# JAPAUL OIL & MARITIME SERVICES PLC

## CONSOLIDATED FINANCIAL STATEMENTS
## 31 DECEMBER 2013

# JAPAUL OIL & MARITIME SERVICES PLC

## CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

**Contents** **Page**

## REPORT OF THE INDEPENDENT AUDITORS

## TO THE MEMBERS OF JAPAUL OIL & MARITIME SERVICES PLC

We have audited the accompanying consolidated financial statements of **Japaul Oil & Maritime Services Plc ("the Company") and its subsidiaries (together, "the Group")**, which comprise the consolidated statement of financial position at 31 December 2013 and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and notes to the financial statements comprising the summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004 and with the requirements of the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal controls as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion:

The consolidated financial statements present fairly, in all material respects, the financial position of **Japaul Oil & Maritime Services Plc and its subsidiaries** at 31 December 2013, and of their financial performance and its cash flows for the year then ended; in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004 and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

The company and its subsidiaries have kept proper books of account, which are in agreement with the consolidated financial position and consolidated statement of comprehensive income as it appears from our examination of their records.

### Other matters

The consolidated financial statements of **Japaul Oil & Maritime Services Plc** and its subsidiaries for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 April 2013.

**Olatunji Ogundeyin,** FCA, FRC/2013/ICAN/00000002224
For: **PKF Professional Services**
**Chartered Accountants**
Lagos, Nigeria

**Date:**

## JAPAUL OIL & MARITIME SERVICES PLC

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 DECEMBER 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Continued operations** | | **2013** | 2012 | **2013** | 2012 |
| | | | Restated | | Restated |
| | **Note** | **N'000** | N'000 | **N'000** | N'000 |
| Turnover | **7** | **13,029,924** | 12,281,714 | **8,031,756** | 7,243,638 |
| Cost of sales | | **(7,123,158)** | (7,282,556) | **(4,590,768)** | (4,711,560) |
| **Gross profit** | | **5,906,766** | 4,999,158 | **3,440,988** | 2,532,078 |
| Other income | **8** | **324,038** | 2,801,139 | **242,284** | 3,076,435 |
| Administrative and general expenses | | **(3,624,980)** | (3,838,353) | **(1,630,478)** | (567,499) |
| Impairment loss | **10** | **(525,187)** | (7,588,350) | **(444,505)** | (6,540,003) |
| **Operating profit/(loss)** | | **2,080,637** | (3,626,406) | **1,608,289** | (1,498,989) |
| Finance costs | | **(1,611,363)** | (2,957,684) | **(1,447,669)** | (2,906,953) |
| Share of loss of associate | | **(9,000)** | - | **(9,000)** | - |
| **Profit/(loss) on continued operations before taxation** | | **460,274** | (6,584,090) | **151,620** | (4,405,942) |
| Tax expense | **11** | **(220,529)** | (191,275) | **(121,816)** | (191,275) |
| **Profit/(loss) on continued operations after taxation** | | **239,746** | (6,775,365) | **29,804** | (4,597,217) |
| **Other comprehensive income** | | | | | |
| Exchange gains on translation of foreign operations | **32** | **-** | 979 | **-** | - |
| Actuarial (loss)/gains on defined benefit pension plans | | **(57,900)** | 4,308 | **(57,900)** | 4,308 |
| Fair value gains on available for sale assets | **29** | **7,217** | 6,647 | **7,217** | 6,647 |
| **Total other comprehensive (loss)/income** | | **(50,683)** | 11,934 | **(50,683)** | 10,955 |
| **Total comprehensive income/(loss)** | | **189,063** | (6,763,431) | **(20,879)** | (4,586,262) |
| **Profit/(loss) attributable to:** | | | | | |
| Owners of the parents | | **271,561** | (6,627,811) | **29,804** | (4,597,217) |
| Non-controlling interest | **30** | **(31,815)** | (147,554) | **-** | - |
| | | **239,746** | (6,775,365) | **29,804** | (4,597,217) |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the parents | | **220,878** | (6,615,877) | **(20,879)** | (4,586,262) |
| Non-controlling interest | | **(31,815)** | (147,554) | **-** | - |
| | | **189,063** | (6,763,431) | **(20,879)** | (4,586,262) |
| **Earnings/(loss) per share** | | **4** | **(108)** | **0.48** | (73) |

The accompanying notes on pages 7 to 48 form an integral part of these consolidated and separate financial statements.

## JAPAUL OIL & MARITIME SERVICES PLC

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION
### AT 31 DECEMBER 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 Restated | 2013 | 2012 Restated |
| | Notes | N'000 | N'000 | N'000 | N'000 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 18,475,710 | 16,293,797 | 11,578,336 | 8,529,366 |
| Assets under finance lease | 14 | 9,996,083 | 12,380,877 | 9,984,478 | 12,373,534 |
| Intangible assets | 15 | 6,264 | 9,140 | 6,264 | 9,140 |
| Investment in subsidiaries | 16.1 | - | - | 48,810 | 48,810 |
| Investment in associates | 16.2 | - | 4,500 | - | 4,500 |
| Available for sale asset | 17 | 24,756 | 17,539 | 24,756 | 17,539 |
| | | 28,502,813 | 28,705,853 | 21,642,644 | 20,982,889 |
| **Current assets** | | | | | |
| Inventories | 18 | 239,814 | 610,529 | - | 47,800 |
| Trade and other receivables | 19 | 2,460,681 | 1,963,293 | 1,462,636 | 1,215,458 |
| Other assets | 20 | 2,179,959 | 621,245 | 1,668,026 | 500,938 |
| Due from related companies | 34 | 700,563 | - | 10,336,970 | 9,479,461 |
| Cash and cash equivalents | 21 | 4,692,772 | 584,705 | 4,296,635 | 334,298 |
| | | 10,273,789 | 3,779,772 | 17,764,267 | 11,577,955 |
| **Total assets** | | 38,776,602 | 32,485,625 | 39,406,911 | 32,560,844 |
| **Equity** | | | | | |
| Share capital | 27 | 3,131,351 | 3,131,351 | 3,131,351 | 3,131,351 |
| Share premium | 28 | 16,440,679 | 16,440,679 | 16,440,679 | 16,440,679 |
| Retained earnings | 29 | (3,737,139) | (3,950,800) | (2,219,072) | (2,190,976) |
| Fair value reserve | 31 | 10,802 | 3,585 | 10,802 | 3,585 |
| Foreign exchange reserve | 32 | 5,030 | 5,030 | - | - |
| **Equity attributable to owners of the parents** | | 15,850,723 | 15,629,845 | 17,363,760 | 17,384,639 |
| Non-controlling interest | 30 | (613,239) | (581,424) | - | - |
| **Total equity** | | 15,237,484 | 15,048,421 | 17,363,760 | 17,384,639 |
| **Non-current liabilities** | | | | | |
| Defined benefit pension plan | 24.2 | 94,542 | 24,439 | 94,542 | 24,439 |
| Finance lease obligation | 25 | 6,692,956 | 7,472,157 | 6,693,828 | 7,472,157 |
| Long term borrowings | 26 | 9,321,925 | 2,251,733 | 9,321,926 | 2,535,683 |
| Deferred taxation | 12 | 943,486 | 943,486 | 909,886 | 909,886 |
| | | 17,052,909 | 10,691,815 | 17,020,182 | 10,942,165 |
| **Current liabilities** | | | | | |
| Short term borrowings | 23 | 278,839 | 830,780 | - | - |
| Trade and other payables | 22 | 3,242,501 | 3,525,728 | 2,703,704 | 2,730,477 |
| Current portion of long term borrowings | 26 | 2,479,475 | 2,145,109 | 1,952,773 | 1,260,053 |
| Defined contribution pension plan | 24.1 | 36,988 | 15,893 | 17,059 | 15,893 |
| Taxation payable | 11 | 448,408 | 227,879 | 349,433 | 227,617 |
| | | 6,486,210 | 6,745,389 | 5,022,969 | 4,234,040 |
| **Total liabilities** | | 23,539,119 | 17,437,204 | 22,043,151 | 15,176,205 |
| **Total equity and liabilities** | | 38,776,603 | 32,485,625 | 39,406,911 | 32,560,844 |

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 29 April 2014 and signed on its behalf by:

| | | |
|---|---|---|
| **Mr. Paul A. Jegede** | **Ambassador Benson Awomewe** | **Mr. Obinna Ubani** |
| **Group Managing Director** | **Chief Group Operating Officer** | **Group Finance Manager** |
| **FRC/2013/IODN/00000002328** | **FRC/2014/IODN/00000007199** | **FRC/2014/ICAN/00000007122** |

The accompanying notes on pages 7 to 48 form an integral part of these consolidated and separate financial statements.

# JAPAUL OIL & MARITIME SERVICES PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2013** | 2012 | **2013** | 2012 |
| | **Notes** | **N'000** | N'000 | **N'000** | N'000 |
| **Cash flows from operating activities** | | | | | |
| Cash receipts from customers | | **13,398,888** | 15,572,751 | **8,655,662** | 9,878,867 |
| Payment to suppliers and employees | | **(12,131,131)** | (9,694,938) | **(8,463,737)** | (3,121,388) |
| **Cash generated from operations** | | **1,267,757** | 5,877,813 | **191,925** | 6,757,479 |
| Value added tax | | **(153,876)** | (38,878) | **(579)** | - |
| Income tax paid | 12 | **-** | (77,792) | **-** | (28,606) |
| **Net cash from operating activities** | 36 | **1,113,881** | 5,761,143 | **191,346** | 6,728,873 |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 13 | **(1,437,150)** | (6,813,920) | **(1,390,240)** | (6,378,511) |
| Proceed on disposal of property, plant and equipment | | **61,016** | - | **-** | - |
| Investment in associates | | **(4,500)** | 4,500 | **(4,500)** | 4,500 |
| **Net cash used in investing activities** | | **(1,380,634)** | (6,809,420) | **(1,394,740)** | (6,374,011) |
| **Cash flows from financing activities** | | | | | |
| Term loan obtained | | **14,468,520** | 5,009,850 | **14,468,520** | 4,411,189 |
| Term loan repayment | | **(7,136,708)** | (1,950,467) | **(7,062,304)** | (1,952,912) |
| Finance lease paid | | **(793,688)** | (3,315) | **(792,816)** | (3,315) |
| Short term borrowings obtained | | **-** | 390,574 | **-** | - |
| Short term borrowings paid | | **(551,941)** | - | **-** | (12,663) |
| Dividend paid | | - | (125,250) | **-** | (125,250) |
| Finance costs | | **(1,611,363)** | (2,957,684) | **(1,447,669)** | (2,906,953) |
| **Net cash from/(used in) financing activities** | | **4,374,820** | 363,708 | **5,165,731** | (589,904) |
| **Net increase/(decrease) in cash and cash equivalents** | | **4,108,067** | (684,569) | **3,962,337** | (235,042) |
| Cash and cash equivalents at 1 January | | **584,705** | 1,269,274 | **334,298** | 569,340 |
| **Cash and cash equivalents at 31 December** | 21 | **4,692,772** | **584,705** | **4,296,635** | 334,298 |

The explanatory notes on pages 7 to 48 form an integral part of these consolidated financial statements.

## JAPAUL OIL & MARITIME SERVICES PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 DECEMBER 2013

| Group | Issued share capital N'000 | Share premium N'000 | Fair value reserve N'000 | Retained earnings N'000 | Non-controlling interest N'000 | Foreign exchange reserve N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2012 as reported | 3,131,351 | 16,440,679 | - | 2,987,753 | - | - | 22,559,783 |
| **Restatements** | - | - | (3,062) | 189,800 | (433,870) | 4,051 | (243,081) |
| At 1 January 2012 as restated | 3,131,351 | 16,440,679 | (3,062) | 2,797,953 | (433,870) | 4,051 | 21,937,102 |
| **Changes in equity for 2012** | | | | | | | |
| Loss for the year | - | - | - | (6,627,811) | (147,554) | - | (6,775,365) |
| **Other comprehensive income** | | | | | | | |
| Actuarial gain on defined benefit pension plans | - | - | - | 4,308 | - | - | 4,308 |
| Fair value changes on available for sale assets | - | - | 6,647 | - | - | - | 6,647 |
| Exchange gain on foreign operations | - | - | - | - | - | 979 | 979 |
| **Total comprehensive income/(loss) for the year** | - | - | 6,647 | (6,623,503) | (147,554) | 979 | (6,763,431) |
| Issue of share capital | - | - | - | - | - | - | - |
| Transaction costs for equity issue | - | - | - | - | - | - | - |
| Dividends paid during the period | - | - | - | (125,250) | - | - | (125,250) |
| **At 31 December 2012** | **3,131,351** | **16,440,679** | **3,585** | **(3,950,800)** | **(581,424)** | **5,030** | **15,048,421** |
| At 31 December 2012 as reported | 3,131,351 | 16,440,679 | - | (2,488,526) | - | - | 17,083,504 |
| **Restatements** | - | - | 3,585 | (1,462,274) | (581,424) | 5,030 | (2,035,083) |
| At 31 December 2012 as restated | 3,131,351 | 16,440,679 | 3,585 | (3,950,800) | (581,424) | 5,030 | 15,048,421 |
| **Changes in equity for 2013** | | | | | | | |
| Profit/(loss) for the year | - | - | - | 271,560 | (31,815) | | 239,745 |
| **Other comprehensive income** | | | | | | | - |
| Actuarial loss on defined benefit pension plans | - | - | - | (57,900) | - | - | (57,900) |
| Fair value changes on available for sale assets | - | - | 7,217 | - | - | - | 7,217 |
| Exchange (loss)/gain on foreign operations | - | - | - | - | - | - | - |
| **Total comprehensive income/(loss) for the year** | - | - | 7,217 | 213,660 | (31,815) | - | 189,062 |
| Issue of share capital | - | - | - | - | | - | - |
| Transaction costs for equity issue | - | - | - | - | | - | - |
| Dividends paid during the period | - | - | - | - | | - | - |
| **At 31 December 2013** | **3,131,351** | **16,440,679** | **10,802** | **(3,737,140)** | **(613,239)** | **5,030** | **15,237,483** |

# JAPAUL OIL & MARITIME SERVICES PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2013

| Company | Issued share capital N'000 | Share premium N'000 | Fair value reserve N'000 | Retained earnings N'000 | Total equity N'000 |
|---|---|---|---|---|---|
| At 1 January 2012 as reported | 3,131,351 | 16,440,679 | - | 1,740,558 | 21,312,588 |
| **Restatements** | - | - | (3,062) | 786,625 | 783,563 |
| At 1 January 2012 as restated | 3,131,351 | 16,440,679 | (3,062) | 2,527,183 | 22,096,151 |
| **Changes in equity for 2012** | | | | | |
| Loss for the year | - | - | - | (4,597,217) | (4,597,217) |
| **Other comprehensive income** | | | | | |
| Actuarial gain on defined benefit pension plans | - | - | - | 4,308 | 4,308 |
| Fair value changes on available for sale assets | - | - | 6,647 | - | 6,647 |
| Exchange gain on foreign operations | - | - | - | - | - |
| **Total comprehensive income/(loss) for the year** | - | - | 6,647 | (4,592,909) | (4,586,262) |
| Issue of share capital | - | - | - | - | - |
| Transaction costs for equity issue | - | - | - | - | - |
| Dividends paid during the period | - | - | - | (125,250) | (125,250) |
| **At 31 December 2012** | **3,131,351** | **16,440,679** | **3,585** | **(2,190,976)** | **17,384,639** |
| | | | | | |
| At 31 December 2012 as reported | 3,131,351 | 16,440,679 | - | 114,155 | **19,686,185** |
| **Restatements** | - | **-** | 3,585 | (2,305,131) | **(2,301,546)** |
| At 31 December 2012 as restated | 3,131,351 | 16,440,679 | 3,585 | (2,190,976) | **17,384,639** |
| **Changes in equity for 2013** | | | | | |
| Loss for the year | - | - | - | 29,804 | 29,804 |
| **Other comprehensive income** | | | | | |
| Actuarial loss on defined benefit pension plans | - | - | - | (57,900) | (57,900) |
| Fair value changes on available for sale assets | - | - | 7,217 | - | 7,217 |
| Exchange gain or loss on foreign operations | - | - | - | - | - |
| **Total comprehensive profit/(loss) for the year** | - | - | 7,217 | (28,096) | (20,879) |
| Issue of share capital | - | - | - | - | - |
| Transaction costs for equity issue | - | - | - | - | - |
| Dividends paid during the period | - | - | - | - | - |
| **At 31 December 2013** | **3,131,351** | **16,440,679** | **10,802** | **(2,219,072)** | **17,363,760** |

# JAPAUL OIL & MARITIME SERVICES PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. The Entity

#### 1.1 Legal form

Japaul Oil and Maritime Services Plc was incorporated on 29 June 1994 as a private limited liability company and commenced business in January 1997. The entity is in the business of oil and maritime services. It is listed in the Nigerian Stock Exchange. The group comprise the parent company and four subsidiaries, which are stated below as follows:

Japaul Dredging Services Limited
Japaul Mines & Products Limited
Japaul Gulf Electro Mechanical
Emirates Gabbro Quarry

#### 1.2 Principal activities

The principal activities of the group are engaging in oil and maritime services in the upstream segment of the oil and gas industry. The group's scope of operations covers the provision of offshore oilfield vessels, dredging activities in oil fields/locations, quarry services, maritime logistics, oil flowlines/pipeline construction in swamps.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The group's consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB. Additional information required by local regulators has been included where appropriate.

The consolidated financial statements comprise of the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cashflows and notes to the consolidated financial statements.

#### 2.2 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets (liabilities) which were measured at fair value. The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses while the plan assets for defined benefit obligations are measured at fair value.

The financial statements are presented in the Nigerian Naira (NGN), which is the group's chosen currency for presentation.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the group's financial statements present the financial position and results fairly.

### 2.3 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

**a IFRS 9, 'Financial instruments'**

This addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost, this determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

**b IFRS 14, 'Regulatory deferral accounts'**

This permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

### 2.4 Summary of Standards and Interpretations effective for the first time

**a IFRS 10, 'Consolidated Financial Statements'**

Built on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard revises the definition of control and provides additional guidance to assist in the determination of control where this is difficult to assess. The basic principle is that an entity includes a parent and its subsidiaries as if they were a single entity and consolidation procedures remain unchanged.

**b IFRS 11, 'Joint venture'**

An entity is required to determine the type of joint arrangement in which it is a party by assessing its rights and obligations. This should then be accounted for in accordance with the type of joint arrangement. The standard defines joint operations and joint ventures and requires the following treatment thereof:

- A joint operation is a joint arrangement where the parties have joint control of the arrangement (joint operators), have rights to the assets and obligations to the liabilities of the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to their individual interest in the joint operation.
- A joint venture is a joint arrangement where the parties have joint control of the arrangement (joint venturers) and have rights to the net assets of the arrangement. Joint venturers should account for such investments on the equity method, and therefore recognize their assets, liabilities, revenue and expenses equally.

**c IFRS 12, 'Disclosure of Interests in Other Entities'**

IFRS 12 sets out the requirements for disclosure of information of what nature, risks associated with, interests in other entities and the effects of those interests on its financial statements.

**d IAS 27, 'Separate Financial Statements; IAS 28, 'Investments in Associates and Joint Ventures'**

These two existing standards have been amended in order to align them with the newly released standards. The revised IAS 27 now deals with the requirements for the preparation of separate financial statements only. The previous standard also dealt with consolidated financial statements, whose requirements are now included in IFRS 10 Consolidated Financial Statements. The standard also requires that Investments in subsidiaries, associates and jointly controlled entities be carried, either at cost or in accordance with IFRS 9.

The effective date of IFRS 10, 11 & 12 and amended IAS 27 & 28 is 1 January 2013, while early adoption is permitted, it must be noted that these should be adopted as a package of standards and none of them may be individually adopted.

**e IFRS 13, 'Fair value measurement'**

IFRS 13 Fair Value Measurement applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement.

## 3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in the financial statements and in preparing the opening statement of financial position at 1 January 2012, unless otherwise indicated.

### 3.1 Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost and adjusted for any impairment losses in subsequent periods in separate financial statements. If the group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

### 3.2 Investment in subsidiaries

Investments in subsidiaries are carried at cost. The consolidated financial statements include the financial statements of the holding company and its subsidiaries. A subsidiary is one in which the group has controlling interest and controls the operation/decision making of the subsidiary.

### 3.3 Intangible assets

#### 3.3.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

| | % |
|---|---|
| Computer software | 20 |

**3.4 Property, plant and equipment**

**3.4.1 Initial recognition**

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**3.4.2 Subsequent costs**

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 of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**3.4.3 Depreciation of property, plant and equipment**

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:

| | % |
|---|---|
| Land | - |
| Buildings | 2 |
| Furniture and fittings | 25 |
| Computer equipment | 25 |
| Motor vehicles | 25 |
| Office equipment | 25 |
| Marine equipment | 5 |
| Plant and machinery | 10 |
| Survey equipment | 25 |
| Heavy duty vehicles | $16^2/_3$ |

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

The group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

**3.4.4 Derecognition**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement under operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

**3.4.5 Reclassification**

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in the income statement.

**3.5 Discontinued operations and non-current assets held for sale**

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

### 3.6 Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

### 3.7 Impairment of non-financial assets

The group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

### 3.8 Financial instruments

Financial instruments carried in the statement of financial position includes available for sale assets, loans and receivables, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. The various classifications of financial instruments, their measurement subsequent to initial recognition, reclassifications and derecognition are stated as follows:

### 3.8.1 Financial assets

The group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity assets and available for sale assets. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

**a) Classification**

**Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:
Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel.

**Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

**Held-to-maturity financial assets**
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity, other than:

- those that the group upon initial recognition designates as at fair value through profit or loss;
- those that the group designates as available for sale; and
- those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'finance income'. In the case of an impairment, it is been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

**Available-for-sale financial assets**
Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

**b) Recognition and measurement**
Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established; both are included in the investment income line.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The quoted market price used for financial assets held by the company is the current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, Industry Company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

**c) Reclassifications**

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### 3.8.2 Financial liabilities

The group's financial liabilities in the statement of financial position includes borrowings and finance lease obligations. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Interest bearing borrowings**

Interest bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

### 3.8.3 Impairment of financial assets

#### a) Financial assets carried at amortised cost

The group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of issuers or debtors in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

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 improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

**b) Assets classified as available for sale**

The group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

### 3.8.4 Offsetting financial instruments

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

### 3.9 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

### 3.10 Cash and cash equivalents

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of presenting the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

### 3.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### 3.11.1 As Lessor

**Finance leases**

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

**Operating leases**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

**3.11.2 As Lessee**

**Finance leases**

Assets held under finance leases are recognised as assets of the group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.

The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

**Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

**3.11.3 Sale and repurchase agreements**

Securities sold subject to repurchase agreements (repos) remain on the statement of financial position; the counterparty liability is included in deposits by banks, or customer accounts, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

**3.12 Trade and other payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

**3.13 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

### 3.14 Employee benefits

#### 3.14.1 Defined contribution pension plan

The group runs a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group 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.

Under the defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 3.14.2 Defined benefit pension plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

#### 3.14.3 Termination benefit

Termination benefit are recognized as an expense when the group is demonstrably committed without realistic possible withdrawal , to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### 3.13.4 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 3.15 Taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss.

### 3.16 Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Warranty**

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

**Restructuring**
A provision for restructuring is recognized when the group has approved a formal detail restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

**Onerous contract**
Provision for onerous contracts is recognized when the expected benefit to be derived by the group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

### 3.17 Equity instruments
Equity instruments issued by the group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group purchases the group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

### 3.18 Compound instruments
At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

### 3.19 Revenue recognition

#### 3.19.1 Sale of goods
Revenue from the sale of goods in the ordinary course of business is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence persists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

#### 3.19.2 Investment return
Investment return costs of dividend, interest and rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value assets.

#### 3.19.3 Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

**3.19.4 Rental income**

Rental income is recognized on an accrued basis.

**3.19.5 Realised gains and losses**

The realised gains or losses on the disposal of an asset is the difference between proceeds received, net of transaction costs and it original or amortised costs as appropriate

**3.20 Foreign currencies**

**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs , where those interest costs qualify for capitalization to assets under construction;
- Exchange differences on transactions entered into to hedge foreign currency risks;
- Exchange differences on loans to or form a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

**3.21 Segment reporting**

An operating segment is a component of an entity:

**a)** That engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity).

**b)** Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance, and

**c)** For which discrete financial information is available.

Quantitative thresholds have been set for determining operating segments for which separate information should be disclosed. Separate information should be disclosed for any operating segment:

- with revenue (including both external sales and intersegment transfers) that is 10% or more of the total revenue of all the operating segments;
- with assets that are 10% or more of the combined assets of all the operating segments; or
- where its profit or loss which, in absolute terms, is 10 per cent or more of the greater, in absolute amount, of
  - i. the combined reported profit of all profit making operating segments; and
  - ii. the combined reported loss of all loss-making operating segments.

An entity may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the quantitative thresholds to produce a reportable segment only if the operating segments have similar economic characteristics and share a majority of the aggregation criteria.

If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments shall be identified as reportable segments until at least 75% of the entity's revenue is included in reportable segments.

If an operating segment is identified as a reportable segment in the current period in accordance with the quantitative thresholds, segment data for a prior period presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment, even if that segment did not satisfy the criteria for reportability in the prior period, unless the information is not available and the cost to develop it is excessive.

The disclosure of segmental cash flows enables users to obtain a better understanding of the relationship between the cash flows of the business as a whole and those of its component parts and the availability and variability of segmental cash flows.

The group should disclose the factors used to identify its reportable segments. This should include the basis of organisation, for example by difference in products or services, geographical areas, regulatory environments or a combination of factors.

The group should disclose the types of products and services from which each reportable segment derives its revenues.

Information about other business activities and operating segments that are not reportable shall be combined and disclosed in an 'all other segments'.

The sources of the revenue included in the 'all other segments' category shall be described.

An entity shall provide an explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment.

Certain entity wide disclosures are also required for all entities, including those entities that have a single reporting segment, including information about: products and services; geographical areas; and major customers. An entity shall report the revenues from external customers for each product and service, or each group of similar products and services, unless the necessary information is not available and the cost to develop it would be excessive, in which case that fact shall be disclosed. The amounts of revenue reported shall be based on the financial information used to produce the entity's financial statements.

An entity shall report geographical information for revenue from external customers.

i. Attributed to the entity's country of domicile; and
ii. Attributed to all foreign countries in total from which the entity derives revenues. If revenues from external customers attributed to an individual foreign country are material, those revenues shall be disclosed separately. An entity shall disclose the basis for attributing revenues from external customers to individual countries.

An entity shall report geographical information for non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts).

- Located in the entity's country of domicile and
- Located in all foreign countries in total in which the entity holds assets. If assets in an individual foreign country are material, those assets shall be disclosed separately.

An entity shall provide information about the extent of its reliance on its major customers. If revenue from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from such customer, and the identity of the segment or segments reporting the revenues. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer. For the purposes of this IFRS, a group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government (national, state, provincial, territorial, local or foreign) and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

**4. Critical accounting estimates and judgement**

The group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities in the next financial statements are discussed below:

**a) Defined benefit obligation**

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate, the group determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimate future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high- quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

**b) Impairment of available-for-sale equity financial assets**

The group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**c Impairment of property, plant and equipment and intangible assets.**
Management is required to make judgement concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate impairment exist.

**d Others are:**
i. Residual values of items of property, plant and equipment;
ii. Estimated useful lives of item of property, plant and equipment;
iii. Impairment of doubtful receivables.

**5. Risk management framework**
The primary objective of the group's risk management framework is to protect their stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The group has established a risk management function with clear terms of reference from the board of Directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.
The group's principal significant risks are assessed and mitigated under three broad headings:
**Strategic risks –** This specifically focused on the economic environment, the products offered and market. The strategic risks arised from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inablity to adapt to changes in its business environment.

**Operational risks** – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

**Financial risks –** Risk associated with the financial operation of the group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the group’s risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the group’s identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

**5.1 Strategic risks**
The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the group.
i. To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
ii. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
iii. To retain financial flexibility by maintaining strong liquidity.
iv. To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
v. To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

**Approach to capital management**

The group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The group's primary source of capital in 2013 is funding from the banks and foreign lenders.

There has been no significant changes to its capital structure during the past year from previous years.

**5.2 Operational risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group’s processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group’s operations.

The group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirments for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoing of transactions.
- compliance with regulatory and other legal requirements.
- documentataion of controls and procedures.
- training and professional development.
- ethical and business standards.

**5.3 Financial risks**

The group has exposure to the following risks from financial instruments:

- Credit risks
- Liquidity risks
- Market risks

**a Credit risks**

Credit risks arise from a customer payment delays or outright default; inability to fully meet contractual obligations to providers. Exposure to this risk results from financial transactions with a customer.

The group has policies in place to mitigate its credit risks.

The group’s Enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group’s management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

**Exposure to risk**

The carrying amount of the group's financial instruments represents the maximum exposure to credit risk.

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **N'000** | N'000 | **N'000** | N'000 |
| **Financial assets** | | | | |
| Available for sale assets | **24,756** | 17,539 | **24,756** | 17,539 |
| Trade receivables | **2,914,946** | 2,967,711 | **1,853,256** | 2,235,197 |
| Other receivables | **13,926** | 264,676 | **6,085** | 249,355 |
| Cash and cash equivalents | **4,692,771** | 584,705 | **4,296,635** | 334,298 |
| | **7,646,399** | 3,834,631 | **6,180,732** | 2,836,389 |

The debtors' age analysis is also evaluated on a regular basis for potential doubtful debts, where this is considered necessary. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The group allows an average debtors period of 45 days after invoice date. It is the group's policy to assess debtors for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the group takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debts between 46 and 60 days not being provided for unless individual circumstances indicate that a debt is impaired. Whilst 60% of debtors balances over 365 days are provided for.

The largest individual debtor corresponds to 21% of the total balance (2012: 22%) . Historically these debtors have always paid balances when due, unless the balance or the quality of goods or services delivered is disputed. No debtors'balances have been renegotiated during the year or in the prior year.

**b Liquidity risks**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The group employs policies and procedures to mitigate the it's exposure to liquidity risk. The group complies with minimum regulatory requirements.

**c Market risks**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

**Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group's principal transactions are carried out in naira and dollar and its financial assets are primarily denominated in the Naira. Although it has foreign operations. its exposure to foreign exchange risk is minimal as it also has liabilities denominated in foreign currencies to help mitigate risks that may arise.

**6. Capital management**

In the management of its capital, the group has certain objectives which it intends to achieve, these include:

- the safeguarding of the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and the provision of an adequate return to shareholders by pricing products and services commensurately with the level of risk.

- consistency with others in the industry, the group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:
- net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (ie ordinary shares, share premium, retained earnings, and other reserves).

During 2013, the group's strategy, which was unchanged from 2012, was to maintain the debt-to-capital ratio at the lower end of the range 1:23 to 1:13.

The debt-to-capital ratios at 31 December 2013 and at 31 December 2012 were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **N'000** | N'000 | **N'000** | N'000 |
| Total liabilities | **23,539,119** | 17,437,204 | **22,043,151** | 15,176,205 |
| **Less:** Cash and cash equivalents | **4,692,772** | 584,705 | **4,296,635** | 334,298 |
| Net debt | **18,846,347** | 16,852,499 | **17,746,516** | 14,841,907 |
| Total equity | **15,850,723** | 15,629,845 | **17,363,760** | 17,384,639 |
| Debt-to-capital ratio | **1.23** | 1.13 | **1.03** | 0.86 |

The increase in the debt-to-capital ratio during 2013 resulted primarily from the increase in net debt that occurred as at the year end and the increase in the outstanding borrowings by the group as a whole.

### 6. Financial instruments and fair values

As explained in Note 3.7, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. These categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost or fair value through profit or loss.

**6.1** The fair value of financial assets together with the carrying amounts shown in the statement of financial position are as follows:

| | | Financial assets | | | | Financial liabilities | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Fair value through profit or loss N'000 | Loans and receivables N'000 | Available for sale N'000 | Held to maturity N'000 | Amortised cost N'000 | Fair value through profit or loss N'000 | Total carrying amount N'000 | Fair value N'000 |
| **At 31 December 2013** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Available for sale assets | 17 | - | - | 24,756 | - | - | - | 24,756 | 24,756 |
| Trade and other receivables | 19 | 2,460,681 | - | - | - | - | - | 2,460,681 | 2,460,681 |
| Cash and cash equivalents | 21 | 4,692,772 | - | - | - | - | - | 4,692,772 | 4,692,772 |
| | | **7,153,453** | **-** | **24,756** | **-** | **-** | **-** | **7,178,209** | **7,178,209** |
| **Liabilities** | | | | | | | | | |
| Trade and other payables | 22 | - | - | - | - | - | 3,242,501 | 3,242,501 | 3,242,501 |
| Long term borrowings (including current portion) | 26 | - | - | - | - | 11,801,400 | - | 11,801,400 | 11,801,400 |
| Finance lease payable | 25 | | | | - | 6,692,956 | - | 6,692,956 | 6,692,956 |
| Short term borrowings | 23 | - | - | - | - | - | 278,839 | 278,839 | 278,839 |
| | | **-** | **-** | **-** | **-** | **18,494,356** | **3,521,340** | **22,015,695** | **22,015,696** |
| **At 31 December 2012** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Available for sale assets | 17 | - | - | 17,539 | - | - | - | 17,539 | 17,539 |
| Trade and other receivables | 19 | 1,963,293 | - | - | - | - | - | 1,963,293 | 1,963,293 |
| Cash and cash equivalents | 21 | 584,705 | - | - | - | - | - | 584,705 | 584,705 |
| | | **2,547,998** | **-** | **17,539** | | **-** | **-** | **2,565,537** | **2,565,537** |
| **Liabilities** | | | | | | | | | |
| Trade and other payables | 22 | - | - | - | - | - | 1,628,540 | 1,628,540 | 1,628,540 |
| Long term borrowings (including current portion) | 26 | - | - | - | - | 4,396,841 | - | 4,396,841 | 4,396,841 |
| Finance lease obligation | 25 | | | | - | 7,472,157 | - | 7,472,157 | 7,472,157 |
| Short term borrowings | 23 | - | - | - | - | - | 830,780 | 830,780 | 830,780 |
| | | **-** | **-** | **-** | **-** | **11,868,998** | **2,459,320** | **14,328,318** | **14,328,318** |

### 6.2. Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payable and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

### 6.3 Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

**Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value;

**Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group maintains quoted investments in Access Bank Plc. valued at N24,756,000 (2012: N17,539,000) which are categorised as **level 1,** because the securities are listed, there are however, no financial instruments in the level 2 and 3 categories for the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | | Group 2013 N'000 | Group 2012 N'000 | Company 2013 N'000 | Company 2012 N'000 |
|---|---|---|---|---|---|
| **7.** | **Turnover** | | | | |
| | Japaul Oil & Maritime Service | **8,031,756** | 7,243,638 | **8,031,756** | 7,243,638 |
| | Japaul Dredging Services Ltd | **2,898,262** | 2,519,345 | **-** | - |
| | Japaul Mine & Products Ltd | **1,211,670** | 1,266,713 | **-** | - |
| | Gabbro Emirates Quarry | **114,401** | 188,007 | **-** | - |
| | Japaul Gulf Electromechanical LLC | **773,835** | 1,064,011 | **-** | - |
| | | **13,029,924** | 12,281,714 | **8,031,756** | 7,243,638 |
| **8.** | **Other income** | | | | |
| | Interest on investment | **45** | 202 | **30** | 5 |
| | Jetty income | **-** | 5,600 | **-** | 5,600 |
| | Exchange gains | **214,296** | 4,811 | **211,897** | 4,912 |
| | Transfer from revaluation surplus | **-** | 2,719,216 | **-** | 3,001,657 |
| | Profit on disposal of assets | **7,839** | - | **319** | - |
| | Dividend income | **580** | - | **580** | - |
| | Other income | **101,278** | 71,310 | **29,458** | 64,261 |
| | | **324,038** | 2,801,139 | **242,284** | 3,076,435 |
| **9.** | **Operating profit/(loss) before tax** | | | | |
| | **This is stated after charging/(crediting):** | | | | |
| | Depreciation of property, plant and equipment | **1,860,688** | 2,026,027 | **995,215** | 1,179,638 |
| | Amortisation of intangible assets | **2,876** | - | **2,876** | - |
| | Director's remuneration | **300,644** | 244,660 | **147,342** | 200,920 |
| | Auditors remuneration | **12,906** | 5,500 | **8,000** | 4,000 |
| | Staff costs | **750,853** | 356,301 | **150,285** | 218,273 |
| | Profit on disposal of assets | **(7,839)** | - | **(319)** | - |
| | Exchange gain | **(214,296)** | (4,811) | **(211,897)** | (4,912) |
| **10.** | **Impairment loss** | | | | |
| **10.1** | **Financial assets** | | | | |
| | Trade and other receivables | **468,191** | 678,213 | **396,705** | 728,672 |
| | Cash and cash equivalents | **-** | 12,115 | **-** | 12,115 |
| | Available for sale asset | **9,196** | - | **-** | - |
| | | **477,387** | 690,328 | **396,705** | 740,787 |
| | **Non-financial assets** | | | | |
| | Property, plant and equipment | **-** | 6,898,022 | **-** | 5,799,216 |
| | Obsolete stock | **47,800** | - | **47,800** | - |
| | | **525,187** | 7,588,350 | **444,505** | 6,540,003 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | N'000 | N'000 | N'000 | N'000 |
| **11. Taxation** | | | | |
| **11.1 Per income statement** | | | | |
| Based on profit for the year | **216,849** | 163,930 | **124,306** | 163,930 |
| Education tax | **31,025** | 27,345 | **24,855** | 27,345 |
| Overprovision in prior year | **(27,345)** | - | **(27,345)** | - |
| | **220,529** | 191,275 | **121,816** | 191,275 |
| **11.2 Per statement of financial position** | | | | |
| Balance brought forward | **227,879** | 114,396 | **227,617** | 64,948 |
| Tax paid | **-** | (77,792) | **-** | (28,606) |
| Current year charge | **220,529** | 191,275 | **121,816** | 191,275 |
| | **448,408** | 227,879 | **349,433** | 227,617 |

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and the Education Tax Act, CAP E4, LFN 2004. Deferred taxation is computed using the liability method in accordance with IAS 12 on income taxation.

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | N'000 | N'000 | N'000 | N'000 |
| **Reconciliation of effective tax rate** | | | | |
| Profit/(loss) before tax | **460,274** | (6,584,090) | **151,620** | (4,405,942) |
| Income tax expense | (220,529) | (191,275) | (121,816) | (191,275) |
| Profit/(loss) after tax | **239,746** | (6,775,365) | **29,804** | (4,597,217) |
| | **(48%)** | 3% | **(80%)** | 4% |
| Income tax @ 30% | **(138,082)** | (1,975,227) | **(45,486)** | (1,321,783) |
| Non-deductible expenses | **(327,553)** | (57) | **(327,606)** | (57) |
| Deferred tax effects | **-** | - | **-** | - |
| Effect of restatements | **-** | 1,811,628 | **-** | 1,158,184 |
| Effect of capital allowance | **248,515** | (274) | **248,515** | (274) |
| Balancing charge | **96** | - | **96** | - |
| Effect of education tax levy | **(31,025)** | (27,345) | **(24,855)** | (27,345) |
| Non-taxable gains | **174** | - | **174** | - |
| Overprovision in prior years | **27,345** | - | **27,345** | - |
| | (220,529) | (191,275) | **(121,816)** | (191,275) |

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | 2012 |
| | **N'000** | **N'000** | **N'000** | N'000 |
| **12. Deferred taxation** | | | | |
| At 1 January | **943,486** | 943,486 | **909,886** | 909,886 |
| Charge in the year | **-** | - | **-** | - |
| At 31 December | **943,486** | 943,486 | **909,886** | 909,886 |

The group has adopted the International Accounting Standard (IAS 12) - Income Taxes on deferred taxation, which is computed using the liability method in compliance with the standard. The deferred tax computation has resulted into a deferred tax asset of N2,848,036,191 (2012:N4,787,043,127) which has not been recognised in these consolidated financial statements on the grounds of prudence.

# JAPAUL OIL & MARITIME SERVICES PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. Property, plant and equipment

### 13.1 Group

| | Land N'000 | Buildings N'000 | Plant and machinery N'000 | Equipment, fixtures and fittings N'000 | Auto trucks and equipment N'000 | Motor vehicles N'000 | Marine Equipment N'000 | Lease hold improvement N'000 | Capital work in progress N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| At 1 January 2012 | 1,007,168 | 664,211 | 3,592,427 | - | - | 1,158,939 | 15,405,830 | 1,750,030 | 1,370,303 | 24,948,908 |
| Adjustments | 2,260,240 | - | 760,923 | 61,772 | 1,438,028 | (939,031) | (4,356,578) | (1,516,149) | (1,370,303) | (3,661,098) |
| Additions | 3,985,449 | 174,293 | 25,641 | - | - | 13,472 | 2,615,065 | - | - | 6,813,920 |
| Write down | - | - | - | - | - | - | (6,177,379) | - | - | (6,177,379) |
| Disposal | (1,099,454) | - | (21,364) | - | (21,708) | - | - | - | - | (1,142,526) |
| At 1 January 2013 | 6,153,403 | 838,504 | 4,357,627 | 61,772 | 1,416,320 | 233,380 | 7,486,938 | 233,881 | - | 20,781,825 |
| Additions | 12,350 | - | 23,715 | 23,510 | - | 25,029 | 1,351,101 | - | 1,445 | 1,437,150 |
| Transfer to leased assets | - | - | - | - | - | - | 3,485,413 | - | - | 3,485,413 |
| Write down | - | - | (126,051) | - | - | (8,991) | (968,173) | - | - | (1,103,215) |
| Disposal | - | - | - | - | - | (11,500) | - | - | - | (11,500) |
| At 31 December 2013 | 6,165,753 | 838,504 | 4,255,291 | 85,282 | 1,416,320 | 237,918 | 11,355,279 | 233,881 | 1,445 | 24,589,673 |
| **Depreciation** | | | | | | | | | | |
| At 1 January 2012 | - | 12,770 | 124,342 | - | - | 877,709 | 1,114,937 | 581,456 | - | 2,711,214 |
| Adjustments | - | 47,686 | 665,362 | 36,332 | 721,049 | (784,019) | 1,075,128 | (464,440) | - | 1,297,098 |
| Charge for the year | - | 30,104 | 401,045 | 10,408 | 182,244 | 40,822 | 673,717 | 16,684 | - | 1,355,024 |
| Disposals | - | - | (6,303) | - | (4,342) | - | (864,663) | - | - | (875,308) |
| At 1 January 2013 | - | 90,560 | 1,184,446 | 46,740 | 898,951 | 134,512 | 1,999,119 | 133,700 | - | 4,488,028 |
| Charge for the year | - | 30,104 | 436,217 | 12,289 | 185,942 | 30,902 | 396,057 | 16,684 | - | 1,108,195 |
| Transfer to leased assets | - | - | - | - | - | - | 659,514 | - | - | 659,514 |
| Disposals | - | - | (81,865) | - | - | (11,500) | (48,409) | - | - | (141,774) |
| At 31 December 2013 | - | 120,664 | 1,538,798 | 59,029 | 1,084,893 | 153,914 | 3,006,281 | 150,384 | - | 6,113,963 |
| **Carrying amount** | | | | | | | | | | |
| At 31 December 2013 | **6,165,753** | **717,840** | **2,716,493** | **26,253** | **331,427** | **84,004** | **8,348,998** | **83,497** | **1,445** | **18,475,710** |
| At 31 December 2012 | **6,153,403** | **747,944** | **3,173,181** | **15,032** | **517,369** | **98,868** | **5,487,819** | **100,181** | **-** | **16,293,797** |

The land and buildings, plant and machinery, marine equipment and motor vehicles were professionally valued by Messrs. Diya Fatimilehin (Nigeria), Chartered surveyors, and Messrs. Ubosi Eleh & Co. Estate surveyors and valuers on 31 December 2012 on the basis of their open market capital value. The open market capital value was put at N11,164,874,122.

Marine equipments, survey equipments, land and buildings were used as securities for various loans obtained in the year as detailed in note 27.

## JAPAUL OIL & MARITIME SERVICES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 DECEMBER 2013

**13.1 Company**

| | Land N'000 | Buildings N'000 | Plant and machinery N'000 | Equipment, fixtures and fittings N'000 | Motor vehicles N'000 | Marine equipment N'000 | Capital work in progress N'000 | Leasehold improvement N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost/valuation** | | | | | | | | | |
| At 1 January 2012 | 657,653 | 464,211 | 20,591 | 1,301,015 | 487,710 | 11,264,875 | 915,079 | 828,613 | 15,939,747 |
| Adjustments | 660,628 | - | - | (1,288,831) | (456,657) | (4,158,164) | (915,079) | (828,613) | (6,986,716) |
| Additions | 3,589,153 | 174,293 | - | - | - | 2,615,065 | - | - | 6,378,511 |
| Write down | - | - | - | - | - | (6,036,635) | - | - | (6,036,635) |
| Disposals | - | - | - | - | - | - | - | - | - |
| At 1 January 2013 | 4,907,434 | 638,504 | 20,591 | 12,184 | 31,053 | 3,685,141 | - | - | 9,294,907 |
| Additions | 12,350 | - | - | 1,760 | 25,029 | 1,351,101 | - | - | 1,390,240 |
| Transfer from leased assets | - | - | - | - | - | 3,485,413 | - | - | 3,485,413 |
| Write down/disposals | - | - | - | - | (11,500) | (968,173) | - | - | (979,673) |
| At 31 December 2013 | 4,919,784 | 638,504 | 20,591 | 13,944 | 44,582 | 7,553,482 | - | - | 13,190,887 |
| **Depreciation** | | | | | | | | | |
| At 1 January 2012 | - | - | 3,042 | 65,096 | 437,619 | 813,647 | - | 564,366 | 1,883,770 |
| Adjustments | - | 12,770 | - | (61,645) | (419,722) | 267,091 | - | (564,366) | (765,872) |
| Charge for the year | - | 12,770 | 2,059 | 3,625 | 7,763 | 486,089 | - | - | 512,306 |
| Write down/disposals | - | - | - | - | - | (864,663) | - | - | (864,663) |
| At 1 January 2013 | - | 25,540 | 5,101 | 7,076 | 25,660 | 702,164 | - | - | 765,541 |
| Charge for the year | - | 12,770 | 2,059 | 2,654 | 8,955 | 220,967 | - | - | 247,405 |
| Transfer from leased assets | - | - | - | - | - | 659,514 | - | - | 659,514 |
| Write down/disposals | - | - | - | - | (11,500) | (48,409) | - | - | (59,909) |
| At 31 December 2013 | - | 38,310 | 7,160 | 9,730 | 23,115 | 1,534,236 | - | - | 1,612,551 |
| **Carrying amount** | | | | | | | | | |
| At 31 December 2013 | **4,919,784** | **600,194** | **13,431** | **4,214** | **21,467** | **6,019,246** | **-** | **-** | **11,578,336** |
| At 31 December 2012 | 4,907,434 | 612,964 | 15,490 | 5,108 | 5,393 | 2,982,977 | - | - | 8,529,366 |

The land and buildings, plant and machinery, marine equipment and motor vehicles were professionally valued by Messrs. Ubosi Eleh & Co. Estate surveyors and valuers, on 31 December 2012 on the basis of their open market capital value. The open market capital value was put at N6,858,010,636.

Marine equipments, survey equipments, land and buildings were used as securities for various loans obtained in the year as detailed in note 27.

## 14. Assets under finance lease

### 14.1 Group

| | Marine equipment N'000 | Motor vehicles N'000 | Total N'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2012 | - | - | - |
| Adjustments | 5,018,678 | - | 5,018,678 |
| Additions | 8,327,962 | 14,685 | 8,342,647 |
| At 1 January 2013 | 13,346,640 | 14,685 | 13,361,325 |
| Additions | 1,172,363 | 21,235 | 1,193,598 |
| Transfers to owned assets | (3,485,413) | - | (3,485,413) |
| At 31 December 2013 | 11,033,590 | 35,920 | 11,069,510 |
| **Depreciation** | | | |
| At 1 January 2012 | - | - | - |
| Adjustments | 331,156 | - | 331,156 |
| Charge for the year | 667,331 | 3,672 | 671,003 |
| Write down | (21,711) | - | (21,711) |
| At 1 January 2013 | 976,776 | 3,672 | 980,448 |
| Charge for the year | 743,513 | 8,980 | 752,493 |
| Transfers to owned assets | (659,514) | - | (659,514) |
| At 31 December 2013 | 1,060,775 | 12,652 | 1,073,427 |
| **Carrying amount** | | | |
| At 31 December 2013 | **9,972,815** | **23,268** | **9,996,083** |
| At 31 December 2012 | **12,369,864** | **11,013** | **12,380,877** |

### 14.2 Company

| | Marine equipment N'000 | Motor vehicles N'000 | Total N'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2012 | - | - | - |
| Adjustments | 5,018,678 | - | 5,018,678 |
| Additions | 8,327,962 | 4,895 | 8,332,857 |
| At 1 January 2013 | 13,346,640 | 4,895 | 13,351,535 |
| Additions | 1,172,363 | 12,290 | 1,184,653 |
| Transfers to owned assets | (3,485,413) | - | (3,485,413) |
| At 31 December 2013 | 11,033,590 | 17,185 | 11,050,775 |
| **Depreciation** | | | |
| At 1 January 2012 | - | - | - |
| Adjustments | 331,156 | 1,224 | 332,380 |
| Charge for the year | 667,332 | - | 667,332 |
| Write down/disposals | (21,711) | - | (21,711) |
| At 1 January 2013 | 976,777 | 1,224 | 978,001 |
| Charge for the year | 743,514 | 4,296 | 747,810 |
| Transfers to owned assets | (659,514) | - | (659,514) |
| At 31 December 2013 | 1,060,777 | 5,520 | 1,066,297 |
| **Carrying amount** | | | |
| At 31 December 2013 | **9,972,813** | **11,665** | **9,984,478** |
| At 31 December 2012 | 12,369,863 | 3,671 | 12,373,534 |

| | Group N'000 | Company N'000 |
|---|---|---|
| **15. Intangible assets** | | |
| **Computer software** | | |
| **Cost** | | |
| At 1 January 2013 | 14,382 | 14,382 |
| Additions | - | - |
| At 31 December 2013 | 14,382 | 14,382 |
| **Depreciation** | | |
| At 1 January 2013 | 5,242 | 5,242 |
| Charge for the year | 2,876 | 2,876 |
| At 31 December 2013 | 8,118 | 8,118 |
| **Carrying amount** | | |
| At 31 December 2013 | **6,264** | **6,264** |
| At 31 December 2012 | 9,140 | 9,140 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 N'000 | 2012 N'000 | 2013 N'000 | 2012 N'000 |
| **16. Investment in equities** | | | | |
| Investment in subsidiaries(16.1) | - | - | 48,810 | 48,810 |
| Investment in associates(16.2) | - | 4,500 | - | 4,500 |
| | **-** | **4,500** | 48,810 | 53,310 |
| **16.1 Investment in subsidiaries** | | | | |
| Japaul Dredging Services Ltd (note 16.3) | - | - | **10,000** | **10,000** |
| Japaul Mine & Products Ltd (note 16.4) | - | - | **5,000** | **5,000** |
| Japaul Gulf Electromechanical (note 16.5) | - | - | **27,930** | **27,930** |
| Emirates Gabbro Quarry | - | - | **5,880** | **5,880** |
| | **-** | **-** | **48,810** | **48,810** |
| **16.2 Investment in associates** | | | | |
| Japaul Infrastructure (note 16.8) | | | | |
| At cost | **4,500** | - | 4,500 | - |
| Share of loss in associate | **(4,500)** | - | (4,500) | - |
| | - | - | - | - |
| Japaul Energy (note 16.7) | | | | |
| At cost | **4,500** | 4,500 | 4,500 | 4,500 |
| Share of loss in associate | **(4,500)** | - | (4,500) | - |
| | **-** | 4,500 | **-** | 4,500 |
| | **-** | 4,500 | - | 4,500 |

### 16.3 Japaul Dredging Services

Japaul Dredging Services Limited is formerly a division of Japaul Oil & Maritime Services Plc but became a company incorporated in May 2011. It is domiciled in Nigeria and its principal operations are provision of dredging services to the oil majors, equipment fabrications, sand mining and reclamation activities. It is a wholly owned subsidiary of Japaul Oil & Maritime Services Plc

### 16.4 Japaul Mines & Products Limited

Japaul Mines & Products Limited is a company incorporated in June 2007. It is domiciled in Nigeria and its principal operations are provision of quarry services, crushing and haulage of materials for construction companies and other end users of crushed granite. It is a wholly owned subsidiary of Japaul Oil & Maritime Services Plc

### 16.5 Japaul Gulf Electromechanical LLC

Japaul Gulf Electromechanical LLC is a company incorporated in 2008. It is domiciled in United Arab Emirates and its principal operations are procurement, construction and maintenance of electromechanical systems suitable for super structures. Japaul Oil & Maritime Services Plc owns 49% of its share capital, but the entity has been consolidated as a subsidiary based on establishment of control by the parent company

### 16.6 Emirates Gabbro Quarry

Emirates Gabbro Quarry is a company incorporated in March 2008. It is domiciled in Oman and its principal operations are provision of quarry services, crushing and haulage of materials for construction companies and other end users of crushed granite. Japaul Oil & Maritime Services Plc owns 49% of its share capital, but the entity has been consolidated as a subsidiary based on establishment of control by the parent company

### 16.7 Japaul Energy

Japaul Energy is a company incorporated in April 2011. It is domiciled in Nigeria and its principal operations are downstream operations of petroleum products and allied products. It is an associate of Japaul Oil & Maritime Services Plc as the company has 45% of its shareholding and therefore has significant influence in it

### 16.8 Japaul Infrastructures Ltd

Japaul Infrastructures Ltd is a company incorporated in July 2012. It is domiciled in Nigeria and its principal operations is road and building construction. It is an associate of Japaul Oil & Maritime Services Plc as the company has 45% of its shareholding and therefore has significant influence in it.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **N'000** | N'000 | **N'000** | N'000 |
| **17. Available for sale assets** | | | | |
| **Investment in Banana Island** | | | | |
| Cost | **9,196** | - | - | - |
| Impairment loss | **(9,196)** | - | - | - |
| Carrying amount | - | - | - | - |
| **Access Bank Plc** | | | | |
| Market value at beginning | **17,539** | 10,892 | **17,539** | 10,892 |
| Fair value gains | **7,217** | 6,647 | **7,217** | 6,647 |
| Market value at end | **24,756** | 17,539 | **24,756** | 17,539 |

Available for sale assets represents investment in access bank shares of 2,578,699 units at N9.60k per share.

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| **18. Inventories** | | | | |
| Consumables | **287,614** | 451,158 | **47,800** | 47,800 |
| Aggregates (chippings) | **-** | 159,371 | **-** | - |
| Impairment loss (Note 18.1) | **(47,800)** | - | **(47,800)** | - |
| | **239,814** | 610,529 | - | 47,800 |

**18.1 Impairment loss on inventory**

This represents write off of spare tools purchased for marine vessels now obsolete.

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| **19. Trade and other receivables** | | | | |
| Trade receivables | **2,914,946** | 2,967,711 | **1,853,256** | 2,235,197 |
| Staff receivables | **13,926** | 6,405 | **6,085** | 4,280 |
| Other receivables | **-** | 258,271 | **-** | 245,075 |
| | **2,928,872** | 3,232,387 | **1,859,341** | 2,484,552 |
| Allowance for impairment of receivables | **(468,191)** | (1,269,094) | **(396,705)** | (1,269,094) |
| | **2,460,681** | 1,963,293 | 1,462,636 | 1,215,458 |
| **19.1 Allowance for impairment of receivables** | | | | |
| At 1 January | **1,269,094** | 590,881 | **1,269,094** | 540,332 |
| Write off in the year | **(1,269,094)** | - | **(1,269,094)** | - |
| Charge in the year | **468,191** | 678,213 | **396,705** | 728,762 |
| At 31 December | **468,191** | 1,269,094 | **396,705** | 1,269,094 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2013** | 2012 | **2013** | 2012 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **20.** | **Other assets** | | | | |
| | Prepayments | **1,392,752** | 7,230 | **1,109,581** | 2,295 |
| | Withholding tax recoverable | **787,207** | 614,015 | **558,445** | 498,643 |
| | | **2,179,959** | 621,245 | **1,668,026** | 500,938 |
| **21.** | **Cash and cash equivalents** | | | | |
| | Cash at bank | **4,691,123** | 584,705 | **4,296,006** | 334,298 |
| | Cash in hand | **1,649** | - | **629** | - |
| | | **4,692,772** | 584,705 | **4,296,635** | 334,298 |
| **22.** | **Trade and other payables** | | | | |
| | Trade payables | **2,169,635** | 742,073 | **1,976,517** | 495,419 |
| | VAT | **155,762** | 86,576 | **79,486** | 26,434 |
| | Advance payment - rent | **72,633** | 158,753 | **72,635** | - |
| | Accruals | **-** | 1,932,962 | **165,668** | 1,752,578 |
| | Others | **844,471** | 605,364 | **409,398** | 456,046 |
| | | **3,242,501** | 3,525,728 | **2,703,704** | 2,730,477 |
| **23.** | **Short term borrowings** | | | | |
| | Bank overdrafts | **278,839** | 830,780 | **-** | - |
| | Commercial papers | **-** | - | **-** | **-** |
| | | **278,839** | 830,780 | **-** | - |
| **24.** | **Employee benefits** | | | | |
| **24.1** | **Defined contribution pension plan** | | | | |
| | At 1 January | **15,893** | 1,082 | **15,893** | 1,082 |
| | Deductions | **61,348** | 35,967 | **22,966** | 35,967 |
| | Remittances | **(40,253)** | (21,156) | **(21,800)** | (21,156) |
| | **At 31 December** | **36,988** | 15,893 | **17,059** | 15,893 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Group | | Company | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **N'000** | N'000 | **N'000** | N'000 |
| **24.2 Defined benefit pension plan** | | | | |
| At 1 January | **24,439** | 24,439 | **24,439** | 28,747 |
| Over provision | **-** | - | **-** | (4,308) |
| Charged during the year | **72,926** | - | **72,926** | **-** |
| | **97,365** | 24,439 | **97,365** | **24,439** |
| Repayment during the year | **(2,823)** | - | **(2,823)** | - |
| **At 31 December** | **94,542** | 24,439 | **94,542** | 24,439 |
| Present value of defined benefit obligation | **94,542** | 24,439 | **94,542** | 24,439 |
| Fair value of plan assets | **-** | | | |
| Unrecognised past service costs | **-** | - | - | - |
| Unrecognised actuarial gains/losses | **-** | - | - | - |
| **Movement in defined benefit plans** | | | | |
| At 1 December | **24,439** | 24,439 | **24,439** | 24,439 |
| Current service cost | **11,727** | - | **11,727** | - |
| Interest costs | **3,299** | - | **3,299** | - |
| Actuarial loss recognised | **57,900** | - | **57,900** | - |
| Benefit paid | **(2,823)** | - | **(2,823)** | - |
| Fair value of plan assets | **-** | - | - | - |
| Curtailment and settlement | **-** | - | - | - |
| | **94,542** | 24,439 | **94,542** | 24,439 |
| The amount recognised in the income statement is as follows: | | | | |
| Current service costs | **11,727** | - | **11,727** | - |
| Interest costs | **3,299** | - | **3,299** | - |
| Expected return on plan assets | **-** | - | **-** | - |
| Actuarial loss recognised | **57,900** | - | **57,900** | - |
| Recognised past service cost | **-** | - | - | - |
| Gain/loss on curtailment | **-** | - | - | - |
| | **72,926** | - | **72,926** | - |
| The principal actuarial assumptions used were: | | | | |
| Discount rate | **13.50%** | - | **13.50%** | - |
| Inflation rate | **10.00%** | - | **10.00%** | - |
| Future salary increases | **10.00%** | - | **10.00%** | - |

Assumptions regarding future mortality experiences are set based on actuarial advices, published statistics and experience in each territory.

## 25. Finance lease obligation

| | Group 2013 N'000 | Group 2012 N'000 | Company 2013 N'000 | Company 2012 N'000 |
|---|---|---|---|---|
| At 1 January | **7,472,157** | - | **7,472,157** | - |
| Obtained during the year | **16,988** | 7,474,623 | **16,988** | 7,474,623 |
| Repayment during the year | **(793,688)** | (3,315) | **(792,816)** | (3,315) |
| Default/prepayment in the year | **(2,651)** | 870 | **(2,651)** | 870 |
| Effective interest rate | **150** | (21) | **150** | (21) |
| **At 31 December** | **6,692,956** | 7,472,157 | **6,693,828** | 7,472,157 |

a **Marine vessel - Continental One**
Finance lease obligation relates to total lease rentals payable to Marine Delivery PTE, Singapore on the lease of marine vessel - MV Continental One, with a repayment period of eight years from February 2012 at an interest rate of 9.62%.

b **Marine vessel - Beau Geste**
Finance lease obligation relates to total lease rentals payable to Marine Delivery PTE, Singapore on the lease of marine vessel - Beau Geste, with a repayment period of five years from October 2010 at an interest rate of 9.62%.

c **Motor vehicles**
Finance lease obligation also comprises of lease rentals payable to First Bank of Nigeria on the lease of the following motor vehicles obtained by the group during the year:

**i** 3 units of Hyundai Tucson at an interest rate of 18% with a repayment period of twenty four months
**ii** 1 unit of Nissan pick up at an interest rate of 18% with a repayment period of twenty four months.

## 26. Long term borrowings

### 26.1 Term loans

| | Group 2013 N'000 | Group 2012 N'000 | Company 2013 N'000 | Company 2012 N'000 |
|---|---|---|---|---|
| At 1 January | **4,396,841** | 1,385,925 | **3,795,736** | 1,385,925 |
| Loans obtained during the year | **14,468,520** | 5,009,850 | **14,468,520** | 4,411,189 |
| Effective interest rate | **72,747** | (48,466) | **72,747** | (48,466) |
| | **18,938,108** | 6,347,309 | **18,337,003** | 5,748,648 |
| Repayments during the year | **(7,136,708)** | (1,950,467) | **(7,062,304)** | (1,952,912) |
| At 31 December | **11,801,400** | 4,396,842 | **11,274,699** | 3,795,736 |
| **Analysed into:** | | | | |
| Current portion | **2,479,475** | 2,145,109 | **1,952,773** | 1,260,053 |
| Due after one year | **9,321,925** | 2,251,733 | **9,321,926** | 2,535,683 |
| | **11,801,400** | 4,396,842 | **11,274,699** | 3,795,736 |

a **Nationwide equipment**
Facility represents US$70,000,000 time loan secured from Nationwide equipment through Diamond Bank Plc for a period of five years with 90 days moratorium and interest rate of 8.75% per annum. The time loan represent loan facilities obtained during the year and is repayable in instalments at various dates between December 2013 and 2018. The loans have been secured on various assets of the entity. The facility has been used to pay off previous debts existing in the financial statements.

b **Access Bank Plc**
Facility represents US$5,000,000 term loan secured from Access bank plc for a period of four years. The term loan represents loan facilities obtained during the year and is repayable in instalments at various dates between May 2011 to August 2014. The loan has been secured on various assets of the entity.

**26.2 Maturity profile of financial liabilities**

| | Due within one year N'000 | Due within one - five N'000 | Due after five years N'000 | Total N'000 |
|---|---|---|---|---|
| **2013** | | | | |
| Short term borrowings | **278,839** | **-** | **-** | **278,839** |
| Trade and other payables | **3,373,678** | **-** | **-** | **3,373,678** |
| Finance lease obligation | **-** | **6,692,956** | **-** | **6,692,956** |
| Term loans | **2,479,476** | **9,321,925** | **-** | **11,801,401** |
| | **6,131,993** | **16,014,881** | **-** | **22,146,874** |
| **2012** | | | | |
| Short term borrowings | 830,780 | - | - | 830,780 |
| Trade and other payables | 3,525,729 | - | - | 3,525,729 |
| Finance lease obligation | - | 7,472,157 | - | 7,472,157 |
| Term loans | 9,321,925 | 2,251,733 | - | 11,573,658 |
| | 13,678,434 | 9,723,890 | - | 23,402,324 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 N'000 | 2012 N'000 | 2013 N'000 | 2012 N'000 |
| **27. Share capital** | | | | |
| **Authorised:** | | | | |
| 7,000,000,000 ordinary shares of 50k each | **3,500,000** | **3,500,000** | **3,500,000** | **3,500,000** |
| **Issued and fully paid:** | | | | |
| 6,262,701,716 ordinary shares of 50k each | **3,131,351** | 3,131,351 | **3,131,351** | 3,131,351 |
| **28. Share premium** | **16,440,679** | 16,440,679 | **16,440,679** | 16,440,679 |
| **29. Retained earnings** | | | | |
| At 1 January | **(3,950,800)** | 2,797,953 | **(2,190,976)** | 2,527,183 |
| Profit/(loss) for the year | **271,561** | (6,627,811) | **29,804** | (4,597,217) |
| Actuarial (loss)/gains | **(57,900)** | 4,308 | **(57,900)** | 4,308 |
| Prior year dividend declared | - | (125,250) | **-** | (125,250) |
| **At 31 December** | **(3,737,139)** | (3,950,800) | **(2,219,072)** | (2,190,976) |
| **30. Non-controlling interest** | | | | |
| At 1 January | **(581,424)** | (433,870) | **-** | - |
| Loss for the year | **(31,815)** | (147,554) | **-** | - |
| **At 31 December** | **(613,239)** | (581,424) | **-** | - |
| **31. Fair value reserve** | | | | |
| At 1 January | **3,585** | (3,062) | **3,585** | (3,062) |
| Gain for the year | **7,217** | 6,647 | **7,217** | 6,647 |
| **At 31 December** | **10,802** | 3,585 | **10,802** | 3,585 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 N'000 | 2012 N'000 | 2013 N'000 | 2012 N'000 |
| **32. Foreign exchange reserve** | | | | |
| At 1 January | **5,030** | 4,051 | **-** | - |
| Gain for the year | **-** | 979 | **-** | - |
| **At 31 December** | **5,030** | **5,030** | **-** | **-** |
| **33. Earnings/(loss) per share** | | | | |
| Profit/(loss) after taxation | **239,746** | (6,775,365) | **29,804** | (4,597,217) |
| Number of shares | **6,262,702** | 6,262,702 | **6,262,702** | 6,262,702 |
| Profit/(loss) per share (kobo) | **4** | (108) | **0.48** | (73) |

Earnings/(loss) per share (basic) have been computed for each year on the loss after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up to N0.50k ordinary share during the year.

### 34. Related party transactions

The following balances resulted from transactions carried out with related parties during the year. Sale of services to related parties were made at the Group's usual price list and purchases made at market price. The amounts outstanding are unsecured and will be settled in cash.

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 N'000 | 2012 N'000 | 2013 N'000 | 2012 N'000 |
| **34.1 Amount due from subsidiary companies** | | | | |
| Japaul Dredging | **-** | **-** | **2,312,540** | - |
| Emirates Gabbro Quarry | **-** | **-** | **17,338** | 160,421 |
| Japaul Mines & Products Limited | **-** | **-** | **4,093,201** | 3,857,910 |
| Japaul Gulf Electromechanical LLC, Dubai | **-** | **-** | **3,156,616** | 2,806,888 |
| | **-** | **-** | **9,579,695** | 6,825,219 |
| **34.2 Amount due from associate companies** | | | | |
| Japaul Infrastructure | **557,157** | **-** | **587,920** | - |
| Japaul Energy | **143,406** | **-** | **169,355** | 2,654,242 |
| | **-** | **-** | **-** | - |
| | **700,563** | - | **757,275** | 2,654,242 |
| | **700,563** | **-** | **10,336,970** | 9,479,461 |

**34.3 Key management personnel**

The group has a common director with CS Offshore Limited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

### 35. Segment report

### 35.1 Segment report according to operations

The group has four reportable segments under IFRS. These segments engage in the provision of the following services: Dredging, Quarry, Offshore and Construction services and their results for the year as well as the comparative year are reported as follows:

| 2013 | Dredging Services N'000 | Offshore Services N'000 | Quarry Services N'000 | Construction services N'000 | Consolidation adjustments N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| External customers | **2,898,262** | **8,031,756** | **1,326,071** | **773,835** | | **13,029,924** |
| Internal segment | **-** | **-** | **-** | **-** | **-** | **-** |
| Total revenue | **2,898,262** | **8,031,756** | **1,326,071** | **773,835** | **-** | **13,029,924** |
| Cost of sales | **(1,398,444)** | **(4,590,767)** | **(1,050,124)** | **(83,823)** | | **(7,123,158)** |
| Operating expenses | **(887,912)** | **(3,280,367)** | **(651,731)** | **(617,482)** | | **(5,437,492)** |
| Share of loss of associate | **-** | **(9,000)** | **-** | **-** | | **(9,000)** |
| Total segment profit after tax | **611,906** | **151,622** | **(375,784)** | **72,530** | **-** | **460,274** |
| Depreciation and amortisation | **247,012** | **999,275** | **545,166** | **2,739** | | **1,794,193** |
| Operating assets | **4,617,480** | **52,190,278** | **4,668,288** | **4,319,739** | **(27,019,183)** | **38,776,602** |
| Operating liabilities | **4,587,458** | **34,823,801** | **7,065,911** | **4,081,133** | **(27,019,183)** | **23,539,120** |

| 2012 | Dredging Services N'000 | Offshore Services N'000 | Quarry Services N'000 | Construction services N'000 | Consolidation adjustments N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| External customers | 2,519,345 | 7,243,638 | 1,454,719 | 1,064,012 | - | 12,281,714 |
| Internal segment | - | - | - | - | - | - |
| Total revenue | 2,519,345 | 7,243,638 | 1,454,719 | 1,064,012 | - | 12,281,714 |
| Cost of sales | (1,188,097) | (5,121,508) | (874,351) | (98,600) | - | -7,282,556 |
| Operating expenses | (1,135,652) | (2,254,374) | (6,139,552) | (2,053,670) | - | -11,583,248 |
| Tax expense | (191,275) | - | - | - | - | (191,275) |
| Total segment loss after tax | 4,321 | (132,244) | (5,559,184) | (1,088,258) | - | (6,775,365) |
| Depreciation and amortisation | 369,131 | 1,798,961 | 701,862 | 19,608 | - | 2,889,562 |
| Operating assets | 4,472,332 | 44,708,431 | 4,223,135 | 3,984,352 | (24,902,625) | 32,485,625 |
| Operating liabilities | 4,276,771 | 32,195,217 | 1,826,096 | 4,041,745 | (24,902,625) | 17,437,204 |

# JAPAUL OIL & MARITIME SERVICES PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

**35.2 Segment report by geographical location**

The group operates both within and outside Nigeria and the results based on each geographical location are as follows:

| 2013 | Within Nigeria N'000 | Outside Nigeria N'000 | Consolidation adjustments N'000 | Total N'000 |
|---|---|---|---|---|
| Revenue | | | | |
| External customers | **12,141,688** | **888,236** | - | **13,029,924** |
| Internal segment | **-** | - | **-** | **-** |
| Total revenue | **12,141,688** | **888,236** | **-** | **13,029,924** |
| Cost of sales | **(6,891,809)** | **(231,349)** | **-** | **(7,123,158)** |
| Operating expenses | **(4,820,010)** | **(617,482)** | **-** | **(5,437,492)** |
| Share of loss of associate | **(9,000)** | **-** | **-** | **(9,000)** |
| Segment profit before tax | **420,869** | **39,405** | **-** | **460,274** |
| Tax expense | **(220,529)** | | **-** | **(220,529)** |
| Segment profit after tax | **200,341** | **39,405** | **-** | **239,746** |
| Depreciation and amortisation | **1,775,034** | **85,654** | **-** | **1,860,688** |
| Operating assets | **62,862,390** | **2,933,395** | **(27,019,183)** | **38,776,602** |
| Operating liabilities | **43,620,722** | **6,937,580** | **(27,019,183)** | **23,539,119** |

Segment report by geographical location

| 2012 | Within Nigeria | Outside Nigeria | Consolidation adjustments | Total |
|---|---|---|---|---|
| Revenue | | | | |
| External customers | 11,029,695 | 1,252,019 | - | 12,281,714 |
| Internal segment | - | - | - | - |
| Total revenue | 11,029,695 | 1,252,019 | - | 12,281,714 |
| Cost of sales | (7,077,727) | (204,829) | - | (7,282,556) |
| Operating expenses | (9,381,623) | (2,201,624) | - | (11,583,247) |
| Tax expense | (191,275) | - | - | (191,275) |
| Segment loss | (5,620,930) | (1,154,434) | - | (6,775,364) |
| Depreciation and amortisation | 1,935,919 | 90,108 | - | 2,026,027 |
| Operating assets | 55,345,047 | 4,159,761 | (27,019,183) | 32,485,625 |
| Operating liabilities | 40,414,643 | 4,041,745 | (27,019,184) | 17,437,204 |

**35.3 Information about major customers**

The group has no customers that represent more than 10% of the total revenue of any of the reported segments. Some of the customers to whom the group made major sales to are:

- Total E&P Nigeria Limited
- Nigerian LNG Limited
- Nigeria Agip Exploration Limited
- Shell Nigeria
- Seplat Petroleum Development Company

**35.4 Information about major suppliers**

The group's major suppliers are both local and foreign and are as follows:

- Marine Delivery PTE Singapore
- CS Offshore

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 N'000 | 2012 N'000 | 2013 N'000 | 2012 N'000 |
| **36. Reconciliation of net(loss)/ profit to net cash provided by operating activities** | | | | |
| Net profit/(loss) after tax | **239,746** | (6,775,365) | **29,804** | (4,597,217) |
| **Adjustments to reconcile net income/(loss) to net cash provided** | | | | |
| Finance costs | **1,611,363** | 2,957,684 | **1,447,669** | 2,906,953 |
| Depreciation of owned assets | **1,108,195** | 1,355,024 | **247,405** | 512,306 |
| Depreciation of leased assets | **752,493** | 671,003 | **747,810** | 667,332 |
| Write down of assets | **-** | 7,319,905 | **-** | 5,685,368 |
| IFRS adjustment | **(240,464)** | (45,146) | **(223,680)** | (194,324) |
| Revaluation surplus | **-** | (2,719,216) | **-** | - |
| Adjustment for deferred tax asset | **-** | - | **-** | - |
| **Changes in assets and liabilities:** | | | | |
| Decrease/(increase) in inventories | **370,715** | (125,061) | **47,800** | 5,219 |
| (Increase)/decrease in trade and other receivables | **(497,389)** | 1,113,901 | **(247,179)** | 70,150 |
| (Increase)/decrease in other assets | **(1,558,714)** | 440,038 | **(1,167,088)** | (409,753) |
| Increase in due from related companies | **(700,563)** | - | **(857,509)** | (335,784) |
| (Decrease)/increase in trade and other payables | **(283,227)** | 1,443,308 | **(26,773)** | 2,244,368 |
| Increase in defined benefit pension plan | **91,200** | 11,585 | **71,270** | 11,585 |
| Increase in taxation payable | **220,529** | 113,483 | **121,816** | 162,669 |
| Total adjustments | **874,136** | 12,536,508 | **161,542** | 11,326,089 |
| **Net cash provided by operating activities** | **1,113,882** | 5,761,143 | **191,346** | 6,728,873 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | N'000 | N'000 | N'000 | N'000 |
| **36.a Information regarding directors and employees** | | | | |
| **Directors' emoluments comprise:** | | | | |
| Fees: | | | | |
| - Chairman | **3,000** | - | **3,000** | |
| - Other Directors | **20,708** | 14,000 | **20,708** | 14,000 |
| Other emoluments as executives | **203,509** | 230,660 | **160,272** | 186,920 |
| | **227,217** | 244,660 | **183,980** | 200,920 |
| Chairman | **3,000** | - | **3,000** | **-** |
| Highest paid director | **68,850** | 64,800 | **68,850** | 64,800 |

The table below shows the number of Directors of the company (excluding the Chairman) whose emoluments during the year, excluding pension contributions, fell within the bands shown below:

| | | | Group | | Company | |
|---|---|---|---|---|---|---|
| | | | 2013 | 2012 | 2013 | 2012 |
| N | | N | Number | Number | Number | Number |
| 1,000,001 | - | 2,000,000 | **-** | - | **-** | - |
| 2,000,001 | - | 3,000,000 | **5** | 5 | **5** | 5 |
| 3,000,001 | - | 4,000,000 | **-** | **-** | **-** | |
| 4,000,001 | - | 5,000,000 | **-** | **-** | **-** | |
| 5,000,001 | - | 6,000,000 | **4** | 5 | **2** | 3 |
| 6,000,001 | | and above | **-** | - | **-** | - |
| | | | **9** | 10 | **7** | 8 |

| | 2013 | 2012 | 2013 | 2012 |
|---|---|---|---|---|
| **36.b Employees** | | | | |
| Average number of persons employed during the year: | | | | |
| Management | **68** | 74 | **10** | 14 |
| Administration | **72** | 83 | **18** | 31 |
| Others | **382** | 409 | **14** | 14 |
| | **522** | 566 | **42** | 59 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | N'000 | N'000 | N'000 | N'000 |
| **36.c Employees' costs:** | | | | |
| Salaries and wages | **535,718** | 588,639 | **101,479** | 226,958 |
| Medical expenses | **23,159** | - | **11,852** | - |
| Defined contribution pension plan | **40,253** | 21,156 | **21,800** | 21,156 |
| Defined benefit pension plan | **2,823** | - | **2,823** | - |
| | **601,953** | 609,795 | **137,954** | 248,114 |

The number of employees with gross emoluments within the following bands were:

| N | | N | Number | Number | Number | Number |
|---|---|---|---|---|---|---|
| Up to | - | 1,000,000 | **382** | 457 | **12** | 31 |
| 1,000,001 | - | 2,000,000 | **86** | 68 | **13** | 14 |
| 2,000,001 | - | 3,000,000 | **36** | 19 | **8** | 4 |
| 3,000,001 | - | 4,000,000 | **10** | 17 | **2** | 8 |
| 4,000,001 | - | 5,000,000 | - | - | **-** | - |
| 5,000,000 | - | and above | **8** | 5 | **7** | 2 |
| | | | **522** | **566** | **42** | **59** |

**37. Explanations of restatements**

The financial statements presented in 2012 have been reviewed, and this has necessitated the retrospective restatement of the Group and Company's financial performance and position. The restatements are explained as follows:

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| **37.1 Reconciliation of equity** | **Notes** | **As published** | **Restatement adjustments** | **As restated** | **As published** | **Restatement adjustments** | **As restated** |
| **Assets** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant & equipment | **a,b,c** | 20,089,689 | (3,795,892) | 16,293,797 | 12,738,632 | (4,209,266) | 8,529,366 |
| Assets under finance lease | **a** | 8,755,408 | 3,625,469 | 12,380,877 | 8,755,408 | 3,618,126 | 12,373,534 |
| Intangible assets | **b** | 5,496 | 3,644 | 9,140 | 5,496 | 3,644 | 9,140 |
| Investment in subsidiaries | **f** | - | - | - | - | 48,810 | 48,810 |
| Investment in associates | **g** | - | 4,500 | 4,500 | - | 4,500 | 4,500 |
| Available for sale asset | | 17,539 | - | 17,539 | 17,539 | - | 17,539 |
| | | 28,868,132 | (162,279) | 28,705,853 | 21,517,075 | (534,186) | 20,982,889 |
| **Current assets** | | | | | | | |
| Inventories | | 610,529 | - | 610,529 | 47,800 | - | 47,800 |
| Trade and other receivables | **d** | 2,584,538 | (621,245) | 1,963,293 | 1,716,396 | (500,938) | 1,215,458 |
| Other assets | **d** | - | 621,245 | 621,245 | - | 500,938 | 500,938 |
| Due from related companies | **f,g** | - | - | - | 9,532,771 | (53,310) | 9,479,461 |
| Cash and cash equivalents | **e** | 597,835 | (13,130) | 584,705 | 347,428 | (13,130) | 334,298 |
| | | 3,792,902 | (13,130) | 3,779,772 | 11,644,395 | (66,440) | 11,577,955 |
| **Total assets** | | **32,661,034** | **(175,409)** | **32,485,625** | **33,161,470** | **(600,626)** | **32,560,844** |
| **Equity** | | | | | | | |
| Share capital | | 3,131,351 | - | 3,131,351 | 3,131,351 | - | 3,131,351 |
| Retained earnings | **,e,h,i,k,n** | (2,488,526) | (1,462,274) | (3,950,800) | 114,155 | (2,305,131) | (2,190,976) |
| Non-controlling interest | | - | (581,424) | (581,424) | | - | |
| Share premium | | 16,440,679 | - | 16,440,679 | 16,440,679 | - | 16,440,679 |
| Fair value reserve | **h** | - | 3,585 | 3,585 | - | 3,585 | 3,585 |
| Foreign exchange reserve | **i** | - | 5,030 | 5,030 | - | - | - |
| **Total equity** | | **17,083,504** | **(2,035,083)** | **15,048,421** | **19,686,185** | **(2,301,546)** | **17,384,639** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Long term borrowings | **j,k** | 2,260,082 | (8,349) | 2,251,733 | 2,535,683 | - | 2,535,683 |
| Finance lease obligation | **j** | 7,459,515 | 12,642 | 7,472,157 | 7,459,515 | 12,642 | 7,472,157 |
| Deferred taxation | **t** | 1,001,186 | (57,700) | 943,486 | 961,336 | (51,450) | 909,886 |
| Defined benefit pension plan | | 24,439 | - | 24,439 | 24,439 | - | 24,439 |
| | | **10,745,222** | **4,293** | **10,691,815** | **10,980,973** | **(38,808)** | **10,942,165** |
| **Current liabilities** | | | | | | | |
| Short term borrowings | **l** | 440,206 | 390,574 | 830,780 | 12,663 | (12,663) | - |
| Current portion of long term borrowings | **l** | 2,535,683 | (390,574) | 2,145,109 | 1,255,739 | 4,314 | 1,260,053 |
| Trade and other payables | **m,n,o** | 742,073 | 2,783,655 | 3,525,728 | 495,419 | 2,274,908 | 2,770,327 |
| Other payables and accruals | **m** | 886,467 | (886,467) | - | 502,874 | (502,874) | - |
| Current tax payable | | 227,879 | - | 227,879 | 227,617 | (39,850) | 187,767 |
| Defined contribution pension plan | **o** | - | 15,893 | 15,893 | - | 15,893 | 15,893 |
| | | **4,832,308** | **1,913,081** | **6,745,389** | **2,494,312** | **1,739,728** | **4,234,040** |
| **Total liabilities** | | **15,577,530** | **1,917,374** | **17,437,204** | **13,475,285** | **1,700,920** | **15,176,205** |
| **Total liabilities and equity** | | **32,661,034** | **(117,709)** | **32,485,625** | **33,161,470** | **(600,626)** | **32,560,844** |

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Notes | As published | Restatement adjustments | As restated | As published | Restatement adjustments | As restated |
| **37.2 Reconciliation of profit** | | | | | | | |
| Revenue | | 12,281,714 | - | **12,281,714** | 7,243,638 | - | **7,243,638** |
| Cost of sales | s | (7,282,556) | - | **(7,282,556)** | (2,954,145) | (1,757,415) | **(4,711,560)** |
| **Gross profit** | | 4,999,158 | - | **4,999,158** | 4,289,493 | (1,757,415) | **2,532,078** |
| Other income | p,r | 77,112 | 2,724,027 | **2,801,139** | 69,866 | 3,006,569 | **3,076,435** |
| Administrative and general expenses | q,c,s | (3,665,106) | (173,247) | **(3,838,353)** | (2,321,991) | 1,754,492 | **(567,499)** |
| Distribution expenses | q | (680,581) | 680,581 | **-** | (730,581) | 730,581 | **-** |
| Impairment charge | p,e | - | (7,588,350) | **(7,588,350)** | - | (6,540,003) | **(6,540,003)** |
| **Operating loss** | | 730,583 | (4,356,989) | **(3,626,406)** | 1,306,787 | (2,805,776) | **(1,498,989)** |
| Finance costs | k,n | (209,810) | (2,747,874) | **(2,957,684)** | (149,718) | (2,757,235) | **(2,906,953)** |
| **Loss on continuing operations before tax** | | 520,773 | (7,104,863) | **(6,584,090)** | 1,157,069 | (5,563,011) | **(4,405,942)** |
| Tax expense | | (191,275) | - | **(191,275)** | (191,275) | - | **(191,275)** |
| Deferred taxation | t | (57,700) | 57,700 | **-** | (51,450) | 51,450 | **-** |
| **Loss on continuing operations after tax** | | 271,798 | (7,047,163) | **(6,775,365)** | 914,344 | (5,511,561) | **(4,597,217)** |
| **Other comprehensive (loss)/ income** | | | | | | | |
| Exchange gain on translation of foreign operations | r | 979 | - | **979** | 101 | (101) | **-** |
| Actuarial (loss)/ gains on defined benefit pension plans | | 4308 | - | **4,308** | 4,308 | - | **4,308** |
| Fair value gains on available for sale assets | | 6,647 | - | **6,647** | 6,647 | - | **6,647** |
| | | 11,934 | - | **11,934** | 11,056 | (101) | **10,955** |
| **Total comprehensive loss for the year** | | 283,732 | (7,047,163) | **(6,763,431)** | 925,400 | (5,511,662) | **(4,586,262)** |
| **Loss attributable to:** | | | | | | | |
| Owners of the parents | | - | (6,627,811) | **(6,627,811)** | - | (4,597,217) | **(4,597,217)** |
| Non-controlling interest | | - | (147,554) | **(147,554)** | - | - | **-** |
| | | - | (6,775,365) | **(6,775,365)** | - | (4,597,217) | **(4,597,217)** |
| **Total comprehensive loss attributable to:** | | | | | | | |
| Owners of the parents | | 242,490 | (6,858,367) | **(6,615,877)** | - | (4,586,262) | **(4,586,262)** |
| Non-controlling interest | | 41,240 | (188,794) | **(147,554)** | - | - | **-** |
| | | 283,730 | (7,047,161) | **(6,763,431)** | - | (4,586,262) | **(4,586,262)** |

**Notes to the reconciliations**

A **Reclassification from property, plant & equipment to assets under finance lease**
Marine equipment and motor vehicles acquired under finance lease arrangement previously merged with owned assets under property, plant and equipment have now been reclassified under finance lease assets

B **Reclassification from property, plant & equipment to intangible assets**
Computer software previously classified as part of computer equipment under property, plant and equipment have now been reclassified as part of intangible assets in the restated balances

C **Depreciation of property, plant and equipment**
Additional depreciation now charged on property, plant and equipment arising from recomputation

D **Reclassification of other assets from trade and other receivables**
Other assets comprising of withholding tax receivables and prepayments have been reclassified from trade and other receivables

E **Reconciliation differences on bank balances**
Reconciliation differences on bank balances have now been written off.

F **Reclassification from due from related parties to investment in subsidiaries**
Investment in subsidiaries have been disclosed separately in line with IAS 1.

G **Reclassification from due from related parties to investment in associates**
Investment in associates have been disclosed separately in line with IAS 1.

H **Recognition of fair value reserve**
Gains or losses on remeasurement of available for sale assets previously recognised in retained earnings through other comprehensive income have now been reclassified to fair value reserve as required by IAS 39.

I **Recognition of fair value reserve**
The cumulative exchange gains previously recognised in retained earnings have now been recognised in equity as separate line items through the other comprehensive income as required by IAS 21.

J **Reclassification of finance lease obligations from long term borrowings**
Balances relating to finance lease obligation previously recognised as a part of term loans and bank overdrafts have now been shown separately

K **Remeasurement of term loans using effective interest rate**
Term loans have been amortised using the effective interest rate and the effect of discounting has been recognised as a part of finance costs in the financial statements

L **Reclassification of bank overdrafts from term loans**
Bank overdrafts previously classified as term loans have now been reclassified as short term borrowing

M **Reclassification from other creditors and accruals to trade and other payables**
Other creditors and accruals previously recognised separately in the published financial statements have now been merged together in the restated balances.

N **Recognition of lease payables**
Interest on leases previously ommitted have now been recognised as finance costs.

O **Reclassification of employee benefits**
Employee benefits - defined contribution pension plan recognised under other payables and accruals previously have now been reclassified as separate line items as required by IAS 19 in the restated financial statements.

P **Recognition of revaluation surplus(deficit) on property, plant and equipment**
Fair value gains (impairment) on revaluation of property, plant and equipment previously recognised directly as IFRS adjustments have now been recognised through the income statement in the restated balances.

Q **Reclassification of sale and distribution expenses to administrative and**
Items previously classified as sale and distribution expenses have now been reclassified as administrative and general expenses under the restated balances.

R **Reclassification of exchange gains to other income**
Exchange gains on translation of foreign currencies and transactions does not qualify for recognition in the other comprehensive income as previously treated and have now been treated as appropriate under other income in the restated financial statements

S **Reclassification of depreciation charge from to cost of sales**
Depreciation previously charged as administrative expenses have now been reclassified to cost of sales.

T **Remeasurement of deferred tax**
Deferred tax has been recomputed based on the remeasurement of assets and liabilities that have tax implications and as such the effects have been recognised.

**38. Events after reporting date**
There were no significant events after the reporting date which would have had any material effect on the financial statements as at 31 December 2013 or require disclosure in these financial statements.

**39. Comparative figures**
Where necessary,comparative figures have been adjusted to conform with changes in presentation in the current year in accordance with the International Accounting Standard (IAS 1) issued by the International Accounting Standards Board.

**40. Capital commitments**
The Group has finance leases for various marine vessels and motor vehicles. These leases have terms of renewal and purchase options. Renewals are at the option of the specific entity that holds the lease. Present value of the net minimum lease payments are stated in note 25. The group is currently in the process of exercising its option to purchase Beau Geste - a marine vessel under the finance lease arrangement with Marine Delivery Pte of Singapore with the purchase option if exercised amounting to N2,110,720,000 at 31 December 2013 (31 December 2012: nil)

**41. Contingent liabilities**

There were contingent liabilities as at 31 December 2013 amounting to N941,706,254 (2012 - nil) in respect of legal claims made against the group. The Board of Directors are of the opinion that the liabilities will not crystallise, and therefore no provision is made in these consolidated financial statements. The nature of the contingent liabilities are as follows:

# JAPAUL OIL & MARITIME SERVICES PLC

## CONSOLIDATED STATEMENT OF VALUE ADDED
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 N'000 | % | 2012 N'000 | % | 2013 N'000 | % | 2012 N'000 | % |
| Turnover | **13,029,924** | | 12,281,714 | | **8,031,756** | | 7,243,638 | |
| Interest income | | | | | | | | |
| Other income | **324,038** | | 2,801,139 | | **242,284** | | 3,076,435 | |
| | **13,353,962** | | 15,082,853 | | **8,274,040** | | 10,320,073 | |
| Bought-in-material and services: | | | | | | | | |
| - Local | **(1,747,210)** | | (8,778,947) | | **(1,079,826)** | | (7,875,294) | |
| - Imported | **(7,123,157)** | | (7,282,556) | | **(4,590,768)** | | (4,580,357) | |
| **Value added** | **4,483,595** | **100** | **(978,650)** | 100 | **2,603,446** | **100** | **(2,135,578)** | 100 |
| **Applied as follows:-** | | | | | | | | |
| **To pay employees** | | | | | | | | |
| Wages,salaries and other staff costs | **601,953** | **13** | 609,795 | (62) | **137,954** | **5** | 248,114 | (12) |
| **To pay government** | | | | | | | | |
| Corporate tax | **220,529** | **6** | 191,275 | (20) | **(121,816)** | **(5)** | 191,275 | (9) |
| **To pay provider of capital** | | | | | | | | |
| Finance costs | **1,611,363** | **36** | 2,957,684 | (302) | **1,608,289** | **63** | 1,498,989 | (70) |
| **To provide for replacement of assets dividend to shareholders and development of business** | | | | | | | | |
| - Depreciation of property, plant and equipment | **1,860,688** | **41** | 2,026,027 | (207) | **999,898** | **38** | 512,306 | (24) |
| - Profit/(loss) for the year | **189,063** | **4** | (6,763,431) | 691 | **(20,879)** | **(1)** | (4,586,262) | 215 |
| **Value added** | **4,483,595** | **100** | (978,650) | 100 | **2,603,446** | **100** | (2,135,578) | 100 |

Value added represents the additional wealth which the company has been able to create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

# JAPAUL OIL & MARITIME SERVICES PLC

## FINANCIAL SUMMARY - GROUP

| | Group | | |
|---|---|---|---|
| | **2013** | 2012 | 2011 |
| | **N'000** | N'000 | N'000 |
| **Employment of capital** | | | |
| Non-current assets | **28,502,813** | 28,705,853 | 20,804,405 |
| Net current assets/(liabilities) | **3,339,170** | (3,193,496) | 1,725,500 |
| Tax | **448,408** | 227,879 | 210,087 |
| Non current liabilities | **(17,052,909)** | (10,691,815) | (1,160,647) |
| Net assets | **15,237,483** | 15,048,421 | 21,579,345 |
| Equity and reserve | **15,237,484** | 15,048,421 | 21,579,345 |
| **Statement of comprehensive income** | | | |
| Turnover | **13,029,924** | 12,281,714 | 8,031,756 |
| Profit/(loss) on continued operation before taxation | **460,274** | (6,584,090) | 151,620 |
| Taxation | **(220,529)** | (191,275) | (121,816) |
| Other comprehensive (loss)/income | **(50,683)** | 11,934 | (50,683) |
| Total comprehensive income/(loss) | **189,063** | (6,763,431) | (20,879) |
| Basic earnings/(loss) per share | **4** | (108) | 0.48 |
| Net assets per share | **2** | 2 | 3 |

Earnings/(loss) per share are based on profit/(loss) after tax divided by the issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets divided by the issued and fully paid ordinary shares at the end of each financial year.

# JAPAUL OIL & MARITIME SERVICES PLC

## FINANCIAL SUMMARY - COMPANY

| | Company | | |
|---|---|---|---|
| | **2013** | 2012 | 2011 |
| | **N'000** | N'000 | N'000 |
| **Employment of capital** | | | |
| Non-current assets | **22,261,356** | 21,642,644 | 20,982,889 |
| Net current liabilities | **1,489,623** | 12,391,864 | 7,116,298 |
| Tax | **114,396** | 349,433 | 227,617 |
| Non current liabilities | **(1,363,183)** | (17,020,182) | (10,942,165) |
| Net assets | 22,502,192 | 17,363,760 | 17,384,639 |
| Equity and reserve | **21,597,007** | 17,363,760 | 17,384,639 |
| **Statement of comprehensive income** | | | |
| Turnover | **8,031,756** | 7,243,638 | 7,131,638 |
| (Loss)/profit on continued operation before taxation | **151,620** | (4,597,217) | 873,517 |
| Taxation (charge)/write back | | | |
| Other comprehensive income | (50,683) | 10,955 | - |
| Total comprehensive loss | (20,879) | (4,586,262) | 873,517 |
| Basic loss per share | 0 | (73) | 0.14 |
| Net assets per share | 4 | 3 | 3 |

Loss per share are based on loss after taxdivided by the issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets divided by the  issued and fully paid ordinary shares at the end of each financial year.