JAPAUL OIL & MARITIME SERVICES PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014

JAPAUL OIL & MARITIME SERVICES PLC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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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 2014 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Japaul Oil & Maritime Services Plc and its subsidiaries** at 31 December 2014, and of their financial performance and 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 statement of financial position, consolidated income statement and consolidated statement of comprehensive income as it appears from our examination of their records.

Olatunji Ogundeyin

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

Date: 19 May 2015

JAPAUL OIL & MARITIME SERVICES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

		Group		Company	
		2014	2013	**2014**	2013
	Note	**N'000**	N'000	**N'000**	N'000
Assets					
Non-current assets					
Property, plant and equipment	7	**25,828,866**	18,475,710	**16,395,018**	11,578,336
Assets under finance lease	8	**4,571,922**	9,996,083	**4,567,447**	9,984,478
Intangible assets	9	**3,388**	6,264	**3,388**	6,264
Investment in subsidiaries	10	**-**	-	**94,820**	94,820
Investment in associates	11	**-**	-	**9,000**	9,000
Available for sale financial assets	12	**17,019**	24,756	**17,019**	24,756
Total non-current assets		**30,421,195**	28,502,813	**21,086,692**	21,697,654
Current assets					
Inventories	13	**451,458**	239,814	**-**	-
Trade and other receivables	14	**6,799,486**	5,341,203	**13,472,412**	13,412,622
Cash and bank balances	15	**1,014,283**	4,692,772	**499,352**	4,296,635
Total current assets		**8,265,227**	10,273,789	**13,971,764**	17,709,257
Liabilities					
Current liabilities					
Bank overdrafts	16	**337,847**	278,839	**-**	-
Trade and other payables	17	**3,204,713**	3,241,629	**2,521,297**	2,703,704
Defined contribution pension plan	18.1	**45,886**	36,988	**17,052**	17,059
Current portion of long term borrowings	19	**3,939,027**	2,479,475	**3,257,050**	1,952,773
Current portion of finance lease facility	20	**1,343,908**	-	**1,343,908**	-
Current income tax liability	35.2	**409,558**	448,408	**125,608**	349,433
Total current liabilities		**9,280,939**	6,485,339	**7,264,915**	5,022,969
Net current (liabilities)/assets		**(1,015,712)**	**3,788,450**	**6,706,849**	**12,686,288**
Non-current liabilities					
Defined benefit pension plan	18.2	**105,083**	94,542	**30,995**	94,542
Non-current borrowings	19	**12,391,816**	9,321,925	**8,832,441**	9,321,926
Finance lease facility	20	**3,533,487**	6,693,828	**3,533,487**	6,693,828
Deferred income tax liability	35.3	**909,886**	909,886	**909,886**	909,886
Total non-current liabilities		**16,940,272**	17,020,181	**13,306,809**	17,020,182
Net assets		**12,465,211**	**15,271,082**	**14,486,732**	**17,363,760**
Equity					
Share capital	21	**3,131,351**	3,131,351	**3,131,351**	3,131,351
Share premium	22	**16,440,679**	16,440,679	**16,440,679**	16,440,679
Loss sustained	23	**(6,345,558)**	(3,645,641)	**(4,524,004)**	(2,161,172)
Remeasurement reserve	24	**(55,558)**	(57,900)	**(55,558)**	(57,900)
AFS fair value reserve	25	**3,065**	10,802	**3,065**	10,802
Foreign exchange reserve	26	**(156,952)**	5,030	**(508,801)**	-
Equity attributable to owners of the parents		**13,017,027**	15,884,321	**14,486,732**	17,363,760
Non-controlling interest	27	**(551,816)**	(613,239)	**-**	-
Total equity		**12,465,211**	15,271,082	**14,486,732**	17,363,760

The consolidated financial statements were approved by the Board of Directors and authorised for issue on **19 May 2015** and signed on its behalf by:

Mr. Paul A. Jegede	**Ambassador Benson Awomewe**	**Mrs. Tema Ndubisi**
Group Managing Director	**Group Chief Operating Officer**	**Group Finance Manager**
FRC/2013/IODN/00000002328	**FRC/2014/IODN/00000007199**	**FRC/2014/ICAN/00000010100**

The accompanying notes form an integral part of these consolidated financial statements.

JAPAUL OIL & MARITIME SERVICES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	**2014**	2013
Continuing operations	**Note**	**N'000**	N'000	**N'000**	N'000
Revenue	29	**10,572,215**	13,029,924	**7,415,666**	8,031,756
Cost of sales	30	**(6,373,889)**	(7,123,158)	**(3,950,981)**	(4,590,768)
Gross profit		**4,198,326**	5,906,766	**3,464,685**	3,440,988
Other income	31	**200,002**	323,993	**175,010**	242,254
Administrative expenses	32	**(2,918,729)**	(3,624,962)	**(2,437,617)**	(1,630,474)
Impairment loss	33	**(582,269)**	(525,187)	**(344,849)**	(444,505)
Operating profit		**897,330**	2,080,610	**857,229**	1,608,263
Net finance costs	34	**(3,155,691)**	(1,611,336)	**(3,024,903)**	(1,447,639)
Share of loss of associate	11	**-**	(9,000)	**-**	-
(Loss)/profit before taxation		**(2,258,361)**	460,274	**(2,167,674)**	160,624
Income tax expense	35.1	**(380,133)**	(220,529)	**(195,158)**	(121,816)
(Loss)/profit for the year		**(2,638,494)**	239,745	**(2,362,832)**	38,808
(Loss)/profit for the year attributable to:					
Owners of the parents	23	**(2,699,917)**	271,560	**(2,362,832)**	38,808
Non-controlling interest	27	**61,423**	(31,815)	**-**	-
		(2,638,494)	239,745	**(2,362,832)**	38,808
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss					
Exchange loss on foreign operations/currency translation		**(669,668)**	-	**(508,801)**	-
Items that may be reclassified subsequently to profit or loss					
Actuarial gains/(loss) on defined benefit pension plans		**2,342**	(57,900)	**2,342**	(57,900)
Fair value (loss)/gains on available for sale assets	25	**(7,737)**	7,217	**(7,737)**	7,217
Total other comprehensive loss		**(675,063)**	(50,683)	**(514,196)**	(50,683)
Total comprehensive (loss)/income for the year		**(3,313,557)**	189,062	**(2,877,028)**	(11,875)
Total comprehensive (loss)/income attributable to:					
Owners of the parents		**(3,374,980)**	220,877	**(2,877,028)**	(11,875)
Non-controlling interest		**61,423**	(31,815)	**-**	-
		(3,313,557)	189,062	**(2,877,028)**	(11,875)
(Loss)/earnings per share	36	**(42)**	4	**(46)**	0.48

The accompanying notes 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 2014

Group	Issued share capital N'000	Share premium N'000	AFS fair value reserve N'000	Loss sustained N'000	Re-measurement reserve N'000	Foreign exchange reserve N'000	Non-controlling interest N'000	Total equity N'000
At 1 January 2014	3,131,351	16,440,679	10,802	(3,645,641)	(57,900)	5,030	(613,239)	15,271,082
Changes in equity for 2014								
(Loss)/profit for the year	-	-	-	(2,699,917)	-	-	61,423	(2,638,494)
Other comprehensive income								
Actuarial loss on defined benefit pension plans	-	-	-	-	2,342	-	-	2,342
Fair value changes on available for sale assets	-	-	(7,737)	-	-	-	-	(7,737)
Exchange (loss)/gain on foreign operations	-	-	-	-	-	(161,982)	-	(161,982)
Total comprehensive income/(loss) for the year	-	-	(7,737)	(2,699,917)	2,342	(161,982)	61,423	(2,805,871)
Transactions with owners								
Issue of share capital	-	-	-	-	-	-	-	-
Transaction costs for equity issue	-	-	-	-	-	-	-	-
Dividends paid in the year	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 31 December 2014	**3,131,351**	**16,440,679**	**3,065**	**(6,345,558)**	**(55,558)**	**(156,952)**	**(551,816)**	**12,465,211**
At 1 January 2013	3,131,351	16,440,679	3,585	(3,917,201)	-	5,030	(581,424)	15,082,020
Changes in equity for 2013								
Profit/(loss) for the year	-	-	-	271,560	-	-	(31,815)	239,745
Other comprehensive income								
Actuarial gain on defined benefit pension plans	-	-	-		(57,900)	-	-	(57,900)
Fair value changes on available for sale assets	-	-	7,217	-	-	-	-	7,217
Exchange gain on foreign operations	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	7,217	271,560	(57,900)	-	(31,815)	189,062
Transactions with owners								
Transaction costs for equity issue	-	-	-	-		-	-	-
Dividends paid during the period	-	-	-	-		-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 31 December 2013	**3,131,351**	**16,440,679**	**10,802**	**(3,645,641)**	**(57,900)**	**5,030**	**(613,239)**	**15,271,082**

JAPAUL OIL & MARITIME SERVICES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Company	Issued share capital N'000	Share premium N'000	AFS fair value reserve N'000	Loss sustained N'000	Re-measurement reserve N'000	Foreign exchange reserve N'000	Total equity N'000
At 1 January 2014	3,131,351	16,440,679	10,802	(2,161,172)	(57,900)	-	17,363,760
Changes in equity for 2014							
Loss for the year	-	-	-	(2,362,832)	-	-	(2,362,832)
Other comprehensive income							
Actuarial loss on defined benefit pension plans	-	-	-	-	2,342	-	2,342
Fair value changes on available for sale assets	-	-	(7,737)	-	-	-	(7,737)
Exchange (loss)/gain on foreign currency	-	-	-	-	-	(508,801)	(508,801)
Total comprehensive (loss)/profit for the year	-	-	(7,737)	(2,362,832)	2,342	-	(2,877,028)
Transactions with owners							
Transaction costs for equity issue	-	-	-	-	-	-	-
Dividend paid during the period	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 31 December 2014	**3,131,351**	**16,440,679**	**3,065**	**(4,524,004)**	**(55,558)**	**-**	**14,486,732**
At 1 January 2013	3,131,351	16,440,679	3,585	(2,199,980)	-	-	17,375,635
Changes in equity for 2013							
Profit for the year	-	-	-	38,808	-	-	38,808
Other comprehensive income							
Actuarial gain on defined benefit pension plans	-	-	-	-	(57,900)	-	(57,900)
Fair value changes on available for sale assets	-	-	7,217	-	-	-	7,217
Total comprehensive (loss)/profit for the year	-	-	7,217	38,808	(57,900)	-	(11,875)
Transactions with owners							
Transaction costs for equity issue	-	-	-	-	-	-	-
Dividends paid during the period	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 31 December 2013	**3,131,351**	**16,440,679**	**10,802**	**(2,161,172)**	**(57,900)**	**-**	**17,363,760**

JAPAUL OIL & MARITIME SERVICES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	**2014**	2013
	Notes	**N'000**	N'000	**N'000**	N'000
Cash flows from operating activities					
Cash flow generated/(used in) from operations	37	**1,151,592**	(870,487)	**1,761,061**	(434,638)
Cash receipts from customers		**9,838,901**	13,082,689	**7,339,059**	8,413,697
Payment to suppliers and employees		**(9,596,369)**	(10,748,120)	**(7,517,507)**	(7,517,507)
Payment for employee benefit obligations	18	**(71,460)**	(43,076)	**(19,747)**	(24,623)
Current income tax paid	35.2	**(60,695)**	-	**(60,695)**	-
Net cash from operating activities		**1,261,969**	1,421,006	**1,502,171**	436,929
Cash flows from investing activities					
Purchase of property, plant and equipment	7	**(3,861,084)**	(1,437,150)	**(684,646)**	(1,390,240)
Proceed on disposal of property, plant and equipment		**331,655**	927,603	**282,305**	920,083
Acquisition of assets under finance lease	8	**-**	(1,193,598)	**-**	(1,184,653)
Net cash used in investing activities		**(3,529,429)**	(1,703,145)	**(402,341)**	(1,654,810)
Cash flows from financing activities					
Proceeds of term loans obtained	19	**6,361,702**	14,468,520	**1,480,591**	14,468,520
Repayment of term loans	19	**(2,510,402)**	(7,136,708)	**(1,187,155)**	(7,062,304)
Proceeds of finance lease facility obtained	20	**-**	17,138	**-**	17,138
Repayment of finance lease facility	20	**(2,165,646)**	(795,467)	**(2,165,646)**	(795,467)
Finance costs paid	34	**(3,155,691)**	(1,611,336)	**(3,024,903)**	(1,447,669)
Net cash (used in)/from financing activities		**(1,470,037)**	4,942,147	**(4,897,113)**	5,180,218
Net (decrease)/increase in cash and cash equivalents		**(3,737,497)**	4,660,008	**(3,797,283)**	3,962,337
Cash and cash equivalents at 1 January		**4,413,933**	(246,075)	**4,296,635**	334,298
Cash and cash equivalents at 31 December	38	**676,436**	**4,413,933**	**499,352**	4,296,635

The accompanying notes form an integral part of these consolidated financial statements.

JAPAUL OIL & MARITIME SERVICES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. The Entity

1.1 Legal form

Japaul Oil & Maritime Services Plc was incorporated on 29 June 1994 as a private limited liability company and commenced business in January 1997. Japaul Oil is in the business of oil and maritime services. The Company's shares were listed on the Nigerian Stock Exchange (NSE). As at year end, the Company has four subsidiaries, namely:

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

The Registered office address of the company is Japaul House, Plot 8, Dr. Nurudeen Olowopopo Avenue, Central Business District (CBD), Agidingbi, Ikeja, Lagos, Nigeria.

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 and 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 2014 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 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 Going concern assessment

This financial statement has been prepared on going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

2.4 Functional and presentation currency

This consolidated financial statements are presented in Naira, which is the Group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in Naira, which is the functional currency of the Company, and the presentational currency for the financial statements.

2.5 Basis of consolidation

This consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December, 2014.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on tranasctions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.6 Summary of new and amended standards issued and effective during the year

During the year, there were certain amendments and revisions to some of the standards. The nature and the impact of each new standard and amendments are described below. The Group intends to adopt these standards, if applicable, when they become effective.

2.6.1 Amendments to IFRS 10, 'Consolidation Financial Statements'

Effective for annual periods beginning on or after 1 January 2014 published by IASB on 31 October 2012.

The amendments to IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity control one or more other entities. It introduces a single control model to be applied in determining control. An entity controls an investee when it has: Power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power the investee to affect the amount of its returns. When assessing whether an investor controls an investee, an investor with decision making rights determines whether it acts as principal or as an agent.

2.6.2 Amendments to IAS 32 "Financial instruments: presentation"

Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1
The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.
Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements

2.6.3 'Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets

Effective for annual periods beginning on or after 1 January 2014, published by IASB on 29 May 2013. These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

2.6.4 Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”

Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014), published by IASB on 27 June 2013.

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

2.6.5 IFRIC 21 “Levies”

Effective for annual periods beginning on or after 1 January 2014, published by IASB on 20 May 2013

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

2.6.6 Amendments to IAS 19 “Employee Benefits”

Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), published by IASB on 21 November 2013.

The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

2.7 New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

2.7.1 IFRS 9, ‘Financial instruments’

Effective for annual periods beginning on or after 1 January 2018, issued on 24 July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The 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 Group is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 not later than the accounting period beginning on or after 1 January 2018. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2.7.2 IFRS 14 "Regulatory deferral accounts"

Effective for annual periods beginning on or after 1 January 2016, published by IASB on 30 January 2014.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

2.7.3 Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"

Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2014.

Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

2.7.4 IFRS 7, 'Financial instruments disclosure' Presentation, on asset and liability offsetting

The ammendments to IFRS 7 clarified that additional disclosure of maximum exposure to credit risk is only required where the exposure is not reflected in the carrying amount. It requires disclosure of the financial effect of collateral held as security for financial assets, and removed the requirement to specifically disclose financial assets, where the terms have been renegotiated.

2.7.5 Amendments to IFRS 11 "Joint Arrangements"

Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2011.
IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities.

2.7.6 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This will be effective from 1 January 2017. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2.7.7 IAS 16 and IAS 41 - Accounting for bearer plants

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. This amendment will not have impact on the Group.

2.7.8 Amendments to IAS 27 "Equity Method in Separate Financial Statements"

Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014.
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group is currently assessing the impact of IAS 27 and plans to adopt the new standard on the required effective date.

2.7.9 Amendments to IAS 1 "Disclosure Initiative"

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. This amendment is effective for annual periods beginning on or after 1 January 2016. It is not expected that this amendment would be relevant to the Group.

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied in preparing the financial statements and in , 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

3.15.1 Current income tax

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.

3.15.2 Deferred income tax

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.

3.16.1 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.

3.16.2 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.

3.16.3 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 or services

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 includes dividend income, 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 of the financial 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

3.20.1 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 for:

- 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.

3.20.2 Foreign operations

The functional currency of the parent Company and the presentation currency of the financial statements is Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the year end. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

3.21 Segment reporting

The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, Japaul Oil's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer Group and business activity by geographical region.

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intrasegment revenue and costs being eliminated in Head office. Income and expenses directly associated with each segment are included in determining business segment performance.

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	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
Financial assets				
Available for sale assets	**17,019**	24,756	**17,019**	24,756
Trade and other receivables	**6,229,578**	3,948,451	**12,943,064**	12,303,041
Cash and cash equivalents	**1,014,283**	4,692,771	**499,352**	4,296,635
	7,260,880	8,665,978	**13,459,435**	16,624,432

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.

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 (i.e. ordinary shares, share premium, retained earnings, and other reserves).

The debt-to-capital ratios at 31 December 2014 and at 31 December 2013 were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
Total liabilities	**26,221,211**	23,090,712	**20,571,724**	22,043,151
Less: Cash and cash equivalents	**1,014,283**	4,692,772	**499,352**	4,296,635
Net debt	**25,206,928**	18,397,940	**20,072,372**	17,746,516
Total equity	**12,465,211**	15,271,082	**14,486,732**	17,363,760
Debt-to-capital ratio	**2:1**	1:1	**1:1**	1:1

The increase in the debt-to-capital ratio during 2014 resulted primarily from the increase in borrowings during the year by the Group.

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			
	Fair value through profit or loss N'000	Available for sale 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 2014						
Assets						
Available for sale assets	-	17,019	-	-	17,019	17,019
Trade and other receivables	6,229,578	-	-	-	6,229,578	6,229,578
Cash and cash equivalents	1,014,283	-	-	-	1,014,283	1,014,283
	7,243,861	17,019	-	-	7,260,880	7,260,880
Liabilities						
Trade and other payables	-	-	-	3,059,652	3,059,652	3,059,652
Borrowings	-	-	16,330,843	-	16,330,843	16,330,843
Finance lease facility	-	-	3,533,487	-	3,533,487	3,533,487
Bank overdrafts	-	-		337,847	337,847	337,847
	-	-	19,864,330	3,397,499	23,261,829	23,261,829
At 31 December 2013						
Assets						
Available for sale assets	-	24,756	-	-	24,756	24,756
Trade and other receivables	3,948,451	-	-	-	3,948,451	3,948,451
Cash and cash equivalents	4,692,772	-	-	-	4,692,772	4,692,772
	8,641,223	24,756	-	-	8,665,979	8,665,979
Liabilities						
Trade and other payables	-	-		3,241,629	3,241,629	3,241,629
Borrowings	-	-	11,801,400	-	11,801,400	11,801,400
Finance lease facility			6,693,828	-	6,693,828	6,693,828
Bank overdrafts	-	-	-	278,839	278,839	278,839
	-	-	18,495,228	3,520,468	22,015,696	22,015,696

6.2 Maturity profile of financial liabilities

	Due within 1 year N'000	Due within 1 - 5 years N'000	Total N'000
6.2.1 Group - Maturity profile of financial liabilities			
13 December 2014			
Bank overdrafts	337,847	-	337,847
Trade and other payables	3,059,652	-	3,059,652
Finance lease facility	1,343,908	3,533,487	4,877,395
Bank term loans	3,939,027	12,391,816	16,330,843
	8,680,434	15,925,303	24,605,737
13 December 2013			
Bank overdrafts	278,839	-	278,839
Trade and other payables	3,241,629	-	3,241,629
Finance lease facility	-	6,692,956	6,692,956
Bank term loans	2,479,475	9,321,925	11,801,400
	5,999,943	16,014,881	22,014,824
6.2.2 Company - Maturity profile of financial liabilities			
13 December 2014			
Trade and other payables	2,392,241	-	2,392,241
Finance lease obligation	1,343,908	3,533,487	4,877,395
Bank term loans	3,257,050	8,832,441	12,089,491
	6,993,199	12,365,928	19,359,127
13 December 2013			
Trade and other payables	2,538,036	-	2,538,036
Finance lease facility	-	6,693,828	6,693,828
Bank term loans	1,952,773	9,321,926	11,274,699
	4,490,809	16,015,754	20,506,563

6.3 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.

6.4 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 N17,014,000 (2013 : N24,756,000) which are categorised as level 1, because the securities are listed on the floor of a recognised Exchange. There are no financial instruments in the level 2 and 3 categories for the year.

7. Property, plant and equipment

7.1 Group

31 December 2014	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	Leasehold improvement N'000	Capital work in progress N'000	Total N'000
Cost										
At 1 January 2014	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
Exchange difference	81,680	7,476	97,814	2,674	65,913	11,084	-	-	-	266,641
Write off	-	-	-	-	(130,237)	(5,125)	-	-	-	(135,362)
Additions	45,065	12,559	19,779	5,221	377	-	451,017	-	3,327,066	3,861,084
Reclassification	-	-	-	(19,849)	19,849	-	-	-	-	-
Transfer from leased assets (Note 14.2)	-	-	-	-	-	14,685	5,494,000	-	-	5,508,685
Disposal	-	-	(14,742)	-	-	-	(1,267,898)	-	-	(1,282,640)
At 31 December 2014	6,292,498	858,539	4,358,142	73,328	1,372,222	258,562	16,032,398	233,881	3,328,511	32,808,081
Depreciation										
At 1 January 2014	-	120,664	1,538,798	59,029	1,084,893	153,914	3,006,281	150,384	-	6,113,963
Exchange difference	-	493	34,397	2,619	120,854	75,346	-	-	-	233,709
Write off	-	-	-	-	(130,237)	(31,410)	(82,910)			(244,557)
Reclassification	-	-	-	(1,002)	1,002	-	-	-	-	
Charge for the year	-	64,027	434,314	5,136	84,093	24,751	681,114	16,684	-	1,310,119
Transfer from leased assets (Note 14.2)	-	-	-	-	-	7,313	496,819	-	-	504,132
Disposals	-	-	(10,442)	-	-	-	(927,709)	-	-	(938,151)
At 31 December 2014	-	185,184	1,997,067	65,782	1,160,605	229,914	3,173,595	167,068	-	6,979,215
Carrying amount										
At 31 December 2014	**6,292,498**	**673,355**	**2,361,075**	**7,546**	**211,617**	**28,648**	**12,858,803**	**66,813**	**3,328,511**	**25,828,866**
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

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 18 March 2015 on the basis of their open market value. The open market value was put at N50,635,731,625.

Marine equipments, survey equipments, land and buildings were pledged as collateral securities for various loans obtained by the Group.

JAPAUL OIL & MARITIME SERVICES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. Property, plant and equipment

7.1 Group

31 December 2013	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	Leasehold improvement N'000	Capital work in progress N'000	Total N'000
Cost										
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
Write off	-	-	(126,051)	-	-	(8,991)	-	-	-	(135,042)
Additions	12,350	-	23,715	23,510	-	25,029	1,351,101	-	1,445	1,437,150
Transfer from leased assets	-	-	-	-	-	-	3,485,413	-	-	3,485,413
Disposal	-	-	-	-	-	(11,500)	(968,173)	-	-	(979,673)
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 2013	-	90,560	1,184,446	46,740	898,951	134,512	1,999,119	133,700	-	4,488,028
Write off	-	-	(81,865)	-	-	-	-	-	-	(81,865)
Charge for the year	-	30,104	436,217	12,289	185,942	30,902	396,057	16,684	-	1,108,195
Transfer from leased assets	-	-	-	-	-	-	659,514	-	-	659,514
Disposals	-	-	-	-	-	(11,500)	(48,409)	-	-	(59,909)
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 1 January 2013	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 value. The open market value was put at N11,164,874,122.

Marine equipments, survey equipments, land and buildings were pledged as collateral securities for various loans obtained by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. Property, plant and equipment

7.2 Company
31 December 2014

	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	Total N'000
Cost/valuation								
At 1 January 2014	4,919,784	638,504	20,591	13,944	44,582	7,553,482	-	13,190,887
Additions	45,065	12,559	3,046	2,777	-	451,017	170,182	684,646
Transfer from leased assets (Note 14.2)	-	-	-	-	4,895	5,494,000	-	5,498,895
Disposals	-	-	-	-	-	(952,260)	-	(952,260)
At 31 December 2014	4,964,849	651,063	23,637	16,721	49,477	12,546,239	170,182	18,422,168
Depreciation								
At 1 January 2014	-	38,310	7,160	9,730	23,115	1,534,236	-	1,612,551
Charge for the year	-	12,958	2,278	2,910	8,716	506,480	-	533,342
Transfer from leased assets (Note 14.2)	-	-	-	-	2,438	496,819	-	499,257
Disposals	-	-	-	-	-	(618,000)	-	(618,000)
At 31 December 2014	-	51,268	9,438	12,640	34,269	1,919,535	-	2,027,150
Carrying amount								
At 31 December 2014	**4,964,849**	**599,795**	**14,199**	**4,081**	**15,208**	**10,626,704**	**170,182**	**16,395,018**
At 31 December 2013	4,919,784	600,194	13,431	4,214	21,467	6,019,246	-	11,578,336

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 18 March 2015 on the basis of their open market value. The open market value was put at N41,844,693,963.

Marine equipments, survey equipments, land and buildings were pledged as collateral securities for various loans obtained the Company.

JAPAUL OIL & MARITIME SERVICES PLC

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7. Property, plant and equipment

7.2 Company
31 December 2013

	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	Total N'000
Cost/valuation								
Cost/valuation								
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 (Note 14.2)	-	-	-	-	-	3,485,413	-	3,485,413
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 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 (Note 14.2)	-	-	-	-	-	659,514	-	659,514
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 1 January 2013	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 pledged as collateral securities for various loans obtained the Company.

		Marine equipment N'000	Motor vehicles N'000	Total N'000
8.	**Assets under finance lease**			
8.1	**Group**			
	31 December 2014			
	Cost			
	At 1 January	11,033,590	35,920	11,069,510
	Transfers to owned assets	(5,494,000)	(14,685)	(5,508,685)
	At 31 December	5,539,590	21,235	5,560,825
	Depreciation			
	At 1 January	1,060,775	12,652	1,073,427
	Charge for the year	414,328	5,280	419,608
	Transfers to owned assets	(496,819)	(7,313)	(504,132)
	At 31 December	978,284	10,619	988,903
	Carrying amount			
	At 31 December 2014	**4,561,306**	**10,616**	**4,571,922**
	At 31 December 2013	9,972,815	23,268	9,996,083
8.1	**Group**			
	31 December 2013			
	Cost			
	At 1 January	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	11,033,590	35,920	11,069,510
	Depreciation			
	At 1 January	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	1,060,775	12,652	1,073,427
	Carrying amount			
	At 31 December 2014	**9,972,815**	**23,268**	**9,996,083**
	At 31 December 2013	12,369,864	11,013	12,380,877

	Marine equipment N'000	Motor vehicles N'000	Total N'000
8. Assets under finance lease			
8.2 Company			
31 December 2014			
Cost			
At 1 January	11,033,590	17,183	11,050,773
Transfers to owned assets	(5,494,000)	(4,895)	(5,498,895)
At 31 December	5,539,590	12,288	5,551,878
Depreciation			
At 1 January	1,060,775	5,520	1,066,295
Charge for the year	414,330	3,063	417,393
Transfers to owned assets	(496,819)	(2,438)	(499,257)
At 31 December	978,286	6,145	984,431
Carrying amount			
At 31 December 2014	**4,561,304**	**6,143**	**4,567,447**
At 31 December 2013	9,972,815	11,663	9,984,478
8.2 Company			
31 December 2013			
Cost			
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	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 January 2013	12,369,863	3,671	12,373,534

	Group		Company	
	2014 N'000	2013 N'000	**2014 N'000**	2013 N'000
9. Intangible assets				
9.1 Computer software				
Cost				
At 31 December	14,382	14,382	14,382	14,382
Amortisation				
At 1 January	8,118	5,242	8,118	5,242
Amortised for the year	2,876	2,876	2,876	2,876
At 31 December	10,994	8,118	10,994	8,118
Carrying amount				
At 31 December 2014	3,388	6,264	3,388	6,264

	Group		Company	
	2014	**2013**	2014	2013
	N'000	**N'000**	N'000	N'000
10. Investment in subsidiaries				
Japaul Dredging Services Ltd (Note 19.1)	-	-	**10,000**	10,000
Japaul Mine & Products Ltd (Note 19.2)	-	-	**5,000**	5,000
Japaul Gulf Electromechanical (Note 19.3)	-	-	**79,820**	79,820
Emirates Gabbro Quarry (Note 19.4)	-	-	**-**	-
	-	-	**94,820**	94,820

10.1 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of incorporation	Percentage held	Statutory year end
Japaul Dredging Services Ltd	Dredging and sand mining services	Nigeria	100%	31 December
Japaul Mine & Products Ltd	Quarry, crushing and haulage services	Nigeria	100%	31 December
Japaul Gulf Electromechanical LLC,	Construction and maintenance of electromechanical	Dubai, U.A.E.	49%	31 December
Emirates Gabbro Quarry, Dubai LLC U.A.E.	Quarry, crushing and haulage services	Oman, U.A.E.	49%	31 December

10.2 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

10.2 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.

10.3 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. Japaul Gulf Electromechanical LLC invested AED50,000,000 (N2,282,000,000) in Emirates Gabbro Quarry LLC.

10.4 Emirates Gabbro Quarry LLC

Emirates Gabbro Quarry LLC 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 Gulf Electromechanical LLC owns 49% of its share capital, but the entity has been consolidated as a subsidiary based on establishment of control by the parent company.

10.5 Condensed financial statements of consolidated entities

The consolidated results of the consolidated entities of Japaul Oil & Maritime Plc are shown in Note 19.5.1.
The Japaul Oil & Maritime Group in the condensed results includes the results of the underlisted entities:
- Japaul Dredging Services Ltd
- Japaul Mine & Products Ltd
- Japaul Gulf Electromechanical
- Emirates Gabbro Quarry

JAPAUL OIL & MARITIME SERVICES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10.5.1 Condensed financial statements of consolidated entities
Summarised financial position

31 December 2014	Parent-Japaul Oil & Maritime Plc N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Japaul Gulf Electro Mechemical N'000	Electro Gabrro Quarries N'000	Total N'000	Elimination N'000	Japaul Oil & Maritime Group N'000
Assets								
Property, plant and equipment	16,395,018	5,614,267	2,415,750	170,005	1,233,826	25,828,866	-	25,828,866
Assets under finance lease	4,567,447	2,725	1,750	-	-	4,571,922	-	4,571,922
Intangible assets	3,388	-	-	-	-	3,388	-	3,388
Investment in subsidiaries	94,820	-	-	2,282,000	-	2,376,820	(2,376,820)	-
Investment in associates	9,000	-	-	-	-	9,000	(9,000)	-
Available for sale financial assets	17,019	-	-	-	-	17,019	-	17,019
Inventories	-	120,836	102,785	179,612	48,225	451,458	-	451,458
Trade and other receivables	13,472,412	1,957,667	1,793,854	2,114,131	48,274	19,386,338	(12,586,852)	6,799,486
Cash and bank balances	499,352	487,837	22,459	3,889	746	1,014,283	-	1,014,283
Total assets	35,058,456	8,183,332	4,336,598	4,749,637	1,331,071	53,659,094	(14,972,672)	38,686,422
Liabilities								
Defined benefit pension plan	30,995	51,852	22,236	-	-	105,083	-	105,083
Finance lease facility	4,877,395	-	-	-	-	4,877,395	-	4,877,395
Borrowings	12,089,491	4,239,910	-	1,442	-	16,330,843	-	16,330,843
Deferred income tax liability	909,886	-	-	-	-	909,886	-	909,886
Bank overdrafts	-	193,316	143,092	103	1,336	337,847	-	337,847
Trade and other payables	2,521,297	3,701,222	5,312,367	3,971,002	285,671	15,791,559	(12,586,846)	3,204,713
Defined contribution pension plan	17,052	20,118	8,716	-	-	45,886	-	45,886
Current income tax liability	125,608	268,823	15,127	-	-	409,558	-	409,558
Total liabilities	20,571,724	8,475,241	5,501,538	3,972,547	287,007	38,808,057	(12,586,846)	26,221,211
Net assets	14,486,732	(291,909)	(1,164,940)	777,090	1,044,064	14,851,037	(2,385,826)	12,465,211
Equity								
Share capital	3,131,351	10,000	5,000	87,857	684,600	3,918,808	(787,457)	3,131,351
Deposit for shares	-	-	-	-	1,597,401	1,597,401	(1,597,401)	-
Share premium	16,440,679	-	-	-	-	16,440,679	-	16,440,679
Loss sustained	(4,524,004)	(141,042)	(1,169,940)	689,233	(1,237,937)	(6,383,690)	38,132	(6,345,558)
Remeasurement reserve	(55,558)	-	-	-	-	(55,558)	-	(55,558)
AFS fair value reserve	3,065	-	-	-	-	3,065	-	3,065
Foreign exchange reserve	(508,801)	(160,867)	-	-	-	(669,668)	512,716	(156,952)
Non-controlling interest	-	-	-	-	-	-	(551,816)	(551,816)
Total equity	14,486,732	(291,909)	(1,164,940)	777,090	1,044,064	14,851,037	(2,385,826)	12,465,211

JAPAUL OIL & MARITIME SERVICES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10.5.1 Condensed financial statements of consolidated entities

31 December 2014 **Summarised income statement**	**Parent- Japaul Oil & Maritime Plc** **N'000**	**Japaul Dredging Services Ltd** **N'000**	**Japaul Mines & Products Ltd** **N'000**	**Japaul Gulf Electro Mechemical** **N'000**	**Electro Gabrro Quarries** **N'000**	**Total** **N'000**	**Elimination** **N'000**	**Japaul Oil & Maritime Group** **N'000**
Revenue	7,415,666	1,089,240	1,468,405	418,995	179,909	10,572,215	-	10,572,215
Cost of sales	(3,950,981)	(708,401)	(1,119,779)	(253,817)	(340,911)	(6,373,889)	-	(6,373,889)
Gross profit/(loss)	3,464,685	380,839	348,626	165,178	(161,002)	4,198,326	-	4,198,326
Other income	175,010	22,930	1,800	262	-	200,002	-	200,002
Administrative expenses	(2,437,617)	(373,725)	(389,861)	442,313	(159,839)	(2,918,729)	-	(2,918,729)
Impairment loss	(344,849)	(87,158)	(13,341)	(136,920)	(1)	(582,269)	-	(582,269)
Operating profit/(loss)	857,229	(57,114)	(52,776)	470,833	(320,842)	897,330	-	897,330
Net finance costs	(3,024,903)	(116,273)	(5,041)	(9,474)	-	(3,155,691)	-	(3,155,691)
(Loss)/profit before taxation	(2,167,674)	(173,387)	(57,817)	461,359	(320,842)	(2,258,361)	-	(2,258,361)
Income tax expense	(195,158)	(73,013)	(91,880)	23,034	(43,116)	(380,133)	-	(380,133)
(Loss)/profit for the year	**(2,362,832)**	**(246,400)**	**(149,697)**	**484,393**	**(363,958)**	**(2,638,494)**	**-**	**(2,638,494)**

31 December 2014 **Summarised statement of cash flows**								
Net cash from operating activities	1,502,171	(70,061)	(97,260)	(391,801)	318,920	1,261,969	-	1,261,969
Net cash from investing activities	(402,341)	(3,078,424)	(46,815)	(1,556)	(293)	(3,529,429)	-	(3,529,429)
Net cash from financing activities	(4,897,113)	3,613,599	(5,041)	(51,689)	(129,793)	(1,470,037)	-	(1,470,037)
Net cash and cash equivalents	(3,797,283)	465,114	(149,116)	(445,046)	188,834	(3,737,497)	-	(3,737,497)
Cash and cash equivalents at the beginning of the year	4,296,635	(170,592)	28,483	254,153	5,254	4,413,933	-	4,413,933
Cash and cash equivalents at the end of the year	499,352	294,522	(120,633)	(190,893)	194,088	676,436	-	676,436

JAPAUL OIL & MARITIME SERVICES PLC

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10.5.1 Condensed financial statements of consolidated entities

31 December 2013	Parent- Japaul Oil & Maritime Plc N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Japaul Gulf Electro Mechemical N'000	Electro Gabrro Quarries N'000	Total N'000	Elimination N'000	Japaul Oil & Maritime Group N'000
Summarised financial position								
Assets								
Property, plant and equipment	11,578,336	2,677,800	2,742,095	173,192	1,304,287	18,475,710	-	18,475,710
Assets under finance lease	9,984,478	6,535	5,070	-	-	9,996,083	-	9,996,083
Intangible assets	6,264	-	-	-	-	6,264	-	6,264
Investment in subsidiaries	94,820	-	-	-	-	94,820	(94,820)	-
Investment in associates	9,000	-	-	-	-	9,000	(9,000)	-
Available for sale financial assets	24,756	-	-	-	-	24,756	-	24,756
Inventories	-	-	1,843	215,443	22,528	239,814	-	239,814
Trade and other receivables	13,412,622	1,834,901	509,453	3,733,946	54,274	19,545,196	(14,203,993)	5,341,203
Cash and bank balances	4,296,635	108,246	28,483	254,153	5,255	4,692,772	-	4,692,772
Total assets	39,406,911	4,627,482	3,286,944	4,376,734	1,386,344	53,084,415	(14,307,813)	38,776,602
Liabilities								
Defined benefit pension plan	94,542	-	-	-	-	94,542	-	94,542
Finance lease obligation	6,693,828	-	-	-	-	6,693,828	-	6,693,828
Borrowings	11,274,699	526,701	-	-	-	11,801,400	-	11,801,400
Deferred income tax liability	909,886		-	-	-	909,886	-	909,886
Bank overdrafts	-	278,839	-	-	-	278,839	-	278,839
Trade and other payables	2,703,704	3,497,702	4,374,471	4,060,827	41,933	14,678,637	(11,437,008)	3,241,629
Defined contribution pension plan	17,059	13,072	6,857	-	-	36,988	-	36,988
Current income tax liability	349,433	195,810	(77,135)	-	(19,700)	448,408	-	448,408
Total liabilities	22,043,151	4,512,124	4,304,193	4,060,827	22,233	34,942,528	(11,437,008)	23,505,520
Net assets	**17,363,760**	**115,358**	**(1,017,249)**	**315,907**	**1,364,111**	**18,141,887**	**(2,870,805)**	**15,271,082**
Equity								
Share capital	3,131,351	10,000	5,000	87,857	684,600	3,918,808	(787,457)	3,131,351
Deposit for shares	-	-	-	-	1,597,400	1,597,400	(1,597,400)	-
Share premium	16,440,679	-	-	-	-	16,440,679	-	16,440,679
Loss sustained	(2,161,172)	105,358	(1,022,249)	228,050	(917,889)	(3,767,902)	122,261	(3,645,641)
Remeasurement reserve	(57,900)	-	-	-	-	(57,900)	-	(57,900)
AFS fair value reserve	10,802	-	-	-	-	10,802	-	10,802
Foreign exchange reserve	-	-	-	-	-	-	5,030	5,030
Non-controlling interest	-	-	-	-	-	-	(613,239)	(613,239)
Total equity	**17,363,760**	**115,358**	**(1,017,249)**	**315,907**	**1,364,111**	**18,141,887**	**(2,870,805)**	**15,271,082**

JAPAUL OIL & MARITIME SERVICES PLC

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10.5.1 Condensed financial statements of consolidated entities

31 December 2013	Parent- Japaul Oil & Maritime Plc N'000	Japaul Dredging Services Ltd N'000	Japaul Mines & Products Ltd N'000	Japaul Gulf Electro Mechemical N'000	Electro Gabrro Quarries N'000	Total N'000	Elimination N'000	Japaul Oil & Maritime Group N'000
Summarised income statement								
Revenue	8,031,756	2,898,262	1,211,670	773,835	114,401	13,029,924	-	13,029,924
Cost of sales	(4,590,768)	(1,188,692)	(902,598)	(293,574)	(147,526)	(7,123,158)	-	(7,123,158)
Gross profit/(loss)	3,440,988	1,709,570	309,072	480,261	(33,125)	5,906,766	-	5,906,766
Other income	242,254	26,792	7,502	20,544	26,901	323,993	-	323,993
Administrative expenses	(1,630,474)	(813,834)	(502,450)	(592,808)	(85,396)	(3,624,962)	-	(3,624,962)
Impairment loss	(444,505)	(80,682)	-	-	-	(525,187)	-	(525,187)
Operating profit/(loss)	1,608,263	841,846	(185,876)	(92,003)	(91,620)	2,080,610	-	2,080,610
Net finance costs	(1,447,639)	(108,509)	(55,188)	-	-	(1,611,336)	-	(1,611,336)
Share of loss of associate		(9,000)	-	-	-	(9,000)	-	(9,000)
Profit/(loss) before taxation	160,624	724,337	(241,064)	(92,003)	(91,620)	460,274	-	460,274
Income tax expense	(121,816)	(195,810)	77,135	(22,948)	42,910	(220,529)	-	(220,529)
Profit/(loss) for the year	38,808	528,527	(163,929)	(114,951)	(48,710)	239,745	-	239,745
31 December 2013								
Summarised statement of cash flows								
Net cash from operating activities	436,929	303,053	377,080	(148,105)	452,049	1,421,006	-	1,421,006
Net cash from investing activities	(1,654,810)	(8,173)	(3,495)	7,520	(44,187)	(1,703,145)	-	(1,703,145)
Net cash from financing activities	5,180,218	(488,541)	(169,515)	(18)	420,003	4,942,147	-	4,942,147
Net cash and cash equivalents	3,962,337	(193,661)	204,070	(140,603)	827,865	4,660,008	-	4,660,008
Cash and cash equivalents at the beginning of the year	334,298	23,069	(175,594)	394,763	(822,611)	(246,075)	-	(246,075)
Cash and cash equivalents at the end of the year	4,296,635	(170,592)	28,476	254,160	5,254	4,413,933	-	4,413,933

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	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
11. Investment in associates				
Japaul Infrastructure Limited (Note 20.1)	-	-	**4,500**	4,500
Japaul Energy Limited (Note 20.2)	-	-	**4,500**	4,500
	-	-	**9,000**	9,000
Japaul Infrastructure Limited				
At 1 January	4,500	4,500	**4,500**	4,500
Share of loss in associate	(4,500)	(4,500)	**-**	-
At 31 December	-	-	**4,500**	4,500
Japaul Energy Limited				
At 1 January	4,500	4,500	**4,500**	4,500
Share of loss in associate	(4,500)	(4,500)	**-**	-
At 31 December	-	-	**4,500**	4,500

11.1 Japaul Energy Limited

Japaul Energy Limited 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 43% of its shareholding and therefore has significant influence in it.

11.2 Japaul Infrastructure Limited

Japaul Infrastructures Limited 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 10% of its shareholding and controls its finance and operational policies therefore has significant influence in it.

11.3 Associates undertakings

Summarised financial information of the Group's principal associates are as follows:

	Total assets N'000	**Total liabilities N'000**	**Gross profit N'000**	**Loss before tax N'000**
31 December 2014				
Japaul Infrastructure Limited	898,839	1,416,530	187,377	(95,376)
Japaul Energy Limited	1,416,279	1,758,926	256,744	(344,842)
31 December 2013				
Japaul Infrastructure Limited	1,052,158	1,473,590	456,991	82,898
Japaul Energy Limited	2,824,438	2,814,499	305,831	(123,424)

		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
12.	**Available for sale assets**				
	Banana Island (Note 12.1)	**-**	-	**-**	-
	Access Bank Plc (Note 12.2)	**17,019**	24,756	**17,019**	24,756
		17,019	24,756	**17,019**	24,756
12.1	**Investment in Banana Island**				
	Cost	**-**	9,196	**-**	-
	Impairment loss	**-**	(9,196)	**-**	-
	Carrying amount	**-**	-	**-**	-
12.2	**Access Bank Plc**				
	Ordinary shares (2,578,699 units) fair value	**24,756**	17,539	**24,756**	17,539
	Fair value gains	**(7,737)**	7,217	**(7,737)**	7,217
	Market value at year end	**17,019**	24,756	**17,019**	24,756
13.	**Inventories**				
	Consumables	**499,258**	287,614	**47,800**	47,800
	Impairment loss	**(47,800)**	(47,800)	**(47,800)**	(47,800)
		451,458	239,814	**-**	-
14.	**Trade and other receivables**				
	Financial assets				
	Trade receivables	**3,648,260**	2,914,946	**1,929,863**	1,853,256
	Receivables from related parties (Note 28)	**1,562,329**	700,563	**10,239,302**	10,281,960
	Withholding tax recoverable	**808,438**	787,207	**645,179**	558,445
	Deposit for investment (Note 14.1)	**31,948**	-	**-**	-
	Staff debtors	**76,521**	13,926	**8,207**	6,085
	Other debit balances	**409,145**	-	**120,513**	-
		6,536,641	4,416,642	**12,943,064**	12,699,746
	Non - financial assets				
	Prepayments	**569,908**	1,392,752	**529,348**	1,109,581
		7,106,549	5,809,394	**13,472,412**	13,809,327
	Impairment allowance (Note 14.2)	**(307,063)**	(468,191)	**-**	(396,705)
		6,799,486	5,341,203	**13,472,412**	13,412,622

14.1 Deposit for investment

This represents AED700,000 paid by Japaul Gulf Electromechanical LLC, Dubai (a subsidiary of the Group) for acquisition of Luminas Electromechanical Works LLC, Dubai. No adjustment has been made in these group financial statements, as the transaction has not been concluded at the reporting date.

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		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
14.2	**Trade and other receivables - Impairment allowance**				
	At 1 January	**468,191**	1,269,094	**396,705**	1,269,094
	Write off in the year	**(396,705)**	(1,269,094)	**(396,705)**	(1,269,094)
	Charge in the year	**235,577**	468,191	**-**	396,705
	At 31 December	**307,063**	468,191	**-**	396,705
15.	**Cash and bank balances**				
	Cash in hand	**3,786**	1,649	**1,891**	629
	Cash at bank	**1,010,497**	4,691,123	**497,461**	4,296,006
		1,014,283	4,692,772	**499,352**	4,296,635
16.	**Bank overdrafts**				
	Current account with banks	**337,847**	278,839	**-**	-
		337,847	278,839	**-**	-
17.	**Trade and other payables**				
	Financial liabilities				
	Trade payables	**729,006**	2,169,635	**232,492**	1,976,517
	Payables to related parties (Note 28)	**299,469**	-	**1,291,986**	-
	Account payables	**688,111**	843,599	**199,120**	409,398
	Withholding tax, VAT, PAYE, etc.	**431,852**	155,762	**314,890**	79,486
	Payment received on account of projects	**557,461**	-	**-**	-
	Invoices discounted	**324,608**	-	**324,608**	-
	Advance rent received	**29,145**	72,633	**29,145**	72,635
		3,059,652	3,241,629	**2,392,241**	2,538,036
	Non - financial liabilities				
	Accruals	**145,061**	-	**129,056**	165,668
		3,204,713	3,241,629	**2,521,297**	2,703,704
18.	**Employee benefits**				
18.1	**Defined contribution pension plan**				
	At 1 January	**36,988**	15,893	**17,059**	15,893
	Deductions	**67,762**	61,348	**18,720**	22,966
	Remittances	**(58,864)**	(40,253)	**(18,727)**	(21,800)
	At 31 December	**45,886**	36,988	**17,052**	17,059

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	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
18.2 Defined benefit pension plan				
At 1 January	**94,542**	24,439	**94,542**	24,439
Charged during the year	**25,479**	72,926	**25,479**	72,926
Payment during the year	**(12,596)**	(2,823)	**(1,020)**	(2,823)
Remeasurement gain	**(2,342)**	-	**(2,342)**	-
Write back of excess provision	**-**	-	**(85,664)**	-
At 31 December	**105,083**	94,542	**30,995**	94,542
Present value of defined benefit obligation	**105,083**	94,542	**30,995**	94,542
Fair value of plan assets	**-**	-	**-**	-
Unrecognised past service costs	**-**	-	**-**	-
Unrecognised actuarial gains/losses	**-**	-	**-**	-
Movement in defined benefit plans				
At 1 January	**94,542**	24,439	**94,542**	24,439
Current service cost	**12,403**	11,727	**12,403**	11,727
Interest costs	**13,077**	3,299	**13,077**	3,299
Actuarial loss recognised	**(2,342)**	57,900	**(2,342)**	57,900
Benefit paid	**(12,597)**	(2,823)	**(1,021)**	(2,823)
Write back of excess provision	**-**	-	**(85,664)**	-
Fair value of plan assets	**-**	-	**-**	-
Curtailment and settlement	**-**	-	**-**	-
At 31 December	**105,083**	94,542	**30,995**	94,542
The amount recognised in the income statement is as follows:				
Current service costs	**12,403**	11,727	**12,403**	11,727
Interest costs	**13,077**	3,299	**13,077**	3,299
Expected return on plan assets		-		-
Actuarial (gain)/loss recognised	**(2,342)**	57,900	**(2,342)**	57,900
Recognised past service cost	**-**	-	**-**	-
Gain/loss on curtailment	**-**	-	**-**	-
	23,138	72,926	**23,138**	72,926
The principal actuarial assumptions used were:				
Discount rate	**15.0%**	13.5%	**15.0%**	13.5%
Inflation rate	**9.0%**	10.0%	**9.0%**	10.0%
Future salary increases	**9.0%**	10.0%	**9.0%**	10.0%

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

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		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
19.	**Borrowings**				
	Bank term loans (Note 19.1)	**16,330,843**	11,801,400	**12,089,491**	11,274,699
		16,330,843	11,801,400	**12,089,491**	11,274,699
19.1	**Bank term loans**				
	Diamond Bank Plc (Note 19.1.1)	**12,090,933**	11,274,699	**12,089,491**	11,274,699
	Access Bank Plc (Note 19.1.2)	**4,239,910**	526,701	**-**	-
		16,330,843	11,801,400	**12,089,491**	11,274,699

19.1.1 Diamond Bank Plc

Facility represents US$70,000,000 term loan secured from Diamond Bank Plc on 20 November 2013 for a period of 5 years with a 90 days moratorium on principal plus interest, to finance acquisition of 3 vessels and 2 tug boats under vessel lease agreement with Marine Delivery Pte Limited, Singapore the transaction was facilitated by Nationwide Equipment Company of Jacksonville, Florida U.S.A.; and to pay down on Guaranty Trust Bank's existing vessel finance facility of US$25 million. The interest on the facility is offsore interest plus 3% per annum. The facility was secured by legal or commercial mortgage on the 5 vessels/boats being financed, legal mortgage on Japaul's jetty, land and buildings.

During the year Japaul Oil obtained additional US$9,000,000 term loan from Diamond Bank Plc on 24 April 2014 for a period of 5 years with a 90 days moratorium, to finance acquisition a vessel and exercise right of first refusal under lease agreement with Marine Delivery Pte Limited Singapore. The facility was legal or commercial mortgage on the 5 vessels/boats being financed, legal mortgage on Japaul's jetty and Japaul property.

19.1.2 Access Bank Plc

Facility represents US$20,000,000 term loan secured from Access Bank Plc on 20 February 2014 for a period of 5 years with 12 months moratorium, to finance acquisition of 2 dredges. The interest on the facility is 9% per annum. The facility was secured by legal mortgage on the 2 dredges being financed, and legal mortgage on Japaul's jetty, land and building.

		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
19.1.3	**Movement in term bank term loans**				
	At 1 January	**11,801,400**	4,396,841	**11,274,699**	3,795,736
	Additions during the year	**6,361,702**	14,468,520	**1,480,591**	14,468,520
	Exchange difference	**665,588**	-	**508,801**	-
	Effective interest rate	**12,555**	72,747	**12,555**	72,747
	Repayments during the year	**(2,510,402)**	(7,136,708)	**(1,187,155)**	(7,062,304)
	At 31 December	**16,330,843**	11,801,400	**12,089,491**	11,274,699
19.1.4	**Analysed of bank term loans**				
	Current portion	**3,939,027**	2,479,475	**3,257,050**	1,952,773
	Non-current	**12,391,816**	9,321,925	**8,832,441**	9,321,926
		16,330,843	11,801,400	**12,089,491**	11,274,699
20.	**Finance lease facility**				
	Marine Delivery Pte Ltd Singapore (Note 20.1)	**4,877,395**	6,693,828	**4,877,395**	6,693,828
		4,877,395	6,693,828	**4,877,395**	6,693,828

20.1 Marine Delivery Pte Ltd Singapore

Facility relates to finance lease secured from Marine Delivery Pte Limited Singapore, for a period 8 years, for acquisition of vessel. The interest on the lease facility is 9.62% per annum. The facility is secured by the vessel being leased.

		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
20.	**Finance lease facility**				
20.2	**Movement in finance lease facility**				
	At 1 January	**6,693,828**	7,472,157	**6,693,828**	7,472,157
	Obtained during the year	**-**	16,988	**-**	16,988
	Repayment during the year	**(2,165,646)**	(792,816)	**(2,165,646)**	(792,816)
	Default/prepayment in the year	**-**	(2,651)	**-**	(2,651)
	Exchange difference	**349,213**	-	**349,213**	-
	Effective interest rate	**-**	150	**-**	150
	At 31 December	**4,877,395**	6,693,828	**4,877,395**	6,693,828
20.3	**Analysed of finance lease facility**				
	Current portion	**1,343,908**	-	**1,343,908**	-
	Non-current	**3,533,487**	6,693,828	**3,533,487**	6,693,828
		4,877,395	6,693,828	**4,877,395**	6,693,828
21.	**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	**3,131,351**	3,131,351	**3,131,351**	3,131,351
22.	**Share premium**				
	At 31 December	**16,440,679**	16,440,679	**16,440,679**	16,440,679
23.	**Loss sustained**				
	At 1 January	**(3,645,641)**	(3,917,201)	**(2,161,172)**	(2,199,980)
	Loss/(profit) for the year	**(2,699,917)**	271,560	**(2,362,832)**	38,808
	At 31 December	**(6,345,558)**	(3,645,641)	**(4,524,004)**	(2,161,172)
24.	**Remeasurement reserve**				
	At 1 January	**(57,900)**	-	**(57,900)**	-
	Actuarial gain/(loss) for the year	**2,342**	(57,900)	**2,342**	(57,900)
	At 31 December	**(55,558)**	(57,900)	**(55,558)**	(57,900)
25.	**AFS fair value reserve**				
	At 1 January	**10,802**	3,585	**10,802**	3,585
	(Loss)/gain during the year	**(7,737)**	7,217	**(7,737)**	7,217
	At 31 December	**3,065**	10,802	**3,065**	10,802
26.	**Foreign exchange reserve**				
	At 1 January	**5,030**	-	**-**	-
	Arising during the year	**(161,982)**	5,030	**(508,801)**	-
	At 31 December	**(156,952)**	5,030	**(508,801)**	-

JAPAUL OIL & MARITIME SERVICES PLC

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		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
27.	**Non-controlling interest**				
	At 1 January	**(613,239)**	(581,424)	**-**	-
	Share of gain/(loss) for the year	**61,423**	(31,815)	**-**	-
	At 31 December	**(551,816)**	(613,239)	**-**	-

28. **Related party transactions/balances**

During the year, the Group had significant business dealings with other companies that have common directors with the Company and those that are mebers of the Group. Details of these are described below:

		Group		Company	
		2014	2013	**2014**	2013
28.1	**Balance due from related companies**				
28.1.1	**Amount due from subsidiary companies**				
	Japaul Dredging Services Limited	**-**	-	**3,285,124**	2,312,540
	Japaul Mines & Products Limited	**-**	-	**3,861,862**	4,093,201
	Emirates Gabbro Quarry LLC, U.A.E.	**-**	-	**21,600**	17,338
	Japaul Gulf Electromechanical LLC, U.A.E.	**-**	-	**2,282,000**	3,110,606
		-	-	**9,450,586**	9,533,685
28.1.2	**Amount due from associate companies**				
	Japaul Infrastructure Limited	**1,354,951**	557,157	**605,251**	583,420
	Japaul Energy Limited	**207,378**	143,406	**183,465**	164,855
		1,562,329	700,563	**788,716**	748,275
	Balance due from related companies	**1,562,329**	700,563	**10,239,302**	10,281,960
28.2	**Balance due to related companies**				
28.2.1	**Amount due to subsidiary companies**				
	Japaul Dredging Services Limited	**-**	-	**1,071,198**	-
	Japaul Mines & Products Limited	**-**	-	**147,457**	-
		-	-	**1,218,655**	-
28.2.1	**Amount due to associate companies**				
	Japaul Infrastructure Limited	**195,781**	-	**19,656**	-
	Japaul Energy Limited	**103,688**	-	**53,675**	-
		299,469	-	**73,331**	**-**
	Amount due to related companies	**299,469**	**-**	**1,291,986**	**-**
28.3	CS Offshore Integrated Services Limited	**-**	-	**-**	-

CS Offshore Integrated Services Limited is the vessel managers for Japaul Group. CS Offshore has common directors with Japaul.

		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
29.	**Turnover**				
	Vessels' rental	**7,415,666**	8,031,756	**7,415,666**	8,031,756
	Chippings	**3,098,127**	4,998,168	**-**	-
	Equipment rental	**58,422**	-	**-**	-
		10,572,215	13,029,924	**7,415,666**	8,031,756
30.	**Cost of sales**				
	Vessels' crew salaries and wages and maintenance	**4,327,611**	4,162,818	**2,979,301**	3,622,860
	Equipment repairs and maintenance	**320,588**	653,674	**48,592**	1,368
	Chippings and crushing	**111,841**	505,390	**-**	-
	Depreciation (Note 30.1)	**1,613,849**	1,761,729	**923,088**	966,540
	Other expenses	**-**	39,547	**-**	-
		6,373,889	7,123,158	**3,950,981**	4,590,768
30.1	**Depreciation**				
	Owned plant and equipment	**1,199,521**	1,018,216	**508,758**	223,026
	Leased equipment	**414,328**	743,513	**414,330**	743,514
		1,613,849	1,761,729	**923,088**	966,540
31.	**Other income**				
	Dividend income	**-**	580	**-**	580
	Other income	**63,591**	101,278	**38,599**	29,458
	Rent received from property	**43,489**	-	**43,489**	-
	Write back of provision not required	**92,922**	-	**92,922**	-
	Gains on disposal of property, plant and equipment (Note 32.3)	**-**	7,839	-	319
	Foreign exchange gains	**-**	214,296	**-**	211,897
		200,002	323,993	**175,010**	242,254
32.	**Administration expenses**				
	Personnel expenses (Note 32.1)	**943,447**	1,083,904	**268,916**	428,599
	Director's remuneration	**295,426**	300,644	**178,265**	186,864
	Bank charges	**78,740**	246,754	**54,265**	109,491
	Travelling and accommodation	**131,039**	138,793	**52,748**	100,746
	Repairs and maintenance	**44,945**	531,400	**25,179**	58,921
	Security and cleaning	**125,125**	77,347	**32,356**	50,592
	Insurance	**55,227**	87,151	**35,860**	72,856
	Motor running	**28,109**	34,202	**9,826**	10,349
	Diesel and electricity	**11,034**	5,867	**4,631**	5,867
	Printing and stationery	**31,532**	34,391	**21,099**	19,230
	Professional and legal fees	**338,138**	424,374	**325,236**	291,621
	Auditors' remuneration	**16,594**	9,000	**10,000**	9,000
	Board and AGM expenses	**24,394**	19,118	**13,853**	19,118
	Licenses, rates and fees	**316,964**	197,223	**222,953**	37,045
	Subscription and donation	**10,767**	21,702	**8,413**	13,917
	Entertainment, advertisement and public relations	**37,146**	46,873	**10,752**	6,584
	Depreciation and amortisation (Note 32.2)	**118,754**	101,835	**30,523**	31,551
	Loss on disposal of property, plant and equipment (Note 32.3)	**12,834**	-	**51,955**	-
	Foreign exchange loss	**290,917**	-	**1,076,954**	-
	Other office expenses	**7,597**	264,384	**3,833**	178,123
		2,918,729	3,624,962	**2,437,617**	1,630,474

		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
32.1	**Personnel expenses**				
	Salaries, wages and allowances	**799,748**	981,443	**186,753**	384,119
	Contributions to pension fund scheme	**50,399**	27,508	**9,908**	11,153
	Defined benefit pension plan	**25,479**	-	**25,479**	-
	Training, recruitment and canteen expenses	**9,089**	23,225	**4,784**	17,100
	Medical expenses	**18,441**	26,229	**10,716**	11,852
	Employee compensation contribution	**24,600**	-	**24,600**	-
	Other personnel expenses	**15,691**	25,499	**6,676**	4,375
		943,447	1,083,904	**268,916**	428,599
32.2	**Depreciation and amortisation**				
	Depreciation of property, plant and equipment	**110,598**	89,979	**24,584**	24,379
	Depreciation of leased assets	**5,280**	8,980	**3,063**	4,296
	Amortisation of intangible assets	**2,876**	2,876	**2,876**	2,876
		118,754	101,835	**30,523**	31,551
32.3	**(Loss)/gains on sale of property, plant and equipment**				
	Proceeds from sale	**331,656**	927,603	**282,306**	920,083
	Gross value	**1,282,640**	979,673	**952,260**	979,673
	Accumulated depreciation	**(938,151)**	(59,909)	**(618,000)**	(59,909)
	Carrying amount	**344,489**	919,764	**334,260**	919,764
	(Loss)/profit on disposal	**(12,833)**	7,839	**(51,954)**	319
33.	**Impairment loss**				
	Trade and other receivables	**235,577**	468,191	**-**	396,705
	Trade and other receivables' written off	**344,849**	-	**344,849**	-
	Inventories' written off	**1,843**	47,800	**-**	47,800
	Available for sale asset	**-**	9,196	**-**	-
		582,269	525,187	**344,849**	444,505
34.	**Net finance costs**				
	Finance costs				
	Interest expense on bank loans and overdrafts	**558,240**	736,698	**436,888**	572,986
	Finance lease interest	**1,078,428**	-	**1,078,428**	-
	Operating lease interest	**1,531,802**	874,683	**1,522,328**	874,683
		3,168,470	1,611,381	**3,037,644**	1,447,669
	Finance income				
	Interest income	**(12,779)**	(45)	**(12,741)**	(30)
	Net finance costs	**3,155,691**	1,611,336	**3,024,903**	1,447,639
35.	**Taxation**				
35.1	**Income statement**				
	Income tax	**129,158**	216,849	**88,950**	124,306
	Education tax	**14,764**	31,025	**3,950**	24,855
	Under/(over) provision in prior year	**236,211**	(27,345)	**102,258**	(27,345)
		380,133	220,529	**195,158**	121,816

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	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
35.2 Current income tax liability				
At 1 January	**448,408**	257,133	**349,433**	227,617
Tax paid	**(60,695)**	-	**(60,695)**	-
Under provision in prior years	**236,211**	-	**102,258**	-
Current year charge	**143,922**	191,275	**92,900**	121,816
Withholding tax credit notes utilised	**(358,288)**	-	**(358,288)**	-
At 31 December	**409,558**	448,408	**125,608**	349,433

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.

	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
Reconciliation of effective tax rate				
(Loss)/profit/before tax	**(2,258,361)**	460,274	**(2,167,674)**	160,624
Income tax expense	**380,133**	220,529	**195,158**	121,816
Effective tax rate	**(17%)**	48%	**(9%)**	76%
Tax calculated using the domestic corporation tax rate of 30% (31 December 2013 : 30%)	**(719,664)**	(1,975,227)	**(650,302)**	(1,321,783)
Non-deductible expenses	**941,127**	(57)	**709,558**	(57)
Effect of minimum tax	**5,277**	-	**-**	-
Effect of restatements	**-**	1,811,628	**-**	1,158,184
Effect of capital allowance	**(79,754)**	(274)	**(39,504)**	(274)
Balancing charge	**84,003**	-	**69,198**	-
Effect of education tax levy	**14,764**	(31,025)	**3,950**	(24,855)
Effect of unrelieved loss	**(101,831)**	-	**-**	-
Overprovision in prior years	**236,211**	-	**102,258**	-
	380,133	(194,955)	**195,158**	(188,785)
35.3 Deferred income tax liability				
At 1 January	**909,886**	909,886	**909,886**	909,886
Charge in the year	**-**	-	**-**	-
At 31 December	**909,886**	909,886	**909,886**	909,886

Deferred taxation is computed using the liability method in accordance with IAS 12 on "Income taxes". The deferred tax computation resulted in deferred tax assets which has not been recognised in these consolidated financial statements on account of prudence.

	Group		Company	
	2014	2013	**2014**	2013
	N'000	N'000	**N'000**	N'000
36. (Loss)/earnings per share				
(Loss)/profit after taxation	**(2,638,494)**	239,745	**(2,362,832)**	38,808
Number of issued shares	**6,262,702**	6,262,702	**6,262,702**	6,262,702
Weighted average number of issued shares	**6,262,702**	6,262,702	**6,262,702**	6,262,702
(Loss)/earnings per share (kobo)	**(42)**	4	**(38)**	1

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

JAPAUL OIL & MARITIME SERVICES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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		Group		Company	
		2014	2013	**2014**	2013
		N'000	N'000	**N'000**	N'000
37.	**Cash flow (used in)/generated from operations**				
	Net (loss)/profit after tax	**(2,638,494)**	239,745	**(2,362,832)**	38,808
	Adjustments to reconcile net (loss)/income to net cash provided by operating activities:				
	Finance costs	**3,155,691**	1,611,336	**3,024,903**	1,447,669
	Depreciation of property, plant and equipment	**1,310,119**	1,108,195	**533,342**	247,405
	Depreciation of leased assets	**419,608**	752,493	**417,393**	747,810
	Amortisation of intangible assets	**2,876**	2,876	**2,876**	2,876
	Write off property, plant and equipment	**(109,195)**	53,177	**-**	-
	Impairment loss on trade and other receivables	**582,269**	477,387	**344,849**	396,705
	Inventories written off	**-**	47,800	**-**	47,800
	Write back of excess provision on RBO	**-**	-	**(85,664)**	-
	Net loss/(gains) on disposal of property, plant and equipment	**12,834**	(7,839)	**51,955**	(319)
	Foreign exchange loss on operations/currency translation	**(161,982)**	-	**(508,801)**	-
	Changes in assets and liabilities:				
	(Increase)/decrease in inventories	**(213,487)**	322,915	**-**	-
	(Increase)/decrease in trade and other receivables	**(12,235,898)**	(16,312,243)	**(8,101,986)**	(11,077,681)
	Increase in trade and other payables	**10,553,877**	10,478,868	**8,205,669**	7,496,581
	Increase in defined benefit pension plan	**93,241**	134,274	**44,199**	95,892
	Increase in defined benefit obligation plan				
	Increase in curent income tax liability	**380,133**	220,529	**195,158**	121,816
	Total adjustments	**3,790,086**	(1,110,232)	**4,123,893**	(473,446)
	Cash flows generated from operations	**1,151,592**	(870,487)	**1,761,061**	(434,638)
38.	**Cash and cash equivalents**				
	Cash and bank balances (Note 15)	**1,014,283**	4,692,772	**499,352**	4,296,635
	Bank overdrafts (Note 16)	**(337,847)**	(278,839)	**-**	-
		676,436	4,413,933	**499,352**	4,296,635
39.	**Information regarding directors and employees**				
39.1	**Directors' emoluments comprise:**				
	Fees:				
	- Chairman	**3,000**	3,000	**3,000**	3,000
	- Other Directors	**12,514**	20,708	**12,514**	20,708
	Other emoluments as executives	**198,891**	203,509	**158,039**	160,272
		214,405	227,217	**173,553**	183,980
	Chairman	**3,000**	3,000	**3,000**	3,000
	Highest paid director	**86,935**	68,850	**86,935**	68,850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014 Number	2013 Number	**2014 Number**	2013 Number
39.2 Employees				
Average number of persons employed during the year:				
Management	**42**	68	**13**	10
Administration	**88**	72	**27**	18
Others	**300**	382	**23**	14
	430	522	**63**	42
39.3 The number of employees with gross emoluments within the following bands were:				
N **N**				
1,000,001 - 2,000,000	**281**	382	**21**	12
2,000,001 - 3,000,000	**83**	86	**19**	13
3,000,001 - 4,000,000	**33**	36	**10**	8
4,000,001 - 5,000,000	**11**	10	**4**	2
5,000,001 - 6,000,000	**11**	-	**4**	-
6,000,001 and above	**11**	8	**5**	7
	430	522	**63**	42
	N'000	N'000	**N'000**	N'000
39.4 Employees' costs:				
Salaries, wages and allowances	**799,748**	981,443	**186,753**	384,119
Contributions to pension fund scheme	**50,399**	27,508	**9,908**	11,153
Defined benefit pension plan	**25,479**	-	**25,479**	-
Training, recruitment and canteen expenses	**9,089**	23,225	**4,784**	17,100
Medical expenses	**18,441**	26,229	**10,716**	11,852
Employee compensation contribution	**24,600**	-	**24,600**	-
Other personnel expenses	**15,691**	25,499	**6,676**	4,375
	943,447	1,083,904	**268,916**	428,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

40. Segment report

40.1 Segment report according to operations

The group has four reportable segments. 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:

	Dredging Services N'000	Offshore Services N'000	Quarry Services N'000	Construction services N'000	Consolidation adjustments N'000	Total N'000
31 December 2014						
Revenue						
External customers	1,089,240	7,415,666	1,468,405	598,904	-	10,572,215
Internal segment	-	-	-	-	-	-
Total revenue	1,089,240	7,415,666	1,468,405	598,904	-	10,572,215
Cost of sales	(259,443)	(2,074,282)	(401,144)	(292,568)	-	(3,027,437)
Depreciation and amortisation	(231,261)	(953,611)	(378,748)	(168,982)		(1,732,602)
Operating expenses	(794,890)	(6,524,616)	(748,131)	(2,904)	-	(8,070,541)
Total segment (loss)/profit before tax	(196,354)	(2,136,843)	(59,618)	134,450	-	(2,258,365)
Operating assets	8,183,331	35,083,454	4,336,599	6,080,709	(14,997,671)	38,686,422
Operating liabilities	8,402,228	20,478,828	4,852,198	4,259,553	(11,771,596)	26,221,211
31 December 2013						
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	(1,151,432)	(3,591,510)	(504,958)	(78,291)	-	(5,326,191)
Depreciation and amortisation	(247,012)	(999,275)	(545,166)	(2,739)		(1,794,192)
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/(loss) before tax	611,906	151,604	(375,784)	75,323	-	463,049
Operating assets	4,617,481	52,190,278	4,668,288	4,319,739	(27,019,183)	38,776,603
Operating liabilities	4,553,858	34,823,801	7,065,911	4,081,133	(27,019,183)	23,505,520

40. Segment report

41.2 Segment report by geographical location

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

31 December 2014	Within Nigeria N'000	Outside Nigeria N'000	Consolidation adjustments N'000	Total N'000
Revenue:				
External customers	9,973,311	598,904	-	10,572,215
Internal segment	-	-	-	-
Total revenue	9,973,311	598,904	-	10,572,215
Cost of sales	(4,298,489)	(461,550)	-	(4,760,039)
Other income	106,818	262		107,080
Net operating expenses/income	(8,193,302)	15,681	-	(8,177,621)
Segment (loss)/profit before tax	(2,411,662)	153,297	-	(2,258,365)
Tax expense	(380,133)	-	-	(380,133)
Segment (loss)/profit after tax	(2,791,795)	153,297	-	(2,638,498)
Depreciation and amortisation	1,561,356	171,247	-	1,732,603
Operating assets	47,603,380	6,080,709	(14,997,671)	38,686,418
Operating liabilities	34,548,508	4,259,553	(12,586,851)	26,221,210

31 December 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	(380,133)	-	-	(380,133)
Segment profit after tax	40,736	39,405	-	80,141
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

41.3 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
- Nigeria LNG Limited
- Nigeria Agip Exploration Limited
- Shell Petroleum Development Company Nigeria
- Seplat Petroleum Development Company

40. Segment report

41.4 Information about major suppliers/vendors

The group's major suppliers are as follows:

- Marine Delivery Pte Limited, Singapore
- CS Offshore Integrated Services Limited

42. Events after statement of financial position date

No event or transaction has occurred since the reporting date, which would have had a material effect on the consolidated financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

43. Contingent liabilities

There were contingent liabilities as at 31 December 2014 amounting to N1,026,856,254 (31 December 2013 : N941,706,254) 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.

44. Comparative figures

Certain comparative figures in these financial statements have been restated to give a more meaningful comparison.

JAPAUL OIL & MARITIME SERVICES PLC

STATEMENT OF VALUE ADDED (GROUP)
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	%	2013 N'000	%
Turnover	**10,572,215**		13,029,924	
Other income	**200,002**		323,993	
	10,772,217		13,353,917	
Bought-in-material and services:				
- Local	**(8,874,109)**		(10,064,753)	
- Imported	**-**		-	
Value added	**1,898,108**	100	**3,289,164**	100
Applied as follows:-				
To pay employees				
Wages,salaries and other staff costs	**943,447**	50	1,083,904	33
To pay government				
Corporate income tax	**380,133**	21	220,529	7
To pay provider of capital				
Finance costs	**3,155,691**	166	1,611,336	49
To provide for replacement of assets dividend to shareholders and development of business				
- Depreciation of property, plant and	**110,598**	6	89,979	3
- Depreciation of assets under finance lease	**5,280**	-	8,980	-
- Amortisation of intangible assets	**2,876**	-	2,876	-
- (Loss)/profit for the year	**(2,699,917)**	(143)	271,560	8
Value added	**1,898,108**	100	3,289,164	100

Value added represents the additional wealth which the Group 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

STATEMENT OF VALUE ADDED (COMPANY)
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	%	2013 N'000	%
Turnover	**7,415,666**		8,031,756	
Other income	**175,010**		242,254	
	7,590,676		8,274,010	
Bought-in-material and services:				
- Local	**(6,434,008)**		(6,205,597)	
- Imported	**-**		-	
Value added	**1,156,668**	100	2,068,413	100
Applied as follows:-				
To pay employees				
Wages,salaries and other staff costs	**268,916**	23	428,599	21
To pay government				
Corporate income tax	**195,158**	17	121,816	6
To pay provider of capital				
Finance costs	**3,024,903**	262	1,447,639	70
To provide for replacement of assets dividend to shareholders and development of business				
- Depreciation of property, plant and equipment	**24,584**	2	24,379	1
- Depreciation of assets under finance lease	**3,063**	-	4,296	-
- Amortisation of intangible assets	**2,876**	-	2,876	-
- (Loss)/profit for the year	**(2,362,832)**	(204)	38,808	2
Value added	**1,156,668**	**100**	2,068,413	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

	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	**25,828,866**	18,475,710	16,293,797	22,244,667	20,788,883
Assets under finance lease	**4,571,922**	9,996,083	12,380,877	-	-
Intangible assets	**3,388**	6,264	9,140	5,797	1,568
Investment in associates	**-**	-	4,500	-	-
Available for sale financial assets	**17,019**	24,756	17,539	10,892	13,954
Total non-current assets	**30,421,195**	28,502,813	28,705,853	22,261,356	20,804,405
Current assets					
Inventories	**451,458**	239,814	610,529	485,468	630,421
Trade and other receivables	**6,799,486**	5,341,203	2,584,538	3,258,401	2,951,836
Cash and bank balances	**1,014,283**	4,692,772	584,705	1,269,274	632,106
Total current assets	**8,265,227**	10,273,789	3,779,772	5,013,143	4,214,363
Liabilities					
Current liabilities					
Bank overdrafts	**337,847**	278,839	830,780	217,332	200,105
Trade and other payables	**3,204,713**	3,241,629	3,525,728	2,082,421	1,085,745
Current portion of long term borrowings	**3,939,027**	2,479,475	2,145,109	994,975	782,839
Current portion of finance lease facility	**1,343,908**	-	-	-	-
Defined contribution pension plan	**45,886**	36,988	15,893	-	-
Current income tax liability	**409,558**	448,408	227,879	114,396	210,087
Total current liabilities	**9,280,939**	6,485,339	6,745,389	3,409,124	2,278,776
Net current (liabilities)/assets	**(1,015,712)**	3,788,450	(2,965,617)	1,604,019	1,935,587
Non-current liabilities					
Defined benefit pension plan	**105,083**	94,542	24,439	28,747	100,000
Finance lease facility	**3,533,487**	6,693,828	7,472,157	-	-
Non current borrowings	**12,391,816**	9,321,925	2,251,733	333,359	357,161
Deferred income tax liability	**909,886**	909,886	943,486	943,486	703,486
Total non-current liabilities	**16,940,272**	17,020,181	10,691,815	1,305,592	1,160,647
Net assets	**12,465,211**	15,271,082	15,048,421	22,559,783	21,579,345
Equity					
Share capital	**3,131,351**	3,131,351	3,131,351	3,131,351	3,131,351
Share premium	**16,440,679**	16,440,679	16,440,679	16,440,679	16,440,679
Retained earnings	**(6,345,558)**	(3,645,641)	(3,950,800)	2,987,753	2,007,315
Remeasurement reserve	**(55,558)**	(57,900)	-	-	-
AFS fair value reserve	**3,065**	10,802	3,585	-	-
Foreign exchange reserve	**(156,952)**	5,030	5,030	-	-
Non-controlling interest	**(551,816)**	(613,239)	(581,424)	-	-
Total equity	**12,465,211**	15,271,082	15,048,421	22,559,783	21,579,345
Income statement					
Turnover	**10,572,215**	13,029,924	12,281,714	10,247,768	7,133,370
Gross profit	**4,198,326**	5,906,766	4,999,158	4,722,477	3,207,131
Other income	**200,002**	323,993	2,801,139	61,809	110,772
Administrative expenses	**(2,918,729)**	(3,624,962)	(5,864,380)	(4,120,075)	(2,779,266)
Impairment loss	**(582,269)**	(525,187)	(7,588,350)	-	-
Operating profit/(loss)	**897,330**	2,080,610	(5,652,433)	664,211	538,637
Net finance costs	**(3,155,691)**	(1,611,336)	(2,957,684)	(31,782)	(60,223)
Share of loss of associate	**-**	(9,000)	-	-	-
(Loss)/profit before taxation	**(2,258,361)**	460,274	(8,610,117)	632,429	478,414
Income tax expense	**(380,133)**	(220,529)	(191,275)	(467,208)	(278,931)
(Loss)/profit for the year	**(2,638,494)**	239,745	(8,801,392)	165,221	199,483
(Loss)/basic earnings per share	**(42)**	4	(1)	3	3
Net assets per share	**2**	2	2	4	3

(Loss)/earnings per share are based on (loss)/profit after tax attributable to ordinary shareholders 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

	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	**16,395,018**	11,578,336	8,529,366	14,056,700	12,738,602
Assets under finance lease	**4,567,447**	9,984,478	12,373,534	-	-
Intangible assets	**3,388**	6,264	9,140	5,797	1,568
Investment in subsidiaries	**94,820**	94,820	48,810	-	-
Investment in associates	**9,000**	9,000	4,500	-	-
Available for sale financial assets	**17,019**	24,756	17,539	10,892	13,954
Total non-current assets	**21,086,692**	21,697,654	20,982,889	14,073,389	12,754,124
Current assets					
Inventories	**-**	-	47,800	53,019	52,243
Trade and other receivables	**13,472,412**	13,412,622	11,195,857	10,587,470	10,760,032
Cash and bank balances	**499,352**	4,296,635	334,298	569,340	448,974
Total current assets	**13,971,764**	17,709,257	11,577,955	11,209,829	11,261,249
Liabilities					
Current liabilities					
Bank overdrafts	**-**	-	-	206,847	173,118
Trade and other payables	**2,521,297**	2,703,704	2,730,477	486,109	440,204
Current portion of long term borrowings	**3,257,050**	1,952,773	1,260,053	994,975	782,839
Defined contribution pension plan	**17,052**	17,059	15,893	-	-
Current income tax liability	**125,608**	349,433	227,617	64,948	169,977
Total current liabilities	**5,921,007**	5,022,969	4,234,040	1,752,879	1,566,138
Net current assets	**8,050,757**	12,686,288	7,343,915	9,456,950	9,695,111
Non-current liabilities					
Defined benefit pension plan	**30,995**	94,542	24,439	28,747	100,000
Finance lease facility	**4,877,395**	6,693,828	7,472,157	-	-
Long term borrowings	**8,832,441**	9,321,926	2,535,683	333,359	357,161
Deferred income tax liability	**909,886**	909,886	909,886	909,886	679,486
Total non-current liabilities	**14,650,717**	17,020,182	10,942,165	1,271,992	1,136,647
Net assets	**14,486,732**	17,363,760	17,384,639	22,258,347	21,312,588
Equity					
Share capital	**3,131,351**	3,131,351	3,131,351	3,131,351	3,131,351
Share premium	**16,440,679**	16,440,679	16,440,679	16,440,679	16,440,679
Retained earnings	**(4,524,004)**	(2,161,172)	(2,190,976)	2,686,317	1,740,558
Remeasurement reserve	**(55,558)**	(57,900)	-	-	-
AFS fair value reserve	**3,065**	10,802	3,585	-	-
Foreign exchange reserve	**(508,801)**	-	-	-	-
Total equity	**14,486,732**	17,363,760	17,384,639	22,258,347	21,312,588
Income statement					
Turnover	**7,415,666**	8,031,756	7,243,638	7,131,638	5,728,610
Gross profit	**3,464,685**	3,440,988	2,532,078	3,441,270	2,926,273
Other income	**175,010**	242,254	3,076,435	60,984	79,483
Administrative expenses	**(2,437,617)**	(1,630,474)	(1,747,137)	(2,162,981)	(1,903,225)
Impairment loss	**(344,849)**	(444,505)	(6,540,003)	-	-
Operating profit/(loss)	**857,229**	1,608,263	(2,678,627)	1,339,273	1,102,531
Net finance costs	**(3,024,903)**	(1,447,639)	(2,906,953)	(17,486)	(21,036)
(Loss)/profit before taxation	**(2,167,674)**	160,624	(5,585,580)	1,321,787	1,081,495
Income tax expense	**(195,158)**	(121,816)	(191,275)	(448,270)	(242,276)
(Loss)/profit for the year	**(2,362,832)**	38,808	(5,776,855)	873,517	839,219
Basic (loss)/earnings per share	**(38)**	1	(92)	14	13
Net assets per share	**2**	3	3	4	3

(Loss)/earnings per share are based on (loss)/profit after tax attributable to ordinary shareholders 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.

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