Notes to the financial statements (continued)

32 Related parties

The company is a member of the Frigoglass group and is thus related to other subsidiaries of the Company through common shareholdings or common directorships. Transactions arising from dealings with related parties are as detailed below.

The Company is controlled by Frigoglass Industries Nigeria Limited which holds 61.9% (2011- 60.43%) of the company's issued ordinary shares. The remaining 23% of the shares are widely held. The ultimate holding company, Frigoglass S.A.I.C (incorporated in Greece).

The following companies are related parties of Beta Glass Plc:

Frigoglass S.A.I.C - Ultimate parent and ultimate controlling party
Frigoglass Industries (Nigeria) Limited - Parent company
Deltainvest Services Ltd.Cyprus - Intermediate parent company
Nigerian Bottling Company - Shareholder with power to participate in the operating and financial decisions of the parent company of Beta Glass Plc

a Remuneration of key management personnel

Key management personnel includes the Board of directors (executive and non executive) and members of the Executive Committee . The compensation paid or payable to key management for employee services is shown below:

	31 December 2012 N'000	31 December 2011 N'000
Short term benefits (Note 13)	8,340	8,386
Amount paid to the highest paid director	4,642	3,708
Amount paid to Chairman	4,642	3,708

b The number of directors of the Company based on range emolument is as below:

	31 December 2012 Number	31 December 2011 Number
N150,000 - N500,000	4	4
N500,001 - N5,000,000	4	4
	8	8

c Transactions with related parties

The following transactions took place between the Company and its related parties during the year:

c(i) Sales of goods and services

	31 December 2012 N'000	31 December 2011 N'000
Sales of goods:		
Nigerian Bottling Company	3,175,284	3,206,000
	3,175,284	3,206,000

Goods are sold based on the price lists in force and credit period ranging from 30 to 60 days

Notes to the financial statements (continued)

c Transactions with related parties (continued)

c(ii) Purchases of goods and services

	2012 N'000	2011 N'000
Purchases of goods:		
Frigoglass Ireland - common ultimate parent and ultimate controlling party	1,544,164	1,980,000
Frigoglass Kato Achaia - common utlimate parent and unltimate controlling party	709	-
Purchase of services:		
Deltainvest Services Ltd. Cyprus	408,191	400,900
Frigoglass Industries (Nigeria) Limited	258,651	254,500
	2,211,715	2,635,400

During the year, the Company purchased Soda ash from Frigoglass Ireland at a cost of N1,544million (2011 -N1980 million). The amount repayable at the year end was N348million (2011 - N748.9 million)

The transaction with Delta Invest Holdings Limited was for the supply of technical expertise to Beta Glass Plc at a cost of 3% of sales. The balance at the year end is N350,654 (2011 - N357,573)

d Due to related companies

This represents the balance due to related parties stated below as at year end:

	Description:	2012 N'000	2011 N'000
Kato Achaia (Plant & SO Hellas)	Purchases of goods	3,301	3,258
Frigoglass Industries (Nigeria) Limited	Payments made on behalf of Beta Glass Plc	629,067	202,723
Deltainvest Services Ltd. Cyprus	Purchase of services	350,655	357,573
Frigoglass Ireland	Purchase of raw materials	347,509	748,895
Frigoglass Industries (Nigeria) Limited	Intercompany payable	250,000	-
		1,580,532	1,312,449

e Due from related companies

This represents the balance due to related parties stated below as at year end:

	Description:	2012 N'000	2011 N'000
Frigoglass Industries (Nigeria) Limited	Payments made by Beta Glass Plc on behalf of Frigoglass (Nigeria) Limited	840,289	41,171
Frigoglass Industries (Nigeria) Limited	Intercompany receivable	3,450,000	2,000,000
		4,290,289	2,041,171

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

The payables to related parties arise mainly from purchase transactions are due 30 to 60 days after the date of purchase. The payables bear no interest.

Notes to the financial statements (continued)

33 Contingent liabilities

Legal proceedings

The company is presently involved in three (3) litigation suits as at 31 December 2012. The claims against the company from the suits amount to N67 million as of reporting date. No provision has been made for these claims as based on legal advice, the directors believe that no significant loss will eventuate (December 2011: Nil).

34 Capital commitments

The company had no capital commitments as at 31 December 2012 (31 December 2011: Nil).

35 Subsequent events

A dividend in respect of the year ended 31 Dec 2012 of 34 kobo per share, amounting to a total dividend of N169,990,480 was declared at the board meeting held on 26 March 2013 . These financial statements do not reflect this dividend payable.

There were no other post balance sheet events which could have had a material effect on the state of affairs of the company as at 31 December, 2012 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

36 Compliance with regulatory bodies

The Company paid the sum of N3.5 million as a fine to the Financial Reporting Council. This was a penalty of non-compliance matters with respect to NGAAP noted in the annual financial statements for the year ended 31 December 2011.

37 Explanation of transition to IFRS

As stated in note 2.1, these are the Company's first financial statements prepared in accordance with IFRS. The Company has applied IFRS 1 in preparing these financial statements and the accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 31 December 2012, the comparative information presented in these financial statements for the period ended 31 December 2011, and in the preparation of an opening IFRS balance sheet at 1 January 2011 (the date of the Company's transition to IFRS).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Statements of Accounting Standards issued by the Nigerian Accounting Standards Board ("Nigerian GAAP"). An explanation of how the transition from Nigerian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The most significant IFRS impact for the Company resulted from the implementation of IAS 16 Property, plant and equipment.

In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the Company are summarised below.

37.1 Exceptions and exemptions from full retrospective application - followed by the Company

The Company applied the following mandatory exceptions from retrospective application:

Estimates exception
Estimates under IFRS at 1 Jan 2011 should be consistent with estimates made for the same date under Nigerian GAAP, unless there is evidence that those estimates were in error.

Derecognition of financial assets and liabilities exception
Financial assets and liabilities derecognised before 1 January 2004 are not re-recognised under IFRS.
The Company applied the following optional exemption from retrospective application.

Deemed cost exemption
The company carried the revalued amount of the land and buildings as deemed cost at the transition date. The land and buildings were revalued in August 2003 by Jide Taiwo & Co, a firm of professional valuer at current market values of N1.270 billion plus subsequent additions at cost.

Included below are the reconciliations showing the movements from NGAAP to IFRS for the Statement of Financial Position and Total Comprehensive Income. The cash flow statement did not change materially as a result of the transition from NGAAP to IFRS.

Notes to the financial statements (continued)

37.2 Reconciliation of profit for the period

		12 months ending 31 December 2011		
	Adj. ref.	**N-GAAP** N'000	**Adjustments** N'000	**IFRS** N'000
Revenue		12,726,227	-	12,726,227
Cost of sales	a,c,f,i	(9,568,741)	263,386	(9,305,355)
Gross profit		**3,157,486**	**263,386**	**3,420,872**
Selling and distribution expenses		(67,666)	-	(67,666)
Administrative expenses	c,d,i	(1,118,838)	(19,128)	(1,137,966)
Other income		121,503	(12,431)	109,072
Foreign exchange gain		-	12,431	12,431
Operating profit		**2,092,485**	**244,258**	**2,336,743**
				-
Finance cost		(36,386)	-	(36,386)
Profit before income tax		**2,056,099**	**244,258**	**2,300,357**
Income tax expense	k	(510,319)	(15,378)	(525,697)
Profit for the year		**1,545,780**	**228,880**	**1,774,660**
Other Comprehensive Income:				
Actuarial gains and losses (net of tax)	i	-	(330,670)	(330,670)
Other comprehensive Income (net of tax)		-	(330,670)	(330,670)
Total comprehensive income		**1,545,780**	**(101,790)**	**1,443,990**

Notes to the financial statements (continued)

37.3 Reconciliation of statement of equity between IFRS and Nigerian GAAP and effect of first time adoption at 31/12/2011 and at transition date 01 Jan 2011

Statement of financial position

	Adj. ref.	31/12/2011 Nigerian GAAP N'000	31/12/2011 Adjustments N'000	31/12/2011 IFRSs N'000	1-Jan-11 Nigerian GAAP N'000	1-Jan-11 Adjustments N'000	1-Jan-11 Correction of NGAAP error N'000	1-Jan-11 IFRSs N'000
NON-CURRENT ASSETS								
Intangible assets - Cost	f	-	14,480	14,480	-	12,526		12,526
Intangible assets - Amortisation	f	-	1,497	1,497	-	-		-
		-	**12,982**	**12,982**	**-**	**12,526**		**12,526**
Property, plant and equipment								
Leasehold land and buildings								
Cost		1,702,272	-	1,702,272	1,610,425	-		1,610,425
Accumulated depreciation		(304,950)	-	(304,950)	(257,737)	-		(257,737)
Plant and Machinery								
Cost		13,172,103	-	13,172,103	12,300,380	-		12,300,380
Accumulated depreciation	c	(7,404,285)	(122,649)	(7,526,934)	(6,714,073)	(19,060)		(6,733,133)
Furniture fittings and equipment								
Cost		315,420	-	315,420	277,559	-		277,559
Accumulated depreciation		(252,291)	-	(252,291)	(227,951)	-		(227,951)
Motor vehicles								
Cost		296,722	-	296,722	247,011	-		247,011
Accumulated depreciation		(203,668)	-	(203,668)	(169,767)	-		(169,767)
Furnaces								
Cost		3,353,790	-	3,353,790	3,281,372	-		3,281,372
Accumulated depreciation	c	(2,390,240)	60,491	(2,329,749)	(1,888,138)	(60,491)		(1,948,629)
Assets under construction								
Cost	b,f	869,138	9,074	878,212	292,219	4,414		296,633
Accumulated depreciation		-	-	-	-	-		-
Total PPE COST		**19,709,445**	**9,074**	**19,718,519**	**18,008,966**	**4,414**		**18,013,380**
Total PPE ACC DEPN		**(10,555,434)**	**(62,158)**	**(10,617,592)**	**(9,257,666)**	**(79,551)**		**(9,337,217)**
TOTAL PPE NBV		**9,154,011**	**(53,084)**	**9,100,927**	**8,751,300**	**(75,136)**		**8,676,163**

Notes to the financial statements (continued)

37.3 Reconciliation of statement of equity between IFRS and Nigerian GAAP and effect of first time adoption at 31/12/2011 and at transition date 01 Jan 2011 (continued)

Statement of financial position (continued)

		31/12/2011			1-Jan-11			
	Adj. ref.	Nigerian GAAP N'000	Adjustments N'000	IFRSs N'000	Nigerian GAAP N'000	Adjustments N'000	Correction of NGAAP error N'000	IFRSs N'000
CURRENT ASSETS								
Stocks and work - in - progress	a,b	2,374,900	74,603	2,449,503	2,378,817	239,881		2,618,698
Foreign currency purchased for imports		449,880	-	449,880	375,728	-		375,728
Trade receivables	d	1,717,233	76,106	1,793,339	2,011,980	117,399		2,129,379
Prepayments		916,812	-	916,812	810,330	-		810,330
Other debtors		-	-	-	78,318	-		78,318
Staff debtors		82,514	-	82,514	61,575	-		61,575
Receivables from related parties		2,041,171	-	2,041,171	873,735	-		873,735
Cash in hand		1,700	-	1,700	3,022	-		3,022
Cash at bank	g	560,000	2,740	562,740	435,521	-		435,521
Domiciliary account balance		610,023	-	610,023	391,469	-		391,469
Total current assets		**8,754,233**	**153,449**	**8,907,682**	**7,420,495**	**-**		**7,777,777**
CURRENT LIABILITIES								
Bank loans/overdrafts	g	-	2,740	2,740	933,188	(933,188)		-
Taxation	l	573,157	-	573,157	173,064	-	94,453	267,517
Trade payables		1,134,697	-	1,134,697	662,088	-		662,088
Social security and other taxes		144,435	-	144,435	107,703	-		107,703
Accrued expenses and other creditors		482,927	-	482,927	651,986	-		651,986
Dividend payable		108	-	108	14,171	-		14,171
Amounts due to related parties	g	1,312,449	-	1,312,449	879,825	933,188		1,813,013
Total current liabilities		**3,647,773**	**2,740**	**3,650,513**	**3,422,025**			**3,516,478**
Net current assets		5,106,460	150,709	5,257,169	3,998,470	262,827		4,261,297
Total assets less current liabilities		**14,260,471**	**110,607**	**14,371,078**	**12,749,770**	**958,340**		**12,949,987**
Deferred tax provision	i,k,l	(1,491,778)	81,298	(1,410,480)	(1,609,609)	(45,039)	94,453	(1,560,195)
Retirement Benefit Obligation	i	(1,596,096)	(37,289)	(1,633,385)	(1,323,357)	6,775		(1,316,582)
Total net assets		**11,172,597**	**154,616**	**11,327,213**	**9,816,804**	**256,406**		**10,073,210**
Share capital		249,986	-	249,986	249,986	-		249,986
Share premium		312,847	-	312,847	312,847	-		312,847
Revaluation reserve	h	898,957	(898,957)	-	898,957	(898,957)		-
Furnace rebuilt reserve	e	2,429,942	(2,429,942)	-	2,429,942	(2,429,942)		-
Other reserves	e	-	2,429,942	2,429,942	-	2,429,942		2,429,942
Retained profit		7,280,864	1,053,573	8,334,437	5,925,073	1,155,363		7,080,436
Shareholders' fund		**11,172,596**	**154,616**	**11,327,212**	**9,816,805**	**256,406**		**10,073,211**

Notes to the financial statements (continued)

37.4 Reconciliation to the statement of cash flows

	Adj. ref.	31 December 2011 N-GAAP N'000	Adjustments N'000	IFRS N'000
Cash flows from operating activities				
Profit before tax	a,c,d,f,i	2,056,099	244,258	2,300,357
Adjustment for:				
Depreciation of fixed assets	c	1,746,379	(17,393)	1,728,986
Amortisation of intangible assets	f	-	1,497	1,497
Loss/(profit) on disposal of property, plant and equipment		(2,376)	-	(2,376)
Net retirement benefit obligations charged to profit or loss	i	368,674	45,774	414,448
Net finance cost		36,386	-	36,386
Actuarial loss	i	-	(472,385)	(472,385)
Operating profit before changes in working capital		4,205,162	(198,248)	4,006,914
Changes in working capital:				
(Increase)/decrease in trade and other receivables	d	(921,791)	41,292	(880,500)
Decrease in inventory	a,b	(70,236)	165,281	95,044
Increase/(decrease) in trade and other payables	g,k	758,843	(919,125)	(160,282)
Cash flows from operating activities		3,971,977	(910,801)	3,061,177
Tax paid		(228,057)	-	(228,057)
Retirement obligations paid	i	(95,934)	(1,711)	(97,645)
Net cash flow generated from operating activities		**3,647,986**	**(912,511)**	**2,735,475**
Cash flows from investing activities				
Purchase of property, plant and equipment	b,f	(2,149,240)	(4,659)	(2,153,899)
Purchase of intangible assets	f	-	(1,953)	(1,953)
Proceeds from sale of property, plant and equipment		2,526	-	2,526
Net cash used in investing activities		**(2,146,714)**	**(6,612)**	**(2,153,326)**
Cash flows from financing activities				
Increase/(decrease) in long-term borrowings	g	(933,188)	933,188	-
Net finance cost		(36,386)	-	(36,386)
Dividend paid	j	(189,989)	(14,063)	(204,052)
Net cash flow used in financing activities		**(1,159,563)**	**919,125**	**(240,438)**
Net increase in cash, cash equivalents and bank overdrafts		341,710	-	341,711
Cash, cash equivalents and bank overdrafts at the beginning of the year		830,012	-	830,012
Cash and cash equivalents at the end of the year		**1,171,723**	**-**	**1,171,723**

Notes to the financial statements (continued)

37.5 Adjustments that have arisen due to the transition to IFRS are explained below:

a Under NGAAP, Beta Glass made a general provision on slow moving stock. Under IFRS, the company reversed the general provision. The provision at 31 December 2011 and 31 December 2010 of N98.2m and N256.8m respectively led to an increase in cost of sale by N158.7m in 2011. These do not represent specific provisions made for impairment on inventory but general provisions made in respect of particular classes of assets based on the length of time in which the item has been in inventory. The company has confirmed that related inventories are not impaired.

b Under IFRS, major spare parts and stand-by equipment qualify as property, plant and equipment (PPE) when an entity expects to use them during more than one period and they can only be used with a particular item of PPE. In line with the standard, the company has capitalised N23.6m and N16.9m in 2011 and 2010 respectively from inventory to PPE. No depreciation has been charged on the assets as the company determines 'available for use' to be the point when the spares are placed into the related machines. IFRS requires depreciation to start only when the assets are available for use.

c Under IAS 16 and on transition to IFRS, the Company reviewed the useful lives of it's non financial assets. The useful lives of some assets changed as a result and this led to increase in accumulated depreciation of N121.2m (in 2011) and N17.6m (in 2010) for plant and machinery, N1.45m (in 2011) and N1.43m (in 2010) for production motor vehicles in 2011 and 2010 respectively. The accumulated depreciation on furnace decreased by N60.5m in 2011 and increased by N60.5m in 2010 respectively. The resultant effect was an increase in the depreciation expense of plant and machinery by N103.6m (in 2011) and a decrease in the depreciation expense of furnace of N121m in 2011. This was charged/credited to cost of sales, while the increase in depreciation of production motor vehicles of N0.02m was charged to administrative expenses.

d Under NGAAP, the company made a general provision on trade receivables. Under IFRS, the company reversed the general provision. The provision at 31 December 2011 and 31 December 2010 of N76.1m and N117.4m respectively, was reversed as these do not represent specific provisions made for impairment on trade receivables but general provisions based on the length of time for which a receivable has been due. This resulted to a N41.3m increase in administartive expenses charged in 2011. The company has confirmed that trade receivables are not impaired.

e A reclassification was carried out to show the furnace rebuild reserve as 'Other reserves' on the face of the Statement of Financial Position. This had no impact on the total equity balance.

f Under IFRS, computer software is recognised as an intangible asset unless it is considered to be an integral part of the computer hardware to which it relates. Computer software was reclassified from assets under construction to Intangible assets and amortised over a period of five years. The effect of this adjustment was to decrease property, plant and equipment and increase Intangible assets by N12.5m at 1 Jan 2011 and N14.5m at 31 Dec 2011. This also led to an increase in the amortisation expense for 2011 by N1.5m.

g A reclassification was carried out to correctly show intercompany amounts due to related parties of N933.1m as at 1 January 2011. Also, for the year ended 31 December 2011, bank overdraft of N2.7 million was reclassified from cash in hand and at bank.

h IFRS 1.D6 requires that a first time adopter may elect to use a previous GAAP revaluation as deemed cost if the revaluation was broadly comparable to fair value or depreciated cost. The company elected to use the revalued amount of land and buildings as deemed cost. Hence the revaluation surplus of N899m was transferred to retained earnings on transition date.

i Under IFRS, actuarial valuation report was obtained to appropriately value the defined benefit plan recognised under NGAAP. This led to an increase in the defined benefit plan of N37.3m as at 31 December 2011, a decrease of N6.8m as at 1 January 2011 and a net gratuity expense of N44.1m (N45.8m charge and N1.7m credit) was charged to administrative expense in 2011. The resultant actuarial loss of N472.4m (net of deferred tax credit of N141.7m) charged to administrative expenses in 2011 was reclassified to other comprehensive income, however, interest cost and current service cost of N406.1m recognised under cost of sales in 2011 was reclassified to administrative expenses in the same period. Actuarial loss of N138.8m (net of deferred tax credit of 41.6m), from the actuarial valuation report was recognised directly in retained earnings in 2010.

j Under NGAAP, unclaimed dividend relating to prior years amounting to N14.1m was paid in 2011 but this was not reflected in the NGAAP statement of cash flows. This was corrected in the 2011 IFRS statement of cash flows.

k The net impact of all IFRS adjustments on the NGAAP financial statements gave rise to additional deferred tax charge of N86.7m and N15.4m for 2010 and 2011 respectively.

l A reclassification of N94.5 million was made between deferred tax liability and tax payable. This relates to prior year posting error in the company's NGAAP financial statements but corrected in the 1 January 2011 IFRS numbers.

Statement of value added

	2012 N'000	%	2011 N'000	%
Revenue	12,932,549		12,726,227	
Other income	308,532		109,072	
	13,241,080		12,835,299	
Bought in materials and services				
- Imported	(2,409,330)		(2,380,885)	
- Local	(4,717,370)		(4,661,755)	
	6,114,381	**100.0**	**5,792,660**	**100.0**

Applied as follows:

	2012 N'000	%	2011 N'000	%
To pay employees:				
- Wages, salaries and other benefits	1,927,472	31.5	1,725,433	29.8
To pay providers of capital:				
- Net finance cost	366,254	6.0	36,386	0.6
To pay government:				
- Income tax expense	528,509	8.6	525,697	9.1
To provide for enhancement of assets and growth:				
- Depreciation of plant, property and equipment	1,959,562	32.0	1,728,986	29.8
- Amortisation of intangible assets	4,003	0.1	1,497	0.1
- Profit retained for the year	1,328,580	21.7	1,774,660	30.5
	6,114,381	**100.0**	**5,792,660**	**100.0**

Five year financial summary

	IFRS			NGAAP	
	2012 N'000	**2011** N'000	**2010** N'000	**2009** N'000	**2008** N'000
Assets employed					
Non-current assets	9,891,975	9,113,908	8,688,689	7,953,933	8,772,101
Current assets	12,564,592	8,907,682	7,777,777	5, 276,371	5,132,053
Non-current liabilities	(5,240,199)	(3,043,865)	(2,876,777)	(2,608,888)	(2,191,861)
Current liabilities	(4,760,565)	(3,650,513)	(3,516,478)	(2,097,066)	(4,422,727)
Net assets	12,455,803	11,327,212	10,073,211	8,524,350	7,289,566
Capital employed					
Ordinary share capital	249,986	249,986	249,986	249,986	249,986
Share premium	312,847	312,847	312,847	312,847	312,847
Other reserves	2,429,942	2,429,942	2,429,942	-	-
Revaluation reserve	-	-	-	898,957	898,957
Furnace rebuilt reserve	-	-	-	2,429,942	2,429,942
Retained earnings	9,463,028	8,334,437	7,080,436	4,632,618	3,397,834
Total equity	**12,455,803**	**11,327,212**	**10,073,211**	**8,524,350**	**7,289,566**

	IFRS			NGAAP	
	2012 N'000	**2011** N'000	**2010** N'000	**2009** N'000	**2008** N'000
Turnover	12,932,549	12,726,227	11,168,096	10,561,248	9,075,941
Profit before income tax	1,857,089	2,300,357	1,832,403	1,813,400	1,453,360
Income tax expense	(528,509)	(525,697)	(359,959)	(428,624)	(260,670)
Profit for the year	1,328,580	1,774,660	1,472,444	1,384,776	1,192,690
Other comprehensive income	-	(330,670)	-	-	-
Total comprehensive income	1,328,580	1,443,990	1,472,444	1,384,776	1,192,690
Per share data					
Earnings per share (Naira)	2.66	3.55	2.995	2.77	2.39
Net asset per share (Naira)	24.91	22.66	20.15	17.05	14.58

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is calculated by dividing net assets of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Additional information

1 Major shareholders

	Number of Shares of 50 Kobo each	%
The following shareholders held more than 5% of the issued ordinary shares as at 31 December 2012:		
Frigoglass Industries (Nigeria) Limited	309, 391, 133	61.88
Delta Invest Holding Limited	40, 833, 131	8.17
Delta State Ministry of Finance Incorporated	30, 508, 549	6.10

2 Registered range analysis

Range	No. of Holders	%	Units	%
1 - 5000	4,270	72.42	6,417,256	1.28
5,001 - 10000	642	10.89	4,363,396	0.87
10, 001 - 50000	721	12.23	14,597,485	2.92
50, 001 - 100000	119	2.02	8,228,499	1.65
100, 001 - 500000	113	1.92	20,810,989	4.16
500, 001 - 1000000	13	0.22	8,900,742	1.78
1, 000, 001 and above	18	0.31	436,653,633	87.34
Grand Total	**5,896**	**100.00**	**499,972,000**	**100.00**

3 Unclaimed dividends

Our records show that some dividend warrants have not been presented to the bank for payment.

Similarly, a number of share certificates posted to shareholders have also been returned to us by the post office.

Shareholders concerned are advised to contact the City Securities (Registrars) Limited at Primrose Tower, 17a Tinubu Street, Marina, Lagos. Telephone nos.: (01) 2641298, 7924462
E-mail: cslregistrars@firstcitygroup.com

Share capital history

The issued and fully paid up share capital of the Company as at December 31, 2012 was N249, 986, 000
The share capital had been progressively increased over the years as follows:

Date	Authorised Share Capital Increased		Issued and Fully Paid Up Share Capital Increase		Consideration
	From N	To N	From N	To N	
Nov 20, 1974	3, 000, 000	3, 000, 000	Cash	-	
Dec 13, 1974	3, 000, 000	5, 000, 000	3, 000, 000	5, 000, 000	Cash
Nov 25, 1975	5, 000, 000	6, 000, 000	5, 000, 000	6, 000, 000	Cash
Jul 23, 1977	6, 000, 000	6, 625, 000	6, 000, 000	6, 625, 000	Cash
Oct 2, 1980	6, 625, 000	14, 625, 000	6, 625, 000	14, 625, 000	Cash
Apr 19, 1984	14, 625, 000	20, 625, 000	14, 625, 000	20, 625, 000	Cash
Feb 23, 1990	20, 625, 000	35, 625, 000	20, 625, 000	34, 972, 250	Cash
May 24, 1994	35, 625, 000	80, 625, 000	34, 972, 250	79, 972, 250	Cash (Right Issue 3:2)
Sep 29, 1994	80, 625, 000	155, 625, 000	79, 972, 250	104, 972, 250	Bonus Issue 1 : 3
Sep 2, 1996	155, 625, 000	155, 625, 000	104, 972, 250	100, 000, 000	Pref Share Redemption
March 2, 1998	155, 625, 000	155, 625, 000	100, 000, 000	125, 000, 000	Bonus Issue 1 : 4
Jul 20, 1999	155, 625, 000	250, 000, 000	125, 000, 000	206, 600, 000	Merger of Delta & Guinea Glass
Feb 15, 2001	250, 000, 000	250, 000, 000	206, 600, 000	227, 260, 000	Bonus Issue 1 : 10
Apr 24, 2008	250, 000, 000	300, 000, 000	227, 260, 000	249, 986, 000	Bonus Issue 1 : 10

Contact

Beta Glass PLC

Registered office:
Iddo House, Iddo, Lagos, PO Box 159
Phone: +234 1 7740844,
+234 1 2806700
Fax: +234 1 2806701

Works

Guinea Plant,
KM 32, Lagos Badagry Express Road,
Agbara Industrial Estate, Ogun State

Delta Plant,
KM 17, Warri-Patani Road, P.M.B 48,
Ughelli, Delta State

Proxy form

I/We* ____
(BLOCK CAPITALS)

being a member of **Beta Glass PLC** hereby appoint** ______________________________

or failing him, **CHIEF JOSEPH BABATUNDE OKE, OON** or failing him, **MR GEORGE PAPACHRISTOU** as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday July 3, 2013** and any adjournment thereof.

Resolutions	For	Against
To elect Mr. Torsten Tuerling as a Director		
To re-elect Mr. Abimbola Ogunbanjo as a Director		
To re-elect Chief Chris Avielele as a Director		
To re-elect Mr Gerasimos Varvias as a Director		
To declare a Dividend		

Resolutions	For	Against
To re-elect Prof Caleb Adeniyi Osuntogun as a member of the Audit Committee		
To re-elect Chief Simeon Akinyemi Odubiyi as a member of the Audit Committee		
To re-elect Mr. Peter Knight Okoh as a member of the Audit Committee		

Please indicate with an "X" in the appropriate square how you want your vote to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

Dated this ____________ day of ______________ Shareholder's signature ______________________

NOTE:

A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy and this form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

Following the normal practice, the names of two Directors of the Company have been entered on the form to ensure that someone will be at the meeting to act as your proxy. If you wish, you may insert in the blank space on the form (marked**) the name of any person, whether a member (shareholder) of the Company or not who will attend the meeting and vote on your behalf instead of one of the Directors.

IF YOU ARE UNABLE TO ATTEND THE MEETING, READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

(a) Write your name in CAPITALS on the proxy form where marked*

(b) Write the name of your proxy (if any) where marked**

(c) Ensure that the form is signed by you and duly stamped by the Commissioner of Stamp Duties.

(d) Forward the proxy form so as to reach the address shown overleaf not less than 48 hours before the time for holding the meeting.

(e) If executed by a corporate body, the proxy form must be sealed with the Common seal. This Proxy form should not be completed and sent to the address overleaf if the member will be attending the meeting personally.

This Proxy form should not be completed and sent to the address overleaf if the member will be attending the meeting personally. Before forwarding the above form, please tear off the part below and retain it for admission to the meeting.

Please affix
postage stamp

CITY SECURITIES (REGISTRARS) LIMITED
358 HERBERT MACAULAY WAY
YABA, LAGOS

Electronic delivery mandate form

I, Chief/Mr/Mrs ______________________________

of ______________________________

hereby agree to the electronic delivery of Annual reports and other statutory documents of Beta Glass Plc by choosing the option below:

☐

The Company should forward the materials to the following e-mail address:

Email address ______________________________

Surname ____________________ First name ____________________

Signature ____________________ Date ____________________

Please fill and return the completed form to either:

The Managing Director
City Securities (Registrars) Limited
358 Herbert Macaulay Way
Yaba
Lagos

OR

The Company Secretary
Beta Glass PLC
Iddo House
Iddo
Lagos

Admission card

Please admit ____

(shareholder's full name)

To be completed by shareholder or his duly appointed proxy to the **Annual General Meeting of Beta Glass PLC** which will be held at **Mainland Hotel, Oyingbo, Ebute-Metta, Lagos** on **Wednesday, July 3, 2013** at **12.00 noon**.

This admission card must be produced by the Shareholder or his proxy in order to be allowed to attend the Annual General Meeting.

Temidayo Olaofe (Mrs)
Company Secretary

Number of Shares held

(To be completed by the Company's Official)

Beta Glass PLC (RC 13215)
Annual General Meeting to be held at Mainland Hotel, Ebute-Metta, Lagos on Wednesday, July 3, 2013 at 12.00 noon

Shareholder's full name ____

(To be completed by the Company's Official)

Signature of person attending ____

(To be signed in the presence of the Company's officials at the entrance to the Hall)

Number of Shares held

(To be completed by the Company's Official)

E-bonus and e-dividend mandate form

City Securities (Registrars) Limited

Please fill and return the completed form to:
The Registrar, City Securities (Registrars) Limited, 358 Herbert Macaulay Way, Yaba, Lagos

Date ______________________________

☐ I/We hereby mandate you to include my/our shareholding in Beta Glass Plc among the e-bonus beneficiaries for future bonus issues.

My/our shareholding particulars are:

Surname ______________________________ Other name(s) ______________________________

Address ______________________________

Signature ______________________________

Telephone ______________________________ Email ______________________________

CSCS Clearing House No. ______________________________

Account number ______________________________

Stockbroking firm ______________________________

Official stamp and Authorised Signature:

Note: please ensure that the names are identical with those on your share certificates.

☐ I/We will also like to recieve my/our future dividends directly into my/our bank account electronically through e-dividend.

My/our bank account details are as stated below:

Bank ______________________________ Branch ______________________________

Bank address ______________________________

Account Number ______________________________ Bank Sort Code ______________________________

Official stamp and Authorised Signature:

Signature(s) of the Shareholder(s) ______________________________

RC No. 13215

A Frigoglass Company