STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2013

		The Group		The Company	
	Notes	30 June 2013	30 June 2012	30 June 2013	30 June 2012
		₦'000	₦'000	₦'000	₦'000
Operating activities					
Profit before tax		3,815,048	967,409	415,235	247,282
Non-cash adjustment to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment	12	630,942	332,249	1,198	1,198
Amortisation of Intangible asset	13	12,164	-	-	-
Profit or loss on sale of property, plant and equipment		1,769,040	2,500	-	-
Working capital adjustments:					
Increase in trade and other receivables		(550,417)	(7,483,222)	(318,298)	(283,430)
(Increase)/Decrease in due from related parties		(454,397)	(8,552,116)	2,485,636	(79,222)
Increase in prepayments		(26,245)	(92,902)	-	-
(Increase)/Decrease in inventories		(1,455,139)	6,104	-	-
Increase in trade and other payables		735,890	1,211,554	(500)	34,959
Increase in Due to related parties		2,100,007	7,379,216	1,891,134	83,799
Decrease in deferred revenue		(96,208)	(38,926)	-	-
		6,480,865	(6,268,134)	4,474,405	4,586
Tax Paid		-	-	-	-
Net cash flows/(used) from operating activities		6,480,685	(6,268,134)	4,474,405	4,586
Investing activities					
Purchase of property, plant and equipment	12	(89,294)	(183,030)	-	-
Proceeds from disposal of property, plant and equipment		248,225	-		
Purchase of Intangible assets	13	(4,447)	-	-	-
Net cash flows from/(used in) investing activities		154,485	(183,030)	-	-
Financing activities					
Proceeds from borrowings		1,271,840	8,922,522	-	5,703,752
Advance (repayment)/ proceeds		(1,271,840)	2,570,281	-	-
Repayment from borrowings	21	(2,428,422)	-	-	-
Net cash flows from/(used in) financing activities		(2,428,422)	11,492,803	-	5,703,752
Net increase/(decrease) in cash and cash equivalents		4,206,928	5,041,639	4,474,405	5,708,338
Cash and cash equivalents at 1 January				(4,454,391)	(5,704,108)

		(3,794,343)	(6,022,847)		
Cash and cash equivalents at 30 June	19	412,585	(981,208)	20,014	4,230

1 Corporate Information

The consolidated financial statements of Caverton Offshore Support Group Plc and its subsidiaries (collectively, the Group) for the period ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 18 February 2013 Caverton Offshore Support Group Plc (the Company or the parent) is a limited liabilities company incorporated and domiciled in Nigeria. The registered office is located at 1, Prince Kayode Akingbade Close, Off Muri Okunola Street, Victoria Island, Lagos, Nigeria.The Group is principally engaged in the provision of offshore services to the oil and gas industry, harbour and general marine operations; and the provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties. Information on the Group's structure and other related party relationships of the Group is provided in Note 24.

2.1 Basis of preparation

The Group previously prepared its financial statements in accordance with Nigerian generally accepted accounting principles as defined by the Statement of Accounting Standards in Nigeria. In 2010, the Financial Reporting Council of Nigeria (FRCN) announced the roadmap for the adoption of International Financial Reporting Standard (IFRS); this requires other significant public interest entities (companies that are not publicly trading their shares) to effectively adopt IFRS in the year beginning 1 January 2013.Accordingly, the Group adopted IFRS and will produce its first annual financial statements for the year ended 31 December 2013. These are the group's first interim consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The interim financial statements have been prepared on a going concern basis. In these interim financial statements, the term "Nigerian GAAP" refers to Nigerian GAAP before the adoption of IFRS.

The consolidated interim financial statements of Caverton Offshore Support Group Plc. and all of its subsidiaries (the "Group") have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions disclosed in the transition note, the Group has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2012 throughout all periods presented, as if these policies had always been in effect.

The transition note discloses the impact of the transition to IFRS on Group's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Group's consolidated financial statements for the year ended December 31, 2011 prepared under Nigerian GAAP.

The consolidated interim financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated interim financial statements comprise the financial statements of the Group and its subsidiaries as at30 June 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects to measure the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date (being the date the Group gains control) through profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

2.3.2 Foreign currencies

The Group’s consolidated financial statements are presented in Naira, which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item in which case the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.

2.3.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rendering of services

Revenue from the rendering of aviation and marine services is recognised by reference to the stage of completion based on the underlying contract. Stage of completion is measured by reference to service hours incurred to date as a percentage of total estimated service hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest income

For all financial instruments measured at amortized cost, interest income is recognised using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the profit or loss.

2.3.4 Corporate taxes

2.3.4.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Nigeria where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.3.4.2

Deferred Tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- uWhen the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable

future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

2.3.5 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met

Property, plant and equipment transferred from customers is initially measured at the fair value at the date on which control is obtained.

The straight-line method is used to depreciate the cost less any estimated residual value of the assets over their expected useful lives. The Group estimates the useful lives of assets in line with their beneficial periods. Where a part of an item of property, plant and equipment has different useful live and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately.

The useful lives of the Group's property, plant and equipment for the purpose of depreciation are as follows:

Property, Plant and Equipment	Years
Leasehold Land	87
Building and structures	15 - 40
Aircraft	8 -10
Vessels	5 -15
Plants and machinery	3 -10
Aircraft equipment	15-20
Motor vehicles	4
Furniture, fittings and office equipment	3

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

Assets leased to others under finance leases are recognised as receivables at an amount equal to the net investment in the leased assets. The finance income is recognised based on the periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

2.3.7 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.3.8 Financial Instruments
Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

Subsequent measurement
i) Financial assets
The subsequent measurement of financial assets depends on their classification.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, if any.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group’s financial assets include trade and other receivables, cash and short term deposits.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group’s continuing involvement in it.

In such case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the

probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not 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, 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 expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss

ii) Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classifications.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group’s financial liabilities include trade payables, other payables and loans and borrowings.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.3.9 Inventories
Inventories are defined as assets held for sale in the ordinary course of business or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Group's inventories primarily consist of spare parts and tools (consumables within one accounting period). Cost of inventory represents purchase cost including freight and other incidental expenses. Inventories are measured at the lower of cost (determined on a first in first out ('FIFO') basis) and net realizable value. Inventory costs include purchase price, freight inwards and transit insurance charges and other directly attributable costs incurred in bringing inventories to present location and condition. Where appropriate, allowance is made for slow moving, obsolete and defective stock based on management's estimates on the usability of those stocks.

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

2.3.10 Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of

assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group’s CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset
For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. .

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets
For impairment annually as at 31 December either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired

2.3.11 Cash and Short term deposit
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.12 Dividend Distribution

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group.

A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

2.3.13 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.
Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Group makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Group’s right to the assets in the fund is restricted, the obligation to contribute to the fund is recognized as a liability where it is probable that such additional contributions will be made.

Asset retirement obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset

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

The expense relating to any provision, net of any reimbursement is presented in the profit or loss net of any reimbursement.

2.3.14 Pension benefits

The Group operates a defined contribution plan in line with the provisions of the Pension Reform Act 2004. This plan is in proportion to the services rendered to the Group by the employees with no further obligation on the part of the Group.

The Group and its employees each contribute 7.5% of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the group's contribution is recorded as personnel expenses in the profit or loss.

2.3.15 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

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

2.3.16 Key management personnel

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of Group. For Caverton Offshore Support Group key management personnel are considered to be designations from Director level at the Group.

2.4 First-time adoption of IFRS

These consolidated financial statements, for the period ended 30 June 2013, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Group prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 30 June 2013, together with the comparative period data as at and for the year ended 31 December 2012, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2012, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2012 and the financial statements as at and for the year ended 31 December 2012.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.
The Group has applied the following exemptions:

a. Property plant & Equipment: The Group has elected not to apply the fair value as deemed cost exemption. As a result a full retrospective adjustment was applied to all property, plant and equipment.
b. Investments in subsidiaries, jointly ventures and associates: The Group has uses deemed cost being the previous GAAP carrying amount at the date of transition to IFRS to measure investment in subsidiary.

c. Leases: The optional exemption was chosen and agreements existing at the transition date were assessed as to whether they contain lease based on the facts and circumstances that exist at transition date.

d. Business combinations: The Group has elected not to apply IFRS 3 to business combination that occurred prior to the date of transition to IFRS.

e. IAS 23 Borrowing costs: The Company has elected the exemption which allows it to apply IAS 23 to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the date of transition.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from NGAAP to IFRS:

Exception for estimates

IFRS estimates as at 1 January 2012 are consistent with the estimates as at the same date made in conformity with Nigerian GAAP.

Derecognition of financial assets and liabilities

Financial assets and liabilities derecognised before 1 January 2012 are not recognised under IFRS.

Non-controlling interests'

From 1 January 2012 total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Classification and measurement of financial assets

The entity is not early adopting IFRS 9. However, the company's financial assets have been classified in accordance with IAS 39 based on the nature of the assets.

Group reconciliation of Equity as at 1 January 2012 (Date of Transition)

	Notes	Nigerian GAAP	Re-Classification	Re-measurement	IFRS
ASSETS		₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	A	6,119,255	-	(1,456)	6,117,799
Goodwill		6,026,909	-	-	6,026,909
Total non-current assets		12,146,164	-	(1,456)	12,144,708
Inventories		295,887			295,887
Trade and other receivables	B	19,924,147	(5,342,894)	-	14,581,253
Due from related parties	B	-	5,315,397	-	5,315,397
Prepayments	B	-	24,313	-	24,313
Cash and bank		1,875,177	-	-	1,875,177
Total current assets		22,095,211	(3,184)	-	22,092,027
Total assets		**34,241,375**	(3,184)	(1,456)	**34,236,735**
Equity					
Ordinary share capital		1,675,255	-	-	1,675,255
Share premium		6,616,991	-	-	6,616,991
Revenue reserve	C	360,967	(360,967)	-	-
Retained earnings	A,C,D	-	360,967	5,338	366,305
Non-Controlling Interest		72,665	-	-	72,665
Total equity		8,725,878	-	5,338	8,731,216
Non-current liabilities					
Interest bearing loans and borrowings	D	13,042,238	(1,624,662)	(6,794)	11,410,782
Deferred tax liabilities		52	-	-	52
Total non-current liabilities		13,042,290	(1,624,662)	(6,794)	11,410,834
Trade and other payables	F	3,578,391	(350,914)	-	3,227,477

Due to related parties	F	-	170,777	-	170,777
Interest bearing loans and borrowings	D,F	8,374,177	1,624,666	-	9,998,843
Deferred revenue	F	-	38,926	-	38,926
Provisions	F	-	138,023	-	138,023
Income tax payable		520,639	-	-	520,639
Total current liabilities		**12,473,207**	1,621,478	**-**	14,094,685
Total Liabilities		**25,515,497**	(3,184)	(6,794)	**25,505,519**
Total equity and Liabilities		**34,241,375**	(3,184)	**(1,456)**	**34,236,735**

Group reconciliation of equity as at 30 June 2012

ASSETS	**Notes**	**Nigerian GAAP**	**Re-Classification**	**Re-measurement**	**IFRS**
		₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	A	5,967,280	-	(1,199)	5,966,081
Goodwill		6,026,909	-	-	6,026,909
Total non-current assets		11,994,189	-	(1,199)	11,992,990
Inventories		289,783	-	-	289,783
Trade and other receivables	B	28,753,813	(6,639,980)	-	22,113,833
Due from related parties	B	-	6,522,765	-	6,522,765
Prepayments	B	-	117,215	-	117,215
Cash and bank		1,360,516	-	-	1,360,516
Total current assets		30,404,112	-	**-**	30,404,112
Total assets		**42,398,301**	-	(1,199)	**42,397,102**
Equity					
Ordinary share capital		1,675,255	-	-	1,675,255
Share premium		6,616,991	-	-	6,616,991
Revaluation reserve	C	713,437	(713,437)	-	-
Revenue reserve	C	156,195	(156,195)	-	-

Retained earnings	A,C,D	-	869,632	19,456	889,088
Non-Controlling Interest	E	79,866		(3,548)	76,318
Total equity		9,241,744	-	15,908	9,257,652
Non-current liabilities					
Interest bearing loans and borrowings		19,744,249	-	-	19,744,249
Deferred tax liabilities		223,304	-	-	223,304
Total non-current liabilities		19,967,553	-	-	19,967,553
Trade and other payables	F	4,831,662	(254,606)	-	4,577,056
Due to related parties	F	-	254,606	-	254,606
Interest bearing loans and borrowings	D	7,618,983	-	(17,108)	7,601,875
Income tax payable		738,359	-	-	738,359
Total current liabilities		**13,189,004**	-	(17,108)	13,171,896
Total Liabilities		**33,156,557**	-	(17,108)	**33,139,449**
Total equity and Liabilities		**42,398,301**	-	(1,199)	**42,397,101**

Group reconciliation of equity as at 31 December 2012

	Notes	Nigerian GAAP	Re-Classification	Re-measurement	IFRS
		₦'000	₦'000	₦'000	₦'000
ASSETS					
Property, plant and equipment	A	12,227,046	(81,257)	(75,079)	12,070,710
Intangible assets	A	-	81,257	-	81,257
Goodwill		6,026,909	-	-	6,026,909
Total non-current assets		18,253,955	-	(75,079)	18,178,876
Inventories		542,088	-	-	542,088
Trade and other receivables	B	18,510,102	(7,135,667)	-	11,374,435
Due from related parties	B	-	7,077,860	-	7,077,860
Prepayments	B	-	57,037	-	57,037
Cash and bank		773,795	-	-	773,795

Total current assets		19,825,985	(770)	-	19,825,215
Total assets		**38,079,940**	(770)	(75,079)	**38,004,091**
Equity					
Ordinary share capital		1,675,255	-	-	1,675,255
Share premium		6,616,991	-	-	6,616,991
Revenue reserve	C	1,511,274	(1,511,274)	-	-
Retained earnings	A,C,D	-	1,511,274	(68,894)	1,442,380
Non-Controlling Interest	E	83,019	-	5,415	88,434
Total equity		9,886,539	-	(63,479)	9,823, 060
Non-current liabilities					
Interest bearing loans and borrowings	F,D	21,019,590	(5,783,747)	(12,367)	15,223,476
Deferred tax liabilities	G	277,808	-	(283)	277,525
Total non-current liabilities		**21,297,398**	(5,783,747)	(12,650)	15,501,001
Trade and other payables	F	4,362,348	(536,529)	767	3,826,586
Due to related parties	F	-	708,126	-	708,126
Interest bearing loans and borrowings	F,D	1,535,677	5,506,705	-	7,042,382
Deferred revenue	F	-	96,208	-	96,208
Provisions	F	-	8,467	-	8,467
Income tax payable		997,978	-	-	997,978
Total current liabilities		**6,896,003**	5,782,977	767	12,679,747
Total Liabilities		**28,193,401**	(770)	(11,883)	**28,180,748**
Total equity and liabilities		**38,079,940**	(770)	(75,079)	**38,003,808**

Group reconciliation of profit or loss for the year ended 30 June 2012

	Note	Nigerian GAAP	Re-Classification	Re-measurement	IFRS
		₦'000	₦'000	₦'000	₦'000
Revenue	H	7,927,428	(307,780)	-	7,619,648
Operating expenses	I	(2,998,391)	4,923	-	(2,993,468)
Operating profit		4,929,037	(302,857)		4,626,180
Administrative expenses	I	(3,599,541)	306	256	- (3,598,979)

Other operating income	H,I	84,404	591,706	-	676,110
Total operating profit		1,413,900	**289,155**	256	**1,703,311**
	D				
Finance costs		(746,221)	-	10,319	(735,902)
Profit before taxation		667,679	**289,155**	10,575	**967,409**
Income tax expense		(440,972)	-	-	(440,972)
Profit for the year		226,707	**289,155**	10,575	**526,437**
Profit attributable to:					
Owners of the Company		224,440			522,783
Non controlling interests		2,267			3,654
Profit for the year		226,707			**526,437**

Group reconciliation of profit or loss for the year ended 31 December 2012

	Note	Nigerian GAAP	Re-Classification	Re-measurement	IFRS
		₦'000	₦'000	₦'000	₦'000
Revenue		16,132,083	-	-	16,132,083
Operating expenses	I	(6,952,174)	3,990	-	(6,948,184)
Operating profit		9,179,909	3,990		9,183,899
					-

Administrative expenses	I	(6,409,386)		(73,624)	(6,483,010)
Other operating income	H,I	82,218	779,887	-	862,105
Total operating profit		2,852,741	**783,877**	(73,624)	**3,562,994**
Finance costs		(1,405,714)	-	5,574	(1,400,140)
Exceptional item	H	391,362	(391,362)	-	-
Profit before taxation		**1,838,389**	392,515	(68,050)	**2,162,854**
Income tax expense	G	(802,971)	-	283	(802,688)
Profit for the year		1,035,418	392,515	(67,767)	**1,360,166**
Profit attributable to:					
Owners of the Company	E	1,025,064	-	-	1,344,395
Non controlling interests	E	10,354	-	-	15,772
Profit for the year		1,035,418	-	-	1,360,167

Explanation of transition adjustments

A. Property, plant and equipment

This represents the impact of depreciation adjustment as a result of the separation of the cost of land from building. Depreciation was recalculated based on the useful life of the building and adjusted accordingly.

B. Trade and other receivables, Due from related parties, Prepayments

Under the Nigerian GAAP, the group classified due from related parties and Prepayments as part of Trade and other receivables. The adjustment is to reclassify those due from related parties and Prepayments as separate line items under IFRS as appropriate.

C. Revaluation reserve and retained earnings

Revaluation reserve and Revenue reserve were reclassified to Retained earnings under IFRS following the Group's decision of adopting the Cost model for subsequent recognition of property, plant and equipment. Revaluation reserve has been reset to zero upon transition.

D. Interest bearing loans and borrowings and Finance costs

The processing fees of the loans previously expensed under the Nigerian GAAP have been amortised and adjusted accordingly to determine the amortise cost under IFRS accordingly.

E. Owners of the Company and Non – Controlling interests

The amount allocated to Non-controlling interest increased as a result of restated retained earnings consequent upon adoption of IFRS.

F. Trade and other payables, Due to related parties and Provisions

Under the previous GAAP, the Group classified Due to related parties and Provisions as part of Trade and other payables. The reclassification adjustment is to reclassify those Due to related parties and Provisions and related liabilities as separate line items under IFRS.

G. Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies in 2.3.5, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

H. Revenue, Other Income, Exceptional Income

Items previously classified as revenue under the Nigerian GAAP but do not meet revenue definition under IFRS were reclassified as Other income for appropriate heading. Under Nigerian GAAP, Interest accrued no longer required was written back and presented as exceptional income. Upon transition to IFRS, this amount was reclassified to Other income.

I. Operating expenses and Administrative expenses

This represents reclassification of some accounting items from other income to Operating expenses as well as some items under Administrative expenses to other income for appropriate presentation under IFRS.

I. Statement of cash flows

The transition from Nigerian GAAP to IFRS has not had a material impact on the statement of cash flows

J. Reconciliation of Equity and Profit or Loss

All restatements from Nigerian GAAP upon adoption of IFRS have all been reflected in retained earnings. Those having impact on profit or loss with respect to comparative periods have also been reflected as part of the reconciliations presented.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgments, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

Property, plant and equipment

The Group carries its property, plant and equipment at cost in the Statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Group reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively.

Impairment of non-current assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. For assumptions and estimates relating to the impairment of goodwill refer to note 14.

Income taxes

Given uncertainties exist with respect to the interpretation of complex tax regulations coupled with the amount and timing of future taxable income as well as the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible tax implications that may result in tax liabilities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the prevailing circumstances. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value hierarchy
Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingencies
By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

4. Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the company’s financial statements are listed below. This listing is of standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

IFRS 9 *Financial Instruments*
IFRS 9, as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The Group only has loans and receivables which are more likely than not to remain classified as such under IFRS 9. There may be an impact on measurement as a result of the new impairment model but that phase hasn’t yet been issued... The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at

fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*
These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

5. Revenue

	The Group		The Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
Helicopter Charter	792,322	1,449,419	-	-
Helicopter maintenance	433,210	332,073	-	-
Helicopter/Airplane contract	7,621,623	5,425,287	-	-
Time charter services income	1,451,656	396,530	-	-
Others	16,662	16,339	-	-
	10,315,473	7,619,648	-	-

Revenue relates to amount generated from ordinary activities of the Group from Helicopter and Marine services.

6. Operating expenses

	The Group		The Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
			-	-
Aircraft rentals	1,632,703	1,547,106	-	-
Crew Salaries	12,264	12,374	-	-
Charter hire	265,578	245,966	-	-
Aircraft insurance premium	187,402	136,075	-	-
Consumables	29659	1,051,947	-	-
	2,127,506	2,993,468	-	-

7. Administrative expenses

	The Group		The Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
Audit fee	15,0000	-	4,5000	-
Employee benefit expense	2,591,269	2,036,483	-	-
Business development	4,392	4,355	-	-
Depreciation	630,942	332,249	1,198	1,198
Amortisation	12,164	-	-	-
Communication	37,660	41,646	-	-
Exchange loss	35,375	20,533	-	-
Donation	18,500	-	18,500	19,000
Key management expenses	17,000	19,000	17,000	-
Fuel and diesel	36,406	27,208	-	-
Insurance	13,286	49,596	-	-
Legal and professional fees	69,741	99,590	7,500	33,602
Licence and levy	73,454	73,612	-	-
Printing	7,807	6,741	-	-
Repairs and maintenance	40,993	65,765	201	69
Transport and travels	214,683	359,484	-	4,391
Disposal of PPE	1,769,040	2,500	-	-
Other expenses	467,719	460,217	12,579	2,237
	6,055,431	3,598,979	61,478	60,497

Other admin expenses consists of fuelling, licenses and renewal permit, AGM expenses, freight and courier; and other admin related costs incurred by the Group during the period.

8. Other operating income

	The Group		The Company	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
Accrued interest written back	1,676.293	593,202	476,713	307,779
Sundry	417,752	10,412	-	-
Foreign exchange gain	4,609	72,496	-	-
	2,098,654	676,110	476,713	307,779

Accrued interests are the amount accrued on interest bearing loans and borrowings. During the period, the Group renegotiated its interest due on certain loans with the lenders and asked for concession in respect of repayment due on interest. The negotiation led to reduction of interest liabilities and the interest accrued on those loans was written back as part of other income to the extent of the reduction.

9. Finance cost

	The Group		The Company	
	30 June 2013 ₦'000	30 June 2012 ₦'000	30 June 2013 ₦'000	30 June 2012 ₦'000
Interest on debts and borrowings	416,142	735,902	-	-
	416,142	735,902	-	-

10. Income tax

The major components of income tax expense for the years ended 31 December 2012 and 30 June 2013 are:

	The Group		The Compan
	30 June 2013 ₦'000	30 June 2012 ₦'000	30 June 2013 ₦'000
Current income tax:			
Current income tax charge	764,717	190,347	127,433
Education tax	136,176	27,373	8,699
Under provision of previous year	-	-	-
Deferred tax charge	1,121,105	223,252	3,356
	--------------- -	------------- -	------------ -
Income tax expense reported in the income statement	2,021,998	440,972	139,488
	========	=======	======

Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by Caverton's domestic tax rate for the year ended 31 December 2012 is as follows:

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Accounting profit before tax	3,815,048	2,162,855	415,235	427,750
At Caverton's statutory income tax rate of 30% (2011: 30%)	1,144,514	648,857	124,570	128,325
Non-deductible expenses	898,130	353,720	9,213	7,632
Less: Income exempted from tax	(771,209)	(303,663)	(3,046)	(258)
Education tax	136,176	66,248	8,699	9,038
Under provision of previous year	52	37,809	52	-
Income tax	2,021,998	802,971	139,488	144,737

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
(a) Tax payable per statement of financial position				
Balance at the beginning of year	997,978	520,639	216,119	121,471
Charge for the year				
Income tax	764,717	603,994	127,433	135,110
Education tax	136,176	66,248	8,699	9,038
Prior year over/under provision	52	37,809	52	-
WHT credit utilized	-	(210,678)	-	(49,500)
Payments during the year	-	(20,034)	-	-
Balance at the end of year	1,898,923	997,978	352,303	216,119

Deferred tax relates to the following:

	The Group		The Company -	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Properties plant and equipment	1,397,000	277,000	3,997	641
Borrowings	1,630	525	-	-
Net deferred tax assets/(liabilities)	1,398,630	277,525	3,997	641
Reconciliation of deferred tax liabilities net				
Deferred tax (asset) and liabilities				
Balance at the beginning of the year	277,525	52	641	52
Charged for the year	1,121,105	277,473	3,356	589
Balance at the end of year	1,398,630	277,525	3,997	641

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11. Authorised shares				
5,000,000 ordinary shares of 50k each	**2,500,000**	**2,500,000**	**2,500,000**	**2,500,000**
	=======	========	========	========
Issued and fully paid				
3,350,509,750 ordinary shares of 50k each	**1,675,255**	**1,675,255**	**1,675,255**	**1,675,255**
	========	========	========	========

11b. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group and Company by the weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	30 June 2013 ₦'000	30 June 2012 ₦'000	30 June 2013 ₦'000	30 June 2012 ₦'000
Average number of shares outstanding	1,675,255	1,675,255	1,675,255	1,675,255
Profit attributable to equity holders	1,777,877	522,783	275,747	161,103
Basic earnings per share (₦)	1.07	0.31	0.16	0.10

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. Property, Plant and Equipment (The Company)

	Furniture ₦000	Plant and Machinery ₦000	Motor vehicles ₦000	Office equipment ₦000	Total ₦000
Cost					
At 1 January 2012	180	2,840	8,720	435	12,175
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2012	180	2,840	8,720	435	12,175
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 June 2013	180	2,840	8,720	435	12,175
Depreciation					
At 1 January 2012	65	1,846	5,584	228	7,723
Depreciation charge	18	568	1,744	65	2,395

for the year					
At 31 December 2012	83	2,414	7,328	293	10,118
Depreciation charge for the year	9	284	872	33	1,198
Depreciation on disposals	-	-	-	-	-
At 30 June 2013	92	2,698	8,200	326	11,316
Net book value					
At 30 June 2013	88	142	520	109	859
At 31 December 2012	97	426	1,392	142	2,057
At 1 January 2012	115	994	3,136	207	4,452