Eterna Plc
IFRS Financial Statements for the year ended 31 December 2013

Contents

		Page
	Directors' Report	1 - 3
	Statement of Directors' Responsibilities	4
	Report of the Independent Auditor	5 - 6
	Statement of Comprehensive Income	7
	Statement of Financial Position	8
	Statement of Changes in Equity	9
	Statement of Cash Flows	10
	Segment Information	11 - 12
	General Information	13
	Statement of Compliance	13
	Summary of Significant Accounting Policies	13 - 18
	Critical Accounting Estimates and Judgements	19 - 20
	Financial Risk Management	21 - 24
4	Revenue	25
5	Expenses by Nature	25
6	Other Income	25
7	Finance Income	26
8	Finance Cost	26
9	Taxation	26 - 27
10	Property, Plant and Equipment	28 - 29
11	Long Term Prepayments	30
12	Investment in Subsidiaries	30
13	Deferred Income Tax	30 - 31
14	Inventory	32
15	Trade and Other Receivables	32-33
16	Cash and Cash Equivalents	33
17	Borrowings	34
18	Employee Benefits	35
19	Decomissioning Liability	36
20	Trade and Other Payables	36
21	Share Capital and Share Premium	37
22	Earnings Per Share	37
23	Related Party Transactions	38
24	Cashflow from Operating Activities	39
	Value Added Statements	40
	Five-Year Financial Summary	41

Directors' report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2013, which disclose the state of affairs of the company and the group.

Legal form and address
Eterna Plc was incorporated in Nigeria as a private limited liability company in 1989. In 1997, it became a public company. The company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The company is domiciled in Nigeria and the address of its registered office is:

5a Oba Adeyinka Oyekan
(Formerly Second Avenue)
Ikoyi
Lagos

Principal activities
The principal activities of the companies in the group are manufacturing and marketing of lubricating oils and petrochemicals, importation and sale of fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry.

Results and dividend
The group's results for the year are set out on page 7. The profit for the year of N703.2 million (2012: N946 million) has been transferred to accumulated deficit. No dividend has been recommended for the year.
The Group achieved consolidated revenue of N98.3 billion representing overall percentage growth of 9.66% compared with N89.6 billion revenue achieved in 2012. This increase in revenue is mainly attributable to increased fuel and crude oil revenue of N8.4 billion.

Despite the increase in revenue, gross profit was N2.9 billion, which is 5.28% decrease compared to gross profit of N3.0 billion achieved in 2012.

Decrease in receivables and payables balances are as a result of the payment made for 2012 Crude transactions. At the end of the year 2012, there was a receivable of N16.8 billion in respect of crude oil purchased by a customer and a corresponding payable to our crude oil supplier. These were settled within the first quarter of 2013.

Directors
The directors who held office during the reporting year:

Name
Fola Adeola *mni;* OFR (Chairman)-*Resigned on 1st March, 2013*
Mr Mahmud Tukur (Managing Director/CEO)
Mr Ibrahim Boyi
Chief (Dr) Michael Ade Ojo, OON (Alternate: Otunba Femi Deru)
Mrs Afolake Lawal

Directors' interest in contracts
None of the directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Directors' report

Directors' shareholding
The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

Director	***No of shares 31-Dec-2012***	***No of shares held 31-Dec-2011***
Chief (Dr) Michael Ade Ojo, OON	25,645,823	25,645,823
Mrs. Afolake Lawal	962,010	200,000

Messrs Ibrahim Boyi and Mahmud Tukur represent Lenux Integrated Resources Limited which holds 250,156,231 shares in Eterna Plc (Dec 2012: 301,156,231). Mr. Fola Adeola represents Ere Oja Limited which holds 50,000,000 shares in Eterna Plc (2012: nil)

Mrs. Afolake Lawal represents L.A. Pro Shares Limited, GTI Securities Limited and GTI Capital Limited which together holds 47,465,228 (2012: 55,380,166) shares in Eterna Plc.

Shareholding structure

Range	***No of shares***	***Percentage***
1 - 1,000	4,582,742	0.35
1,001 - 5,000	26,538,597	2.03
5,001 - 10,000	23,018,502	1.77
10,001 - 50,000	81,683,624	6.26
50,001 - 100,000	40,791,043	3.13
100,001 - 500,000	96,596,284	7.41
500,001 - 1,000,000	31,099,262	2.38
1,000,001 - 5,000,000	124,540,604	9.55
5,000,001 - 10,000,000	48,596,704	3.73
10,000,001 - 1,304,144,647	826,697,285	63.39
Total	**1,304,144,647**	**100**

According to the register of members as at 31 December 2013, the following shareholders of the company held more than 5% of the issued share capital of Eterna Plc.

Shareholder	***No of shares held***	***Percentage***
Lenux Integrated Resources Limited	250,156,231	19.18
Global Energy Engineering	179,990,000	13.80
GASL Nominee Limited	112,575,988	8.63
Radix Capital Partners Limited	65,624,066	5.03

Research and development
The company, in its continuous efforts to ensure that its products are the best available in the market using modern and efficient manufacturing processes, continues to invest in research and development.

Employment of disabled persons
The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Directors' report

Employee training and involvement
The directors maintain regular communication and consultation with the employees, the union leaders and staff representatives on matters affecting employees and the Company.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the company.

Health, safety and environment
The Company has established and enshrined in its operating protocols high standards for Health, Safety and Environmental (HSE) protection for its staff, third party staff and the public in all its operating environments. All company and third party personnel are subjected to regular and consistent induction and drills in healthy, safe and environmentally friendly practices. We also maintain, update and monitor our HSE performance against our objectives regularly to ensure we operate at the highest standard.

Fixed assets
Movement in fixed assets during the year is shown in Note 10 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

Donations and gifts
The company made contributions to some charitable institutions and organizations during the year which amounted to N3.5 million (2012: N3.65 million).

Beneficiaries	**N'000**
Deaf Supporters Group	100
Durga Pujo Celebrations	200
International Women Organisation for Charity	500
Lasgidi Cultural Arts	500
Energy Institute Nigeria	1000
Oginigba Community Development Project	1200
Total	**3,500**

Fuel Subsidy case

In previous years, we informed you that the greatest challenge facing our company was the the criminal charge by the Economic and Financial Crimes Commission (EFCC) in respect of petroleum subsidy claims and that the Nigerian Government had alleged that our Company was complicit in making false claims for petroleum subsidy.
The charge filed by the EFCC in respect of the transactions is on-going before the Lagos State High Court. Our Company remains resolute in using available lagal means to resolve the issues.
Once again,we reiterate that we have not received any illegal benefits from subsidy claims and will take all necessary actions to defend the interest of our company.

Auditors
The Company's auditors, Messrs PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act.

By order of the Board

Bunmi Agagu
Acting Company Secretary/Legal Adviser
28 March 2014

Statement of directors' responsibilities

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

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

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

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

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

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

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

Director	*Director*
28 March 2014	28 March 2014

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ETERNA PLC

Report on the financial statements

We have audited the accompanying financial statements of Eterna Plc (the company) and its subsidiaries (together, the group). These financial statements comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

pwc

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A715657

31 MARCH 2014

For: PricewaterhouseCoopers
Chartered Accountants
Lagos Nigeria
Engagement Leader: Cyril Azobu, FCA
FRC/2013/ICAN/00000000648

Consolidated statement of comprehensive income for the year ended 31 December 2013

		Group		Company	
	Note	31 December 2013 N'ooo	31 December 2012 N'ooo	31 December 2013 N'ooo	31 December 2012 N'ooo
Revenue	4	98,296,903	89,637,474	99,307,561	90,488,846
Cost of Sales	5	(95,412,455)	(86,592,201)	(96,689,842)	(87,745,311)
Gross Profit		**2,884,448**	**3,045,273**	**2,617,719**	**2,743,535**
Selling and Distribution expenses	5	(548,087)	(105,077)	(515,662)	(104,710)
General and Administrative expenses	5	(803,772)	(1,340,468)	(717,308)	(1,279,423)
Other Income	6	172,728	243,655	165,093	228,457
Foreign exchange gains		105,922	79,021	105,922	79,021
Operating Profit		**1,811,239**	**1,922,404**	**1,655,764**	**1,666,880**
Finance Income	7	2,218	2,874	2,218	2,874
Finance Cost	8	(744,029)	(512,150)	(743,449)	(511,650)
Profit before tax		**1,069,428**	**1,413,128**	**914,533**	**1,158,104**
Taxation	9	(366,232)	(466,772)	(320,864)	(386,046)
PROFIT FOR THE YEAR		**703,196**	**946,356**	**593,669**	**772,058**
Attributable to:					
– Owners of the parent		**703,168**	**946,323**	**593,669**	**772,058**
– Non-controlling interests		**28**	**33**	**-**	**-**
		703,196	**946,356**	**593,669**	**772,058**
Other Comprehensive Income:					
(a) Items that will not be reclassified to profit & loss					
Actuarial gains or losses		14,869	5,482	14,869	5,482
Tax effect of actuarial gains and losses		(4,461)	(1,645)	(4,461)	(1,645)
Other Comprehensive Income net of tax		10,408	3,837	10,408	3,837
(b) Items that may subsequently be reclassified to profit & loss		-	-	-	-
		-	-	-	-
Total comprehensive income for the year		713,604	950,193	604,077	775,895
Attributable to:					
– Owners of the parent		**713,576**	**950,160**	**604,077**	**775,895**
– Non-controlling interests		**28**	**33**	**-**	**-**
Total comprehensive income for the year		**713,604**	**950,193**	**604,077**	**775,895**
Earnings per share:					
Basic	22	0.54	0.73		
Diluted	22	0.54	0.73		

Consolidated statement of financial position as at 31 December 2013

	Note	Group		Company	
		31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
Non-current assets					
Property, plant and equipment	10	6,188,805	6,251,335	5,947,561	6,062,844
Prepayments	11	160,025	194,468	160,025	194,468
Investment in subsidiaries	12	-	-	50,990	50,990
		6,348,830	6,445,803	6,158,576	6,308,302
Current assets					
Inventory	14	3,273,828	884,624	2,686,065	614,615
Trade and other receivables	15	7,921,092	25,493,986	7,568,729	25,133,116
Prepayments	11	109,995	114,928	109,995	114,928
Cash and bank balances	16	599,399	273,509	599,399	273,506
		11,904,314	26,767,047	10,964,188	26,136,165
Total assets		**18,253,144**	**33,212,850**	**17,122,764**	**32,444,467**
Non-current liabilities					
Borrowings	17	1,089,906	83,333	1,089,906	83,333
Deferred tax liability	13	334,136	174,318	285,357	139,252
Decomissioning liability	19	34,437	29,946	30,273	26,363
Employee benefit liability	18	66,413	66,045	66,413	66,045
Derivative liability	17	435,000	415,220	435,000	415,220
		1,959,892	**768,862**	**1,906,949**	**730,213**
Current liabilities					
Trade and other payables	20	6,168,863	18,551,903	5,629,630	18,219,146
Borrowings	17	2,146,576	6,703,150	2,146,576	6,703,150
Tax payable	9	867,104	791,830	706,457	662,883
		9,182,543	**26,046,883**	**8,482,663**	**25,585,179**
Total liabilities		**11,142,435**	**26,815,745**	**10,389,612**	**26,315,392**
Equity attributable to shareholders					
Share capital	21	652,072	652,072	652,072	652,072
Share premium	21	5,796,053	5,796,053	5,796,053	5,796,053
Retained Earnings/(Accumulated deficit)		662,462	(51,114)	285,027	(319,050)
		7,110,587	6,397,011	6,733,152	6,129,075
Non -controlling interest		122	94	-	-
Total equity		**7,110,709**	**6,397,105**	**6,733,152**	**6,129,075**
Total equity and liabilities		**18,253,144**	**33,212,850**	**17,122,764**	**32,444,467**

The financial statements and notes on page 7-39 were approved by the board of directors on 28 March 2014 and signed on its behalf by:

Director
FRC /2013/IODN/00000004443

Director
FRC/2013/IODN/00000004347

Consolidated statement of changes in equity for the year ended 31 December 2013

	Share Capital	Share premium	Retained Earnings	Total amount attributable to equity holders	Non - controlling interest	Total Equity
	Attributable to equity holders of the parent					
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2012	652,072	5,796,053	(1,001,274)	5,446,851	61	5,446,912
Comprehensive income						
Profit or loss	-	-	946,323	946,323	33	946,356
Other Comprehensive income						
- Actuarial gains/(losses) net of tax	-	-	3,837	3,837	-	3,837
Total comprehensive income or loss	-	-	950,160	950,160	33	950,193
Transaction with owners	-	-	-		-	-
At 31 December 2012	652,072	5,796,053	(51,114)	6,397,011	94	6,397,105
Balance at 1 January 2013	652,072	5,796,053	(51,114)	6,397,011	94	6,397,105
Comprehensive income						
Profit or loss	-	-	703,168	703,168	28	703,196
Other Comprehensive income						
- Actuarial gains/(losses) net of tax	-	-	10,408	10,408	-	10,408
Total comprehensive income or loss	-	-	713,576	713,576	28	713,604
Transaction with owners	-	-	-	-	-	-
At 31 December 2013	652,072	5,796,053	662,462	7,110,587	122	7,110,709

	Share capital	Share premium	Retained earnings	Total Equity
	Company			
Balance at 1 January 2012	652,072	5,796,053	(1,094,945)	5,353,180
Comprehensive income				
Profit or loss	-	-	772,058	772,058
Other Comprehensive income				
- Actuarial gains/(losses) net of tax	-	-	3,837	3,837
Total comprehensive income or loss	-	-	775,895	775,895
Transaction with owners	-	-	-	-
At 31 December 2012	652,072	5,796,053	(319,050)	6,129,075
Balance at 1 January 2013	652,072	5,796,053	(319,050)	6,129,075
Comprehensive income				-
Profit or loss			593,669	593,669
Other Comprehensive income				-
- Actuarial gains/(losses) net of tax	-	-	10,408	10,408
Total comprehensive income or loss	-	-	604,077	604,077
Transaction with owners	-	-	-	-
At 31 December 2013	652,072	5,796,053	285,027	6,733,152

Consolidated statement of cashflows for the year ended 31 December 2013

	Note	Group		Company	
		31 December 2013 N'000	31 December 2012 N'000	31 December 2013 N'000	31 December 2012 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Casflow from (used in) operating activities	24	**4,878,259**	**(121,919)**	**4,802,786**	**(190,607)**
Vat paid		-	-	-	-
Tax paid	9	(135,645)	(132,036)	(135,645)	(132,036)
Net cash generated from operating activities		4,742,614	(253,955)	4,667,141	(322,643)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of property, plant and equipment		337	300	337	300
Purchase of property, plant and equipment	10	(206,995)	(351,126)	(132,100)	(282,392)
Payments for leasehold properties		(24,175)	(53,560)	(24,175)	(53,560)
Interest received	7	2,218	2,874	2,218	2,874
Net cash used in investing activities		(228,615)	(401,512)	(153,720)	(332,778)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		13,566,446	16,190,220	13,566,446	16,189,724
Repayment of borrowings		(16,668,500)	(15,769,903)	(16,668,500)	(15,769,906)
Interest paid		(744,029)	(473,562)	(743,449)	(473,062)
Net cash generated from financing activities		(3,846,083)	(53,245)	(3,845,502)	(53,244)
NET CHANGE IN CASH AND CASH EQUIVALENTS		667,916	(708,712)	667,919	(708,665)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(223,262)	485,450	(223,265)	485,400
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	16	444,654	(223,262)	444,654	(223,265)

Consolidated segment information

The chief operating decision-maker (CODM) has been identified as the Management team of Eterna Plc. Management has determined the operating segments based on the information reviewed by the management team for the purposes of allocating resources and assessing performance. Management has also determined the operating segments based on these reports.

a) Reportable segments

The CODM considers the business singularly from a product perspective. Management separately considers three segments; Retail and Industrial, Lubricants and Chemicals and the Trading activities of the group. The following summary describes the operations in each of the Group's reportable segments:

i) Retail and Industrial
This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.

ii)Lubricants and Chemicals
This segment involves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria.

iii) Trading
This segment represents the bulk importation and sale of fuels (PMS, AGO, DPK), Base Oils, Bitumen, LPFO. It also involves lifting and sales of crude oil.

i) The management team (CODM) reviews internal management reports at least on a quarterly basis. Information regarding the results of each reportable segment is included below.

	December 2013				December 2012			
	Retail & Industrial	**Lubricants & Chemicals**	**Trading**	**Group**	**Retail & Industrial**	**Lubricants & Chemicals**	**Trading**	**Group**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	-15769906
Gross Revenue	8,188,593	3,310,100	86,798,210	98,296,903	4,381,076	4,797,178	83,070,515	92,248,769
Intersegment sales	(1,084,425)	(1,670,650)	-	(2,755,075)	(890,543)	(1,720,752)	-	(2,611,295)
	7,104,168	1,639,450	86,798,210	95,541,828	3,490,533	3,076,426	83,070,515	89,637,474
Operating profit before depreciation & amortisation	154,430	35,638	1,886,810	2,076,878	435,157	233,204	1,537,916	2,206,277
Depreciation & amortisation	(19,752)	(4,558)	(241,329)	(265,639)	(72,083)	(40,421)	(171,369)	(283,873)
Net Finance cost	(55,159)	(12,729)	(673,923)	(741,811)	(19,255)	(26,161)	(463,860)	(509,276)
Profit before tax	79,519	18,351	971,558	1,069,428	343,819	166,622	902,687	1,413,128
Income tax charge	(27,232)	(6,284)	(332,716)	(366,232)	(111,075)	(53,830)	(301,867)	(466,772)
Profit after tax	52,287	12,067	638,842	703,196	232,744	112,792	600,820	946,356

The CODM measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments. Intersegment pricing is determined on an arm's length basis.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Revenue of approximately NGN73 billion are derived from three external customers. These revenues are attributable to the Trading segment.

Consolidated segment information

ii) The segment assets and liabilities as at 31 December 2013 and capital expenditure for the period then ended are as follows:

	Retail & Industrial	Lubricants & Chemicals	Trading	Group
	December 2013			
	N'000	N'000	N'000	N'000
Assets	617,619	1,680,805	15,954,719	18,253,144
Liabilities	145,249	110,305	10,886,881	11,142,435
Capital expenditure	136,935	76,371	17,864	231,170
	December 2012			
	N'000	N'000	N'000	N'000
Assets	1,123,801	3,058,341	29,030,708	33,212,850
Liabilities	349,560	265,463	26,200,722	26,815,745
Capital expenditure	161,801	90,239	21,108	273,148

Capital expenditure comprises additions to property, plant and equipment,long term prepayments and expenditure on investment assets;

b) Geographical segment

The geographical location of the group operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

1. General information

Eterna Plc was incorporated in Nigeria as a private limited liability company in 1989. In 1997, it became a public company. The company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The company is domiciled in Nigeria and the address of its registered office is:
5a Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue)
Ikoyi
Lagos

The principal activities of the companies in the group are manufacturing and marketing of lubricating oils and petrochemicals, importation and sale of fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry.

2.0 Statement of Compliance

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

Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements of ETERNA PLC have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.3 Changes in Accounting Policies and Disclosures

(a) Standards and interpretations issued but not yet effective
The following new standards, amendments to standards abd interpretations have been issued, but are not effective for the financial year ending 31 December 2013 and have not been early adopted.
The group is considering the implications of the standard, the impact on the group and the timing of its adoption by the Group.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and liabilities. Published December 2011. Effective for Annual periods beginning on or after January 2014.

IFRS 9 'Financial Instruments', The mandatory effective date of 1 January 2015 is removed, but the standard is available for immediate application, however this is subject to local regulators like the Financial Reporting Council Of Nigeria.
Amendments to IAS 16' - resulting from Annual improvements 2012-2013 cycle. Published December 2013. Effective for Annual periods beginning on or after 1st July 2014.

Amendments to IAS 19, 'Employee benefits' Published November 2013. Effective for annual periods beginning on or after 1 july 2014.
IAS 24, 'Related party Disclosures,' Amendments resulting from Annual Improvements 2010-2012 cycle (relating to management entities). Published December 2013. Effective dates beginning on or before 1 july 2014.
Amendmends to IAS 32 'Financial Instuments' (Tax effect of equity distributions). Published May 2012. Effective periods beginning on or after 1 January 2013.
Amendments to IFRS 8 'Operating segments' (relating to aggregation of segments and reconciliation of segment assets). Published December 2013. Effective on or after 1 july 2014.
IFRS 10- 'Consolidated Financial Statements' (Amendments for investment entities). Published october 2012. Effective dates beginning on or after 1 January 2014.

2.4 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').The financial statements are presented in thousand (Naira), which is the group's presentation currency.
(b) Transactions and balances
Foreign currency transactions are tranlated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (expenses)/income - net'. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income.

2.5 Trade receivables

Trade receivables are amounts due from customers for lubricating oils, petrochemicals and fuel sold and technical services in the ordinary course of business. If collection 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.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in the current assets, except for maturities greater than 12 months after reporting date. The Company's loan and receivables comprise trade and other receivables in the financial statements.
Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate method net of any impairment.

2.6 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds(net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest method.
Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

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

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sale of goods

The companies in the group manufacture and sell lubricating oils and petrochemicals, and import and resell fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry. Sales of goods are recognised when a group entity has delivered products to the customer and when there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been transferred to the specified location, the risks of obselescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all the criteria for the acceptance have been satisfied.

Revenue is primarily derived from the sale of the following products : Fuel, lubricants, gas, marine fuel and crude oil.

2.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.9 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Provisions

Provisions for environmental restoration (i.e. restoration and abandonment of petroleum storage facilities), restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.12 Environmental Restoration

The Group makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred within 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated at 10.3% (2010 – 11.8%) and discounted at 12.8% (2010 – 15.42%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures .
A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

2.13 Property, Plant and Equipment

Property,plant and equipment are stated at cost less accumulated depreciation. Costs includes expenditure that are directly attributable to the acquisition of the fixed assets. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as Capital Work in Progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses on disposal of fixed assets are included in the profit and loss account.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates calculated to write off the cost/valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Property, Plant and Equipment (Continued)

Asset category	Depreciation rate (years)
Freehold land	nil
Leasehold Land and Building	5-20
Plant and machinery:	10 -50
Office equipment	5 - 10
Buildings	20
Motor Vehicles	5
Furniture and fittings	5 - 10
Capital work in progress	nil

Depreciation is not calculated on fixed assets until they are available for use and is included in the profit and loss account.

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

2.14 Income taxation

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiary 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) 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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2.15 Impairment of non-financial assets

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

2.16 Employee benefits

Defined contribution scheme

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

For 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 expense 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.

Defined benefit scheme

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.17 Accounting for Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

LESSEE

The group leases certain land and buildings. Leases of land and buildings where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

LESSOR

The group leases out certain fuel filling stations. Leases of these filling stations by the lessee are classified as operating leases. Payment under the operating leases are recognised under other income on a straight-line basis over the period of the lease.

2.18 Dividend distribution

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

2.19 Compound financial instruments

Compound financial instrument is an instrument that contains elements of both liability and equity in a single contract. In some instances, the instrument comprise an embedded derivative.

An embedded derivative is a component of a compound instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the compound instrument vary in a way similar to a stand-alone derivative.

Compound financial instruments issued by the group comprise bonds with convertible options that can be converted to share capital at the option of the holder, and the number of shares to be issued varies with changes to in their fair value and other variables. The non-derivative host contract is the bond while the option granted to the holders is a standalone derivative.

Upon issue, it is determined whether the options granted are a financial liability or an equity instrument. The instrument is an equity instrument if, and only if, it is a derivative that will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, otherwise it is a liability.

The option liability component of a compound instrument is recognized initially at the fair value of option on grant date. The bond liability component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the option liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion of their initial carrying amounts.

Subsequent to initial recognition, the bond liability component of the compound financial instrument is measured at amortised cost using the effective interest rate method. The option liability component of a compound financial instrument is re-measured at fair value subsequent to initial recognition at the end of every reporting period. The fair value gains or losses are recognized through profit and loss.
The financial liabilities are classified as current liabilities unless the group has an unconditional right to deter settlement of the liability for at least 12 months after the end of the current reporting period.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management team that makes strategic decisions.

In accordance with IFRS 8, the group has the following business segments:

Segment	Description
Retail and marketing	This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.
Lubricants and chemicals	This segment invloves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria
Trading	This segment represents the bulk importation and sales of fuels (PMS,AGO, DPK), Baseoils, Bitumen, LPFO. It also involves lifting and sales of crude oil.

3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make certain judgements , accounting estimates and assumptions that affect the amounts reported to the assets and liabilitiesas at the reporting date and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actaul outcomes could differ from those estimates. The key source of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below.

(a) Recoverability of assets carrying amount

The Company assesses its property plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the, Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

If there are low oil prices or natural gas prices during an extended period the Company may need to recognize significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil, natural gas and refined products.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Asset retirement obligation

Provisions for environmental clean-up and remediation costs associated with the Company's drilling operations are based on current constructive requirements, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

(c) Income taxes

The Company is subject to income taxes only within the Nigerian tax authority which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required forrecognition of the deferred tax assets. Management is required to assess the the ability of the Company to generate future taxable economic earnings that will be utilised all deferred tax assets. The future cash flows are used by management to assess whether the company will be able to generate enough future cash flows. as part of the management assumptions. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

(d) Impairment of trade recievables
The Group reviews trade recievables at least annually and when there is any indication that the recievables might be impaired. The Group has estimated the recoverable amount using the models that require assumptions about future cash flows, cashflow dates and discount rates.

In 2013 Eterna plc recognised an impairment loss of ₦858 million (2012: ₦822.7million) on the group's trade and other recievables. The assessment was carried out by management to determine the recoverability of past due recievable balances in the books. Recoverable amount has been determined based on the net present value of the estimated future cashflows using the appropriate risk adjusted discount rate. The key assumptions include the followings:

Parameters	**2013 (%)**	**2012(%)**
Weighted average probability of default	21.4%	4.06%
Recoverable amount (as a percentage of total recievables)	87.11%	95.90%
Discount rate	12.60%	12.60%

An increase/decrease in the weighted average probability of default by 10%, all other factors remaining constant, will lead to a 1% (2012: 11.35%) increase/decrease in impairment provision for the year.

An increase/decrease in recoverable amount by 10%, all other factors remaining constant, will lead to a 7.22% (2012: 5.93%) increase/decrease in impairment provision for the year.

An increase/decrease in discount rate by 10%, all other factors remaining constant, will lead to a 1% (2012: 0.04%) increase/decrease in impairment provision for the year.

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3.1 Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits on any of its borrowing facilities. Cash flow projections take into consideration the group's debt financing plans, covenant compliance and internal balance sheet ratio targets.
The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

Group	Due within one year	1 - 2 year	2 - 3 years	3 - 5 years	3 - 5 years
December 31, 2013					
Borrowings	1,991,831	660,859	260,449	168,598	-
Trade payables	6,168,863	-	-	-	-
Bank overdrafts	154,745				
December 31, 2012					
Borrowings	6,206,379	83,333	-	-	-
Trade payables	18,551,903	-	-	-	-
Bank overdrafts	496,771				

Company	Due within one year	1 - 2 year	2 - 3 years	3 - 5 years	3 - 5 years
December 31, 2013					
Borrowings	1,991,831	660,859	260,449	168,598	-
Trade payables	5,629,630	-	-	-	-
Bank overdrafts	154,745	-	-	-	-
December 31, 2012					
Borrowings	6,206,379	83,333	-	-	-
Trade payables	18,219,145	-	-	-	-
Bank overdrafts	496,771	-	-	-	-

The table below details unutilised credit facilities available to the group,as at 31st December, 2013

Description	Amount	Duration	Interest rate
Multiple credit facility	USD 275 million	7 Nov 2013 to 7 Nov 2014	Libor + 7%

The carrying amount of the borrowings approximates the fair value of the loan as the group's credit spread has remained the same throughout the period.

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(b) Market risk

(i) Price risk

The Group has limited exposure to commodity price risk as the Group's transactions are mostly Naira denominated. The Group is also not exposed to any equity price risks.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The borrowings are issued at a fixed rate and expose the group to fair value interest rate risk. During the current period, the Group had borrowings denominated in Naira and Japanesse Yen.

(iii) Foreign exchange risk

The Group has limited exposure to foreign currency exchange risk arising primarily from the Japanesse Yen denominated loan. The Japanesse Yen Naira exchange rate has not seen any major flactuations as a result management has not established any hedging mechanisms.

In December 2013, if the currency had weakened/strengthened by 10% against the Japanese Yen with other variables constant, post tax profit for the year would have been N44.79m (2012:N73.21m) higher/lower, mainly as a result of foreign exchange gains/losses on translation of the Japanese Yen denominated bond/borrowing. Similarly, the impact on equity would have been N44.79m (2012: N73.21m) higher/lower.

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and accounts receivable.
The credit risk on cash is limited because the majority of deposits are with banks which have stable credit ratings assigned by international credit agencies as shown in the table below. The Group's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.

Bank	Rating
First Bank of Nigeria	B+
United Bank for Africa	B+
Sterling Bank	A2
Access Bank	A-
FCMB Plc	A2-

The Group assesses the credit quality of the customers by taking into account the financial position, past experience and other factors related to that particular customer. Customer limits are set on each individual client based on past performance and sales are settled using cash. No credit limits were exceeded during the reporting period.

The analysis of the Group's trade and other recievables by performance is as follows:

	2013	2012
Performing	5,567,576	25,423,360
Past due but not impaired	2,557,738	74,491
Individually Impaired	882,017	818,804
	9,007,331	26,316,655

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3.2 Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of net debt ratio, that is, the ratio of net debt to net debt plus equity. Net debt is calculated as gross debt as shown in the balance sheet, less cash and cash equivalents.

During 2013, the group's strategy which was managed from 2012 was to maintain a net debt ratio of below or within 20% to 30%. The net debt ratio as at 31 December 2013 and 31st December 2012 are as follows:

	December 2013	**December 2012**
Borrowings (Note 17)	3,236,482	6,786,484
Less: Cash and bank balances	(444,654)	(273,509)
	2,791,827	6,512,975
Equity	7,110,587	6,397,011
Net debt ratio	28%	50%

3.3 Financial instruments and fair values

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 other comprehensive income.
Those categories are: loans and receivables; and for liabilities, fair value through profit or loss and amortized cost.

The following table shows the carrying values of the Group's assets and liabilities for each of these categories at December 31, 2012 and 2011.

	31 December 2013	**31 December 2012**
Assets		
Loans and receivables:		
Cash and bank balances	599,399	273,509
Trade and other receivables	7,921,092	25,493,986
	8,520,491	**25,767,495**
Liabilities		
Amortized cost:		
Trade and other payables	6,168,863	18,551,903
Borrowings	1,991,831	6,206,379
Bank overdrafts	154,745	496,771
	8,315,439	**25,255,053**
Fair value through profit and loss:		
Derivative liability	**435,000**	**415,220**

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The following table summarizes the fair value of the Group's financial assets and liabilities at December 31, 2013 and 2012:

	31 December 2013	31 December 2012
Assets		
Cash and bank balances	599,399	273,509
Trade and other receivables	7,921,092	25,510,024
	8,520,491	**25,783,533**
Liabilities		
Trade and other payables	6,168,863	18,551,903
Borrowings	1,986,706	6,315,474
Bank overdrafts	154,745	496,771
Derivative liability	435,000	415,220
	8,745,313	**25,779,368**

Notes to the consolidated financial statements

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		Group 2013	Group 2012	Company 2013	Company 2012
4	**Revenue**				
	Fuel	25,546,762	20,803,817	26,612,938	21,708,339
	Lubricants	1,627,387	1,186,234	1,012,542	1,133,083
	Gas	-	-	-	-
	Marine fuel	1,682,712	1,890,192	2,242,039	1,890,192
	Crude Oil	69,440,042	65,757,231	69,440,042	65,757,232
		98,296,903	89,637,474	99,307,561	90,488,846
5	**Expenses by nature**				
	Material cost	94,972,125	86,337,102	96,248,992	87,490,210
	Delivery cost	422,720	194,772	423,240	194,773
	Sales commission	17,610	60,327	17,610	60,328
	Staff costs	469,605	408,081	421,919	401,377
	Depreciation	265,639	251,918	243,497	238,383
	Legal and Professional fees	78,838	284,873	71,646	278,022
	Repairs and Maintenance	68,603	55,194	48,940	35,438
	Marketing, gifts and donations	48,982	54,710	48,867	54,610
	Amortisation	86,382	84,026	86,615	83,614
	Travelling expenses	47,851	50,368	47,516	50,100
	Insurance, medical and security expenses	52,580	46,520	49,779	44,114
	Fair value loss/(gain) on derivative liability	19,780	(2,765)	19,780	(2,765)
	Stationery and communication	36,911	44,209	36,526	41,478
	Pension costs	23,503	23,790	23,691	23,790
	Directors remuneration	5,000	13,475	5,000	13,475
	Licence fees	21,838	12,952	16,065	12,733
	Auditors' remuneration	14,636	11,013	9,545	7,013
	Impairment provision	35,760	42,082	35,760	42,082
	Gain/(Loss) on disposal of property,plant and equipment	337	(300)	337	(300)
	Other expenses	75,614	65,399	67,487	60,969
	Total cost of sales, distribution costs and administrative expenses	96,764,314	88,037,746	97,922,812	89,129,444
	Expenses by function				
	Cost of sales	95,412,455	86,592,201	96,689,842	87,745,311
	Selling and Distribution expenses	548,087	105,077	515,662	104,710
	General and Administration expenses	803,772	1,340,468	717,308	1,279,423
		96,764,314	88,037,746	97,922,812	89,129,444
6	**Other income**				
	Depot storage income	76,390	154,036	76,390	154,036
	Rent income	15,232	26,342	15,231	26,342
	Bad debt recovered	-	18,713	-	18,714
	Blending Income	3,815	15,199	-	-
	Other income	77,291	29,365	73,472	29,365
		172,728	243,655	165,093	228,457

Notes to the consolidated financial statements

N'000

7 Finance Income

Interest income on short-term bank deposits	2,218	2,874	2,218	2,874
	2,218	2,874	2,218	2,874

8 Finance cost

	2013	2012	2013	2012
Interest expense	654,531	429,729	654,531	429,229
Interest cost on employees benefits	7,578	7,044	7,578	7,044
Accretion charge	4,490	3,374	3,910	2,874
Other bank charges	77,430	72,003	77,430	72,503
	744,029	512,150	743,449	511,650

9 Taxation

	2013	2012	2013	2012
Current taxes on income for the year	186,432	301,641	158,088	240,019
Education tax levy for the year	24,445	34,474	21,131	29,078
Deferred tax for the year	155,355	130,657	141,645	116,949
Total tax expense	366,232	466,772	320,864	386,046

Group

Reconciliation of effective tax rate	**31 Dec 2013**		**31 Dec 2012**	
Profit before income tax		1,069,428		1,413,128
Income tax using the domestic corporation tax rate	30.0%	320,828	30.0%	423,938
Disallowed expenses	2.4%	25,420	0.6%	8,360
Education tax levy	2.3%	24,445	2.4%	34,474
Total income tax expense in statement of comprehensive income	34.7%	370,693	33.0%	466,772

Company

Reconciliation of effective tax rate	**31 Dec 2013**		**31 Dec 2012**	
Profit before income tax		914,533		1,158,104
Income tax using the domestic corporation tax rate	30.0%	274,360	30.0%	347,431
Disallowed expenses	3.3%	29,834	0.8%	9,537
Education tax levy	2.3%	21,131	2.5%	29,078
Total income tax expense in statement of comprehensive income	35.6%	325,325	33.3%	386,046

Notes to the consolidated financial statements

N'000

The movement in the current income tax liability is as follows:

	2013	2012	2013	2012
Opening balance	791,830	587,751	662,883	525,822
Tax paid	(135,645)	(132,036)	(135,645)	(132,036)
Income tax charge	210,919	336,115	179,219	269,097
Closing balance	867,104	791,830	706,457	662,883
Current	867,104	791,830	706,457	662,883
Non-current	-	-	-	-
	867,104	791,830	706,457	662,883

Notes to the consolidated financial statements

10 Property, Plant and Equipment

GROUP	Capital Work-in-progress	Land and buildings	Office Equipment	Furniture and fittings	Motor vehicles	Plant and Machinery	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January 2012	549,370	538,472	35,159	40,593	42,119	4,942,059	6,147,772
Additions	26,730	126,245	52,155	1,175	66,817	82,359	355,481
Disposals	-	-	-	-	-	-	-
Depreciation	-	(14,716)	(18,107)	(15,409)	(16,519)	(187,167)	(251,918)
Closing balance	576,100	650,001	69,207	26,359	92,417	4,837,251	6,251,335
Cost	576,100	700,785	130,350	83,347	112,830	5,762,273	7,365,685
Accumulated depreciation	-	(50,784)	(61,142)	(56,989)	(20,413)	(925,022)	(1,114,350)
Closing balance	576,100	650,001	69,208	26,358	92,417	4,837,251	6,251,335
Balance as at 1 January 2013	576,100	650,001	69,208	26,358	92,417	4,837,251	6,251,335
Additions	21,244	86,730	17,380	7,206	23,980	50,455	206,995
Disposals	-	-	-	-	(1,700)	(2,186)	(3,886)
Reclassifications/ transfers	(26,730)	26,730	-	-	-	-	-
Depreciation	-	(17,267)	(20,774)	(11,774)	(22,695)	(193,129)	(265,639)
Closing balance	570,614	746,194	65,814	21,790	92,002	4,692,391	6,188,805
Cost	570,614	814,245	147,730	90,553	135,110	5,810,542	7,568,794
Accumulated depreciation	-	(68,051)	(81,916)	(68,763)	(43,108)	(1,118,151)	(1,379,989)
Closing balance	570,614	746,194	65,814	21,790	92,002	4,692,391	6,188,805

Included in Property, plant and equipment is decommisioning asset, these have been classified as part of the assets from which they arise. Additions to decommisioning assets for the year is Nil (2012: N4.35million)

Notes to the consolidated financial statements

Property, Plant and Equipment (Continued)

Company	Capital Work-in-progress N'000	Land and buildings N'000	Office Equipment N'000	Furniture and fittings N'000	Motor vehicles N'000	Plant and Machinery N'000	Total N'000
Balance as at 1 January 2012	549,370	475,298	19,431	39,239	39,659	4,890,983	6,013,980
Additions	-	125,895	23,019	2,455	66,816	69,062	287,247
Disposals	-	-	-	-	-	-	-
Depreciation	-	(13,322)	(10,005)	(16,128)	(22,135)	(176,793)	(238,383)
Closing balance	549,370	587,871	32,445	25,566	84,340	4,783,252	6,062,844
Cost	549,370	624,696	63,838	79,646	100,279	5,638,839	7,056,668
Accumulated depreciation	-	(36,825)	(31,393)	(54,080)	(15,938)	(855,588)	(993,824)
Closing balance	549,370	587,871	32,445	25,566	84,341	4,783,251	6,062,844
Balance as at 1 January 2013	549,370	587,871	32,445	25,566	84,341	4,783,251	6,062,844
Additions	700	79,732	11,845	5,055	18,980	15,788	132,100
Disposals	-	-	-	-	(1,700)	(2,186)	(3,886)
Depreciation	-	(14,611)	(11,466)	(11,093)	(19,609)	(186,718)	(243,497)
Closing balance	550,070	652,992	32,824	19,528	82,012	4,610,135	5,947,561
Cost	550,070	704,428	75,683	84,701	117,559	5,652,441	7,184,882
Accumulated depreciation	-	(51,436)	(42,859)	(65,173)	(35,547)	(1,042,306)	(1,237,321)
Closing balance	550,070	652,992	32,824	19,528	82,012	4,610,135	5,947,561

Included in Property, plant and equipment is decommisioning asset, these have been classified as part of the assets from which they arise. Additions to decommisioning assets for the year is Nil (2012: N4.85million)

Notes to the consolidated financial statements

N'000

11 Prepayments

	Group 31 Dec 2013	Group 31 Dec 2012
Prepaid rent	176,305	220,485
Current portion of prepaid rent	(16,280)	(26,017)
Non-current protion of prepaid rent	160,025	194,468
Other short term prepayment	93,715	88,911
Current portion of long term prepayments	16,280	26,017
	109,995	114,928

	Company 31 Dec 2013	Company 31 Dec 2012
Prepaid rent	176,305	220,485
Current portion of prepaid rent	(16,280)	(26,017)
Non-current protion of prepaid rent	160,025	194,468
Other short term prepayment	93,715	88,911
Current portion of prepaid rent	16,280	26,017
	109,995	114,928

Included in prepayments are some leasehold land rentals related to filling stations and tank farm land treated as operating leases.

12 Investment in subsidiaries

Investment in subsidiaries is made up of:

	Company 2013	Company 2012
99.98% in Eterna Industries Limited	49,990	49,990
100% in Eterna Marine and Services Limited	1,000	1,000
	50,990	50,990

These investments are ultimately consolidated at group level.

13 Deferred Income Tax

The analysis of deferred tax liabilities is as follows:

	Group 31 Dec 2013	Group 31 Dec 2012
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	334,136	174,318
Deferred tax liability to be recovered within 12 months	-	-
	334,136	174,318

Notes to the consolidated financial statements

N'000

	Company 31 Dec 2013	Company 31 Dec 2012
The analysis of deferred tax liabilities is as follows:		
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	285,357	139,252
Deferred tax liability to be recovered within 12 months	-	-
	285,357	139,252

Group

Deferred tax liabilitities	Trade and other recievables	Borrowings	Property, Plant & Equipment	Decommissioning Liabilities	Employee Benefits	Total
At 1 January 2012	(248,267)	(40,218)	347,282	(782)	(15,998)	42,017
Charged/(credited) to the income statement	1,536	16,512	119,083	(1,013)	(5,462)	130,656
Charged/(credited) to other comprehensive income	-	-	-	-	1,645	1,645
At 31 December 2012	(246,731)	(23,706)	466,365	(1,795)	(19,815)	174,318
Charged/(credited) to the income statement	(10,729)	55,483	116,263	(1,258)	(4,402)	155,357
Charged/(credited) to other comprehensive income	-	-	-	-	4,461	4,461
At 31 December 2013	(257,460)	31,777	582,628	(3,053)	(19,756)	334,136

Company

Deferred tax liabilitities	Trade and other recievables	Borrowings	Property, Plant & Equipment	Decommissioning Liabilities	Employee Benefits	Total
At 1 January 2012	(248,267)	(40,218)	325,794	(653)	(15,998)	20,658
Charged/(credited) to the income statement	1,536	16,512	105,225	(862)	(5,462)	116,949
Charged/(credited) to other comprehensive income	-	-	-	-	1,645	1,645
At 31 December 2012	(246,731)	(23,706)	431,019	(1,515)	(19,815)	139,252
Charged/(credited) to the income statement	(10,729)	55,483	102,375	(1,083)	(4,402)	141,644
Charged to other comprehensive income	-	-	-	-	4,461	4,461
At 31 December 2013	(257,460)	31,777	533,394	(2,598)	(19,756)	285,357

Notes to the consolidated financial statements

N'000

14 Inventory

	Group 31 Dec 2013	Group 31 Dec 2012
Raw materials	565,457	190,352
Finished goods	2,708,371	694,272
	3,273,828	884,624

	Company 31 Dec 2013	Company 31 Dec 2012
Finished goods	2,686,065	614,615
	2,686,065	614,615

Inventory is carried at the lower of cost or net realisable value. Cost is determined using weighted average method.The cost of finished goods and work in progress comprises of raw materials, importation logistics cost, direct labour, other direct costs and other production overheads. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

15 Trade and Other receivables

	Group 31 Dec 2013	Group 31 Dec 2012
Trade receivables	2,649,767	20,123,365
Due from related parties	295,000	-
Less: Provision for impairment of receivables	(775,006)	(746,218)
Trade receivables – net	2,169,761	19,377,147
Advance to suppliers	21,517	3,916,093
Tax related recievables	1,459,472	1,987,345
Other recievables	4,353,766	289,852
Less: Provision for impaiment of other recievables	(83,424)	(76,451)
	7,921,092	25,493,986

	Company 31 Dec 2013	Company 31 Dec 2012
Trade receivables	2,602,594	20,116,253
Due from related parties	379,868	50,882
Less: Provision for impairment of receivables	(774,775)	(745,988)
Trade receivables – net	2,207,687	19,421,147
Advance to suppliers	21,517	4,549,275
Tax related recievables	1,069,187	950,022
Other recievables	4,353,762	289,123
Less: Provision for impaiment of other recievables	(83,424)	(76,451)
	7,568,729	25,133,116

Notes to the consolidated financial statements

N'000

	Group	
	31 Dec 2013	**31 Dec 2012**
Movements on the provision for impairment for trade receivables are as follows:		
Opening balance	(746,218)	(725,638)
Provision for receivables impairment	(28,788)	21,502
Receivables written off during the year as uncollectible	-	(42,082)
Unused amounts reversed	-	-
Closing balance	**(775,006)**	**(746,218)**

	Company	
	31 Dec 2013	**31 Dec 2012**
Movements on the provision for impairment for trade receivables are as follows:		
Opening balance	(745,988)	(725,407)
Provision for receivables impairment	(28,788)	(42,083)
Receivables written off during the year as uncollectible	-	21,502
Unused amounts reversed	-	-
Closing balance	(774,776)	(745,988)

The creation of provision for impaired receivables have been included in 'General and administrative expenses' and the release of impairment provisions is included in 'other income' in the income statement (note 6).

16 Cash and Cash Equivalents

	Group	
	31 Dec 2013	**31 Dec 2012**
Cash and bank	599,399	273,509
Short term deposits with banks	-	-
Bank overdrafts	(154,745)	(496,771)
	444,654	(223,262)

	Company	
	31 Dec 2013	**31 Dec 2012**
Cash and bank	599,399	273,506
Short term deposits with banks	-	-
Bank overdrafts	(154,745)	(496,771)
	444,654	(223,265)

Short term investment represents short term bank deposits. For the purpose of the statements of cashflows the cash and cash equivalent

Notes to the consolidated financial statements

N'000

17 Borrowings

	Group	
Non-current	**31 Dec 2013**	**31 Dec 2012**
Bank borrowings	1,089,906	83,333
Bond Instrument		-
	1,089,906	83,333

Current	**31 Dec 2013**	**31 Dec 2012**
Bank borrowings	1,543,947	5,488,165
Bank overdraft	154,745	496,771
Bond Instrument	447,884	718,214
	2,146,576	6,703,150

	Company	
Non-current	**31 Dec 2013**	**31 Dec 2012**
Bank borrowings	1,089,906	83,333
Bond Instrument		-
	1,089,906	83,333

Current	**31 Dec 2013**	**31 Dec 2012**
Bank borrowings	1,543,947	5,488,165
Bank overdrafts	154,745	496,771
Bond Instrument	447,884	718,214
	2,146,576	6,703,150

Borrowings classified as current are denominated in Nigerian Naira and Japanese Yen and are secured by a lien on products for resale, legal mortgages and a Petroleum Storage Depot.

Bank borrowings classified as current are denominated in Naira. This relates to various import finance facilities (IFF) and local purchase facilities (LPF) obtained from various banks at interest rates ranging between 18% to 19% per annum with repayment period ranging from 15 to 90 days. The facilities are secured by lien on the products for resale, the Group's Petroleum Storage Depot and Aviation Tank Farm.

The bond instrument is a JPY750,000,000 zero-coupon bonds issued by Eterna Plc to Daewoo Securities (Europe) Limited on 29 November 2009. The bond yield at the time of issue was 4.75% compounded per annum and repayable in 2 equal tranches; at the end of 24 months from the date of the agreement and at the end of 32 months. The bond repayment was restructured during the year with rescheduled principal and yield payments falling due in June and December of each year. The bond is expected to be fully paid down by 31 December 2014. The bond is currently running at a yield rate of 13.5%.

The agreement also provides that Daewoo Securities (Europe) Limited has an option to subscribe in aggregate up to the Naira equivalent of JPY 750,000,000 in ordinary shares of Eterna Plc. This option is exercisable at any time between 24 November 2011 and 24 November 2029. As at 31 December 2013 this option had not been exercised by Daewoo Securities (Europe) Limited. As at 31 December 2013, the option (derivative liability) has been recognised at fair value of N435.00 million (2012: N415.22 million). The fair value of the option was determined using the Monte-Carlo simulation methodology, by simulating monthly share prices in order to calculate the relevant strike price at each reset date. Fair value changes arising on the option are recognised in the statement of comprehensive income.

Non current borrowings represents a N1.5 billion facility obtained from the Sterling bank granted in June 2013 with an interest rate of 18.5% per annum. It is secured by a lien on the Group's Petroleum Storage Depot. The principal and interest are payable quarterly and is to be fully repaid in February 2016. Also included in non current borrowings is a N500 million loan obtained from Bank of Industry in February 2013 with an interest rate of 7%, principal and interest are payable quarterly and is expected to be fully repaid by June 2018.

Notes to the consolidated financial statements

N'000

18 Employee Benefits

	Group	
	31 Dec 2013	**31 Dec 2012**
Defined benefit obligations	66,413	66,045
Fair value of plan assets	-	-
Deficit of funded plans	66,413	66,045
Unrecognised (gains)/losses	-	-
Net Liability Recognised	66,413	66,045

The reconciliation of the defined benefit obligations as at

	31 Dec 2013	**31 Dec 2012**
Opening balance	66,045	53,325
Current service cost	14,673	11,158
Interest cost	7,578	7,044
Benefits paid	(7,014)	
Actuarial gains/losses	(14,869)	(5,482)
Net Liability Recognised	66,413	66,045

	31 Dec 2013	**31 Dec 2012**
Income statement charge for:		
Defined benefit obligation	15,576	12,741
Total amount recognised in the income statement	15,576	12,741

Actuarial gains (net of tax) recognised in the statement of other comprehensive income in the period	10,408	3,837
Cumulative actuarial gain (net of tax) recognised in the statement of other comprehensive income	14,245	3,837

Plan liability (Gratuity provision) is based upon independent actuarial valuation performed by HR Nigeria Limited using the projected unit credit basis. This valuation was carried out as at 31 December: 2012 and 2013 appropriately. The principal assumptions, i.e., discount rates, average rate of inflation, used for the purpose of arriving at the actuarial valuation were 13% and 9% per annum respectively.

The sensitivity of the gratuity liability to changes in the weighted principal assumptions as at 31 December 2013, is:

Change in assumption	**Impact on gratuity liability**	
	2013	**2012**
Discount rate--Increase/decrease of 1.0%	Increase/decrease by N7.0m	Increase/decrease by N7.1m
Salary growth rate--Increase/decrease of 1.0%	Increase/decrease by N7.4m	Increase/decrease by N7.4m
Life expectancy--Increase/decrease of 1 year	Increase/decrease by N0.23m	Increase/decrease by N0.11m

Notes to the consolidated financial statements

N'000

19 Decomissioning Liability

	31 Dec 2013	Group 31 Dec 2012
Balance as at 1 January	29,946	22,217
Additional obligations incurred	-	4,355
Changes in estimated flows	-	-
Unwinding of discount due to passage of time	4,491	3,374
Balance at 31 December	34,437	29,946

	31 Dec 2013	Company 31 Dec 2012
Balance as at 1 January	26,363	19,134
Additional obligations incurred	-	4,355
Changes in estimated flows	-	-
Unwinding of discount due to passage of time	3,910	2,874
Balance at 31 December	30,273	26,363

The Company makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated at 10.3% (2010 – 11.8%) and discounted at 12.8% (2010 – 15.42%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures . No such assets were acquired in the year 2013.

20 Trade and other payables

	Group 31 Dec 2013	31 Dec 2012
Trade creditors	4,656,158	17,117,124
Tax related liabilities	1,132,344	954,296
Advance received	30,365	217,293
Accrued payables	198,920	124,913
Other payables	151,076	138,277
	6,168,863	18,551,903

	Company 31 Dec 2013	31 Dec 2012
Trade creditors	4,563,665	17,090,222
Tax related liabilities	728,481	644,180
Advance received	30,365	217,293
Accrued payables	182,435	117,023
Other payables	124,684	129,589
Due to subsidiaries	-	20,839
	5,629,630	18,219,146

Notes to the consolidated financial statements

N'000

21 SHARE CAPITAL AND SHARE PREMIUM

	31 Dec 2012	31 Dec 2011
Authorised:		
1,600,000 thousands Ordinary shares of 50k each	800,000	800,000
Issued and fully paid:		
1,304,145 thousand Ordinary shares of 50k each	652,072	652,072
Issued and fully alloted:		
1,304,145 thousand Ordinary shares of 50k each	652,072	652,072

Movements during the period:	Number of shares '000	Ordinary shares '000	Share premium shares '000	Total '000
Balance at December 2012	1,304,145	652,072	5,796,053	6,448,125
Capitalised during the period				
Issue of new shares	-	-	-	
At 31 December 2013	1,304,145	652,072	5,796,053	6,448,125

22 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group 2013	2012
Profit for the year attributable to shareholders (in N'000)	703,196	946,356
Weighted average number of ordinary shares in issue	1,304,145	1,304,145
Basic earnings per share (in N'000)	0.54	0.73

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2013	2012
Profit for the year attributable to shareholders (in N'000)	703,196	946,356
Weighted average number of ordinary shares in issue	1,304,145	1,304,145
Adjustments for :		
- Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,304,145	1,304,145
Basic earnings per share (in N'000)	0.54	0.73

Notes to the consolidated financial statements

N'000

23 Related party transactions

Eterna Plc. is not wholly controled by any individual/company/entity, however Lenux integrated resources Limited held 23.09% of the shareholding of Eterna plc. and is represented by 3 directors out of the 5 directors on the board.

The company has two subsidiaries: Eterna Marine Services Limited and Eterna Industries Limited. The company carried out some transactions with its subsidiaries during the year under review.

The balances due from/(due to) these companies and the nature of the business relationships involved are as follows:

Company Name:	Relationship	Amount Dec 2013	Amount Dec 2012
Eterna Industries Limited	Subsidiary	32,622	(20,839)
Eterna Marine and Services Limited	Subsidiary	52,246	50,882
CEC-Lenux Investments Limited		240,000	-
		324,868	30,043

Significant related party transactions and balances relating to the Company's financial statements are as follows:

a) Transactions

	Amount Dec 2013	**Amount** Dec 2012
Sales		
Eterna Industries Limited	1,180,766	890,543
Purchases		
Eterna Industries Limited	1,725,748	1,720,752

b) Key management compensation

Key Management includes the Managing Director/CEO and The Head of Internal Controls. The compensation paid or payable to key management for employee services is shown below:

	Amount Dec 2013	Amount Dec 2012
Salaries and other short-term employee benefits	62,988	62,988
Post-employment benefits	10,895	7,678
	73,883	70,666

Notes to the consolidated financial statements

N'000

24 Cash (used in)/generated from operations

	Group 2013	Group 2012	Company 2013	Company 2012
Profit on ordinary activities before interest and taxation	1,811,239	1,922,404	1,655,764	1,666,880
Adjustments for non-cash items:				
Depreciation	265,639	251,918	243,497	238,383
Fair value loss on derivative liability	19,780	(2,765)	19,780	(2,765)
Amortisation of long term prepayments	66,808	83,128	66,762	83,128
Loss/(Profit) on disposals of property, plant and equipment	337	(300)	337	(300)
Unrealised foreign exchange gain	(105,922)	(79,021)	(105,922)	(79,021)
Unwinding discount on decommissioning liability	4,491	3,374	3,910	2,874
Increase in employees benefits	15,237	18,203	15,237	18,203
	2,077,609	2,196,941	1,899,365	1,927,382
Changes in working capital:				
(Increase) / decrease in inventory	(2,389,204)	173,828	(2,071,450)	156,520
(Increase) / decrease in debtors	17,572,894	(19,421,775)	17,564,387	(19,178,950)
Increase/(Decrease) in payables	(12,383,040)	16,929,087	(12,589,516)	16,904,441
	2,800,650	(2,318,860)	2,903,421	(2,117,989)
Casflow from operating activities	**4,878,259**	**(121,919)**	**4,802,786**	**(190,607)**

Consolidated value added statement

N'000

The consolidated statement of value added is included for the purpose of the Companies and Allied Matters Act.

Group	**31 Dec 2013**	**%**	**31 Dec 2012**	**%**
Turnover	98,296,903		89,637,474	
Bought in materials and services - all local	(95,871,394)		(87,239,694)	
	2,425,509		2,397,780	
Interest income	2,218		2,874	
Other income	172,728		243,655	
Value added	2,600,455		2,644,309	
Applied as follows:				
Staff salaries, wages and benefits	469,605	18	408,081	15
Maintenance of assets	306,986	12	307,112	12
Government taxes	366,232	14	466,772	18
Interest on borrowings	744,029	29	512,150	19
Retained for future growth	713,604	27	950,193	36
	2,600,456	100	2,644,308	100

Company	**31 Dec 2013**	**%**	**31 Dec 2012**	**%**
Turnover	99,307,561		90,488,846	
Bought in materials and services - all local	(97,092,127)		(88,371,388)	
	2,215,434		2,117,458	
Interest income	2,218		2,874	
Other income	165,093		228,457	
Value added	2,382,745		2,348,789	
Applied as follows:				
Staff salaries, wages and benefits	421,919	18	401,377	17
Maintenance of assets	292,436	12	273,821	12
Government taxes	320,864	14	386,046	16
Interest on borrowings	743,449	31	511,650	22
Retained for future growth	604,077	25	775,895	33
	2,382,745	100	2,348,789	100

Consolidated five-year financial summary

N'000

The consolidated five-year financial summary is included for the purpose of the Companies and Allied Matters Act.

	IFRS				NGAAP
	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Dec 2009
Financial performance					
Revenue	98,296,903	89,637,474	39,198,807	14,138,607	9,225,442
Profit/(loss) before tax	1,069,428	1,413,128	1,784,683	1,089,150	(1,962,168)
Taxation	(366,232)	(466,772)	(745,429)	(471,224)	466,975
Profit for the year	703,196	946,356	1,039,254	617,926	(1,495,193)
Actuarial gains or losses	14,869	5,482	27,085	-	-
Tax effect of actuarial gains and losses	(4,461)	(1,645)	(8,126)	-	-
Non - controlling interest	(28)	(33)	(3)	(14)	(10)
Total comprehensive income for the year	713,576	950,160	1,058,210	617,912	(1,495,203)
Basic earnings per share (kobo)	0.54	0.73	0.80	0.47	(1.32)
Diluted earnings per share (kobo)	0.54	0.73	0.80	0.47	(1.32)
Financial position					
Share capital	652,072	652,072	652,072	652,072	652,072
Share premium	5,796,053	5,796,053	5,796,053	5,796,053	5,797,299
Revaluation reserves	-	-	-	-	130,295
Non -controlling interest	122	94	61	58	45
Retained Earnings/(Accumulated deficits)	662,462	(51,114)	(1,001,274)	(2,059,483)	(2,677,396)
Total equity	**7,110,709**	**6,397,105**	**5,446,912**	**4,388,700**	**3,902,315**
Property, plant and equipment	6,188,805	6,251,335	6,147,772	6,130,716	1,181,532
Other non-current assets	160,025	194,468	230,565	587,949	6,103,354
Net current (liabilities)/assets	2,721,771	720,164	20,785	(550,457)	(2,090,754)
Non-current liabilities	(1,959,892)	(768,862)	(952,210)	(1,779,508)	(1,291,817)
Net assets	**7,110,709**	**6,397,105**	**5,446,912**	**4,388,700**	**3,902,315**
Net assets per share (Naira)	5.45	4.91	4.18	3.34	3.46