**REPORT OF THE INDEPENDENT AUDITOR**
**TO THE MEMBERS OF MULTIVERSE PLC**

We have audited the accompanying financial statements of MULTIVERSE PLC for the year ended 31st December 2012 set out on pages 3 to 64.

**Directors' Responsibility**
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Financial Reporting Council Act 2011, and the Companies and Allied Matters Act 2004. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, 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 management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion the accompanying financial statements give a true and fair view of the state of affairs of the Company at 31 December, 2012 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards issued by the Financial Reporting Council of Nigeria and comply with the Companies and Allied Matters Act, 2004.

**LAGOS, NIGERIA.**

**SOLA OYETAYO & CO.**
Chartered Accountants

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 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. The responsibilities include ensuring that the Company:

(a) 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 (CAP C20) Laws of the Federation of Nigeria, 2004.

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Nigerian Accounting Standards, International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

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.

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**Chairman** **Director**

Date:…………………………….

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2012**

| | NOTES | 31-Dec-12 | 31-Dec-11 | 1-Jan-11 |
|---|---|---|---|---|
| | | N'000 | N'000 | N'000 |
| **Continuing Operations** | | | | |
| Revenue | 8 | 674,482 | 705,465 | 617,992 |
| Cost of Sales | | (340,396) | (364,072) | (294,782) |
| **Gross Profit** | | 334,086 | 341,393 | 323,210 |
| Gain on Sales of Property, Plant and Equipment | | - | 1,104 | - |
| Other Income | 8.3 | 927 | 1,780 | 816 |
| Administrative Cost | | (147,851) | (194,505) | (148,819) |
| Selling and Distribution | | (1,428) | (13,581) | (9,697) |
| **Operating Profit** | | 185,734 | 136,191 | 165,510 |
| Finance Revenue | 8.4 | 3,622 | 1,930 | - |
| Finance Cost | 8.5 | (154,670) | (98,270) | (119,727) |
| **Profit Before Income Tax** | | 34,685 | 39,851 | 45,782 |
| Income Tax Expense | 9 | (4,038) | (3,696) | (2,678) |
| **Profit After Income Tax for the Year** | | 30,648 | 36,155 | 43,104 |
| Other Comprehensive Income | | - | - | - |
| **Total comprehensive income for the year, net of tax** | | 30,648 | 36,155 | 43,104 |
| Basic and Dilluted Earnings per Ordinary Shares (kobo) | 10 | 0.72 | 0.85 | 1.01 |

The accompanying notes and accounting policies form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**
**FOR THE YEAR ENDED 31 DECEMBER 2012**

| | NOTES | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|---|
| **ASSETS** | | N'000 | N'000 | N'000 |
| **Non-Current Assets** | | | | |
| Exploration and Evaluation Assets | 12 | 115,814 | 205,404 | - |
| Mine Properties | 13 | 888,509 | 302,658 | 44,040 |
| Property, Plant & Equipment | 14 | 3,821,041 | 3,903,757 | 3,838,444 |
| Intangible Assets | 15 | 318 | 636 | 954 |
| Total Non-current Assets | | 4,825,682 | 4,412,456 | 3,883,438 |
| **Current Assets** | | | | |
| Inventories | 17 | 553,725 | 545,530 | 530,282 |
| Trade and Other Receivables | 18 | 53,828 | 64,746 | 40,156 |
| Cash and Cash Equivalents | 19 | 54,888 | 10,642 | 3,634 |
| Total Current Assets | | 662,441 | 620,919 | 574,072 |
| **Total Assets** | | 5,488,123 | 5,033,374 | 4,457,510 |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholder's Equity** | | | | |
| Issued Capital | 20 | 2,130,969 | 2,130,969 | 2,130,969 |
| Share Premium | 21 | 1,242,082 | 1,242,082 | 1,242,082 |
| Retained Earnings | 22 | 393,509 | 362,650 | 326,284 |
| **Total Shareholder's Equity** | | 3,766,560 | 3,735,701 | 3,699,335 |
| **Non-Current Liabilities** | | | | |
| Interest-Bearing Loans and Borrowings | 23 | 532,951 | 712,908 | 286,838 |
| Provisions | 24 | 1,719 | - | - |
| Total Non-Current Liabilities | | 534,670 | 712,908 | 286,838 |
| **Current Liabilities** | | | | |
| Interest-Bearing Loans and Borrowings | 23 | 910,349 | 356,907 | 287,106 |
| Accounts Payables and Accrued Liabilities | 25 | 256,544 | 211,895 | 171,965 |
| Income Tax Payable | 10.2 | 20,000 | 15,963 | 12,267 |
| Provisions | | - | - | - |
| Total Current Liabilities | | 1,186,893 | 584,765 | 471,338 |
| **Total Liabilities** | | 1,721,563 | 1,297,673 | 758,175 |
| **Total Liabilities and Shareholder's Equity** | | 5,488,123 | 5,033,374 | 4,457,510 |

The financial statements were approved by the Board of Directors on April 30, 2013.
Signed on its behalf by:

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__________________________ } **Directors**

The accompanying notes and accounting policies form an integral part of these financial

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**Figures in thousand ('000) of Naira**

| | Share Capital | Share Premium | Retained Earnings | Total Equity |
|---|---|---|---|---|
| Balance at 1 January 2011 | 2,130,969 | 1,242,082 | 325,861 | 3,698,912 |
| **Changes in Equity & Reserves:** | | | | |
| Reversal of Depreciation on Reclassified Software | - | - | 1,059 | 1,059 |
| Amortization - Software | - | - | (636) | (636) |
| | 2,130,969 | 1,242,082 | 326,284 | 3,699,335 |
| Reversal of Depreciation on reclassified Software for 2011 | - | - | 529 | 529 |
| Amortization -Sofware-2011 | - | - | (318) | (318) |
| **Total Changes in Equity & Reserves** | - | - | 211 | 211 |
| Profit or Loss for the Year | - | - | 36,155 | 36,155 |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income for the Period** | - | - | 36,155 | 36,155 |
| **Balance at 31 December 2011** | 2,130,969 | 1,242,082 | 362,650 | 3,735,701 |
| Balance at 1 January 2012 | 2,130,969 | 1,242,082 | 362,650 | 3,735,701 |
| Reversal of Depreciation on Reclassified Software for 2012 | - | - | (318) | (318) |
| Amortization -Software-2012 | - | - | 529 | 529 |
| Profit or Loss for the Year | - | - | 30,648 | 30,648 |
| Other comprehensive income | - | - | - | - |
| Prior Adjustments | - | - | - | - |
| **Balance at 31 December 2012** | 2,130,969 | 1,242,082 | 393,509 | 3,766,560 |

The accompanying notes and accounting policies form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2012**

| | NOTES | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Cash Receipt from Customers | | 679,030 | 710,278 | 612,907 |
| Cash Paid to Suppliers, Employees and Operating Expenses | | (256,659) | (360,170) | (488,363) |
| Tax Paid | | - | - | (4,769) |
| Net VAT Paid | | - | (1,430) | (3,006) |
| **Net Cash Flows from Operating Activities** | | 422,371 | 348,678 | 116,769 |
| **Cash Flows from Investing Activities** | | | | |
| Investment in Exploration and Evaluation Assets | 12 | (115,814) | (205,404) | - |
| Expenditures on Mine Development | 13 | (378,727) | (272,672) | (2,652) |
| Expenditures on Property, Plant and Development | | (118,914) | (266,992) | (198,778) |
| Proceeds on Disposal of Property, Plant and Equipments | | - | 5,797 | - |
| **Net cash Flows from Investing Activities** | | (613,455) | (739,271) | (201,430) |
| **Cash Flows from Financing Activities** | | | | |
| Proceeds from Loans and Borrowings | | 390,000 | 495,871 | 249,446 |
| Interest Paid | | (154,670) | (98,270) | (119,727) |
| Dividends Paid | | - | - | (42,619) |
| **Net Cash (used in)/from Financing Activities** | | 235,330 | 397,601 | 87,100 |
| Net Increase/(Decrease) in Cash | | 44,246 | 7,008 | 2,439 |
| Cash and Cash Equivalents at the Beginning of the Period | | 10,642 | 3,634 | 1,195 |
| Cash and Cash Equivalents at the End of the Period | | 54,888 | 10,642 | 3,634 |

The accompanying notes and accounting policies form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

Multiverse Plc was incorporated as a Private Limited Liability Company, on 20th June 2002. It commenced business on 1st April 2005 and was converted to a Public Limited Liability Company on 18th April 2008. The Company's share was listed on the Nigerian Stock Exchange on 8th October, 2008.

The Company is engaged in the business of exploring, extracting, prospecting, boring, refining, drilling for, producing, and quarry mining of stones and other extractive solid minerals (mainly Barite and Lead) into different configuration and classification.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 5 to the accounts. The financial statements were authorised for issue by the Board of Directors.

#### 2.2 Basis of Measurement

These financial statements are prepared on the historical cost basis, except for the following:

- Available-for-sale financial assets measured at fair value
- Investment property measured at fair value
- Financial instruments measured at fair value through profit or loss; and
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obliogation less the total of the plan assets, plus unrecognized actuarial gain, less unrecognized past service cost and unrecognized actuarial losses.

#### 2.3 Functional and Presentation Currency

The Company's functional and presentation currency is the Nigeria Naira. Except as indicated, the financial information presented in Naira has been rounded to the nearest thousand.

#### 2.4 Use of Estimates and Judgements

The preparation of the Company's financial statements in conformity with IFRS 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 at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 Company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

(a) **Mine Reserve and Mineral Resource Estimates**

Mine reserves are estimates of the amount that can be economically and legally extracted from the Company's mining properties. The Company estimates its reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the mineral body.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The Company estimates and reports its mineral reserves using reasonable investment assumptions, as follows:

I. Future production estimates - which include proven and probable reserves, resource estimates and committed expansions
II. Expected future commodity prices, based on current market price, forward prices and the Company's assessment of the long-term average price
iii. Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate reserve. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Company's reported financial position and results which include:

i. The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
ii. Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
iii. Capitalised stripping costs recognised in the statement of financial position as either deferred stripping or as part of inventory or charged to profit or loss may change due to changes in stripping ratios.
iv. Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
**v.** The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(b) **Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

(c) **Deferred Stripping Expenditure**

The Company defers stripping (waste removal) costs incurred during the production phase of its operations. This calculation requires the use of judgements and estimates relating to the expected tonnes of waste to be removed over the life of the mining area and the expected economically recoverable reserves to be extracted as a result. This information is used to calculate the average life of mine strip ratio (expected waste to expected mineral reserves ratio). Changes in a mine's life and design will usually result in changes to the average life of mine strip ratio. These changes are accounted for prospectively.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(d) **Production Start Date**

The Company assesses the stage of each mine under construction to determine when a mine moves into the production phase. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "Mines under construction" to"Producing mines" and/or"Property, plant and equipment."

Some of the criteria used to identify the production start date include, but are not limited to:

i. Level of capital expenditure incurred compared to the original construction cost estimate
ii. Completion of a reasonable period of testing of the mine plant and equipment
iii. Ability to produce mineral in saleable form (within specifications)
iv. Ability to sustain ongoing production of mineral

When a mine development/construction project moves into the production phase, the capitalisation of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

(e) **Units of Production Depreciation**

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous Units of Production (UOP) depreciation methodologies are available to choose from. Changes in estimates are accounted for prospectively.

(f) **Mine Rehabilitation Provision**

The Company assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable.

These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(g) **Impairment of Assets**

The Company assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves (see note 15) Mine Reserves and Minerals Resource Estimates above) and Operating Performance (which includes production and sales volumes).

These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets/CGUs.

(h) **Recovery of Deferred Tax Assets**

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit its ability to obtain tax deductions in future periods.

(i) **Inventories**

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(j) **Fair Value Hierarchy**

If the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, then fair value is determined using valuation techniques such as discounted cash flow models. The inputs to these models are taken from observable markets where possible, but if this is not feasible, a degree of judgement is required in establishing fair values. The judgements 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. Management of the company exercise this judgement when necessary. As at now, no need arises.

(k) **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 judgement and the use of estimates regarding the outcome of future events. No contingency is noted by management.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2011 for the purposes of the transition to IFRSs, unless otherwise indicated. The accounting policies have been applied consistently by the Company.

### (a) Interests in Joint Ventures

IFRS defines joint control as the contractually agreed sharing of control over an economic activity. This exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

*(i)* ***Jointly Controlled Assets***

A jointly controlled asset (JCA) involves joint control and often joint ownership by the Company and other venturers of the assets contributed to, or acquired for the purpose of, the joint venture, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through JCAs, the Company recognises its share of the jointly controlled assets and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, related revenue and operating costs in the financial statements and a share of production. The company combines its share of the jointly controlled assets and liabilities, income and expenses of the JCA with similar items, line by line, in its financial statements. The financial statements of the JCA are prepared for the same reporting period as the company. Adjustments are made where necessary to bring the accounting policies in line with those of the company.

*(ii)* ***Jointly controlled entities***

A jointly controlled entity (JCE) is a corporation, partnership or other entity in which each venturer holds an interest. A JCE operates in the same way as other entities, except that a contractual arrangement establishes joint control. A JCE controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in JCEs are accounted for using the equity method.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the company's share of the results of operations of the joint venture. Where there has been a change recognised directly in other comprehensive income or equity of the joint venture, the company recognises its share of any changes and discloses this, when applicable, in the statement of comprehensive income or the statement of changes in equity, as appropriate. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture's net profit/(loss) is shown on the face of the statement of comprehensive income. This is the net profit/(loss) attributable to venturers in the joint venture.

The financial statements of the JCE are prepared for the same reporting period as the venturer. Where necessary, adjustments are made to bring the accounting policies in line with those of the company.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

*(iii)* ***Reimbursement of the Joint Venture Operator's Costs***
When Multiverse Plc, acting as an operator, receives reimbursement of direct costs recharged to the joint venture, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint venture and therefore have no effect on profit or loss.

In many cases, Multiverse also incurs certain general overhead expenses in carrying out activities on behalf of the joint venture. As these costs can often not be specifically identified, joint venture agreements allow the operator to recover the general overhead expenses incurred by charging an overhead fee that is based on a fixed percentage of the total costs incurred for the year, often in the form of a management fee. Although the purpose of this recharge is very similar to the reimbursement of direct costs, Multiverse plc is not acting as an agent in this case. Therefore, the general overhead expenses and the overhead fee are recognised in profit or loss as an expense and income, respectively.

(b) **Foreign Currencies**
The financial statements are presented in Naira, which is the company's functional and presentation currency. Multiverse plc does not have any foreign operations. Transactions in foreign currencies are initially recorded in the functional currency at the respective spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss or other comprehensive income, should specific criteria be met.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) **Mineral Exploration, Evaluation and Development Expenditure**

*(i)* ***Pre-licence Costs***
Pre-licence costs are expensed in the period in which they are incurred.

*(ii)* ***Exploration and Evaluation Expenditure***
Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:
- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed. Costs expensed during this phase are included in "exploration and evaluation expenditure expensed" in profit or loss.

*(iii)* ***Farm-outs - in the Exploration and Evaluation Phase***
The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the famor as a gain on disposal.

*(iv)* ***Mines Under Construction***
Expenditure is transferred from "Exploration and evaluation assets" to "Mines under construction" in "Mine Properties" once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Upon transfer of "Exploration and evaluation assets" into "Mines under construction" in "Mine properties", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in "Mines under construction". Development expenditure is net of proceeds from the sale of ore extracted during the development phase. After production starts, all assets included in "Mines under construction" are /transferred to "Producing mines" in "Mine properties".

(d) **Financial Instruments**

(i) **Non-derivative financial assets**
The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has only loans and receivables as the non-derivative financial assets. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables

Cash and cash equivalents comprise cash balances, call and fixed deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(ii) **Non-derivative financial liabilities**

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) **Share capital**

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

**Dividend on ordinary shares**

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(e) **Property, Plant and Equipment and Mine Properties**

*(i)* ***Initial recognition***
Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" or "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

*(ii)* ***Depreciation/amortisation***
Accumulated mine development costs are depreciated/amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. The unit of account for run of mines (ROM) costs are tonnes of ore whereas the unit of account for post-ROM costs are recoverable tons of Barites and recoverable tonnes of Lead. Rights and concessions are depleted on the unit-of-production (UOP) basis over the total reserves of the relevant area. The unit-of-production rate for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortisation, until the resource becomes probable of economic extraction in the future and is recognised in Exploration and Evaluation Assets.
The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of mine. Other plant and equipment, such as mobile mine equipment, is generally depreciated on a straight-line basis over their estimated useful lives as follows:

- Buildings: 20 years
- Plant and Equipment: 5 to 15 years
- Furniture and Fittings: 5 years
- Motor Vehicle: 4 years
- Computer & IT Equipment: 5 years
- Workshop Tools and Sundry Equipment: 10 years
- Electrical Project: 10 years

An item of property, plant and equipment and any significant part initially recognised 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 profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation/amortisation of property, plant and equipment are reviewed at each reporting period, and adjusted prospectively if appropriate.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

*(iii)* ***Farm-outs - Outside the Exploration and Evaluation Phase***

In accounting for a farm-out arrangement outside the E&E phase, the Company:
- Derecognises the proportion of the asset that it has sold to the farmee.

- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor.

- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Company accounts for the consideration received as a reduction in the carrying amount of the underlying assets.

- Tests the retained interest for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Company. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised.

*(iv)* ***Major Maintenance and Repairs***
Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(f) **Intangible Assets**
Intangible assets include computer software.

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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 for an intangible asset with a finite useful life are 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 are considered to modify 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 profit or loss in the expense category that is 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 profit or loss when the asset is derecognised.

*(g)* ***Research and Development Costs***

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied and therefore the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually

(h) **Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) **Leased Assets**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(j) **Inventories**

Inventories consist of crude minerals in circuit ore (that is, the first marketable products); in-process and finished minerals, uncrushed blasted rocks and granites of different sizes. They are valued at the lower of cost or net realizable value ("NRV"). NRV is calculated as the difference between the estimated prices based on prevailing and long-term mineral prices and estimated costs to complete production into a saleable form.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Minerals in circuit are comprised of ore in stockpiles and ore on heap leach pads. Ore in stockpiles is coarse ore that has been extracted from the mine and is available for further processing. Costs are added to stockpiles based on the current mining cost per tonne and removed at the average cost per tonne. Costs are added to ore on the heap leach pads based on current mining costs and removed from the heap leach pads as tons are recovered, based on the average cost per recoverable tons of mineral on the leach pad. Ore in stockpiles not expected to be processed in the next twelve months is classified as long-term.

The quantities of recoverable minerals placed on the leach pads are reconciled by comparing the grades of ore placed on the leach pads to the quantities actually recovered (metallurgical balancing); however, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write downs to NRV are accounted for on a prospective basis. The ultimate actual recovery percentage of minerals from a leach pad will not be known until the leaching process has concluded. In the event that the Company determines, based on engineering estimates, that a quantity of minerals contained in ore on leach pads is to be recovered over a period exceeding twelve months, that portion is classified as long-term.

In-process inventories represent materials that are in the process of being converted to a saleable product.
In process and finished inventories, comprised of lead, barite, granite, dust, uncrushed blasted rocks are valued at the lower of the average production cost of sales applicable to the related processing cycle and NRV.
Materials and supplies are valued at the lower of average cost and NRV.
Write downs of inventory are recognized, expensed and included in the cost of sales in the current period. The Company reverses write downs in the event that there is a subsequent increase in NRV.

(k) **Construction Work in Progress**

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity. Construction work in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

(l) **Impairment**

**(i) Financial Assets (including receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by companying together receivables and held to-maturity investment securities with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) **Non-financial Assets**

The carrying amounts of the Company's non-financial assets, such as property plant and equipment, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. In addition, capitalized exploration and evaluation costs are assessed for impairment upon demonstrating the technical feasibility and commercial viability of a project.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or company of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes. Impairment exists when the carrying amount of the asset, or company of assets, exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the profit or loss

For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(m) **Employee Benefits**

(i) **Defined Contribution Plans**
A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value. Employees are entitled to join the Scheme on confirmation of employment. Employees and the Company's contributions are 7.5% and 7.5% respectively on employee's certain emolument as defined by the Pension Reform Act 2004.

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

(ii) **Short-term employee benefits**
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(n) **Provisions**

(i) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(ii) **Restructuring**
A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(iii) **Onerous contracts**
A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract

(iv) **Rehabilitation provision**
The Company records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operations location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36.

If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

**(o) Revenue**

Revenue represents fair value of amounts received or receivable by the entity for the sales of goods and provision of services in the ordinary course of the entity's activities during the period and is stated net of value-added tax (VAT), returns, rebates and discounts.

(i) **Goods Sold**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

(ii) **Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) **Interest Income** is recognised on a time proportion basis using the effective interest method

(iv) **Dividends** are recognised as income in the period in which the right to receive payment is established.

(v) **Rental Income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the rent.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

(p) **Finance Income and Finance Costs**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets, Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) **Income Tax**

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

(ii) Deferred tax is provided using the balance sheet method 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:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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 (tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer 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, the carry-forward of unused tax credits and any 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:

- Where 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the end of the reporting period. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Such 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 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, are recognised subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in profit or loss.

*(iii)* ***Royalties, Resource Rent Tax and Revenue-based Taxes***
In addition to corporate income taxes, the Company's financial statements also include and recognise as taxes on income, other types of taxes on net income that are calculated based on production.
Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income — rather than based on physical quantities produced or as a percentage of revenue — after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in
cost of sales. The royalties and resource rent taxes payable by Multiverse plc do not meet the criteria to be treated as part of income taxes.

(r) **Earnings Per Share**
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

(s) **Contingencies**

**a) Contingent Asset**

Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent assets is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.
Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statement.

**b) Contingent Liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.
Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

(t) **Borrowing Costs**

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except to those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset. Qualifying assets include the cost of developing mining properties and constructing new facilities. Borrowing costs related to qualifying assets are capitalized up to the date when the asset is ready for its intended use
The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred net of any investment income earned on the investment of those borrowings. 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 Company during the period. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements listed below are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

**Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income***

The amendments introduced new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

(a) Items that will not be reclassified subsequently to profit or loss and
(b) Items that will not be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendment affects presentation only and therefore has no impact on the Company's financial position or performance. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012 and will therefore be applied in the Company's first annual report after becoming effective.

**Amendments to IAS 1 *Presentation of Financial Statements***
**(as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012)**

IAS requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2013 and will therefore be applied in the Company's first annual report after becoming effective.

**IAS 27 *Separate Financial Statements (*as revised in 2011)**

As a consequence of the new IFRS 10 and IFRS 12 (refer below), what remains in IAS 27 is limited to accounting for subsidiaries, joint arrangements and associates in separate financial statements. The amendment is effective for annual periods beginning on or after 1 January 2013. The Company does not present separate financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**IAS *28 Investments in Associates and Joint Ventures* (as revised in 2011)**
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard is effective for annual periods beginning on or after 1 January 2013. This amendment will have no impact on the Company.

**Amendments to IAS 16**
The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Company's financial statements.

**Amendments to IAS 32**
The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Directors expects no impact on its financial position, performance, disclosures or stated accounting policies from the adoption of this amendment.

**IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine**
IFRIC 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mining (production stripping costs). Under the interpretation, the cost from this waste removal activity (stripping) which provide improved access to the ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the cost of normal on-going operational stripping activities are accounted for in accordance with IAS 2 *inventories.* The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it form part. IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. The Company is currently assessing the impact that this standard will have on the financial position and performance.

**IFRS 9 *Financial Instruments: Classification and Measurement***
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 will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities**
In May 2011, the IASB issued IFRS 10, IFRS 11 and IFRS 12.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

**IFRS 10 *Consolidated Financial Statements,* IAS 27 *Separate Financial Statements***

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues covered in SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including structured entities (previously referred to as special purpose entities). The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard is effective for annual periods beginning on or after 1 January 2013. The directors anticipate that that IFRS 10 will have no effect on the company's financial statement as the company does not have any of such entity that requires consolidation

**IFRS 11 *Joint Arrangements***

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard is effective for annual periods beginning on or after 1 January 2013.

**IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 relating to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but will have no impact on the Company's financial position or performance. This standard is effective for annual periods beginning on or after 1 January 2013.

**IFRS 13 *Fair Value Measurement***

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard is effective for annual periods beginning on or after 1 January 2013

## 5 EFFECTS OF FIRST TIME ADOPTION OF IFRS

As stated in Note 3, these financial statements are the company's first IFRS financial statements. The date of transition to IFRS is 1st January 2011. The changes in accounting policies as a result of transition to IFRS are described in the notes following the reconcilliation.

### 5.1 Statement of Financial Position

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

| | Notes | As at 1 Jan 2011 | | | As at 31 Dec 2011 | | |
|---|---|---|---|---|---|---|---|
| | | NGAAP Balance | Effect of transition to IFRSs | IFRS Balance | NGAAP Balance | Effect of transition to IFRSs | IFRS Balance |
| **ASSETS** | | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** | **N'000** |
| **Non-Current Assets** | | | | | | | |
| Exploration and Evaluation Assets | | - | - | - | - | 205,404 | 205,404 |
| Mine Properties | | - | 44,040 | 44,040 | - | 302,658 | 302,658 |
| Property, Plant & Equipment | b, d | 3,796,778 | 41,667 | 3,838,445 | 3,866,814 | 36,944 | 3,903,758 |
| Intangible Assets | d | - | 954 | 954 | - | 636 | 636 |
| Other Assets | | 86,237 | (86,237) | - | 534,420 | (534,420) | - |
| Total Non-Current Assets | | 3,883,015 | 424 | 3,883,439 | 4,401,234 | 11,222 | 4,412,456 |
| **Current Assets** | | | | | | | |
| Inventories | | 530,282 | - | 530,282 | 545,530 | - | 545,530 |
| Trade and Other Receivables | | 40,156 | - | 40,156 | 64,746 | - | 64,746 |
| Cash and Cash Equivalents | | 3,634 | - | 3,634 | 10,642 | - | 10,642 |
| Total Current Assets | | 574,072 | - | 574,072 | 620,918 | - | 620,918 |
| **Total Assets** | | 4,457,088 | 424 | 4,457,511 | 5,022,154 | - | 5,033,374 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Shareholder's Equity** | | | | | | | |
| Issued Capital | | 2,130,969 | - | 2,130,969 | 2,130,969 | - | 2,130,969 |
| Share Premium | | 1,242,082 | - | 1,242,082 | 1,242,082 | - | 1,242,082 |
| Retained Earnings | | 325,861 | 423 | 326,284 | 351,430 | 11,220 | 362,650 |
| **Total Shareholder's Equity** | | 3,698,912 | 423 | 3,699,335 | 3,724,481 | 11,220 | 3,735,701 |
| **Non-Current Liabilities** | | | | | | | |
| Interest-Bearing Loans and Borrowings | | 286,838 | - | 286,838 | 712,908 | - | 712,908 |
| Deferred Tax Liabilities | | - | - | - | - | - | - |
| Provisions | | - | - | - | - | - | - |
| **Total Non-Current Liabilities** | | 286,838 | - | 286,838 | 712,908 | - | 712,908 |
| **Current Liabilities** | | | | | | | |
| Accounts Payables and Accrued Liabilities | | 171,965 | - | 171,965 | 211,895 | - | 211,895 |
| Income Tax Payable | | 12,267 | - | 12,267 | 15,963 | - | 15,963 |
| Interest-Bearing Loans and Borrowings | | 287,106 | - | 287,106 | 356,907 | - | 356,907 |
| Provisions | | - | - | - | - | - | - |
| **Total Current Liabilities** | | 471,338 | - | 471,338 | 584,765 | - | 584,765 |
| **Total Liabilities** | | 758,176 | - | 758,176 | 1,297,673 | - | 1,297,673 |
| **Total Liabilities and Shareholder's Equity** | | 4,457,088 | 423 | 4,457,511 | 5,022,154 | 11,220 | 5,033,374 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

5.2 **Statement of Profit or loss and Other Comprehensive Income**

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

| | Notes | As at 1 Jan 2011 | | | As at 31 Dec 2011 | | |
|---|---|---|---|---|---|---|---|
| | | NGAAP Balance | Effect of transition to IFRSs | IFRS Balance | NGAAP Balance | Effect of transition to IFRSs | IFRS Balance |
| **Continuing Operations** | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Revenue | | 564,911 | - | 564,911 | 660,061 | - | 660,061 |
| Cost of Sales | | (294,782) | - | (294,782) | (364,072) | - | (364,072) |
| Gross Profit | | 270,129 | - | 270,129 | 295,989 | - | 295,989 |
| Gain on sales of Property, Plant and Equipment | | | | | | | |
| Other Income | | 53,897 | - | 53,897 | 50,217 | - | 50,217 |
| Administrative Cost | | (148,819) | (636) | (149,455) | (194,505) | - | (194,505) |
| Selling and Distribution | | (9,697) | - | (9,697) | (13,581) | - | (13,581) |
| Operating Profit | | 165,510 | (636) | 164,874 | 138,120 | - | 138,120 |
| **Finance Revenue** | | | | | | | |
| Finance Cost | a | (119,727) | - | (119,727) | (108,855) | 10,586 | (98,269) |
| Profit Before Income Tax | | 45,783 | (636) | 45,147 | 29,265 | | 39,851 |
| Income Tax Expense | | (2,678) | - | (2,678) | (3,696) | | (3,696) |
| **Profit After Income Tax for the Year** | | 43,105 | (636) | 42,469 | 25,569 | | 36,155 |
| Other Comprehensive Income | | - | - | - | - | | - |
| **Total Comprehensive Income for the Year, Net of Tax** | | 43,105 | (636) | 42,469 | 25,569 | | 36,155 |
| Basic and Diluted Earnings per Ordinary Shares (kobo) | | 1.01 | 1.00 | 1.00 | 0.60 | | 0.85 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

5.3 **Statement of Changes in Equity as at 1 January 2011 and 31 December 2011**

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

| | As at 1 Jan 2011 (Date of Transition) N000 | As at 31 Dec 2011 (End of Last Period Presented under Previous GAAP) N000 |
|---|---|---|
| **Total Equity Under Previous GAAP** | 325,861 | 351,430 |
| Adjustments | 423 | 11,220 |
| | 423 | 11,220 |
| Tax Effect of the Above | - | |
| Total Adjustment to Equity | 423 | 11,220 |
| Total Equity Under IFRSs | 326,284 | 362,650 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5.4 Statement of Cashflow

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

| | Notes | | As at 31 Dec 2011 | |
|---|---|---|---|---|
| | | NGAAP Balance | Effect of Transition to IFRSs | IFRS Balance |
| | | N'000 | N'000 | N'000 |
| Net Cash Flows from Operating Activities | | 116,769 | - | 116,769 |
| Net Cash Flows from Investing Activities | | (201,430) | - | (201,430) |
| Net Cash Flows from Financing Activities | | 87,100 | - | 87,100 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 2,439 | - | 2,439 |
| Cash and Cash Equivalents at Beginning of Period | | 1,195 | - | 1,195 |
| Cash and Cash Equivalents at End of Period | | 3,634 | - | 3,634 |

**Analysis of Cash and Cash Equivalents under IFRSs**

| | Notes | 01/01/2011 | 31/12/2011 |
|---|---|---|---|
| | | N'000 | N'000 |
| **Cash and Cash Equivalents consist of:** | | | |
| Cash in Hand and Bank | | 3,634 | 10,642 |
| Short Term Investments | | - | - |
| Total Cash and Cash Equivalents | | 3,634 | 10,642 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5.5 Notes to the Reconciliations

**a Borrowing Cost**

to capitalize borrowing cost only in respect of qualifying assets for which commencement date for capitalization was on or after the date of transition.

| The impact arising from the change is summarized as follows: | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| **Statement of Profit or Loss and Other Comprehensive Income** | **N'000** | **N'000** | **N'000** |
| Finance cost | (20,003) | (10,586) | - |
| **Adjustment Before Income Tax** | 20,003 | 10,586 | - |
| **Statement of Financial Position** | | | |
| Mining Site Cost | 20,003 | 10,586 | - |
| Related Tax Effect | - | - | - |
| **Adjustment to Retained Earnings** | 20,003 | 10,586 | |

**b Deemed Cost**

deemed cost under IFRSs. There were no revaluation of assets; hence there was no impact of revaluation reserves

**c Site Rehabilitation and Restoration Cost**

An obligation exist to restore the company's mining sites for the effect of its operations. Under NGAAP, the cost of
The impact arising from the change is summarized as follows:

| **Statement of Financial Position** | | | |
|---|---|---|---|
| Mining Site Cost | 1,719 | - | - |
| Provisions | 1,719 | - | - |

**d Intangible Assets**

As at transition date, software cost of N1.6m and it's accumulated amortisation cost of N0.64m as at January 2011 included as intangible assets were derecognised under PPE and recognised as an intangible asset.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6.1 PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year has been arrived at after charging/(crediting):

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| **Depreciation and Amortisation Expense:** | | |
| Depreciation of property, plant and equipment | 166,190 | 231,717 |
| Amortisation of intangible assets (included in cost of sales) | 318 | 318 |
| **Employee Benefits Expense:** | | |
| Staff Cost | 100,390 | 144,694 |
| Defined Contribution Plans | 2,464 | 22,606 |
| **Other Expenses:** | | |
| Auditors Remuneration | 2,000 | 2,000 |
| Royalty | 4,308 | 1,993 |
| | 275,671 | 403,328 |

### 6.2 EXPENSE CLASSIFICATION BASED ON NATURE

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| Revenue | 674,482 | 705,465 |
| Other Income | 927 | 1,780 |
| | 675,409 | 707,245 |
| Changes in Inventory | (8,195) | (15,248) |
| Raw Material Used | (222,030) | (186,227) |
| Employee Benefit Expenses | (23,499) | (32,323) |
| Depreciation & Amortization Expense | (166,190) | (150,329) |
| Finance Cost | (151,048) | (96,340) |
| Other Expenses | (73,799) | (190,623) |
| | 30,648 | 36,155 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|---|
| | | N'000 | N'000 | N'000 |
| 7 | **REVENUE** | | | |
| 7.1 | **Sale of Goods** | | | |
| | Granites | 364,203 | 440,035 | 393,906 |
| | Dust | 139,144 | 137,945 | 99,354 |
| | Stone Base | 71,842 | 68,906 | 58,263 |
| | Quarry Waste | 3,959 | 13,175 | 13,388 |
| | Barite | 5,672 | - | - |
| | Lead | 85,000 | - | - |
| | | 669,821 | 660,062 | 564,911 |
| 7.2 | **Rendering of Services** | | | |
| | Net Haulage | 4,661 | 45,403 | 53,080 |
| | **Total Revenue** | 674,482 | 705,465 | 617,992 |
| | transport customers goods. | | | |
| | Gross Haulage | 48,243 | 105,209 | 140,617 |
| | Haulage Expenses | (43,582) | (59,806) | (87,536) |
| | | 4,661 | 45,403 | 53,080 |
| 7.3 | **Sundry Income** | 927 | 1,780 | 816 |

Sundry income represent amount realized from the sales of scrap irons, non re-usable spare parts and other recycled items.

| | | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|---|
| 7.4 | **Finance Revenue** | | | |
| | Interest Income on Bank Deposit | 3,622 | 1,930 | - |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|---|
| 7.5 | **Finance Costs** | | | |
| | Interest on Bank Loans and Overdrafts | 97,978 | 62,210 | 55,373 |
| | Interest on Loan from Government Institution-NEXIM | 50,707 | 10,586 | - |
| | Interest obligation on BOI Restructured Loan | 11,309 | 4,952 | - |
| | Other Interest Expenses | 14,679 | 31,108 | 64,354 |
| | Total interest expense for financial liabilities not classified at FVTPL | 174,673 | 108,856 | 119,727 |
| | Less: amount included in Cost of Qualifying Assets | (20,003) | (10,586) | - |
| | | 154,670 | 98,270 | 119,727 |

The weighted average capitalization rate on fund borrowed is generally 8.28% per annum (2011: 10.5%).

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

8 **SEGMENT REPORTING**

**Products and Services from which reportable segments derive their Revenues**

Information reported to the entity's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of products for each type of activity. The principal categories are sale of Granites, Dust, Stone base, Quarry waste, Barites and Lead. The entity's reportable segments under IFRS 8 are therefore as follows:

Granites

Dust

Stone Base

Quarry Waste

Barite

Lead

Haulage Services

8.1 **Segment Revenue and Results**

| | 31-Dec-12 | | |
|---|---|---|---|
| | **Segment Revenue** | **Cost of Sales** | **Gross Profit** |
| | **N'000** | **N'000** | **N'000** |
| Granites | 364,203 | 185,084 | 179,119 |
| Dust | 139,144 | 70,712 | 68,433 |
| Stone Base | 71,842 | 36,509 | 35,333 |
| Quarry Waste | 3,959 | 2,012 | 1,947 |
| Barite | 5,672 | 2,882 | 2,789 |
| Lead | 85,000 | 43,196 | 41,804 |
| Haulage Services | 48,243 | 43,582 | 4,661 |
| | 718,064 | 383,978 | 334,086 |
| Operating Expenses | | | (149,279) |
| Investment Income | | | 3,622 |
| Other Gains and Losses | | | 927 |
| Finance Costs | | | (154,670) |
| Profit/(Loss) Before Tax | | | 34,686 |

8.2 There was no intersegment transaction as all revenue generated above was from external customers.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

8.2 There was no intersegment transaction as all revenue generated above was from external customers.

The accounting policies of the reportable segments are the same as the company's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of general operating expenses, other gains and losses recognised on investment income, other gains and losses as well as finance costs.

This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

8.3 **Business and Geographical Segments**

The company operates in South West and North geographical areas of the country.

8.4 **Segment Assets and Liabilities**

All assets and liabilities are jointly used by the reportable segments.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|---|
| 9 | **TAXATION** | | | |
| 9.1 | **Current Tax:** | | | |
| | In respect of Current Year | - | - | - |
| | In Respect of Prior Years | - | - | - |
| | Education Tax | 4,038 | 3,696 | 2,678 |
| | | 4,038 | 3,696 | 2,678 |
| | **Deferred Tax:** | | | |
| | In respect of current year | - | - | - |
| | Deferred tax re-classified from equity to profit or loss | - | - | - |
| | Adjustments to deferred tax attributable to changes in tax rates and laws | - | - | - |
| | Write-downs(reverasal of previous write-downs) of deferred tax assets | - | - | - |
| | | - | - | - |
| | Total Income Tax Expense Recognised in the Current Year | 4,038 | 3,696 | 2,678 |
| | The income tax expenses can be reconciled to accounting profit as follows: | | | |
| | Profit Before Tax | 34,685 | 29,265 | 45,783 |
| | Income Tax Calculated at 30% | 10,406 | 8,779 | 13,735 |
| | Effect of Income Exempted from Tax | - | (331) | - |
| | Effect of Dis-allowable Expenses | 50,161 | 46,681 | 26,510 |
| | Effect of Capiatl Allowance and Other Allowances | (60,567) | (55,129) | (40,245) |
| | Income Tax Expense Recognised in the Current Year | - | - | - |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| **9.2 Current Income Tax Payable** | | | |
| At January 1 | 15,963 | 12,267 | 14,357 |
| Provision During the Year | 4,038 | 3,696 | 2,678 |
| Payment During the Year | - | - | 4,769 |
| At 31 December | 20,000 | 15,963 | 12,267 |
| **Deferred Tax** | | | |
| At January 1 | - | - | - |
| Charge/(Credit) to Profit or Loss | - | - | - |
| At December 31 | - | - | - |

Corporation tax is calculated at 30 per cent (2011: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2 per cent (2011: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

Deferred tax liabilities has not been recognised over the years, as the company has been under pioneer status.

### 10 EARNINGS PER SHARE

Earnings per share are calculated on the basis of profit after taxation and the number of issued and fully paid ordinary shares of each financial year.

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N | N |
| **Basic/Diluted Earnings Per Share** | 0.72 | 0.85 |
| **Total Basic/Diluted Earnings Per Share** | 0.72 | 0.85 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

10.1 **Basic/Diluted Earnings Per Share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are:

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| **Earnings from Continuing Operations** | | |
| Profit for the Year Attributable to Owners of the Company | 30,648 | 36,155 |
| **Number of Shares** | | |
| Number of Ordinary Shares for the Purposes of Basic Earnings per Share | 4,261,939 | 4,261,939 |
| Earnings Per Share (Kobo) - Basic | 0.72 | 0.85 |

The denominators for the purposes of calculating both basic earnings per share is based on issued and paid ordinary shares of 50 kobo each.

10.2 **Impact of Changes in Accounting Policies**

There were no changes in the company's accounting policies during the year that impacted earnings per share.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 11 EXPLORATION AND EVALUATION ASSETS

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| | N'000 | N'000 | N'000 |
| Cost as at 1 January | 205,404 | - | - |
| Additions | 115,814 | 205,404 | |
| Unsucessful Exploration Expenditure Derecognised | - | - | - |
| Transfer to Mines Under Construction | (205,404) | - | - |
| **Cost as at 31 December** | 115,814 | 205,404 | - |
| Provision for Impairment as at 1 January | - | - | - |
| Impairment Charge for the Year | - | - | - |
| Reversal of Previously Recognised Impairment | - | - | - |
| **Provision for Impairment as at 31 December** | - | - | - |
| **Net Book Value as at 31 December** | 115,814 | 205,404 | - |

Exploration and evaluation expenditure immidiately expensed to other expenses in the profit or loss amounted to nil (2011: nil)

### 12 MINE PROPERTIES

| | Mine Site Under Construction | Quarry Site | Total |
|---|---|---|---|
| As at January 2010 | - | 41,388 | 41,388 |
| Additions | - | 2,652 | 2,652 |
| Cost as at 1 January 2011 | - | 44,040 | 44,040 |
| Additions | 272,672 | - | 272,672 |
| Change in Rehabilitation Provision | - | - | - |
| Disposals/write- off | - | (14,054) | (14,054) |
| **Cost as at 31 December 2011** | 272,672 | 29,986 | 302,658 |
| Additions | 378,727 | - | 378,727 |
| Transferred from Exploration and Evaluation Assets | 205,404 | - | 205,404 |
| Change in Rehabilitation Provision | 1,719 | - | 1,719 |
| Disposals | - | - | - |
| **Cost as at 31 December 2012** | 858,523 | 29,986 | 888,509 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | 31-Dec-12 |
|---|---|
| | N'000 |
| **Depletion and Impairment as at 1 January 2011** | |
| Charge for the Year | - |
| Provision for Impairment | - |
| Disposals | |
| **Depletion and Impairment as at 31 December 2011** | |
| Charge for the Year | - |
| Provision for Impairment | - |
| Disposals | - |
| **Depletion and Impairment as at 31 December 2012** | - |
| **Net Book Value as at 31 December 2012** | 858,523 |
| **Net Book Value as at 31 December 2011** | 272,672 |

During the year under review, the company temporarily ceased further exploratory and evaluation activities on its sites at Azara and Adudu, due to the huge additional cost to be incurred before minerals can be found in commercial quantity. The cost expended of N205.4m to date is capitalized as part of mining property in Abuni site; and to be subsequently amortized on a unit of output basis against sucessful find of mineral resources.

N29.97m as at 1 January represent the amount incurred to date on Akampa quarry site. Mining properties represent all expenditure incurred on construction and development till date. As at the reporting date, the company is yet to undertake full scale commercial production.

Borrowing cost relating to mines currently under development, which have been capitalised in 'mines under construction' during the period amounted to N20.002m (2011: N10.59m), at a weighted average interest of 8.28% (2011: 10.5%).

Mines under construction' are not depreciated until construction is completed and the assets are available for intended use. This is signified by a formal comissioning of the mine production.

Refer to note 15 for the details on the impairment testing of 'mineral properties.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**13 PROPERTY, PLANT & EQUIPMENT**

**Figures in thousand ('000) of Naira**

| | Plant & Machinery | Site Cost | Building | Workshop Tools & Sundries Equipment | Motor Vehicle | Electricity Project | Office Equipment | Computer & IT Equipment | Furniture & Fittings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January, 2011 | 3,508,788 | 127,922 | 343,110 | 36,665 | 67,916 | 9,703 | 11,971 | 6,100 | 4,811 | 4,116,986 |
| IFRS Adjutsments-2009-2010 | - | - | - | - | - | - | - | (1,590) | - | (1,590) |
| | 3,508,788 | 127,922 | 343,110 | 36,665 | 67,916 | 9,703 | 11,971 | 4,510 | 4,811 | 4,115,396 |
| Additions in the Year | 90,930 | 105,501 | - | 7,242 | 26,016 | - | 260 | 1,148 | 620 | 231,717 |
| Disposals | (13,798) | - | - | - | (14,735) | - | - | - | - | (28,533) |
| At 31 December 2011 | 3,585,920 | 233,423 | 343,110 | 43,908 | 79,197 | 9,703 | 12,231 | 5,658 | 5,431 | 4,318,580 |
| Additions | 98,193 | 2,210 | 3,753 | 1,425 | 3,922 | - | - | 6,134 | 3,276 | 118,914 |
| Disposals | - | - | - | - | - | - | (55) | - | - | (55) |
| At 31 December 2012 | 3,684,113 | 235,633 | 346,863 | 45,333 | 83,119 | 9,703 | 12,176 | 11,792 | 8,707 | 4,437,440 |
| **DEPRECIATION** | | | | | | | | | | |
| At 1 January, 2011 | 206,969 | 4,390 | 36,724 | 16,733 | 41,416 | 4,087 | 4,426 | 3,828 | 1,636 | 320,208 |
| IFRS Adjutsments-2009-2010 | - | - | - | - | - | - | - | (1,059) | - | (1,059) |
| | 206,969 | 4,390 | 36,724 | 16,733 | 41,416 | 4,087 | 4,426 | 2,769 | 1,636 | 319,149 |
| Charge for the Year | 98,194 | 5,725 | 17,155 | 14,120 | 9,583 | 970 | 2,392 | 1,511 | 678 | 150,329 |
| Disposals | (8,623) | - | - | - | (8,557) | - | - | - | - | 17,181 |
| At 31 December 2011 | 296,539 | 10,115 | 53,880 | 30,852 | 42,442 | 5,057 | 6,818 | 4,279 | 2,314 | 452,297 |
| IFRS Adjustments-31/12/2011 | - | - | - | - | - | - | - | (529) | - | (529) |
| At 31 December 2011 | 296,539 | 10,115 | 53,880 | 30,852 | 42,442 | 5,057 | 6,818 | 3,750 | 2,314 | 451,768 |
| Charge for Year | 92,103 | 11,782 | 17,437 | 14,481 | 20,780 | 970 | 2,435 | 4,462 | 1,741 | 166,190 |
| At 31 December 2012 | 388,642 | 21,896 | 71,317 | 45,333 | 63,222 | 6,028 | 9,253 | 8,212 | 4,055 | 617,958 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| **NET BOOK VALUE** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| At 31 December 2012 | 3,295,471 | 213,737 | 275,546 | 0.01 | 19,897 | 3,675 | 2,923 | 3,580 | 4,652 | 3,819,481 |
| At 31 December 2011 | 3,289,381 | 223,308 | 289,230 | 13,055 | 36,755 | 4,646 | 5,413 | 1,907 | 3,117 | 3,866,814 |
| At 1 January 2011 | 3,301,819 | 123,532 | 306,386 | 19,933 | 26,500 | 5,616 | 7,545 | 2,272 | 3,176 | 3,796,247 |

Access bank realised the head office building as per bank statement of June 30th 2012. However, the company was given an option to repurchase the asset up to 31st March 2013. The company made concerted efforts to raise fund in order to repurchase the building. However, the company's inability to raise the required fund resulted in its relocation to Dolphine Estate on 31st March 2013 in order to fulfil the condition of the repurchase agreement. Consequently, the bank balance as at 31st December 2012 which was N193.9m was without the value of the head office as at that date when it was still in possession of the company.

| | | **Dec-12** | **Dec-11** | **Jan-11** |
|---|---|---|---|---|
| | | **N'000** | **N'000** | **N'000** |
| 13.1 | **Equipment in Transit** | 1,560 | 36,944 | 42,197 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

14 **INTANGIBLE ASSETS**

**Figures in thousand ('000) of Naira**

| | Sage Software | Total |
|---|---|---|
| At 1 January, 2011 | - | - |
| IFRS Adjustments-2010 | 1,590 | 1,590 |
| | 1,590 | 1,590 |
| Additions in the Year | - | - |
| Disposals | - | - |
| At December, 2011 | 1,590 | 1,590 |
| Additions in the Year | - | - |
| Disposals | - | - |
| At December, 2012 | 1,590 | 1,590 |
| **Amortisation & Impairment** | | |
| At 1 January, 2011 | - | - |
| IFRS Adjustments-2009-2010 | 636 | 636 |
| | 636 | 636 |
| Charge for the Year | | |
| IFRS Adjustments-2011 | 318 | 318 |
| Disposals | - | - |
| At December, 2011 | 954 | 954 |
| Charge for the Year-31/12/2012 | 318 | 318 |
| At December, 2012 | 1,272 | 1,272 |
| **NET BOOK VALUE** | | |
| At 31 Dec 2012 | 318 | 318 |
| At 31 Dec 2011 | 636 | 636 |
| At 1 Jan 2011 | 954 | 954 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

15 **IMPAIRMENT LOSSES**

15.1 **Impairment Testing of Mininig Properties**

An impairment test was performed during the year under review. The trigger for the impairment was primarily the effect of changes in mine plan of Adudu and Azara sites which will result in further geotechnical analysis, higher estimated cost of extraction and additional cost of rehabilitation resulting from removal of additional overburden. In assessing whether an impairment is required, the carrying value of these assets is compared with its recoverable amount. The recoverable amount is the higher of the fair value less cost to sale (FVLCS) and value in use (VIU). Given the nature of the company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiation with potential purchasers or similar transactions are taking place. Consiquently, the FVLCS for the mining asset was determined based on the net present value of the future cash flows expected to be generated by the asset and are based on the most recent life of mine plans and are adjusted to ensure these reflect those assumptions a market participant would apply.

The calculation of FVLCS is most sensitive to the following assumptions.

a. Production volume

b. Discount rates

c. Mineral prices

d. Operating cost

e. Exchange rates.

Estimated production volumes are based on detailed life of the mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process and are assessed to ensure that they are consistent to what a market participant would estimate. It is estimated that if all production were to reduce by 5% for the whole of the next 20 years, this would not be sufficient to reduce the excess of recoverable amount over the carrying amount of the mining properties to zero. Consequently, management believes no reasonably possible change in the production assumptions would cause the carrying amount to exceed its recoverable amount.

Esimated long-term lead and Barite prices of N120,000 per tonne and N20,000 per tonne have been used to estimate future revenues.

The future cash flows are discounted to their present value using pre-tax discount rate that reflect current market assessments of time value of money and the specific risk to the asset. The discount rate is derived from the company's post-tax weighted average cost of capital, with appropraite adjustments made to reflect the risk specific to the assets and to determine the pre-tax rate. Management believes that currently, there is no reasonable possible change in the discount rate, estimated future lead and barite prices, and future operating costs which would reduce the company's excess recove rable amount over the carrying amounts of the assets to zero.

15.2 **Impairment Testing of Property, Plant and Equipment**

There were no impairment losses recognized during the year.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| | N'000 | N'000 | N'000 |
| **16 INVENTORIES** | | | |
| These comprise: | | | |
| Finished Goods | 254,379 | 255,105 | 194,975 |
| Work-in-Progress | 143,909 | 142,484 | 174,978 |
| Consumables | 155,437 | 147,941 | 160,330 |
| | 553,725 | 545,530 | 530,282 |

Finished goods consist of different sizes of granites (0-5mm, 5-12mm, 12-19mm, 20-25mm aggregates. Work in progress relates to uncrushed blasted rocks at the Quarry pit. Cost include drilling, explosives, prima work that are used in getting the rocks to crushable state. The Directors consider that the realisable value of stock is not lower than the book value. No inventory is recognised in respect of ore during the year as the company is yet to commence production The cost of inventories recognised as expense is included in cost of sales.

| **17 TRADE AND OTHER RECEIVABLES** | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| Trade Receivables | 47,123 | 27,795 | 23,298 |
| Less: Provision for Impairment of Trade & Other Receivables | (265) | (265) | (233) |
| | 46,858 | 27,530 | 23,065 |
| Other Receivables | 6,970 | 36,416 | 16,733 |
| Prepayments | - | 800 | 358 |
| | 53,828 | 64,746 | 40,156 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Due to their short term nature, the carrying amount of the trade and other receivables approximates their fair value. Movement in provision for impairment of trade receivables for the year is as detailed below:

**Provision for Impairment of Receivables**

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| At start of the Year | 265 | 233 | - |
| Addtions During the Year | - | 32 | 233 |
| Write Back | - | - | - |
| At End of the Year | 265 | 265 | 233 |

Other classes within trade and other receivables do not contain any due, but impaired assets. No receivable is pledged as security for borrowings.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| | N'000 | N'000 | N'000 |
| As at 31 December 2012, the analysis of trade receivables that were past not impaired is as follows: | | | |
| Neither past due nor impaired | | | |
| less than 30 days | 814 | - | - |
| 30 to 60 days | 35 | 7,835 | 14,089 |
| 61-90 days | 6,468 | - | 1,694 |
| 91 to 120 days | 4,018 | 1,936 | 5,124 |
| Above 120 days | 35,788 | 18,024 | 2,391 |
| | 47,123 | 27,795 | 23,298 |

In determining the recoverability of the trade and other receivables, the company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparty.

18 **CASH AND CASH EQUIVALENTS**

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| Cash in Hand | 21 | 217 | 829 |
| Cash at Bank | 50,867 | 4,425 | 2,805 |
| Fixed Deposit | 4,000 | 6,000 | - |
| | 54,888 | 10,642 | 3,634 |

The weighted average effective interest rate on short-term bank deposits at the year-end was 5% (2011: 4%, 2010:3%). These deposits have an average maturity of 30 days. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in 'current liabilities. As at 31 December 2012, the company has nil (2011: nil, 2010:nil) of undrawn committed borrowing facilities in respect of which all condition precedent have been met.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|---|
| 19 | **SHARE CAPITAL** | | | |
| | **Authorised:** | | | |
| | 4,500,000,000 Ordinary Shares of 50k each | 2,250,000 | 2,250,000 | 2,250,000 |
| | **Issued and Fully Paid:** Ordinary Share of 50k each | | | |
| | At 1st January | 2,130,969 | 2,130,969 | 2,130,969 |
| | Transfer from Share Premium | - | - | - |
| | At 31 December | 2,130,969 | 2,130,969 | 2,130,969 |
| 20 | **SHARE PREMIUM** | | | |
| | At 1 January | 1,242,082 | 1,242,082 | 1,242,082 |
| | Transfer to Share Capital | - | - | - |
| | Listing Cost | - | - | - |
| | At 31 December | 1,242,082 | 1,242,082 | 1,242,082 |
| 21 | **RETAINED EARNINGS** | | | |
| | At 1 January | 362,650 | 326,495 | |
| | Total Comprehensive Income for the Year | 30,859 | 36,155 | |
| | At 31 December | 393,509 | 362,650 | |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

22 **BORROWINGS**

The borrowings are made up as follows:

| | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|
| **Non-current** | | | |
| Term Loans | 532,951 | 712,908 | 286,838 |
| **Current** | | | |
| Term Loan | 714,589 | - | - |
| Bank Overdraft | 195,760 | 356,907 | 287,106 |
| | 910,349 | 621,498 | 287,106 |
| Total Borrowings | 1,443,299 | 1,334,406 | 573,944 |

Non current term loan is analysed as follows:

| | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|
| At the Start of the Year | 712,908 | 286,838 | 156,505 |
| Addition | 390,000 | 431,333 | 130,333 |
| Payment | (46,768) | (5,263) | - |
| Current Portion of Non-current Loan | (523,189) | - | - |
| At the End of the Year | 532,951 | 712,908 | 286,838 |

Current Term Loan is analysed as follows:

| | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|
| At the Start of the Year | - | 287,106 | 137,659 |
| Current Portion of Non-current Loan | 720,649 | - | - |
| Additions | - | 69,801 | 149,447 |
| Payment During the Year | (6,060) | - | - |
| At the End of the Year | 714,589 | 356,907 | 287,106 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 |
|---|---|---|---|
| | N'000 | N'000 | N'000 |

22.1 **Components of Current Portion of Non Current Borrrowing**

| Non-Current | NEXIM Bank | Access Bank Plc | Unity/BOI | Term Loan-BOI | UBN-Term Loan | Total |
|---|---|---|---|---|---|---|
| **Figures in thousand ('000) of Naira** | N | N | N | N | | N |
| Non current term loan is analysed as follows: | | | | | | |
| At the Start of the Year | 400,000 | 218,171 | 94,737 | - | - | 712,908 |
| Addition | - | - | - | 270,000 | 120,000 | 390,000 |
| Payments | - | (24,242) | (10,526) | - | (12,000) | (46,768) |
| Current Portion of Non-current Loan | (400,000) | (24,242) | (10,526) | (28,421) | (60,000) | (523,189) |
| At the End of the Year | - | 169,687 | 73,684 | 241,579 | 48,000 | 532,951 |
| **Current:** | | | | | | |
| Facility Type/Purpose | | | | | | |
| Opening Balance | - | - | - | - | - | - |
| Current Obligation | 400,000 | 221,702 | 10,526 | 28,421 | 60,000 | 720,649 |
| Payment During the Year | - | (6,060) | - | - | - | (6,060) |
| | 400,000 | 215,642 | 10,526 | 28,421 | 60,000 | 714,589 |
| **At 30 December 2012** | 400,000 | 385,329 | 84,211 | 270,000 | 108,000 | 1,247,540 |
| **At 30 December 2011** | 400,000 | 218,171 | 94,737 | - | - | 712,908 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | 31-Dec-12 | 31-Dec-11 | 01-Jan-11 | | | |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | | | |
| 22.2 **Bank loans is further analysed below** | | | | | | |
| **Non Current:** | | | **Security** | **Facility Amount** | **Draw Down/Balance as at Dec 2011** | **Draw Down/Balance as at Dec 2012** |
| **Facility Type/Purpose** | **Tenure** | **Interest rate** | | **N'000** | **N'000** | **N'000** |
| Nexim | 2 years | 10.50% | Legal Mortgage over Assets. | 400,000 | 400,000 | 400,000 |
| Other term loan: Unity Bank /BOI Refinancing Facility | 12mths | 5% | Legal Mortgage over quarry site and personal guarantees of all Directors. | 100,000 | 94,737 | 84,211 |
| Access Bank Plc | 10 years | 7% | Legal Mortgage over the head office building. | 242,417 | 218,171 | 385,329 |
| Term Loan- BOI | 9yrs, 6 mths | 5% | Legal Mortgage over Assets. | 270,000 | - | 270,000 |
| UBN- Term Loan | 2yrs 6 mths | 24% | Legal Mortgage over Assets. | 120,000 | - | 108,000 |
| | | | | | 712,908 | 1,247,540 |
| Total Non-current Loan | | | | | (712,908) | (532,951) |
| Less: Current Portion of Non-current Loan | | | | | - | 714,589 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

## 23 PROVISIONS

| | 31-Dec-12 N'000 |
|---|---|
| | Rehabilitation |
| At 1 January 2012 | - |
| Arising During the Year | 1,719 |
| Write-back of Unused Provisions | - |
| Unwinding of Discount | - |
| At 31 December 2012 | 1,719 |
| | |
| Comprising: | |
| Current 2012 | - |
| Non-current 2012 | 1,719 |
| | 1,719 |

The company makes full provision for the cost of rehabilitating mining sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation cost relating to mine sites, which are expected to be incurred up to 2042. These provisions have been created based on Multiverse' internal estimates. Assumptions based on current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assunptions. However, actual rehabilitation costs will ultimately depend upon future market prices. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine cease to produce at economically viable rates. This, in turn, will depend upon future lead and barite prices, which are inherently uncertain.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

| | | 31-Dec-12 N'000 | 31-Dec-11 N'000 | 01-Jan-11 N'000 |
|---|---|---|---|---|
| 24 | **TRADE AND OTHER PAYABLES** | | | |
| | Trade Payables | 96,316 | 108,191 | 149,707 |
| | Other Payables | 124,371 | 70,310 | 11,470 |
| | Employment Benefits-Staff Pension Scheme | 35,858 | 33,394 | 10,788 |
| | | 256,544 | 211,895 | 171,965 |
| 24.1 | **Staff Pension Scheme** | | | |
| | As at January 1 | 33,394 | 10,788 | 4,792 |
| | Contrbutions during the year | 2,464 | 22,606 | 5,996 |
| | Payment during the year | - | - | - |
| | As at June 30 | 35,858 | 33,394 | 10,788 |

Trade and other payables are non-interest bearing and are normally settled on 15 to 45 days term.

25 **CAPITAL COMMITMENT AND OTHER CONTIGENCIES**

At 31 December 2012, the company had no contractual commitments for the acquisition of property, plant and equipment or other contigencies (2011: Nil).

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

## 26 CASH GENERATED FROM OPERATIONS

Reconciliation of profit after tax to net cash generated by operating activities:

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| Operating profit for the year | 185,734 | 136,191 |
| **Adjustments for:** | | |
| Amortization of Pre-operational Expenses | - | 14,054 |
| Other operating assets capitalized during the year | - | 42,196 |
| Depreciation and Amortization | 166,508 | 150,328 |
| Interest Received | - | 1,930 |
| Loss on Disposal of Property, Plant and Equipment | - | 4,070 |
| Borrowing Cost included in Qualifying Assets | 20,003 | - |
| Changes in Rehabilitation Provision | 1,719 | - |
| | 373,964 | 348,769 |
| **Operating Cash Flows Before Movements in Working Capital** | | |
| (Increase)/Decrease in Inventories | (8,195) | (15,248) |
| Decrease/(Increase) in Trade and Other Receivables | 11,953 | (24,589) |
| Increase/(Decrease) in Trade and Other Payables | (44,649) | 39,746 |
| Tax Paid | - | - |
| | 333,073 | 348,678 |

### 26.1 Non-cash Transactions

There were no Non-cash transactions during the year ended 31st December 2012.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

27 **RELATED PARTY TRANSACTIONS**

Details of transactions and outstanding balances between the company and its related parties during the period are disclosed below:

27.1 **Trading Transactions**

The company entered into transactions with its related parties during the year and transactions conducted resulted to the balances analyzed below:

| | **Sale of Goods and Services** | | **Purchase of Goods and Services** | |
|---|---|---|---|---|
| | **31-Dec-12** | **31-Dec-11** | **31-Dec-12** | **31-Dec-11** |
| | **N'000** | **N'000** | **N'000** | **N'000** |
| Treasuremix Construction Limited | - | - | 201 | - |
| | - | - | 201 | - |

Analysis of the outstanding at the reporting date:

| | **Due from Related Parties** | | **Due to Related Parties** | |
|---|---|---|---|---|
| Treasuremix Construction Limited | 4,555 | 4,215 | - | - |
| | 4,555 | 4,215 | - | - |

There were no sales of goods to related party during the year under review. Purchases of services represent payment for construction work made to related party.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

27.2 **Remuneration of Key Management Personnel**

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| Short-term Employee Benefits | 21,600 | 15,000 |
| Post-employment Benefits | - | - |
| Training and Other Related Benefits | - | - |
| Other Long-term Benefits | - | - |
| Termination Benefits | - | - |
| Share-based Payments | - | - |
| | 21,600 | 15,000 |

No dividend was paid or proposed to be paid in the year in respect of ordinary shares held by the Company’s Directors.

27.3 **Advances to Related Parties**

| | | |
|---|---|---|
| Treasuremix Construction Limited | - | 1,642 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28 DIRECTORS AND EMPLOYEES

### 28.1 Directors

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| **Emoluments:** | | |
| Fees | 2,250 | 1,650 |
| Other Remuneration and Allowances | 500 | 500 |
| | 2,750 | 2,150 |

The number of Directors whose gross emoluments were within the following ranges are:

| Range (N) | Number | Number |
|---|---|---|
| 1,000,001 - 2,000,000 | - | - |
| 3,000,001 and above | 2 | 2 |
| | 2 | 2 |

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

| | | 31-Dec-12 | 31-Dec-11 |
|---|---|---|---|
| 28.2 | **Employees** | | |
| | The average number of employees employed during the year: | | |
| | | **Number** | **Number** |
| | | 131 | 204 |
| | | 131 | 204 |
| | The aggregate payroll costs: | | |
| | | **N'000** | **N'000** |
| | Wages, Salaries, Allowances and Other Benefits | 92,991 | 122,088 |
| | Pension and Social Benefits | 7,399 | 22,606 |
| | | 100,390 | 144,694 |

The number of higher paid employees with gross emoluments within the ranges below were:

| Range (N) | Number | Number |
|---|---|---|
| 100,000 - 200,000 | 11 | 17 |
| 200,001 - 300,000 | 29 | 45 |
| 300,001 - 400,000 | 15 | 23 |
| 400,001 - 500,000 | 17 | 26 |
| 500,001 - 1,000,000 | 40 | 63 |
| 1,000,000 - 2,000,000 | 10 | 16 |
| Above 2,000,000 | 9 | 14 |
| | 131 | 204 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

## 29 FINANCIAL INSTRUMENTS

### 29.1 Capital Risk Management

The company manages its capital to ensure that the company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The company's overall strategy remains unchanged from 2011. The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings. The company is not subject to any externally imposed capital requirements. Equity includes all capital and reserves of the company that are managed as capital.

### 29.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

### 29.3 Categories of Financial Instruments

| | 31-Dec-12<br>N'000 | 31-Dec-11<br>N'000 | 01-Jan-11<br>N'000 |
|---|---|---|---|
| **Financial Assets** | | | |
| Loans and Receivables | - | - | - |
| Cash and Bank Balances | 54,888 | 10,642 | 3,634 |
| Trade Receivables | 6,705 | 64,746 | 40,156 |
| | 61,593 | 75,389 | 43,791 |
| Available-for-sale Financial Assets | - | - | - |
| **Financial Liabilities** | | | |
| Financial Liabilities at Amortized Cost | - | - | - |
| Trade and Other Payables | 209,421 | 211,895 | 171,965 |

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

29.4 **Financial Risk Management Objectives and Policies**

The Company's principal financial liabilities, comprise accounts payable, bank loans and and overdrafts. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the company's capital expenditure programme. The company has various financial assets such as trade and other receivables and cash and short-term deposits, that arise directly from its operations.

29.5 **Risk Exposures and Responses**

The company manages its exposure to key financial risks in accordance with the company's financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets while protecting future financial security. The main risks that could adversely affect the company's financial assets, liabilities or future cash flows are market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk and liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The company's senior management oversees the management of financial risks. The company's senior management is supported by a Audit Committee that advises on financial risks and governance framework for the company. The Audit committee provides assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. Currently, the company does not currently apply any form of hedge accounting. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, accounts receivable, accounts payable, accrued liabilities and derivative financial instruments. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates on the debt and the proportion of financial instruments in foreign currencies are all constant.

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

The following assumptions have been made in calculating the sensitivity analysis: The sensitivity of the relevant profit before tax item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2012 and 31 December 2011. The impact on equity is the same as the impact on profit before tax.

**Commodity Price Risk:**

The company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it produces. The company's policy is to manage these risks through the use of contract-based prices with customers.

**Interest Rate Risk:**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.

**Foreign Currency Risk:**

The Company has transactional currency exposures arising from sales or purchases in currencies other than the respective functional currencies. The Company manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

30 **EVENT AFTER REPORTING DATE**

**Head Office building**

The building at 11 Keffi, Ikoyi was part financed by Access bank. Considering the fact that the building was under-utilized, due to necessary field staff at the head office, vis-a-vis the loan repayment and constrained interest and other charges on the Mortgage, it was strategically decided that it should be released to the bank and lesser cost office be acquired. The financial inplication is that N191m will be exclude from the assets and liabilities as at March 2013.

31 **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board and authorised for issue on 30th April, 2013.

# DETAILED ADMINISTRATIVE EXPENSES

FOR MANAGEMENT USE ONLY

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| Salary | 23,499 | 32,323 |
| Directors Fees & Expenses | 650 | 11,471 |
| Medical Expenses | 1,280 | 2,325 |
| Board Expenses | 1,421 | 4,011 |
| Directors Fees | 12,390 | - |
| Pension (Employer's Contribution) | - | 17,607 |
| Gratuity Expenses | - | 1,000 |
| Training, Development & Recruitment | 422 | 1,108 |
| Local Travelling & Hotel | 9,132 | 8,449 |
| Overseas Travelling & Hotel | 5,330 | 4,434 |
| General Expenses | 706 | 7,223 |
| Printing & Stationery | 999 | 1,484 |
| Newspaper Books & Journals | 134 | 140 |
| Subscription | 1,233 | 594 |
| Postage, Stamp, Courier & Communication | 1,522 | 2,371 |
| Electrical Expenses | 356 | 565 |
| Donation & Gift | 482 | 1,515 |
| Security Expenses | 1,485 | 5,076 |
| Staff Safety Wears | 7 | - |
| Staff Welfare | 313 | 2,557 |
| Publicity & Advertisement | 452 | 1,219 |
| Public Relations | 1,901 | 3,153 |
| Entertainment | 159 | 421 |
| Annual General Meeting Expenses | 4,434 | 5,855 |
| Rent & Rates | 2,847 | 1,408 |
| Office Expenses | 2,313 | - |
| Repairs & Maintenance | 5,495 | 11,983 |

| | 31-Dec-12 | 31-Dec-11 |
|---|---|---|
| | N'000 | N'000 |
| M/Veh. Running Expenses | 4,107 | 8,211 |
| Generator Running Expenses | 1,615 | 3,056 |
| Business Research & Development | 1,130 | 1,039 |
| Insurance | 132 | - |
| Audit Fees & Expenses | 136 | 2,000 |
| Taxation Fees & Expenses | 975 | - |
| Professional & Legal Expenses | 5,502 | 24,213 |
| Consultancy Fees | 3,750 | - |
| Audit & Accountancy Fees | 2,045 | - |
| Statutory & Regulatory Fees | 2,018 | 5,536 |
| Penalty & Fine | 696 | 69 |
| Depreciation - Land & Building | 17,343 | - |
| Depreciation - Motor Vehicles | 20,780 | - |
| Depreciation - Office Equipment | 2,454 | - |
| Depreciation - Furn & Fittings | 1,741 | - |
| Depreciation - Computer Equipment | 4,467 | 5,551 |
| Staff Uniform | - | 125 |
| Motor Vehicle Insurance Company | - | 1,309 |
| Provision for Bad Debt | - | 32 |
| Amortization | - | 416 |
| Bad Debt Written-Off | - | 9,484 |
| Loss on Asset Disposed | - | 5,174 |
| | 147,851 | 194,505 |
| Marketing & Distribution Expenses | 1,428 | - |