



IBIM

AFRICA HOLDINGS

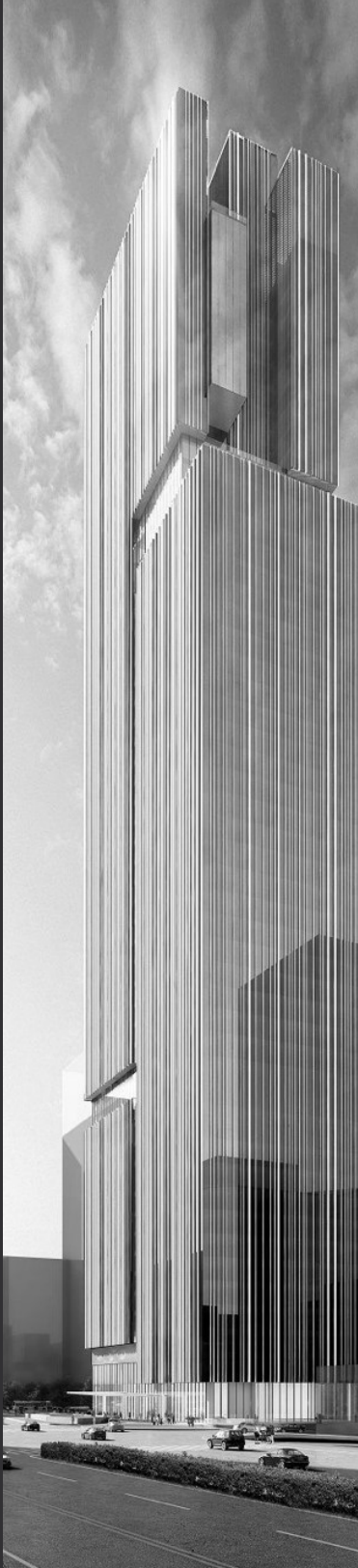
(IAH) LIMITED

ANNUAL REPORT

2019

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CORPORATE INFORMATION

Board of Directors	James A F Watlington Alwyn P de Koker Robin J E Beale
Company Secretary	Alexander Management Limited Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Registered Office	Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Incorporation Number	51975
Independent Auditors	TAC Professional Services (Chartered Accountants) 22A, Adebisi Ogunniyi Crescent Off Oladimeji Alo Street Lekki Phase 1 Lagos

GROUP COMPANIES



The Makon Group is a globally diversified oil and gas business, which consists *inter alia* of Makon Oil and Gas Limited, Makon Engineering and Technical Services Limited, Energy Traders Limited and Dan Resources Limited. These companies are wholly-owned subsidiaries of IBIM Africa Holdings (IAH) Limited.

The Makon Group of Companies is committed to Africa in terms of investment and developing and improving its operations. The Group views Africa as critical in creating sustainable value that makes a real difference. This is underpinned by our core values of innovation, accountability, integrity and collaboration that translate externally into the promise we make to all our stakeholders. The Makon Group supplements the value generated through our core activities, with initiatives designed to develop host communities in the long term, including investments in employment, skills and infrastructure.

Makon Group is an ISO 9001:2015 QMS, ISO 14001:2015 EMS and OHSAS 18001:2007 OHSMS certified international organisation with business interests in the Oil and Gas Facilities, Upstream/Midstream Operations, Refined Petroleum and Specialty Products

Supply, Power Generation and Distribution services.

Makon Group started operations through her pioneer subsidiary, Makon Engineering and Technical Services Limited, in 1997 as an instrumentation, Automation and Control Systems Company and has through the years evolved as a leader in the provision of Engineering, Procurement, Installation/Construction, Commissioning, Operation and Maintenance with distinctive competences in the design and the execution of large scale Onshore, Offshore in the Oil & Gas and Energy Market.

Our team reflects the experience of almost 20 years of delivery world-class solutions and exceptional value in the Oil and Gas business and is committed to global best practices.

We leverage on diverse national and international team that is rich in talents and innovative ideas to provide long term value creation and sustainable development for the Communities in which we operate. Hence, our excellent performance and timely delivery of complex projects, regardless of the challenges.

We have offices in Nigeria, South Africa and USA.



Makon Oil and Gas Limited

Makon Oil and Gas Limited commenced business in 2001. It engages in the blending and sales of chemtane 2 cutting gas as well as sales of propane gas and butane gas. It also specializes in the design and implementation of data acquisition, measurement, and control systems; procurement, operations and maintenance of controls and automation systems, metering and instrument calibration, manpower supply and consultancy services for the oil, gas and petrochemical industries, either directly or through its affiliated counterparts.

Makon Engineering and Technical Services

The Nigerian affiliate, Makon Engineering and Technical Services Limited, adheres to the requirements established by the International Standard Organization (NIS ISO 9001: 1994) with facilities to deal with projects of diverse complexity and magnitude involving engineering design, procurement, and construction projects.

MAKON has proven and reliable resources, expertise and capabilities to perform competitive engineering services from Front End Engineering Design (FEED) to Detailed Engineering Design (DED) and including technical support for construction and As-Built drawings. Our Multi-disciplinary engineering services cover all areas required to provide technical solutions to oil and gas companies on both complex and large-scale projects. We have a diverse national and international team of well-qualified and hands-on Engineers with many years of experience to provide quality, fast response and cost-effective solutions for our clients' engineering requirements.



Energy Traders Limited

Energy Traders Limited has business interests spanning engineering, procurement, construction, operation and maintenance (EPICOM) for oil and gas facilities, upstream and downstream operations, refined petroleum and speciality products supply, power generation and distribution services. The Energy Traders Group is focused on optimising their energy portfolio positions through successful marketing and trading. The objective is to create a successful, sustainable and asset-backed trading business in Africa, and to make a positive, long-term investment in Africa's energy infrastructure to benefit communities.

The Company has recently commenced business. Accordingly no accounts have been prepared for presentation to prospective Investors and no dividends have been declared or paid.

Dan Resources Limited

Dan Resources Limited's business interests include the procurement of oil and gas facilities. We have the resources and capabilities to source all items and services required for delivering clients' project requirements. We have exclusive partnership with major EOMs in the oil and gas sector. We have procured major equipment, plants, tools and materials crucial to aiding the Nigerian government in attaining its gas facilities development goals.

DIRECTORS' REPORT

The Directors present their report on the operations of IBIM Africa Holdings (IAH) Limited together with the audited group financial statements for the year ended 31 December, 2019.

Statement of Directors' Responsibilities

The Company's Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its results for that period.

The Directors' responsibilities include ensuring that:

- Adequate internal control procedures are established to safeguard assets of the Company and to prevent and detect fraud and other irregularities
- Proper accounting records are maintained and with reasonable accuracy;
- Applicable accounting standards are followed;
- Suitable accounting policies are used and consistently applied;
- The appropriate financial

statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business

Corporate Information

IBIM Africa Holdings Ltd was incorporated in Bermuda on the 31st day of October 2016. The registered office of the company is Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda. The company is listed on the Bermuda Stock Exchange. Makon Group Ltd, Makon Engineering and Technical Services Ltd and Makon Oil and Gas Ltd are subsidiaries of IBIM Africa Holdings Ltd

Legal form

IBIM Africa Holdings (IAH) Limited was incorporated in Bermuda on 31st October 2016 with the company registration number 51975.

Principal Activities

IBIM Africa Holdings Ltd is the holding company of Makon Group Ltd, the parent company of Makon Engineering and Technical Services Ltd and Makon Oil and Gas Ltd. The company is a globally diversified business.

Directors

The directors of the company during the year under review are as shown under Corporate Information on page 5 of this report.

Corporate Governance

The Group Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities, as well as ensure the protection of the long-term interest of all Stakeholders. Corporate governance practices of the Group Company are being overseen by the board of Directors who also carry out a review of the policies regularly.

Authorisation for Issue

The authorized share capital is 50,000,000 ordinary shares of \$0.001 par value Class A voting shares and 49,999,000 shares of \$0.001 par value Class B Non-voting shares

Results and Dividend

The results for the period are set out in the financial statements on pages 11-37. The Directors do not recommend the payment of dividend for the period.

True and Fair Presentation

The Directors confirm that to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRS as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group for the year ended 31 December 2019.

Property, Plant and Equipment

Information relating to changes in the property, plant & equipment is given in Notes 6 to the financial statement.

Future Prospects

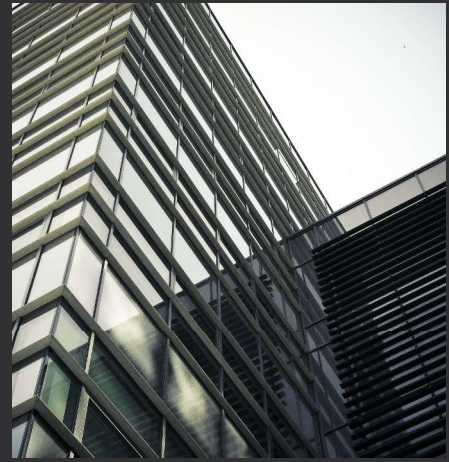
The Directors are confident that the company is appropriately placed to continue its current business and to explore new business service opportunities.

Post Balance Sheet Events

There was no material change in the Group's financial position as at 31 December 2019.

Auditors

TAC Professional Services
(Chartered Accountants)
22A, AdebikiOgunniyi Crescent
Off Oladimeji Alo Street
Lekki Phase 1
Lagos



DIRECTORS' RESPONSIBILITIES AND APPROVAL

The accompanying audited Consolidated Financial Statements of IBIM Africa Holdings (IAH) Limited and all the information in this Annual Report are the responsibility of management and are approved by the Board of Directors.

The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards.

The significant accounting policies used are described in Note 3 to the Consolidated Financial Statements. Certain amounts in the financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the Consolidated Financial Statements.

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures, and internal control over financial reporting. The CEO and the CFO have supervised an evaluation of the effectiveness of the Company's internal control over the financial reporting, as at 31 December 2019. Based on this evaluation, the CEO and CFO have concluded that

the Company's internal control over financial reporting as at 31 December 2019 was effective to provide reasonable assurance regarding the reliability of the Company's financial reporting and the presentation of its Consolidated Financial Statements for external purposes in accordance with applicable accounting principles.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Consolidated Financial Statements have been audited on behalf of the shareholders by TAC Professional Services, independent auditor, in accordance with International Standards on Auditing.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 8-10.

The financial statements set out on pages 11 to 37, which have been prepared on the going concern basis, were approved by the board on 14 December, 2020 and were signed on its behalf by:

Robin J E Beale
Director

Alwyn P de Koker
Director



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IBIM AFRICA HOLDINGS (IAH) LIMITED

REPORT ON THE AUDITED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IBIM Africa Holdings (IAH) Limited which comprise the statement of financial position as at 31 December 2019, the statement of changes in equity, statement of cash flows, and statement of comprehensive income for the year ended 31 December 2019, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of IBIM Africa Holdings (IAH) Limited as at 31 December 2019, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act of Nigeria Cap C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing (ISAs) Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' *Code of Ethics for Professional accountants (IESBA Code)* together with the ethical requirements that are relevant to

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our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Audit Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the directors' report, chairman's statement, Value added statement and financial summary but does not include the financial statements and out audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with those charged with governance we determine those matters that were significant in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Lagos, Nigeria
December 2020



TUNDE FANIYI FRC/2012/ICAN/0000000325
For: TAC Professional Services
(Chartered Accountants)

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

Expressed in USD	Note	Group 2019	Group 2018	Company 2019	Company 2018
Revenue	6	20 097 840	50 475 874	-	-
Cost of Projects	7	(11 141 455)	(39 758 770)	-	-
Gross Profit		8 956 385	10 717 104	-	-
Operating Expenses	8	(5 441 672)	(6 083 126)	-	-
Operating Income		3 514 713	4 633 978	-	-
Impairments	9	(103 493)	-	-	-
Other Income	10	92 732	117 654	-	-
Profit Before Interest and Tax		3 503 952	4 751 632	-	-
Finance Income	11	203 588	257 856	-	-
Finance Expense	11	(3 401 317)	(4 536 072)	-	-
Profit Before Tax		306 223	473 416	-	-
Provision for Tax	12a	(299 355)	(345 822)	-	-
Profit After Tax		6 868	127 594	-	-
Other Comprehensive Income:					
Actuarial Gain/(Loss)		349 608	-	-	-
Deferred Tax on Actuarial (Gain)/Loss		(104 883)	-	-	-
Exchange Gain/(Loss) on Foreign Currency Translation	12	(37 353)	(61 790)	-	-
Total Comprehensive Income/(Loss) for the Year		214 240	65 804	-	-
Earnings Per Share		-	-	-	-
Basic Earnings Per Share		0.43	0.13	-	-

Statement of Financial Position as at 31 December 2019

Expressed in USD	Note	Group 2019	Group 2018	Company 2019	Company 2018
Assets					
Non-Current Assets					
Property, Plant and Equipment	14	5 936 159	6 549 998	-	-
Intangible Assets	15	6 311	9 244	-	-
Bank Guarantee Retentions	16	3 827 458	3 827 458	-	-
Deferred Tax Asset	12c	489 261	585 371	-	-
Goodwill	17	39 022 785	39 022 785	-	-
Investment in Subsidiary		-	-	50 000 000	50 000 000
Total Non-Current Assets		49 281 974	49 994 856	50 000 000	50 000 000
Current Assets					
Inventories	18a	595 062	547 815	-	-
Deferred Costs	18b	25 944 108	1 788 098	-	-
Trade and Other Receivables	19	32 589 752	45 469 476	-	-
Sundry Debtor and Prepayments	20	1 707 261	1 737 196	-	-
Contract Assets	21	955 255	1 272 509	-	-
Bank Retention	16	8 771 775	9 975 484	-	-
Cash and Cash Equivalents	22	162 261	342 084	-	-
Shares Debtors		-	-	50 000	50 000
Total Current Assets		70 725 474	61 132 662	50 000	50 000
Total Assets		120 007 448	111 127 518	50 050 000	50 050 000
Equity and Liabilities					
Paid-up Share Capital		-	-	-	-
Unpaid Issued Share Capital	26	50 000	50 000	50 000	50 000
Deposit for Shares	27	50 000 000	50 000 000	50 000 000	50 000 000
General Reserve	28	134 462	127 594	-	-
Non-Distributive Reserve	29	145 582	(61 790)	-	-
Total Equity		50 330 044	50 115 804	50 050 000	50 050 000
Non-Current Liabilities					
Terminal Benefit	30	1 475 895	2 376 973	-	-
Deferred Tax Liability	30	1 618 984	1 640 289	-	-
Total Non-Current Liabilities		3 094 879	4 017 262	-	-
Current Liabilities					
Trade and Other Payables	23	26 699 648	20 909 364	-	-
Contract Liabilities	24	6 130 817	8 930 660	-	-
Term Loan and Other Creditors	25	33 440 673	26 824 931	-	-
Tax Payable	12b	213 346	213 459	-	-
Deposit for Shares		98 039	98 039	-	-
Total Current Liabilities		66 582 523	56 976 453	-	-
Total Liabilities		69 677 402	60 993 715	-	-
Total Equity and Liabilities		120 007 446	111 109 519	50 050 000	50 050 000

Statement of Changes in Equity for the year ended 31 December 2019

Expressed in USD	Issued	Deposit for	Retained	Non-Distributive	Revaluation	Total Equity
As at 1 January 2019	50 000	50 000 000	127 594	(61 790)	-	50 115 804
Profit for the Period	-	-	6 868	-	-	6 868
Other Comprehensive Income	-	-	-	207 372	-	207 372
Total Comprehensive Income	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-
Deposit of Shares	-	-	-	-	-	-
At 31 December 2019	50 000	50 000 000	134 462	145 582	-	50 330 044
As at 1 January 2018	50 000	50 000 000	-	-	-	50 050 000
Profit for the Period	-	-	127 594	-	-	127 594
Other Comprehensive Income	-	-	-	(61 790)	-	(61 790)
Total Comprehensive Income	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-
Deposit of Shares	-	-	-	-	-	-
At 31 December 2018	50 000	50 000 000	127 594	(61 790)	-	50 115 804

Statement of Cashflow for the Year Ended 31 December 2019

Expressed in USD	Note	Group 2019	Group 2018
Operating Activities:			
Profit Before Interest and Tax		3 503 952	4 751 632
Adjustment for Noncash Items:			
Depreciation Charge	6	792 155	945 326
Adjustment for Plant, Property and Equipment		-	(31 588)
Amortization	7	3 065	-
Prior Year Adjustment		(11 573)	-
Profit from Disposal of Property and Equipment	27	(30 670)	64 131
Impairment	29	103 493	-
Fair Value Adjustment		-	(16 378)
Working Capital Adjustments:			
Movement in Current Asset		(11 104 310)	3 179 644
Movement in Current Liabilities		11 301 647	(4 781 152)
Cashflow from Operating Activities		4 557 759	4 111 615
Tax Paid		(238 788)	(186 369)
Net Cash Inflows from Operating Activities		4 318 971	3 925 246
Investing Activities:			
Proceeds from Disposal of PPE	6	48 088	70 229
Purchase of PPE	6	(219 782)	(228 961)
Purchase of Intangible Asset	7	(163)	-
Restricted Bank Balance		1 203 709	725 057
Finance Income	28b	203 588	257 856
Net Inflow from Investing Activities		1 235 440	824 181
Financing Activities:			
Net Proceeds from Borrowings	17	(2 314 917)	-
Interest Paid	28a	(3 401 317)	(4 536 072)
Net Cash Outflows from Financing Activities		(5 716 234)	(4 536 072)
Net Increase in Cash and Cash Equivalent		(161 823)	213 355
Cash and Cash Equivalent at 1 January		324 084	110 729
Cash and Cash Equivalent at 31 December		162 261	324 084

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

1.1 Legal Form

IBIM Africa Holdings Ltd was incorporated in Bermuda on the 31st day of October 2016. The registered office of the company is Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda. The company is listed on the Bermuda Stock Exchange. Makon Group Ltd, Makon Engineering and Technical Services Ltd and Makon Oil and Gas Ltd are subsidiaries of IBIM Africa Holdings Ltd.

1.2 Statement of Compliance

The consolidated financial statements of IBIM Africa Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and Companies and Allied Matters Act (CAMA) and in the manner required by the Financial Reporting Council of Nigeria, Act No. 6, 2011. The financial statements were authorised for issue by the Board of Directors on 28 December 2020.

1.3 Going Concern Status

The directors believe that despite the current operating level of the company, there is no intention or threat from any source that would curtail significantly, its line of business, within the foreseeable future. These financial statements have therefore been prepared using the going concern basis.

1.4 Principal Activities

IBIM Africa Holdings Ltd is the holding company of Makon Group Ltd, the holding company of Makon Engineering and Technical Services Ltd and Makon Oil and Gas Ltd. The company is a globally diversified business.

1.5 Corporate Governance

The Company's high standard in Corporate Policies and Governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all Stakeholders. Corporate governance practices of the company are being overseen by the board of Directors who also carry out a review of the policies regularly.

1.4 Basis of preparation

The financial statements of IBIM Africa Holdings Ltd

have been prepared on historical cost basis except for financial instruments which are measured at fair value through profit or loss and revaluation of property, plant and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for assets or liabilities assumed on initial recognition.

1.5 Basis of measurement

The financial statements are prepared on the historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

1.6 Consolidation

The financial statement of IBIM Africa Holdings Limited and Makon Group Limited were completed on 31 December, 2019. On this date, the Group consolidated the individual entities within Makon Group Limited (Makon Engineering and Technical Services Limited and Makon Oil and Gas Limited) into a single set of financial statements, under the principles of post consolidation, whereby all entities are included at their post-acquisition carrying amounts.

In preparing the financial information up to 31 December 2019, the financial statements of the individual entities were combined on a line-by-line basis by adding together like items of assets, liabilities, equity. Balances and transactions between the combined and consolidated entities, including their subsidiaries, were eliminated in full.

1.7 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

1.8 Business combinations

The Group use post-acquisition method to account for

business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are carried at their historical values at the acquisition date. Acquisition-related costs are expensed as incurred.

1.9 Financial Statements

Assets and liabilities on the statement of financial position are classified as current and non-current. Items on the statement of profit or loss and other comprehensive income are presented by function. The statement of profit or loss and other comprehensive income shows net profit together with income and expenses that are recognised directly in equity in accordance with IFRS. The statement of changes in equity includes profit or loss for the year, transactions with shareholders and other changes in shareholders' equity. The statement of cash flows is prepared using the indirect method, whereby net profit is adjusted for the effects of non-cash transactions.

1.10 Functional and presentation currency

These financial statements are presented in Dollar, which is the company's functional currency. All financial information presented in Dollar has been rounded to the

2. New standards, interpretations and amendments not yet effective

A few new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1st January 2020; however, the company has not applied the following new or amended standards in preparing these financial statements.

The company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

2.1 New standards adopted in 2019 IFRS 9: Financial instruments

This is the first set of the company's annual financial statements in which IFRS 9 – Financial instruments have been applied. Changes to significant accounting policies are described in note 3. The company has adopted IFRS 9 with effect from 1 January 2019.

nearest thousand unless stated otherwise.

1.11 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in these financial statements.

1.12 Authorization for issue

The consolidated financial statements include the assets and liabilities of the Company and its subsidiary and were authorized for issue by the directors on 28 December 2020.

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments which replaces IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39: Financial instruments Recognition & Measurement.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is

not entirely comparable to the information presented for 2019 under IFRS 9. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures.

- Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transactions

costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- Classification and subsequent measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair value through profit or loss (FVTPL). The classification of IFRS 9 is generally based on the business model in which a financial asset is managed, and its contractual cash flow characteristics IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

Pronouncement	Nature of change	Effective date
IFRS 17 Insurance contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured at each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p>	Annual periods beginning on or after 1 January 2021
Definition of Material (Amendments to IAS 1 and IAS 8)	<p>In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition.</p> <p>The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of</p>	Annual periods beginning on or after 1 January 2020

Pronouncement	Nature of change	Effective date
Definition of Material (Amendments to IAS 1 and IAS 8) (continued)	<p>general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”</p> <p>The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.</p>	Annual periods beginning on or after 1 January 2020
Amendments to the Conceptual Framework for Financial Reporting	<p>The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards to help preparers develop consistent accounting policies if there is no applicable standard in place to assist all parties to understand and interpret the standards.</p> <p>The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. Thus, no impact to the</p>	Annual periods beginning on or after 1 January 2020

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

The effect of adopting IFRS 9 on the carrying amounts of financial assets as at 1 January 2019 relates solely to the new impairment requirements.

a. Trade and other receivables

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of N= 7,489,000 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2019 on transition to IFRS 9.

- Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of expected cash shortfalls i.e. the present value of the

difference between the cash flows due to the entity in under the contract, and the cash flows that the entity expects to receive. IFRS 9 does not prescribe a single method to measure ECLs. Rather, it acknowledges that the methods used to measure ECLs may vary based on the type of financial asset and the information available. The standard allows the use of practical expedients when estimating ECLs, to the extent that its measurement reflect an unbiased and probability weighted amount, time value of money and reasonable and supportable information that is available without undue cost or effort. The standard contains a simplified approach that uses provision matrix to measure lifetime ECLs for trade receivables, contract assets and lease receivables.

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The company has applied the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs for its trade receivables. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future

economic conditions without undue cost and effort.

The estimation of ECL rates was based on the following parameters:

- 180 days was considered as the default point
- The probability of default risk parameters were calculated based on historical data
- The loss given default was calculated based on recovery rate observed from payment history of the key distributors.
- Credit losses were adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the company's view of economic conditions over the expected lives of the receivables.

- Transition

The company has used an exemption not to restate comparative information for prior periods with respect to the classification and measurement (including impairment) requirements. Therefore,

3. Significant Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1. Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency).

These financial statements are presented in USD, which is the presentation currency.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities

comparative periods have not been restated. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 are recognised in opening retained earnings as at 1 January 2019. Accordingly the information presented for 2018 does not generally reflect the requirement of IFRS 9 but rather those of IAS 39.

IFRS 16 Leases

The standards set out the principle for the recognition, measurement, presentation and disclosure of leases for both parties to the contract i.e. the customer (lessee) and the supplier ('lessor'). IFRS 16 introduces a single lease accounting model.

Recognition exemption: A lessee can elect not to apply IFRS 16 to:

- Short term leases and leases within 12 months
- Leases for which the underlying asset is of low value.

In the above cases, the lessee shall recognise the lease payment associated with these leases as expenses on either a straight line basis over the lease term or another systematic basis.

denominated in foreign currencies are recognised on profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within 'Other operating income'. All other foreign exchange gains and losses are presented in contract costs.

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

Advances are recognised at the exchange rate on the date of payment.

Work that has not yet been accepted is recognised at the year-end exchange rate.

3.2. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, unrestricted demand, call deposits with banks, and short term highly liquid financial assets (including money market funds), with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. The Company classified bank overdrafts with cash and cash equivalents as they are considered an integral part of its cash management policies and strategies.

3.3. Financial Instruments

In the current year, the company has not applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs that are effective for an annual period that begins on or after 1st January 2018. The company conclude that the impact is immaterial. The impact on the company's future income statement is expected to be immaterial as the standard requires provision to be recorded earlier and initial impact of this timing difference is recorded in equity upon implementation.

IFRS 9 introduced new requirements for:

- (1) the classification and measurement of financial assets and financial liabilities;
- (2) impairment of financial assets; and
- (3) general hedge accounting.

Details of these new requirements as well as their impact on the company's financial statements are described below.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1st January 2018. Accordingly, the company has not applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1st January 2018 and has not applied the requirements to instruments that have already been derecognised as at

1st January 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the company may make the following irrevocable election/designation at initial recognition of a financial asset;
 - the company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
 - the company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the company to recognise a loss allowance for

expected credit losses on:

- (1) debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) lease receivables;
- (3) trade receivables and contract assets; and
- (4) financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to twelve-months' ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The company does not hold financial liabilities designated as at FVTPL; therefore, the application of

IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

(d) Fair value

The fair value of the financial assets and the financial liabilities are included at the amount that would be received to sell the assets or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments.

Receivables/borrowings are evaluated by the company based on parameters such as interest rates, individual credit worthiness of the client and the risk characteristics of the finance project. Based on these evaluations, allowances are taken to account for the expected losses of these receivables. As at 31 December 2019, the carrying amounts of such receivables were not materially different from their fair values.

the fair values of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the company's risk management activities have also been introduced. The company does not apply hedge accounting; therefore, the application did not have any impact on the financial statements.

3.3.1 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount net of any costs that may be incurred in recovering the debt. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

Bad accounts shall be written off when there is no possibility of recovery.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

3.3.2. Impairment of financial assets

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any allowance available and then to profit or loss. Subsequent recoveries of amounts for which a previous allowance was made are credited to the profit or loss. Long-term receivables are discounted where the effect is material. Trade receivables are measured at amortized cost. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral

part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial

asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.3.3. De-recognition of Financial Assets

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under

continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.3.4. Financial Liabilities

Financial liabilities are classified as either financial liabilities at Fair Value through Profit or Loss (at FVTPL) or 'other financial liabilities'.

Financial liabilities are recognised initially at fair value less directly attributable transaction costs and are subsequently measured, other than those measured at fair value through profit or loss, at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities include Trade payables and short-term finance facilities. The Company does not have financial liabilities classified as at FVTPL.

De-recognition

The Company de-recognises financial liabilities when, and only when, the contractual obligations are discharged, cancelled or expire and gains and losses are recognised in profit or loss. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability.

3.3.5. Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the company currently has a legally

enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.4. Inventories

Inventories comprise mainly spare parts and bulk item of construction materials and are stated at the lower of purchase cost and net realisable value. The cost of inventories is determined by applying the specific identification cost.

The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and/ or the estimated costs necessary to make the sale.

3.5. Contract work-in-progress.

Work-in-progress relating to long-term contracts is stated on the basis of agreed contract revenue, cost incurred on milestone achieved but not yet invoiced determined with reasonable certainty, recognised in proportion to the stage of completion of contract activity. The percentage of completion, which takes into account the nature of the contracts and the type of work, is calculated by the output method on the basis of the milestone achieved. The valuation of work-in-progress considers all directly related costs, contractual risks and contract revision clauses, where they can be objectively determined.

3.6. Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software when their values can be reasonably determined and economic benefits will accrue to the Company. Computer software is stated at cost less amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining the computer software programmes are recognised as an expense when incurred.

Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life estimated as the period over which the assets will be used by the company. The amortisation period and the amortisation method 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. Amortisation rate for intangible asset is as follows:

Computer software	20%
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The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

De-recognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss.

3.7. Property, Plant and Equipment

The Company's property plant and equipment comprise land, buildings, motor vehicles, equipment, machinery, furniture and fittings.

Recognition and measurement

All categories of property, plant and equipment are initially recognised using the cost model and stated at their purchase cost including any costs directly attributable to bringing the asset into operation when the following conditions are met:

- Their values can be reasonably determined
- The economic benefit will accrue to the Company.

Property, plant and equipment are subsequently stated at cost and where revaluation has been carried out, at revalued amount less accumulated depreciation and impairment losses, if any.

Subsequent costs

The costs of replacing an identifiable component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The carrying amount of the component that has been replaced is charged to profit or loss.

The costs of ordinary day-to-day servicing and

maintenance of property and equipment are recognised in profit or loss as incurred.

Capital work-in-progress (CWIP)

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Revaluation of property, plant and equipment

On the 31st December, 2016, certain class of property, plant and equipment items were revalued using open market approach to valuation and reflected in the financial statements for the year ended 31st December, 2016. The affected class of assets are land, freehold building and plant & equipment. Increases in the carrying amount arising on revaluation of these class of assets are credited to other comprehensive income and shown as other reserves in shareholders' equity. The sum of N= 37.61 million represents some assets which were erroneously omitted from the revalued amount and also, some revalued assets which were duplicated as at 31st December, 2016, the duplication was adjusted in 2018.

Depreciation

The depreciable amount of an asset is its cost less the estimated residual value at the end of its useful life, if this is significant and can be reasonably determined. Land is not depreciated, even where purchased with a building.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is de-recognised or classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Depreciation is provided on a straight line basis so as to allocate the depreciable amount of the asset over the estimated useful lives at the following annual rates:

Freehold Land	Nil
Leasehold Land and Buildings	5%
Leasehold Improvements	20%
Operational Equipment, Plant and Machinery	15%
Portakabin	20%
Household and Office Equipment	20%
Leasehold Equipment	20%
Motor Vehicles	20%
Furniture Fittings	25%

Freehold land is not depreciated as it is deemed to have an infinite life.

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

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 of the year the asset is de-recognised.

3.8. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date.

Recognition and measurement as a lessee

Upon lease commencement a lessee recognised a right of use asset and lease liability (IFRS 16.22). Lease liability is subsequently measured to reflect changes in:

Description	Initial measurement	Subsequent measurement
Right-to-use-assets	At cost (initial measurement of the lease liability) plus initial direct costs of any lease payments made on or before the commencement date less any lease incentive received and estimate cost of dismantling and removing underlying asset.	Cost Model: Cost less accumulated depreciated and accumulated impairment. The right-of-use-assets asset is depreciated over the shorter of the lease term and useful life, except if ownership transfers to the lessor at the end of the lease term or cost reflects that the lessee will exercise a purchase option in the useful life of the asset used in these instances.

Description	Initial measurement	Subsequent measurement
Lease liability	All the present value of the lease payments that are not paid at the commencement date. Payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If not use the lease's incremental borrowing rate.	Lessee shall measure the lease liability by: Increasing the carrying amount to reflect interest (finance cost) on the lease liability and reducing the carrying amount to reflect the lease payment made.

- i. the lease term (using a revised discount rate.
- ii. the assessment of a purchase option (using revised discount).

Accounting by lessor

Lessor shall classify each lease as an operating lease or finance lease.

Lease recognition for comparative period

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

Company as a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Company as a Lessee

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.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more

representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

The recoverable amount of an asset or, if the recoverable amount of single assets cannot be determined, for the smallest identifiable group of assets that generates independent cash inflows from their continuous use, referred to as cash generating units, is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows expected to be derived from the use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life, net of disposal costs are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Cash flows are determined on the basis of reasonable and documented assumptions that represent the best estimate of the future economic conditions during the remaining useful life of the asset, giving more importance to independent assumptions.

Tangible assets destined for specific operating

projects, for which no further future use is envisaged due to the characteristics of the asset itself or the high usage sustained during the execution of the project, are amortised over the duration of the project.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on *apro ratobasis*.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exist. 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 exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.10. Non-current assets held for sale and discontinued operations

Non-current assets included within disposal groups, whose carrying amount will be recovered principally through a sale transaction rather than through their continuing use, are classified as held for sale. This condition for held for sale is considered met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale, and assets included within disposal groups and liabilities directly associated with them are recognised in the statement of financial position separately from the entity's other assets and liabilities. Non-current assets held for sale are not depreciated or amortised.

3.11. Provisions

Provisions for contingencies concern risks and charges of a definite nature and whose existence is certain or probable but its timing or amount of future expenditure is uncertain at the reporting date. A provision is recognised if, as a result of a past event, the Company has a present legal or constructive

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

Provisions represent the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the reporting date. The amount recognised for onerous contracts is the lower of the cost necessary to fulfil the contract obligations, net of the economic benefits expected to be received under it, and any compensation or penalties arising from failure to fulfil these obligations.

If the effect of the time value of money is material and the payment dates of the obligations can be reliably estimated, provisions are discounted using a current pre-tax rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the change in the provision due

to the passage of time is recognised as 'Finance (expense) income'. When the liability regards tangible assets, the provision is stated with a corresponding entry to the asset to which it refers and taken to profit or loss through the depreciation process.

Post-employment benefits

Defined contribution plans

The subsidiaries of the Group Company in Nigeria operate a defined contribution plan in accordance with the provisions of the Nigerian Pension Reform Act. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of the employees respectively. The company's obligations for contributions to the plan are recognised as an expense in profit or loss when they are due.

3.12. Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.13. Taxation

Income tax expense comprises current and deferred tax.

Income tax expense is recognised in profit or loss except to the extent that results of transactions relate to items recognised directly in equity, in which case it is recognised in equity.

Current income tax is calculated on the basis of estimated taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax recoverable or payable in respect of previous years.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes based on tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

Deferred tax assets and liabilities are recorded under non-current assets and liabilities.

3.14. Value Added Tax

Expenses and assets are recognised net of the amount of the value added tax, except that value added tax incurred on a purchase of assets or services is not recoverable from that taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.15. Share Capital and Reserves

Share capital

The issued ordinary shares of the company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.16. Revenue Recognition

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers, IFRS 15 establishes

a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling contract. In addition, the standards require extensive disclosures.

There is no material quantitative charges based on the adoption of IFRS 15 to the company's revenue but the qualitative disclosures have been updated in line with that application of IFRS 15.

The company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies in the financial statements. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The company recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment (collectability criteria) is ascertained based on the company's internal risk assessment conducted for customers as stated in the credit management policy at the inception of the contract.

Contract

Revenues for contract work-in-progress are recognised by reference to the stage of completion of a contract (milestone), when the outcome of such a contract can be reliably measured and it is accepted by the client.

Contract revenue- Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

Contract costs- Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site employee costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design; technical assistance and other overheads that are directly related to the contract.

The Company's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or a group of contracts together in order to reflect the substance of a contract or a group of contracts. Assets covered by a single contract are treated separately when:

- Separate proposals have been submitted for each asset
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset.
- The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

- The group of contracts is negotiated as a single package;
- The contracts are performed concurrently or in a continuous sequence.

Requests for additional payments deriving from a change in the scope of the work are included in the total amount of revenues when realization is probable, i.e. it is probable that the client will approve the variation and the relevant amount. Claims deriving, for example, from additional costs incurred for reasons attributable to the client are included in the total amount of revenues when it is probable that the client

will accept them. Expected losses on contracts are recognised fully in the year in which they become probable. Bidding costs are expended in the year in which they are incurred.

Revenues associated with sales of products and services, with the exception of contract work-in-progress, are recognised when the significant risks and rewards of ownership pass to the customer or when the transaction can be considered settled and associated revenue can be reliably measured.

Revenues related to partially rendered services are recognised by reference to the stage of completion, providing this can be measured reliably and that there is no significant uncertainty regarding the collectability of the amount and the related costs. Otherwise they are recognised only to the extent of the recoverable costs incurred.

Interest

Interest income for interest bearing financial instruments, are recognised within 'Interest Income' in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

3.17. Expense Recognition

Interest

Interest paid is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method for facilities beyond one year. Accrued interest is included within the carrying value of the interest bearing financial liability.

3.18. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction that is not a forced sale, liquidation sale or a distressed sale between participants at the measurement date. Fair value is determined based on market conditions at the measurement date and the assumptions that market participants would use (i.e. it is a market-based measurement). Fair value measurement assumes that transaction to sell the asset or transfer the liability occurs in a principal market or, in the absence of a principal market, in the most advantageous market to

which the entity has access. It does not consider an entity's intent to sell the asset or transfer the liability. Fair value measurement of non-financial assets take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use is determined from the perspective of market participants, even if the entity intends a different use. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise

the value of the asset. In the absence of quoted market prices, the fair value, the fair value of a financial or non-financial liability or an entity's own equity instruments is taken as the fair value of the corresponding asset held by another market participant at the measurement date. Counterparty credit risk and own credit risk are taken into account in determining the fair value of a liability. In the absence of quoted market prices, an entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure to fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities; and reported income and expenses that are not readily apparent from other sources. However, uncertainty about these assumptions and conditions could result in actual results differing from these estimates and therefore require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

4.1. Contract work-in-progress

Contract work-in-progress for long-term contracts, for which estimates necessarily have a significant subjective component, are measured on the basis of estimated revenues and cost over the full life of the

contract.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract which may lead to an increase or a decrease in contract revenue if their realisation is probable and the amount can be reliably estimated.

4.2. Impairment of Assets

Impairment losses are recognised if events and changes in circumstances indicate that the carrying amount of tangible and intangible assets may not be recoverable. Impairment is recognised in the event of significant permanent changes in the outlook for the market segment in which the asset is used. Determining as to whether and how much an asset is impaired involves management estimates on complex and highly uncertain factors, such as future market performances, the effects of inflation and technological improvements on operating costs, and the outlook for global or regional market supply and demand conditions.

The amount of an impairment loss is determined by comparing the carrying amount of an asset with its recoverable amount (the higher of fair value less costs to sell and value in use calculated as the present value of the future cash flows expected to be derived from the use

of the asset net of disposal costs). The expected future cash flows used for impairment reviews are based on judgmental assessments of future variables such as prices, costs, demand growth rate and production volumes, considering the information available at the date of the review and are discounted at a rate that reflects the risk inherent in the relevant activity.

Intangible assets with indefinite useful lives are not amortised. The recoverability of their carrying amount is reviewed at least annually and whenever events or

5. Financial risk management framework

5.1 Financial risk factors

The company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price); credit risk; and liquidity risk.

The objective of a company's risk management programme is to minimise potential adverse impacts on the company's financial performance.

Risk management framework

Risk management is the responsibility of those charged with governance, which aims to effectively manage the financial risk of IBIM (IAH) Limited, according to the policies approved by the Board of Directors.

The company's financial instruments consist of trade and other receivables, trade and other payables, credit financing facilities and cash and cash equivalents

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of the company's holdings of financial instruments

(i) Currency risk

The company procures materials and other items and/or services used in project activities from both local and foreign markets. Foreign purchases and in some cases local purchases are paid for in foreign currencies.

The company also collects receipts in both Naira and US Dollar usually in the ratio of 60% USD and 40% Naira. Management approach to managing foreign exchange risk is to ensure foreign currency receipts are first applied to foreign transactions before being used for any other purposes. The company will source for additional foreign currency only when available foreign currency falls short of required foreign currency payments.

(ii) Price risk

The company is exposed to price risk arising from commodity price. The company takes measures to

changes in circumstances indicate that the carrying amount may not be recoverable.

protect against short term impacts of these fluctuations. However, failure to recover higher costs could have a negative impact on profits.

(iii) Interest rate risk

The company's interest rate risk arises from borrowings. The company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for its borrowings.

As at the end of the reporting date the company exposure to interest bearing financial instruments.

Expressed in USD	2019	2018
Borrowings	33 440 673	26 824 931

An increase of 300 basis points in interest rates at the reporting date would have reduced profits by the amounts shown below. This analysis assumes that the other variables remain constant.

Expressed in USD	2019	2018
Borrowings	33 401 317	4 536 072

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The company has adopted a policy of only dealing with credit worthy counterparts and obtaining sufficient collateral (in form of advances) where appropriate as a means of mitigating the risk of financial loss from defaults. The company deals with top rated entities that are rated the equivalent of investment grade and above. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks.

The maximum exposure to credit risk for trade

receivables approximates the amount recognised on the statement of financial position. The company does not hold any collateral as security except in form of advances.

Exposure to credit risk

The carrying value of the company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

Expressed in USD	2019	2018
Trade and receivables	32 589 752	45 469 476
Cash and bank balances	162 261	324 084
	<u>32 752 013</u>	<u>45 793 560</u>

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the company does not breach borrowing limits on any of its borrowing facilities. The company manages liquidity risk by effective working capital and cash flow management.

The table below places the company's financial liabilities into relevant maturity classes based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Expressed in USD	1-30 days	31-60 days	61-90 days	Over 90 days	Total
31 December 2019 Financial liabilities:					
Trade payables	3 484 314	1 989 984	1 358 974	19 866 376	26 699 648
Borrowings	-	-	-	33 440 673	33 440 673
	<u>3 484 314</u>	<u>1 989 984</u>	<u>1 358 974</u>	<u>53 307 049</u>	<u>60 140 327</u>
31 December 2018 Financial liabilities:					
Trade payables	1 050 634	2 487 653	1 649 196	15 721 881	20 909 364
Borrowings	-	-	-	26 824 931	26 824 931
	<u>1 050 634</u>	<u>2 487 653</u>	<u>1 649 196</u>	<u>42 546 812</u>	<u>47 734 295</u>

5.2 Capital management

The objective in managing capital is to safeguard the company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at the end of the year are as follows:-

Expressed in USD	2019	2018
Total debts	33 440 673	26 824 931
Less cash and cash equivalents	(162 261)	(324 084)
	<u>(33 278 412)</u>	<u>(26 500 847)</u>
Total equity	50 330 044	50 115 804
Gearing ratio	(66%)	(53%)

Expressed in USD	2019	2018
6. Revenue		
Engineering and Construction	19 492 160	49 273 863
Procurement	290 602	17 788
Operation and Maintenance	315 078	251 801
Gas Sales	-	932 422
Total	20 097 840	50 475 874
7. Cost of Projects	11 141 455	39 758 770
8. Operating Expenses		
Audit Fee	16 814	16 765
Director's Fee/Allowance	894 020	1 187 503
Dues and Subscriptions	27 376	19 199
Employer's Pension Contribution	126 480	118 520
Deprecation	197 342	257 359
Amortization	3 065	3 065
Entertainment	14 484	16 042
Fuel (Motor Vehicle)	43 242	44 288
Diesel/Electricity Expenses	94 822	99 411
HSE Related Expenses	78 199	65 660
Insurance Expense	20 230	13 527
Legal and Professional/Consultancy Expense	104 346	154 605
General	20 784	17 863
Medical Expenses	28 781	32 898
Office Expenses	3 843	2 072
Rent Expense	114 353	129 820
Repairs and Maintenance	131 412	194 953
Printing and Stationery	22 314	9 830
Security Expenses	3 182	3 855
Staff Training	24 173	13 341
Staff Welfare	203	1 541
Staff Cost	3 119 020	3 141 168
IT/Software Expenses	18 954	58 154
Impairment	-	86 036
Terminal Benefit	8 421	9 905
Fine and Charges	-	1 284
Total	5 441 672	6 083 126

Expressed in USD	2019	2018
9. Impairment		
Provision for Doubtful Debts	103 493	-
This represents impairment on trade receivables for contract that are past due using IFRS 9 expected credit loss model. The Impairment loss, as analysed below, was recognized in the profit or loss.		
Impairment of trade receivables	76 781	-
Impairment of other receivables	26 712	-
	103 493	-
10. Other Income		
Apartment rental income	61 931	44 373
Profit/(Loss) on Disposal of Fixed Assets	30 670	73 281
Other Income	131	-
	92 732	117 654
11. Net Finance Cost		
Finance Expense	(3 401 317)	(4 536 072)
Finance Income	203 588	257 856
	(3 197 729)	(4 278 216)
12a. Tax Charge		
Company Income Tax	170 889	175 177
Education Tax	32 356	30 706
	203 245	205 883
Deferred Tax	96 110	139 939
	299 355	345 822
12b. Tax Payable		
Income/Education Taxes Payable B/F	213 459	194 582
Provision for the Year	203 245	205 882
Payment	(203 358)	(187 005)
	213 346	213 459
12c. Deferred Tax Asset		
As at 1 January	585 371	727 689
Movement in the year	(96 110)	(142 318)
	489 261	585 371

Expressed in USD	2019	2018
13. Exchange Gain/(Loss) on Foreign Currency	37 353	61 790

14. Property, Plant and Equipment

Expressed in USD	Land and Building	Plant and Operational Equipment	Household and Office Furniture and Fittings	Office Equipment	Motor Vehicles	Total
Cost						
As at 1 January 2019	6 137 785	10 488 109	540 172	478 287	1 436 274	19 080 627
Exchange Difference**	(19 808)	(34 441)	(1 679)	(1 413)	(4 694)	(62 035)
Additions	54 239	69 739	21 206	32 605	41 993	219 782
Disposal	(30 108)	(7 516)	(2 569)	(1 987)	-	(42 180)
As at 31 December 2019	6 142 108	10 515 891	557 130	507 492	1 473 573	19 196 194
Accumulated Depreciation						
As at 1 January 2019	1 377 088	8 812 522	514 075	402 833	1 424 110	12 530 629
Exchange Difference**	(3 943)	(26 639)	(1 653)	(1 218)	(4 527)	(37 980)
Charges	143 440	599 749	8 393	31 874	8 699	792 155
Disposal	(16 533)	(7 516)	(467)	(252)	-	(24 768)
As at 31 December 2019	1 500 052	9 378 116	520 348	433 237	1 428 282	13 260 035
Net Book Value						
As at 31 December 2019	4 642 056	1 137 775	36 782	74 255	45 291	5 936 159
As at 31 December 2018	4 760 697	1 675 587	26 097	75 454	12 164	6 549 998

**The exchange difference above is as a result of exchange rate difference as at 31 December 2018 and 1 January 2019 as required by IAS 16, which has been accounted for in the other comprehensive income (OCI).

14a. Assets pledged as security

No asset of the company was pledged as security for borrowings

14b. Impairment of Property, Plant and Equipment

There are no indicators of impairment at the end of the reporting period.

The directors are of the opinion that allowance for impairment is not required.

No impairment is recognized during the period.

Expressed in USD	2019	2018
15. Intangible Asset		
Cost		
As at 1 January	99 414	96 331
Exchange Difference**	(12 079)	-
Additions during the year	163	3 083
Disposal	-	-
As at 31 December	87 498	99 414
Amortisation		
As at 1 January	90 170	87 105
Exchange Difference**	(12 049)	-
Charges for the year	3 065	3 065
Disposal/Write-off	-	-
As at 31 December	81 186	90 170
Net Book Value	6 311	9 244

**The exchange difference above is as a result of exchange rate difference as at 31 December 2018 and 1 January 2019 as required by IAS 16, which has been accounted for in the other comprehensive income (OCI).

16. Bank Retentions

Current Assets	8 771 775	9 975 484
Non-current Assets	3 827 458	3 827 458
	12 599 233	13 802 941

17. Goodwil

	39 022 785	39 022 785
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18a. Inventories

Materials and Spares	595 062	547 815
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18b. Deferred Costs

Contract work in progress	25 944 108	1 788 098
	25 944 108	1 788 098

Contract work -in- progress represents the deferred costs balances for various costs incurred on the contract milestone that had not been completed and billed to client as at year end.

Inventories have not been pledged as security for liabilities.

Expressed in USD	2019	2018
19. Trade and Other Receivables		
Trade Receivables	11 141 163	25 278 905
Impairment (19.1)	(101 255)	-
Net Receivables	11 039 908	25 278 905
Other Receivables	74 791	80 889
Staff Debtors	54 190	39 941
Cash Advance Debtors	26 023	46 183
Withholding Tax	20 782 408	19 419 895
Related Party Receivable	612 431	603 663
	32 589 752	45 469 476

Trade receivables are non- interest bearing and are generally on term of 30 to 90 days and above.

19.1 Movement in trade receivables

The analysis of the impairment is:

As at 1 January	-	-
Transition adjustment as at 1 January	24 474	-
Additional impairment in the year	76 781	-
As at 31 December	101 255	-

Expressed in USD	2019	Restated
20. Sundry Debtor and Prepayments		
Prepai Expense - Rent	46 513	57 117
Prepayment - Insurance	392	82
Prepayment - Others	39 075	45 974
Prepayment to Vendors**	1 621 281	1 634 023
	1 707 261	1 737 196

**This represent advances made to service providers/vendors. The transactions which gave rise to these balances were yet to be completed as at the year end.

21. Contract Assets

955 255	1 275 509
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This balance represent retention fee held by NNPC to be paid upon completion of certain projects. Our post year end review indicates that these projects are yet to be completed.

22. Cash and Cash Equivalent

Cash	1 984	6 846
Bank	160 277	317 238
	162 261	324 084

Expressed in USD	2019	Restated 2018
23. Trade and Other Payables		
Trade Payable	20 217 624	16 788 586
Deferred Revenue	11 438	17 199
Accruals	1 606 828	1 537 804
Other Creditors	655 415	778 269
Directors Current Account	1 860 239	1 361 114
Salaries Payable	708 751	60 072
Interest on Bank Facility	1 364 507	91 474
Mobilisation Account	274 846	274 846
	26 699 648	20 909 364

Trade payables are non-interest bearing and are normally settled within 90 days or more.

24. Contract Liabilities

As at 1 January	8 930 660	4 163 539
Movement in the year	(2 799 843)	4 767 121
	6 130 817	8 930 660

The balance represents advance payment made by Shell Petroleum Development Company (SPDC) arising from the tripartite agreement between SPDC, the company and its vendors. SPDC settles vendors subcontracted by Makon Engineering and Technical Services in order to expedite the ongoing projects on

Expressed in USD	2019	2018
25. Term Loan and Other		
First Bank Facilities (a)	21 612 670	22 579 820
Loans (b)	11 828 003	4 245 111
	33 440 673	26 824 931

25a. First Bank Facility

The company obtained two facilities of \$4,899,397.84 and \$16,678,015.66 from First Bank Nigeria Limited. The facilities are on similar terms and condition. The interest rate is at 10% floating rate per annum, bullet repayment of principal and interest upon receipt of the contract proceed. These facilities are for execution of contract and it expires May 2020. In the year under review, due to the unprecedented Covid -19 pandemic a tenor extension of 12 months from expiry date of the offer letter dated 25th June, 2019 was granted on both loans to enable ease of repayment.

The term loan is secured as follows:

- Domiciliation of contract proceeds from SPDC and NPDC.
- Legal mortgage on the office space of located at No. 8 Rasheed Alaba Williams, Plot 8 Block 54, Lekki Phase 1, Lagos with an open market value of N = 247 million valued by Tunji Bamigbade & Co.
- Personal Guarantee of the Prime Mover of the company.

Expressed in USD

2019

2018

25b. Loans

This contains loans from Stanbic IBTC finance facility, Makon Inc, Oilpro Oil & Gas, Texas Global System, Energy Traders, Equestrian Investment.

26. Share Capital**Authorised**

50 000 000 shares of \$.001 par value Class A Voting shares
(Company: 50 000 000 ordinary shares of \$0.00328 each)

50 000

50 000

49 999 000 shares of \$.001 par value Class B Non-voting shares

49 999

49 999

Issued

50 000 000 shares of \$.001 par value Class

50 000

50 000

27. Deposit for shares

50 000 000

50 000 000

28. General Reserve

Opening Balance

127 594

-

Prior Year Adjustment

-

-

Profit for the period

6 868

127 594

Closing Balance

134 462**127 594****29. Non-Distributive Reserve**

Opening Balance

(61 790)

-

Prior Year Adjustment

-

-

Total Comprehensive Income

207 372

(61 790)

Closing Balance

145 582**(61 790)****30. Non-Curent Liabilities**

Terminal Benefit

1 475 895

2 376 973

Deferred Tax Liability

1 618 984

1 640 289

3 094 879**4 017 262**



IBIM

**AFRICA HOLDINGS
(IAH) LIMITED**

BELVEDERE BUILDING
69 PITTS BAY ROAD
PEMBROKE HM 08
BERMUDA