MRS OIL NIGERIA PLC

2016

ANNUAL REPORT & ACCOUNTS

MRS

Our current range of products

COMPANY PROFILE

MRS Oil Nigeria Plc (formerly known as Texaco Nigeria Limited) was incorporated as a privately and wholly-owned subsidiary of Texaco Africa limited, on the 12th of August 1969, thereby inheriting the business formerly carried out in Nigeria by Texaco Africa Limited. MRS was converted to a Public Limited Liability Company, quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enteiprises Promotions Decree.

Currently, MRS Oil Nigeria PLC (MRS) has a lube blending plant that is ISO 9001 :2008 certified with a 23.9 million litres annual capacity, 1.3 million kilograms annual capacities grease plant, 7.3 million litres annual capacities tank farm storage and Finished-Goods warehouses located in various parts of Nigeria MRS has modern Jet A-1 facilities in Lagos, Kano and Abuja international airports with over 5 million litres cumulative storage capacity/tank share. The aviation depots which serve the domestic airports in Lagos, Abuja and Kano are 100% operated by MRS. Being one of the largest downstream operators, 'MRS Oil Nigeria Pie has a 2 million rrtres/day iuel terminal In Apapa and over 361 retail stations all over Nigeria which carries a wide range of petroleum products including the new eco-friendly composite cylinders.

MRS is an affiliate member of MRS Holdings Limited Group, a Pan-African conglomerate of companies diversified in activities, but focussed on capturing the entire value chain in oil trading, shipping, storage, distribution and retailing of petroleum products.

MRS Holdings limited was founded in 1995 and commenced operations with MRS Transport Co. Ltd. to bridge the gap in the haulage of petroleum products to endusers. Following the expansion of the haulage business, MRS Oil and Gas Co. Ltd, was incorporated to purchase and distribute refined products from its storage facility in Tincan.

MRS Holdings Limited, through Its other subsidiaries engages in Marine services, Logistics, Civil Construction, Pipeline Construction and Management and Power Plant Rehabilitation. The Group is one of the largest and most efficient downstream players in West and Central Africa with interests and operations in Nigeria, Cameroon, Togo, Benin, Cote D'Ivoire, Guinea, Senegal and Ghana. From Geneva, Switzerland our Trading activities provide quality products to Governments and Petroleum Marketing companies across Africa.

As a growing company, MRS Oil Nigeria Plc has great passion and commitment to Africa and its people. We are an African company with an eye to put Africa on the global listing oil world class companies. Our trade mark is 'excellence through partnership'.

OUR VISION

To be the leading integrated African Energy Company recognized for its People, Excellence and Values.

OUR MISSION

To be the preferred fuel marketer in the hearts and minds of the customers, mostly recognized because of the reliability, the quality, the cleanliness and the safety of the product and services offered.

OUR VALUES

1. Performing our job with the highest integrity and ethics.
2. Respecting the laws of the countries we operate in.
3. Training our people to become the best professionals.
4. Being fair and honest towards the stakeholders we deal with.
5. Applying our standards and procedures consistently across the corporation.
6. Creating an attractive and competitive total shareholders' return for our stakeholders.

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Notice is hereby given that the Forty-Eight Annual General Meeting of MRS Oil Nigeria Plc. will be held at the Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos, Nigeria, on Monday, August 7, 2017 at 11:00 a.m. to transact the following businesses:-

1. Ordinary Business:

i. To lay the Audited Financial Statements for the year ended 31 December 2016 and the Report of the Directors, Audit Committee and Auditors Report thereon.

ii. To declare a Dividend.

iii. To re-elect Directors under Articles 90/91 and 95 of the Company's Articles of Association.

iv. To authorize the Directors to fix the remuneration of the Auditors.

v. To elect the members of the Audit Committee.

2. Special Business:

i. To fix the remuneration of the Directors.

ii. To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

"Subject to the Nigerian Stock Exchange post listing rules, (The Rules Governing Transactions with Related Parties or Interested Persons), a General Mandate be and is hereby given to enable the Company enter into recurrent interested or related party transactions, provided that such transactions are of earnings, or a trading nature and are necessary for, or incidental to the Company's business operations."

iii. And that pursuant to the General Mandate:

The Directors be and are hereby authorized by this Ordinary Resolution, to complete and do all such acts and things (including the execution of all such documents as may be required) to give effect to the Company's transactions.

NOTES: -

1. Proxy:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. All instruments of proxy should be duly stamped by the Commissioner of Stamp Duties and deposited at the Registrar's Office, CardinalStone (Registrars) Limited, 358, Herbert Macaulay Street, Lagos, not later than 48 hours before the time for holding the Meeting. A corporate body being a member of the Company is required to execute a proxy under seal.

2. Dividend Payment:

If the dividend recommended is approved and declared by the members at the Annual General Meeting, the dividend warrants will be posted or shareholders accounts credited directly on August 8, 2017 to those shareholders, whose names appear in the Company's Register of Members at the close of business on June 30, 2017.

3. Shareholders Right to Ask Questions:

Prior to the Meeting, members have a right to ask questions regarding concerns or observations that may arise from the 2016, Annual Reports and Accounts, in writing and during the Annual Meeting. Provided, that the questions in writing shall be submitted to the Company, not later than July 27, 2017. The 2016 Annual Report and Accounts of the Company is available on the Company's website at www.mrsoilnigplc.net

4. Register of Members and Transfer Books:

The Register of Members and Transfer Books of the Company will be closed from June 26, 2017 through June 30, 2017 (both dates inclusive) to enable the presentation of an up to date Register and dividend payment.

5. Nomination for the Audit Committee:

In accordance with section 359(5) of the Companies and Allied Matters Act, any member may nominate a Shareholder as a member of the Audit Committee, by notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

6. Unclaimed Dividend Warrants and Share Certificates:

Several dividend warrants and share certificates which remain unclaimed are yet to be presented for payment or returned to the Company for revalidation. A list of members in the unclaimed dividend booklet and the Annual Reports for the year ended 31 December, 2016 will be circulated to all shareholders. We therefore urge all shareholders who are yet to update their contact details to kindly contact the Company's Registrar or the Company Secretary.

By the Order of the Board

O.M. Jafojo (Mrs.)
Company Secretary
FRC NO: 2013/NBA/00000002311

Registered Office
8, Macarthy Street,
Onikan,
Lagos,
Nigeria.

RESULTS AT A GLANCE

YEAR ENDED 31 DECEMBER, 2016

	2016 N'000	2015 N'000
Turnover	109,635,054	87,099,216
Profit Before Income Tax	2,287,347	1,460,843
Income Tax Expense	(821,442)	(525,218)
Profit for the Year	1,465,905	935,625
Proposed Dividend for the Year	439,772	279,388
Earnings Per 50k Share (Naira)	5.77	3.68
Declared Dividend per 50k Share (Kobo)	110	88
Net Assets per 50k Share	8,726	8,258

CORPORATE INFORMATION

BOARD OF DIRECTORS

Alhaji Sayyu I. Dantata	Chairman
Mr. Andrew O. Gbodume	Managing Director (Ag.)
Mr. Patrice Alberti	Non Executive Director
Dr. Paul Bissohong	Non Executive Director
Dr. Samaila M. Kewa	Non Executive Director
Alhaji Dahiru Barau Mangal	Non Executive Director
Mr. Lawal Mangal	Alternate Director
Ms. Amina Maina	Non Executive Director

REGISTERED OFFICE
8, Macarthy Street
Onikan, Lagos

COMPANY SECRETARY
Mrs. O.M. Jafojo
8, Macarthy Street
Onikan, Lagos

REGISTRAR
Cardinal Stone Securities (Registrars) Limited
(formerly City Securities (Registrars) Limited)
358, Herbert Macaulay Street
Yaba, Lagos

AUDITOR
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

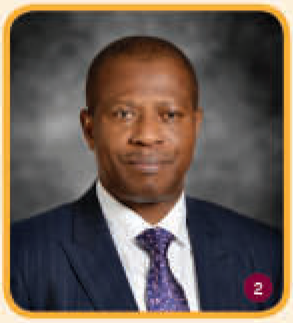
PRINCIPAL BANKERS
Access Bank Plc
Citibank Nigeria Limited
First Bank of Nigeria Limited
First City Monument Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Skye Bank Plc
Zenith Bank Plc

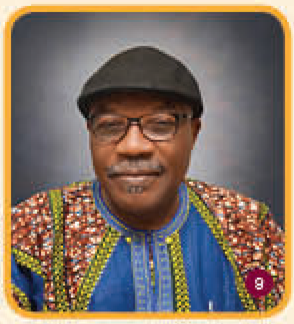
LEADERSHIP TEAM

Andrew O. Gbodume Managing Director (Ag.)	**Oghenekaro Ologe** Information Technology Manager
Oluwakemi M. Jafojo Company Secretary	**Timipiri Odu** Human Resources Manager
Martin Orogun Chief Financial Officer	**Andrew Onum** Chief Legal Counsel
Peter Z. Dia Aviation Manager	**Abdullahi Masanawa** Operations Manager
Tara Ajibulu Sales & Marketing Manager	**Moruf Sobowale** Commercial & Industrial Manager
***Roseline Igbokwe** Sales & Marketing Manager	**Kola Akinyemi** Engineering/Marketing Support Manager
Michael Ayewa Health, Safety and Enviroment Manager	****Omoloja Oladipo** Fuel Terminal Manager
****Lawrence Molokwu** Health, Safety and Environment Manager	**Gloria Atong** Procurement Manager
Jubril Hassan Treasury Manager	**Charles Onum** Lubes Operation Manager
Daniel Chukwuazawom Chief Internal Auditor	

*Resigned on 12 August 2016
**Resigned on 8 March 2016
***Proceeded on early retirement on 6 June 2016

BOARD OF DIRECTORS





1. **ALHAJI SAYYU IDRIS DANTATA** - Chairman
2. **MR. ANDREW OGHENEVO GBODUME** - Managing Director (Ag.)
3. **MR. PATRICE ALBERTI** - Director
4. **DR. PAUL BISSOHONG** - Director
5. **DR. SAMAILA MUSA KEWA, Ph. D** - Director
6. **MS. AMINA MAINA** - Director
7. **ALHAJI DAHIRU M. BARAU** - Director
8. ***MR. MATHEW AKINLADE** - Director
9. ***SIR SUNDAY NNAMDI NWOSU**- Director
10. ***MR. AMOBI DANIEL NWOKAFOR**- Director

*Appointment effective 27 April, 2017


The
Power
That Drives
Your Engine
MRS
GEAR OIL
ULTRA
PERFORMANCE
DIESEL

CHAIRMAN'S STATEMENT

INTRODUCTION

As the Chairman of the Board, I am pleased to welcome fellow Board Members, distinguished shareholders, gentlemen of the press, ladies and gentlemen, to this 48th Annual General Meeting (AGM) of our Company, MRS Oil Nigeria Plc. During the course of this very important meeting, I shall present to you the financial statements and reports for the year ended 31 December, 2016 and also share with you, the highlights of the performance as well as other achievements of your great Company in the financial year.

I would start this address with a brief review of the socio-political environment, which had a bearing on the performance of your Company during the year under review.

THE OPERATING ENVIRONMENT IN 2016

2016 would remain in the annals of this Nation as the most challenging and turbulent year economically. The economy entered a recession, hitherto witnessed 29 years ago. While the Gross Domestic Product (GDP) entered the negative territory in the first quarter of the year, as the economy contracted by 0.36 per cent; it maintained the downward streak in the second quarter and the economy officially entered recession, having recorded a negative growth of 2.06 per cent. The GDP data, released by the National Bureau of Statistics, lent credence to the reality that the economy, which recorded a negative growth of 2.26 per cent had sank deeper into the economic swamp.

The Government attributed the recession to the decline in crude oil revenue, occasioned mainly by the continuous attacks on oil facilities in the Niger Delta. The activities of the militants in the Niger Delta, dealt a debilitating blow on the revenue accruing therefrom, coupled with the impact of the crisis at the global oil market. According to the National Bureau of Statistics, oil production which had been benchmarked at 2.2 million barrels per day in the 2016 budget, averaged at 1.63mbpd, lower than production in the second quarter of 2016. At various points during the year, oil production fell to abysmally low levels, for instance sometime in May, crude production plummeted to about 1.4 mbpd having lost about 750,000bpd, at a time a barrel sold for about $47, with a budget benchmark of $38 per barrel.

In the downstream oil and gas sector, petrol supplies remained stable through the price modulation exercise, which is expected to lead to full deregulation of the downstream petroleum sector. This has kept the fuel queues in check, but the resultant effect has been the pump price increase from N86.50 to N145 per litre. Implicit in the new retail pump price, according to the Minister of Petroleum Resources, is a 43% increase in the exchange rate to N285/$.

THE ECONOMIC ENVIRONMENT

2016 was one of the toughest years since the great recession, about 7 years ago. The IMF and the World Bank have revised their projections of global growth for 2016 and 2017 downwards. Consequently, earnings for many African countries have been significantly affected by the fall in commodity prices and many of these countries are, as a result, experiencing a recession for the first time in a long time – Nigeria not being an exception.

The Nigerian economy continues to be dominated by a range of structural problems, specifically volatile oil production, lack of optimal FX liquidity, weak fiscal policy and governance issues. According to the National Bureau Statistics (NBS), Nigeria experienced a full year recession in 2016, with the economy contracting by 1.51%. In the fourth quarter of 2016, GDP came in negative at -1.3%, after consistent negative growth of -0.36%, -2.06% and -2.24% were recorded respectively, in the three prior quarters. The oil sector contracted by 13.65%, while non-oil activities shrunk by 0.22%, in the year under review.

At the end of 2016, the Oil and Gas sector represented only 8.42% of Nigeria's GDP once again, reminding the Country of the urgent need to diversify the economy. I therefore call on Government to aggressively provide incentives and support to non-oil exporters so that a sector that represents less than 9% of economic output, will no longer provide virtually all our foreign exchange income, thus leading to the kind of FX constraints that the Nation experienced in 2016, to date.

Gentlemen, it is important to note that the manufacturing sector with a 9.27% GDP, in fact contributed more to GDP in 2016 than the oil sector (8.42%); and if the manufacturing sector as well as the non-oil economy, receive appropriate support to make it more globally competitive, it would contribute more to our exports and foreign currency revenue than it currently does. I therefore urge the policy makers to focus on reversing the anomaly which currently exists, whereby oil which is 8.42% of GDP provides 95% of export revenue and the entire non-oil economy (including manufacturing, agriculture, trade, telecommunications, real estate, finance and insurance etc.) which collectively represents 91.58% of GDP, provide about 5% of exports' revenue.

In terms of sectoral performance, most domestic economic sectors similarly performed poorly in terms of growth in 2016 – manufacturing (-4.32%), construction (-5.95%), Trade (-0.24%), transport (0.39%), information and communication, including telecommunications (1.95%), hotels and restaurants (-5.32%), professional, scientific and technical services (0.80%), finance and insurance (-4.54%), real estate (-6.86%), education (1.35%), health (-1.79%) government (-4.58%) and arts, entertainment and recreation (3.72%).

Other macroeconomic indices which remained problematic are inflation, which reached 18.7% as at January 2017, while the capital market performance was and still remains dismal, by all parameters.

However, there has been some recent positives, oil prices have risen to an average of $55 per barrel, post the OPEC oil production cut-backs, allowing the Central Bank of Nigeria to accumulate increased foreign reserves. We have also had a successful $1Billion Eurobond offer which may signpost modest improvement in foreign investor confidence in the Nigerian economy. We however have concerns about the relatively high cost of the Eurobond offer and the rising debt service obligations of the Country, compared to our revenue profile.

THE POLITICAL ENVIRONMENT

Gentlemen and ladies, going by the trend of events year on year, it was a mixture of the good, the bad and the ugly. Each year with its defining moments and events, that make it memorable. Year 2016 was no exception, in Nigeria. As some pundits put it, "2016 will be remembered as a year that did what it pleased."

Controversy trailed the 2016 National budget presented by President Muhammadu Buhari on December 22, 2015, to a joint session of the National Assembly when on resumption from a three-week break in January 2016, the Senate declared the document missing. This development, which has not only embarrassed the Presidency but the Nation, saw the emergence of two (2) different versions of the 2016 Budget proposal in circulation. However that was just the beginning of the controversy, as Government officials from Ministries, Departments and Agencies disowned the budgetary allocations to them on the grounds that it was padded. In all, it took almost five (5) months before the President could sign the record-breaking document. This delay adversely affected business activities.

The release of twenty one (21) Chibok girls abducted by the jihadist group, Boko Haram in 2014 and the capture of Sambisa Forest, were no doubt the biggest news in 2016. Just as it seemed like all hope was lost, twenty one (21) girls were released by the sect. These occurrences rekindled the confidence of Nigerians and various International groups, in the Government of President Muhammadu Buhari, in the area of security.

THE INDUSTRY

At the global scene, 2016 tested the resolve and resilience of the oil producing Countries, especially OPEC members. Between 2015 and 2016, there was approximately a 25% drop in global spending on exploration and production, running into hundreds of billions of dollars and directly attributable to the low oil prices. Unlike in 2008 where the oil price decline was driven by demand deterioration, the decline in the oil price from 2014 to 2016 was due to excess supply. More than ever, the need for closer collaboration became necessary within OPEC members and externally with non-OPEC members. This strong collaboration yielded the production adjustment of 1.8 mb/d by OPEC and a number of Non-OPEC countries; this great achievement for the first time is expected to balance the market by the third quarter of 2017.

At the local front, Nigeria's Oil and Gas industry, witnessed both progress and challenges. First, let me elucidate the major highlights in the upstream sector. The upstream sector was challenged by the menace of upstream assets vandalism. Our crude oil export pipeline system namely, Trans-Forcados to the West, the Obangbiri – TemiDaba – Brass in Central Niger Delta, the Nembe Creek trunk line and the Trans-Niger pipeline, which evacuates crude produced onshore to export terminals, were subject to severe vandalism. Similarly, the Bonny – Port Harcourt crude oil pipeline and the Escravos – Warri – Kaduna crude oil supply pipelines were not spared. In spite of this, the Country witnessed a peak production of 2.35 million barrels per day recorded at the beginning of 2016, which declined to an almost all-time-low of 1.3 million barrels per day due to incessant vandalism. Our 2016 Crude oil production averaged 1.85 million barrels of oil per day.

Despite these, Nigeria still remains a leading producer in Africa with potential to boost production to the neighborhood of 3 million barrels of oil per day by 2020. Once the required investments flow in and the planned deep-water projects are fully realized, an incremental reserve of at least 1 billion barrels and half a million barrels in incremental production capacity per day would be achieved. For example, the opening up of Dahomey Basin with the coming on-stream of the Aje field, are certainly major milestones for

the industry.
In the downstream sector, petroleum products supply and distribution to the Nation stabilized since the giant leap of May 2016 market liberalization. However, with the prevailing change in the macroeconomic conditions, this will be achieved at higher cost, to the Marketers.

The industry was faced with the challenges of security and environment, institutional capacity, funding of investments, high industry technical costs, obsolete legislation and fiscal regimes and infrastructure constraints. These challenges informed the development of strategies which underpin the roadmap for the reforming and positioning of the Oil and Gas industry.

A practical and well-reasoned Petroleum Industry Roadmap tagged, the 7 Big Wins for the new Nigerian Petroleum Industry was developed and launched in 2016. You will all agree with me that, Nigeria has never been in short-supply of roadmaps. I have carefully reviewed and I could reasonably conclude that the '7 Big Wins' is not like any other roadmap because, it is different and has specific time-focused targets. By this roadmap, Government is focused and committed to take unprecedented steps and making dramatic policy shifts in this sector to grow, deepen and open up the business and opportunities in Nigeria's Oil and Gas Sector. Time will not permit me to illuminate on all the major highlights of this roadmap, but I will dwell on the key points directly impacting the activities of the downstream sector of the industry.
Hitherto, the Nigerian downstream infrastructure has been solely financed by Government because of the social and economic impact, high investment requirements and long gestation period. Over 5000km of petroleum product and gas pipelines, storage depots, refinery, power generation, transmissions and distribution infrastructures were all built through direct Government funding. It is proper for most of the Oil and Gas infrastructure development projects, to be financed and managed through private sector participation. In the light of this, the roadmap has provided for the fast tracking of the development of the private-sector led downstream infrastructure and full deregulation of the market, for effective competition and efficient service delivery.

THE COMPANY

In the Company's effort to develop its business with a positive relationship to the society in which it operates, MRS Oil Nigeria Plc remained focused on its Corporate Social responsibility initiatives. In 2016, the Company made some charitable donations and contributions such as sponsoring the secondary education of a child from the Ovie Brume Foundation, donating to the Society for Orphans and Homes for the Blind etc. Notably, the Company supported the Red Ribbon Anti Stigma and Anti-Discrimination Campaign to unite in the fight against the deadly HIV Virus across 11 States, namely: Lagos, Edo, Oyo, Anambra, Abuja, Gombe, Kano, Cross-River, Akwa-Ibom and Nasarawa States.

I have always been impressed by the level of commitment of the Board and the Senior Management Staff to the health, safety and wellbeing of our people. In order to maintain a high level of safety and seamless operations within and outside the working environment, our Company focused on the following key projects:

- Trainings: Trainings were organized to improve the performance of the Company's operation on Basic Fire Prevention and Fighting Skills in all of the Company's locations, Safe Loading and Unloading Procedures as well as Incident Prevention Practical Trainings for retail outlet representatives and dealers. There were also trainings on General Fire Safety and Safe Handling of Chemicals, Quarterly Road Transportation Safety Program (RTS) for haulers across the country, Annual Safe Works Practice (SWP) for contractors and employees, Truck Inspection and Ullaging Techniques and Quarterly Service Stations Safety Programs for Station Managers and Customer Service Attendants.

The Company has continued to invest in trainings and development programs to enhance both management and employees' competence and performance. These trainings were carried out in key functional areas of Finance, Aviation, Operations and Sales & Marketing such as the Foreign Trainings/ International Conference, the ATA Fuel Forum, Management Development Program (MDP), Executive Business Communication Program, Soft Skills training and Technical Skills & Conferences.

- International Standard Organization ISO: 9001 2008: In 2016, the International Standards Organization conducted its Annual Audit and commended the Company on the high level of compliance. The Company remains fully committed to international best practices in its operations.

- The Company as in previous years, organized the Fifth Edition of the Under-12 Kids Soccer Competition in Nigeria. The Company's commitment in sponsoring these tournaments has contributed to the development of football and other sports in Nigeria. MRS Oil Nigeria Plc's involvement through investment in grass root football development, will promote the discovery and identification of raw talents and some have been nurtured to stardom.

- As part of our effort to remain committed to a regular information technology infrastructure upgrade in all field locations and guarantee future growth, various upgrades were carried out.

FINANCIAL RESULTS

Our Company, despite the higher cost of procuring and distributing petroleum products occasioned by the macro-economic conditions of falling oil prices, devaluation of the Naira and a slowdown in GDP growth, was able to deliver an operating margin of 3% and achieve good strategic progress. I would like to thank the entire workforce and management team of MRS for contributing to this robust performance in 2016.

Year on year performance comparison shows that the overall sales for the twelve (12) months was up by 26% from 87.1 billion in 2015 to 109.6 billion in 2016 with Dual Purpose Kerosene (DPK) achieving a 360% increase, from 1.9 billion in 2015 to 8.6 billion in 2016 %. There is a positive variance of 57% in Profits Before Tax (from 1.5 billion to 2.3 billion) which still maintains the same rate on an after tax basis (from 935.6 million to 1.5 billion) when the substantial tax bite of 821.4 million (an increase of 56% compared to 2015) is taken into account. Earnings per share increased from 3.68 to 5.77 or by 57%.

CAPITAL EXPENDITURE

Capital investment was N973.4 million in 2016, compared with N397.2 million in 2015. The additions in 2016 cut across land and building, plant and machinery, computer and office equipment, furniture and fittings and automotive equipment.

DIVIDEND DECLARATION

The Board is pleased to recommend for your approval, a total dividend payment of 439.77 million, which represents 173kobo per share, subject to appropriate withholding tax deductions. This recommendation reflects the resilience of the results and in keeping with our commitment to deliver reasonable returns to shareholders' investment.

2017 OUTLOOK

The global economy in 2017 starts with improved manufacturing conditions, cost pressures and tighter credit conditions in the US, UK and China, which have impacted corporate profit growth. Europe's economy has gained momentum, although the pick-up in household consumption remains quite weak and vulnerable to inflation.

The outlook for equity markets across the globe in 2017, is expected to be largely driven by the monetary policies of Central Banks in the Arab Emirates, political developments and economic plans of President Donald Trump. It is expected that emerging and frontier markets would experience a rough ride, as their currencies come under pressure as a result of capital outflows. On the other hand, US equities might sustain its 7-year Bull Run, if President Trump delivers on his campaign promise of fiscal expansion and reduced regulation for companies. The downside risks to these forecasts include heightened geopolitical tensions, possibility of trade wars and lesser-than-expected fiscal stimulus in the US.

Business outlook in Nigeria will still remain tense in 2017 due to the exchange rate crisis which has lingered for more than 24 months and is expected to persist in 2017 given a benign outlook, on proceeds from oil as well as poor policy responses. Despite a last minute agreement by OPEC and some non OPEC members to cut output, short to medium term outlook suggests oil prices are likely to stay at US$60.00 per barrel, while militancy in the Niger Delta region will likely keep domestic production depressed. These prevailing issues, with the absence of a clear cut economic road map by the Federal Government to recalibrate the economy away from recession, implies a blurry outlook for equities.

Nigeria's Oil and Gas sector experienced challenges across the value chain in 2016. Exploration activities in the upstream sector was impacted by low oil prices vis-à-vis high cost of production, as well as subsisting regulatory uncertainties especially as regards the stalemated passage of the Petroleum Industry Bill (PIB) which has continued to stall new investments in the sector. The downstream sector faced more challenges and arguably received more regulatory interest in 2016. Protracted scarcity of petroleum products (particularly petrol) and increased subsidy burden, forced the NNPC to abandon OPAs (Offshore Processing Arrangement) in March for Direct-Sale–Direct-Purchase (DSDP) arrangement and also embark on revamping petroleum depots and refineries. A "price modulation" was belatedly introduced in pricing of petrol in June which resulted in a temporary removal of subsidies and reduced artificially high domestic consumption of Petrol (with daily truck loadout halving to an average of 546 trucks).

Despite the challenges faced by the Nigerian economy in the last 24 months, one thing is clear, the fundamentals of the economy which includes: the market size, population, enterprise competency of Nigerians, demography, natural resources etc., are still very strong. In my opinion, what is needed are the right policies to stimulate these fundamentals, into economic activities. I therefore suggest some issues that the Government must address to return the Country on the path of economic recovery and prosperity this year:

- Genuine liberalization of the foreign exchange market with the intention of achieving a single exchange rate.
- The foreign exchange policy must be transparent, unambiguous and fully implemented.
- The Federal Government must put its best foot forward in finding a lasting solution to the militancy concerns in the Niger Delta.
- The Petroleum Industry Governance Bill (PIGB), a part of the Petroleum Industry Bill (PIB) which has been passed by the Upper House, needs to be given accelerated hearing by the Lower House, to ensure that it is completely passed into law before the end of the year. The signing

of the Bill into Law, will among other major benefits, usher in true deregulation of the downstream Oil and Gas sector and attract significant investment in local refining.

- Preparation of an economic blueprint, detailing milestones and roadmaps with unambiguous key performance indicators (KPI) regarding the attainment of economic prosperity.

Below are some of the major economic factors that are expected to shape economic environment of 2017:

- Nigeria's GDP growth to recover 0.82% - It is envisaged that the economy will recover from recession, to grow at 0.82% in 2017. Continued steady performance in Agriculture and partial recovery in the oil sector informs the outlook on growth. This is however dependent on the Federal Government reaching an agreement with militants in the Niger Delta. An increase in oil production, over the 1.6mbpd average in 2016, is an added bonus to growth (which is coming at a low base); moreso, oil price is likely to average at $45-$50/bbl.
- The Exchange Rate Dilemma - The Country's exchange rate market witnessed major policy tweaks in 2016, majority of which were not followed through, thus leaving the FX market with more confusion than clarity. I opine that the movement of the Naira in 2017, is largely on the Central Bank of Nigeria's (CBN) policy direction, movement in the price of oil as well as the security situation in the Niger Delta. Thus, if the status quo is maintained by the CBN, we can project two (2) scenarios: the Naira will continue to weaken, both at the official and the parallel markets. However, high oil export earnings, enabled by rising oil production and prices – which both hang on a delicate balance – will provide sufficient buffer for the Naira if favourable conditions persist.
- An Operating Margin of 8% / Monetary Policy to ease - CBN maintained a hawkish policy stance, partly due to rising inflation, in spite of an economic recession in the past year. We believe easing inflation rates, largely due to base effect, should enable the Monetary Policy Committee of the CBN, to create an accommodative environment for growth in 2017. The current restrictive monetary environment, wherein interest rates are at 14% is not well received by the Government, which intends to plug a N2.36trn deficit partly in the domestic debt market and for businesses with battle rising finance costs.
- Inflation – Inflation rose consistently through 2016 closing at 17.24%; inflation rate is expected to moderate somewhat during 2017 at 15.7%. The present inflationary pressure is not entirely a monetary phenomenon and the use of monetary policy tools alone might be ineffective. Consequently, Government is expected to commence the implementation of fiscal policies that will not only augment the monetary policies in place, but also spur productivity and encourage local production.

Gentlemen, there are significant challenges ahead and I personally believe that inherent in these challenges lie great business opportunities that must be strategically explored and harnessed, in order for 'MRS' to remain in the minds of our customers and deliver great rewards to our stakeholders. In 2017, we have resolved to do all we can to improve safety, our cash performance, drive the agenda for operational efficiency and again, deliver strong returns to MRS' shareholders.

CONCLUSION

In conclusion, 2016 was a challenging year no doubt, largely because of macroeconomic factors that were not within our control. However, the Company has achieved many milestones in all its business areas. On this note, I would like to thank all employees for their energy and commitment, our customers for their loyalty and our shareholders for their unfailing support and confidence in this great Company. Once more, thank you all and I look forward to fruitful deliberations in the course of this meeting.

ALHAJI SAYYU I. DANTATA
Chairman

BOARD OF DIRECTORS

The profile of all the Directors appear under this section for your information.

ALHAJI SAYYU IDRIS DANTATA
Chairman

Alhaji Sayyu Idris Dantata is a Mechanical Engineer. He started his career as the Transport Director with the Dangote Group, one of Nigeria's leading conglomerates and rose through the organization.

Thereafter, he started his own business and currently sits as the Chief Executive Officer of MRS Group. The MRS Group of Companies has interests in Oil & Gas, Shipping, Construction and Property Development amongst other Investments.

With an exceptional vision and world class business skill, Alhaji Dantata has led the Group to remarkable and unprecedented success in the history of Nigeria's independent petroleum marketing. This has made MRS the leading supplier of petroleum products in Nigeria and the West African Sub-Region.

MR. ANDREW OGHENEVO GBODUME
Managing Director (Ag.)

Mr. Gbodume holds a Masters Degree from the Ahmadu Bello University, Zaria. He is a fellow of the Institute of Chartered Accountants of Nigeria and an Associate member of the Nigerian Institute of Management as well as the Nigeria Institute of Taxation. He is a financial and economic consultant with many years of experience which cut across finance, audit, insurance and banking industry. He is also a member of the Institute of Directors. He has attended several courses locally and Internationally including courses at the Havard Business School, Boston.

Prior to joining MRS Oil Nigeria Plc, he had a stint with African International Bank (AIB) where he rose to the position of an Assistant General Manager of the Financial Control and Management Department; a position he held for over 5 years. He joined MRS Oil and Gas Co. Ltd as an Assistant General Manager, Finance and Corporate Planning in 2007. A year after, the position was re-designated as Deputy General Manager. In 2008, he was appointed as the Director, Special Duties, as a result of his excellent performance in the Company, He was appointed Ag. Managing Director MRS Investment Co. Ltd in July 2010, before his secondment to MRS Oil Nigeria Plc. He was appointed as Executive Director; Finance and Administration in May 12, 2011.

On the 1st of January, 2016 , Mr. Gbodume was appointed as the Acting Managing Director of MRS Oil Nigeria Plc.

MR. PATRICE ALBERTI
Director

Mr. Alberti holds a Bachelor's Degree in Economics from the Paris Academy and has been with the MRS Group since 2004. He is currently the Vice Chairman of MRS Group of Companies and a Director on the Board of Corlay Global S.A.

Prior to joining MRS Group, he held a number of positions over a period of 20 years in various banks in Europe namely: BNP Paribas, Paribas, Banque Arabe Internationale D'Investitssment, Banco Central SA, to mention a few.

DR. PAUL BISSOHONG
Director

Dr. Bissohong holds a degree in Electro – Mechanics from the University of Yaounde – Ecole Nationale Superieure Polytechnique. He also holds a certificate as an Inspector of Telecommunication from the National Institute of Telecommunications, Evry - France and a Certified Lubrication Specialist from the Society of Tribologysts and Lubrication Engineers (Illinois Chicago – USA). Dr. Bissohong started his career at the International Telecommunications of Cameroon Company – Intelcam in 1981 and has worked in many organizations with varied training and professional experiences spanning a period of 32 years.

He joined Texaco Cameroon in 1987 and was seconded to Texaco Nigeria Limited in 1998, where he held various positions of increasing responsibility within the organization (Texaco – ChevronTexaco – Chevron West Africa) until 2008 when he was appointed Managing Director of Chevron Ivory Coast in Abidjan. Following a change in management in March 2009, Dr. Bissohong was seconded to MRS Group, to head the Business Development Unit of MRS Holdings Limited.

He was appointed Managing Director of MRS Oil Nigeria Plc, on December 5, 2012. Dr. Bissohong is a Director on the Board of HAE (Hydro Alternative Energy) Miami, USA, Chairman and Acting Managing Director of Corlay, Cameroon and Chairman of the Corporate Capital Stewardship Committee of MRS Holdings Limited. He is a member of the Institute of Directors.

On the 1st of January, 2016, Dr. Bissohong resigned as Managing Director and was redeployed to take on a key project at the MRS Group.

DR. SAMAILA MUSA KEWA, Ph. D
Director

He holds A Doctorate Degree in Economics from Binghamton University and has worked in various organizations. Prior to his appointment on the Board of the Company, he was a member of the Plateau State Executive Council and Commissioner for Finance and Commissioner for Education from 1986 – 1988.

He was seconded from Nigerian National Petroleum Corporation in 2003 to Nigerian LNG Limited as the Deputy Managing Director/ CEO and to National Oil and Chemicals Marketing Plc in 1990 as the Executive Director, Chemical Marketing. He was appointed on the Board of Chevron Oil Nigeria Plc, now MRS Oil Nigeria Plc on March 7, 2007.

Ms. AMINA MAINA
Director

Ms. Maina holds a degree in Business Administration from the Ahmadu Bello University, Zaria. She is currently the Group Executive Director (Supply & Trading) of MRS Holdings Limited, Executive Director of MRS Oil & Gas Company Limited.

Prior to joining the MRS Group, she was an Executive Director/Vice President of Energy Solutions Integrated Services Limited, Junior Crude Oil Trader at Aurora Energy Trading Limited, to mention a few.

She was appointed on the Board of the Company on November 6, 2013.

ALHAJI DAHIRU MANGAL BARAU
Director

Alhaji Barau, is the Chairman and Chief Executive of Afdin Group of Companies Nigeria Limited, Max Air Limited and Katsina Dyeing and Printing Textiles Limited.

He is an Executive Director on the Board of Massanawa Travel & Tours and Massanawa Enterprises Limited, amongst others. He was appointed on the Board of the Company on March 20, 2009.

Following Alhaji D.M. Barau's nomination for the appointment of an Alternate Director in his stead; the board approved the appointment of Mr. Lawal Mangal as his Alternate on May 10, 2012.

***MR. MATHEW AKINLADE**
Director

Mr. Mathew Akinlade (FCA) started his accounting career about 44 years ago. He is an experienced and seasoned professional of the accounting profession and has experience spanning the manufacturing and engineering industries.

He has served on the board of a number of listed companies such as Nampak Nigeria Plc, NCR Nigeria Plc, amongst others.

He is a Fellow of the Institute Chartered Accountants of Nigeria (ICAN), a member of the Chartered Institute of Taxation of Nigeria (CITN) and a fellow of the Chartered Institute of Management Accountants (FCMA), U.K.

Mr. Akinlade (FCA)'s appointment is effective April 27, 2017.

***SIR SUNDAY NNAMDI NWOSU**
Director

Sir Sunday Nnamdi Nwosu, KSS, GCOA, M.IOD, is the founder and former National Coordinator of the Independent Shareholders Association of Nigeria (ISAN). He is a member of the Institute of Directors and a member of the Security and Exchange Commission, Rule/Legislation Committee.

He has several years of private work experience and he is a major player in the Nigerian capital market. Sir Nwosu (KSS) currently serves on the Board of R .T Briscoe Plc, Kajola Integrated Investments Plc, Obuchi Limited and Sunnaco Nig Ltd. He is also on the Committees' of several listed Companies in Nigeria.

Sir Nwosu (KSS)'s appointment is effective April 27, 2017.

***MR. AMOBI DANIEL NWOKAFOR**
Director

Mr. Amobi Daniel Nwokafor (FCA) is a seasoned professional accountant with over 31 years work experience in the accounting profession. Mr. Nwokafor (FCA) holds a B.Sc. from the University of Nigeria, Enugu Campus and Masters in Banking & Finance from the Delta State University, Abraka.

He is the managing partner of Amobi Nwokafor & Co and he a member of the Institute of Directors, a Fellow of the Institute Chartered Accountants of Nigeria (ICAN), a fellow of Chartered Institute of Taxation of Nigeria (CITN) and a member of the Chartered Institute of Arbitrators (ACIArb), to mention a few.

He has several years of work experience in private practice and has worked in a number of insurance firms. He rose to the position of Assistant General Manager and Head of Finance and Accounts, in International Standard Insurers Limited, before he resigned to manage his auditing firm in 1998

Mr. Nwokafor (FCA)'s appointment is effective April 27, 2017.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER, 2016

MRS Oil Nigeria Plc has great passion and commitment to Africa and its people. We are an African Company with an eye to put Africa on the global listing of world class companies. Our trade mark is 'excellence through partnership'."

The Directors present their Annual Report on the state of affairs of the Company, together with the Audited Financial Statements for the year ended 31 December, 2016.

Incorporation and Legal Status of the Company

The Company was incorporated as a privately owned Company in 1969, and was converted to a Public Limited Liability Company quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The Company is domiciled in Nigeria and its shares are listed on the Nigerian Stock Exchange (NSE).

The marketing of products in Nigeria commenced in 1913 under the Texaco brand, when they were distributed exclusively by CFAO a French Multinational Retail Company. In 1964 Texaco Africa Limited started direct marketing of Texaco products selling through service stations and kiosks acquired from the said multinational retail company, on lease terms. It also entered into the aviation business.

On 12 August, 1969, Texaco Nigeria Limited was incorporated as a wholly-owned subsidiary of Texaco Africa Limited, thus inheriting the business formerly carried out in Nigeria by Texaco Africa Limited. With the promulgation of the Nigeria Indigenization Decree in 1978, 40% of Texaco Nigeria Limited was sold to Nigerian individuals and organizations by Texas Petroleum Company.

In 1990, the Companies and Allied Matters Decree came into force and this necessitated the removal of 'Limited' from the Company's corporate name, to the prescribed 'Public Limited Liability Company' (PLC) with its shares quoted on the Nigerian Stock Exchange.

Following the creation of ChevronTexaco in 2001 from the merger between Chevron Corporation and former Texaco Inc., Texaco Nigeria Plc became an integral part of the new corporation. As ChevronTexaco considered the acquisition of former Union Oil Company of California (UNOCAL), the Board of ChevronTexaco decided to eliminate 'Texaco' from the corporate name and retain only Chevron as the new name of the enlarged corporation.

Effective 1 September, 2006, the Company's name changed from Texaco Nigeria Plc to Chevron Oil Nigeria Plc following a directive from Chevron Corporation's headquarters to all affiliate companies. This was designed to present a clear, strong and unified presence of Chevron Corporation throughout the world.

On 20 March, 2009, there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global S.A. of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS Africa Holdings Limited, Bermuda. The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2 December, 2009, following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on 29 September, 2009.

Currently 253,988,672 shares are held by about 24,033 Nigerian shareholders and 1 foreign shareholder (MRS Africa Holdings Limited, Bermuda, a subsidiary of Corlay Global S.A.) in MRS Oil Nigeria Plc, a company with the main business of marketing and/or manufacture of petroleum related products in Nigeria. With about 140 active company owned operating outlets and about 221 third party owned operating outlets, MRS Oil Nigeria Plc is a major player in Nigeria's petroleum products marketing industry and a leading producer of quality lubricating oils and greases.

Principal Activities:

The Company remains principally engaged in the business of marketing and distribution of refined petroleum products, blending of lubricants and manufacturing of greases.

Company Results:

The summary of the results of the Company as included in the Financial Statements are as follows:

YEAR ENDED 31 DECEMBER	2016 ₦'000	2015 ₦'000
Revenue	109,635,054	87,099,216
Profit Before Tax	2,287,347	1,460,843
Taxation	(821,442)	(525,218)
Profit for the Year	1,465,905	935,625
Proposed Dividend for the Year	439,772	279,388
Earnings Per 50K Share (Naira)	5.77	3.68
Declared Dividend per 50K Share (Kobo)	110	88
Net Assets per 50K Share	8,726	8,258

Dividend:

The Board proposes to pay ₦1.73 kobo per share, as final dividend (2015:₦1.10 kobo per share). The proposed dividend which amounts to approximately ₦439.77 million will, if approved at the Annual General Meeting of the Company, be paid on 25 July 2017 to the shareholders on the register of the Company at the close of business on 30 June 2017 and is subject to appropriate withholding tax.

Board Changes:

Mr. Andrew Oghenovo Gbodume was appointed Managing Director (Ag.) of the Company on January 1, 2016, following the resignation of Dr. Paul Bissohong as Managing Director on January 1, 2016, to take on another assignment within the MRS Group.

Election/Re-election of Directors:

In accordance with Articles 90/91 of the Company's Article of Association, Dr. Paul Bissohong and Dr. Samaila Musa Kewa retire by rotation and being eligible, offer themselves for re-election.

In accordance with Article 95 of the Company's Articles Association, Mr. Mathew Akinlade, Sir Sunday Nnamdi Nwosu, Mr. Amobi Daniel Nwokafor being the directors appointed since the last Annual General Meeting retire and being eligible offers themselves for election.

Going Concern:

Nothing has come to the attention of the Directors to inform them, that the Company will not remain a going concern in the next twelve months.

The Directors:

The Directors in office during the year are listed below and except where stated, served on the board in 2016:

NAME	NATIONALITY	DESIGNATION	APPOINTMENT/ RESIGNATIONS (A/R)
Alhaji S. I. Dantata		Chairman	March 20, 2009 (A)
Mr. A. O. Gbodume*		Managing Director (Ag.)	May 12, 2011 (A)
Dr. P. Bissohong**	Cameroonian	Non-Executive Director	December 5, 2012 (A)
Mr. P. Alberti	French	Non-Executive Director	March 20. 2009 (A)
Dr. S. Kewa		Non-Executive Director	March 7, 2007 (A)
Ms. A. Maina		Non-Executive Director	November 6, 2013 (A)
Alhaji D. M. Barau***		Non-Executive Director	March 20, 2009 (A)

*Mr. A. O. Gbodume was appointed Managing Director (Ag.) effective, 1st of January 2016.
**Dr. Paul Bissohong ceased to be the Managing Director effective, 1st of January 2016.
***Mr. Lawal Mangal is the Alternate of Alhaji Dahiru Mangal Barau effective, 10th of May, 2012

Directors' Interest in the Issued Share Capital of the Company:

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by the Directors for the purposes of Sections 275 of the Companies and Allied Matters Act of 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

1. Dr. Samaila M. Kewa and Ms. Amina Maina directly own 1,989 and 26,503 shares in the Company respectively. (2015: 1,989; 26,503)

2. Alhaji Sayyu Dantata is a shareholder in MRS Holdings Limited incorporated in Nigeria, which owns 50% of the shares in Corlay Global SA incorporated in Panama. Corlay Global SA owns 100% of the shares in MRS Africa Holdings Limited incorporated in Bermuda, which owns 60% of the shares in MRS Oil Nigeria Plc.

Directors' Interest in Contract:

In accordance with Section 277 of the Companies and Allied Matters Act 2004, none of the Directors have notified the Company of any direct or indirect interest in any contract or proposed contract with the Company.

Major Shareholders:

According to the Register of Members as at 31 December 2016, the following shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company.

Name	Units	Percentage %
MRS Africa Holdings Limited	152,393,190	60%
First Pen Cust/Asset Management Corporation of Nigeria-MAI	26,599,865	10.47%

Analysis of Shareholding:

According to the Register of Members at 31 December 2016, the spread of shareholding in the Company is presented below;

Number of holding Local shareholders:			No of Shareholders	Number of shares held	Percentage of shareholding
1	-	500	9,373	2,057,011	0.80%
501	-	1,000	3,726	2,809,112	1.11%
1,001	-	5,000	8,550	19,780,768	7.79%
5,001	-	50,000	2,239	26,104,020	10.28%
50,001	-	100,000	80	5,668,350	2.23%
100,001	-	500,000	56	11,119,608	4.38%
500,001	-	1,000,000	6	4,294,587	1.69%
1,000,001	-	50,000,000	3	29,762,026	11.72%
Total			240,033	101,595,482	40%
Foreign Shareholders Over 50,000,001	-	253,988,672	1	152,393,190	60%
TOTAL			24,034	253,988,672	100%

Acquisition of Its Own Shares:

The Company did not acquire its shares during the year.

ISO Certification:

The Company is committed to the continued regulation of its quality management system by the International Standards Organisation ISO:9001 2008. In the year under review, ISO conducted its annual audit and was satisfied that the Company consistently maintains high compliance levels.

The Managing Director/CEO has the responsibility of ensuring that the Company's activities are conducted in the safest and most efficient manner and to deliver value to its stakeholders.

Employment Policy:

The Company is committed to selecting and employing the best qualified individuals for positions, consistent with the Company's long term best interest. The determining factors in recruiting, hiring, selecting and placing employees are the overall requirements of the job.

The objective of the policy is to provide a level of remuneration that is sufficient to attract, retain and motivate high quality employees to run the Company successfully and to ensure that there is an alignment between the Company's business plan and shareholder objectives.

Employment of the Physically Challenged:

The Company maintains a fair policy in considering job applications of physically challenged persons having regard to their abilities and aptitude. The Company did not employ any physically challenged person during the year.

Diversity:

The Company provides a working environment that promotes diversity within its workforce and enables employees to participate and contribute to the growth of the Company. The policy prohibits any form of discrimination on the basis of disability, race, religion, colour, national or ethnic origin, age, sex, political preference, membership or non-membership of any lawful organization or any other basis in the recruitment, training and career development of employees.

Employees Health, Safety and Environment:

The Company is committed to identifying and maintaining high standards of safety, health and environmental risk management in the work place for its employees and for suppliers, customers and the public in line with best global HSE standards. In the year under review, consistent Health, Safety and Environment (HSE) standards continued to guide the Company's operations and activities and define appropriate control measures, to prevent workplace accidents, illness, injuries and the protection of environmental pollution.

The main occupational safety and health hazards associated with the Company's businesses are safety and injury hazards, fire and explosion, slips, trips and falls, confined space entry, contact injury hazards, health and illness hazards and environmental issues.
In order to build and sustain a zero

incidence culture across the workplace and ensure safety is always at the forefront for every stakeholder, a number of HSE related trainings were organized by the Company:

1. Annual Basic Fire Prevention and Fighting Skills for the Fire Marshals in all of the Company's locations.
2. Truck Inspection and Ullaging Techniques.
3. Safe Loading and Unloading Procedures plus Incident Prevention Practical Trainings for MRS retail outlets representatives, Managers and Dealers.
4. Quarterly Service Stations Safety Program for station managers and customer service attendants.
5. General Fire Safety and Safe Handling of Chemicals.
6. Annual Safe Works Practice (SWP) for employees and contractors.
7. Quarterly Road Transportation Safety Program (RTS) for operations and the Company's Haulers across the country.

Furthermore, the outcome of all the periodic statutory inspections and assessments of the facilities and operations were satisfactory.

In line with Management's directive and goals for the year under review, the Health Safety and Environment department remains committed to a safe work environment that is incident free. In MRS, an incident prone environment is unacceptable.

Employees Health and Wellbeing:
In order, to maintain the state of good health and wellbeing of its employees in the year under review, the Company continued to provide prompt and personalized quality health and medicare services for employees and their families through its preferred Health Management Organizations (HMOs) at different

locations nationwide as well as annual medical checks for all employees. The operation of in-house clinics at Apapa Lube Plant/Fuel terminal and the Head Office were also sustained.

The Company is committed to the continuous evaluation of its standards and the Health Safety and Environment department seeks to annually improve on its performance through industry best practices across the Company.

Employees Involvement, Training and Development:
Various employees took part in the training and development programs in the year under review. Foreign Trainings, International Conferences and the IATA Aviation Fuel Forum was undertaken to enable employees learn current international standards and operational excellence.

Several in-house trainings focusing on Technical Skills Training were organized by the Human Resources department for various departments, to improve job competence.

A Management Development Programme (MDP) for all Heads of Departments and Line Managers was developed and implemented with the deployment of a Personality and 360 Degrees Leadership Assessments. An Executive Business Communication Programme was also organized for all Heads of Departments and Line Managers to improve their business communication skills.
Other trainings attended within the year under review include Soft Skills Training, Technical Trainings and Conferences which impacted positively on employees' job performance. As part of our corporate values to continually train our employees to become the best professionals, 30 professional membership subscriptions were sustained in the year under review.

Contributions and Charitable Donations:
During the year, the Company made the following donations/contributions in fulfillment of its Corporate Social Responsibility.

SPONSORHIP/DONATION TO ORPHANAGE HOMES, CHARITY ORGANIZATIONS AND SCHOOLS – YEAR 2016

			Amount N
1	Ovie Brume Foundation Sponsoring a Child - Maria Enejo	To Support Initiative	168,500.00
2	Society for Orphans Welfare, Ikoyi, Lagos	To Support Initiative	100,000.00
3	Home for the Blind, Surulere, Lagos	To Support Initiative	100,000.00
4	Pacelli School for the Blind & partially sighted Children, Surulere, Lagos	To Support Initiative	100,000.00
5	The HIV/AIDS Initiative	To Support Initiative	300,000.00
	Total		768,500.00

Donations made in 2016 amounted to ₦768,500.00 (2015: ₦5,373,500).
In accordance with Section 38(2) of the Companies and Allied Matters Act, the Company did not make any donations or give any political party, political association or provide funds for any political purpose in the course of the year under review.

The HIV/AIDS Initiative:
In a Strategic Public-Private Sector Alliance, MRS Oil Nigeria PLC supported the Red Ribbon Anti Stigma and Anti-Discrimination Campaign to unite in the fight against the deadly HIV Virus. As part of the High Impact Partnership for Red-Ribbon Grassroots Outreach to commemorate the Worlds AIDS Day, 2016, the Company contributed towards the 2016 Advocacy Campaign which featured a combination of activities, including voluntary counselling and testing, public education and awareness sessions in 10 states, (Lagos, Edo, Oyo, Anambra, Abuja, Gombe, Kano, Cross-River, Akwa-Ibom and Nasarawa) of the Federation.

In accordance with Section 38(2), of the Companies and Allied Matters Act, the Company did not make any donation or give any gift to any political party, political association or provide funds for any political purpose in the course of the year under review.

Information Technology Upgrades:
The Company is committed to the provision of regular information technology infrastructure upgrade for its head office and field locations. Information Technology achievements in the year under review include:

1. Replacement of old computer desktops and laptops with newer models for improved work efficiency.
2. Purchase of new Cisco 2900 Router and Core Catalyst Switch 3850 for improved network performance and security.
3. Upgrade of Clients' Operating Systems from Windows 7/8 to Windows 10 for improved user experience and productivity.
4. Upgrade of Servers Operating System for greater network efficiency and reliability.
5. Training of end users on Microsoft Office365 Enterprise Collaborative tools – SharePoint, Yammer, OneDrive etc.
6. SAP (System analyse und Programme netwicklung; Systems, Applications & Products in Data Processing) improvement such as Purchase Requisition Workflow Notification.
7. Graphical Display Network Monitoring Tool (Dude).
8. Installation of Bandwidth Manager on the network.

Internal Audit Function and Internal Controls:
The internal Audit Head of the Company is a competent professional with high integrity. He is a chartered accountant who manages inherent risks in the day to day business operations of the Company and provides oversight functions on the effectiveness and appropriateness of the Company's internal systems and processes.

The Internal Audit Team submits its report to the Audit Committee of the Company. The internal controls and processes are reviewed regularly and assessments are carried out to ascertain the effectiveness and appropriateness of the internal controls.

Appointments and Promotions:
The Company is committed to attracting, recruiting and retaining skilled and experienced personnel into the organization for future growth and continuity of its operations. The Company will continue to identify and reward positive contributions by its employees who excel in their various functional areas. 30 employees were promoted in the year under review.

Staff Strength:
As at 31 December 2016, the Company's staff strength was 132 (2015: 82). This number excludes employees on secondment from MRS Holdings Limited.

Property, Plant and Equipment:
Information relating to changes in the Company's property, plant and equipment is given in Note 12 to the Financial Statements. In the Directors opinion, the market value of the Company's properties is not less than the value shown in the Financial Statements during the year.

Auditor:
Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the Auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By the Order of the Board

O. M. Jafojo (MRS.)
Company Secretary
FRC NO: 2013/NBA/00000002311
23 March, 2017

CORPORATE **GOVERNANCE**

The Board considers the maintenance of high standards of corporate governance, central to achieving the Company's objective of maximizing shareholders value. The Board has a schedule of matters reserved specifically for its decision and the Directors have access to learning appropriate professional skills and knowledge development.

Ethical Standards:

In line with the Companies and Allied Matters Act, 2004, the Securities and Exchange Commission's Code of Corporate Governance, the Nigerian Stock Exchange Rules and Regulations and other statutory regulations, the Directors continue to act with utmost integrity and high ethical standards and are aware of this primary responsibility in their business dealings with the Company.

Board Composition:

The Company's Board currently comprises of a Non-Executive Chairman, Executive Directors and Non-Executive Directors. The Executive Directors have extensive knowledge of the oil and gas industry, while the Non-Executive Directors bring in their broad knowledge of business, financial, commercial and technical experience to the Board.

Annually, the Board routinely reviews the board structure to ensure that there is a satisfactory balance of Executive and Non-Executive Directors in the Company. However, this balance may be reviewed on an ongoing basis, bearing in mind the size of the Company and its ownership structure.

In the year under review, there were seven Directors on the Board of the Company; each Director bringing their wealth of experience to bear on deliberations at Board Meetings.

Separation of Powers:

There is a separation of powers between the Chairman of the Company and the Managing Director/CEO in line with best practice and Corporate Governance standards. The Chairman and the Managing Director of the Company have separate and distinct roles.

The Company Secretariat:

The Company Secretary is the custodian of the Company's history and is responsible for ensuring that Board Members are kept abreast of Statutory and Corporate Governance policies. The Company Secretary also provides support, guidance and advice to the Directors as required.

The secretariat is the liaison office between the Shareholders and the Directors and it is a warehouse of up-to-date statutory records, statutory registers and other records.

Meetings:

The register of attendance at board and committee meetings, is available for inspection during normal business hours at the registered office of the Company and at each Annual General Meeting of the Company.

Board Meetings:

The Board meets at least four times a year for regular scheduled meetings to review the Company's operations and trading performance, to set and monitor strategy as well as consider new business options. The Board also meets for unscheduled meetings, if there are specific matters that require its attention.

Attendance at Board Meetings:
The attendance of Directors at board meetings in the year under review is noted below:

MRS Oil Nigeria Plc – 2016 Board Meetings

DIRECTORS	Designation	Feb 25, '16	Mar 23, '16	Apr 26, '16	July 27, '16	Aug 4, '16	Oct 25, '16
Alhaji Sayyu I. Dantata	Chairman	x	x	x	x		
Mr. Andrew O. Gbodume	Managing Director (Ag.)	x	x	x	x	x	x
Dr. Paul Bissohong	Member	x	x	x		x	x
Mr. Patrice Alberti	Member	x	x		x	x	x
Dr. Samaila M. Kewa	Member	x	x	x	x	x	x
Mr. Lawal Mangal	Member						
Ms. Amina Maina	Member	x	x	x	x	x	x

Board Performance Appraisal:
The Board took a formal evaluation of its performance in the year under review. A follow up process exists for all matters of concern or potential improvement which may arise, when an evaluation process is carried out. The Board completed an evaluation in March 23, 2016 and the evaluation conclusion of the Report was that there were no significant areas of concern.

Sub Committees of the Board:
The Board has established Committees, each with approved written Terms of Reference. Currently, there are four sub-committees of the Board and the Chairman is not on any of the Committees. The Sub-committees are established to assist the Board to effectively and efficiently perform guidance and oversight functions, amongst others.

The Terms of Reference for all the Committees are available for inspection at the registered office of the Company.

The current composition of the Board Sub-committees and attendance at meetings in the year under review are as follows: -

1. The Audit Committee

The Audit Committee Members	Designation	Feb 24, '16	Mar 22, '16	Apr 22, '16	July 26, '16	Oct 20, '16
Engr. Tunji Ijaiya	Chairman	x	x	x	x	x
Baale Isiaka Saliu	Member	x	x	x	x	x
Chief Vincent Barrah	Member	x	x	x	x	x
Dr. Samaila M. Kewa	Member	x	x	x	x	x
Ms. Amina Maina	Member	x	x	x	x	
Mr. Patrice Alberti	Member		x		x	

The Audit Committee is chaired by a shareholder representative. On the invitation of the Chairman of the Audit Committee, representatives of Management and the External Auditors are invited to attend meetings. The Audit Committee is responsible for the review of the Quarterly and Annual Financial Reports of the Company before submission to the Board. The Audit Committee also makes recommendations on the appointment of the External Auditors and reviews the nature and scope of their work as well as gives recommendations on the Company's accounting procedures and internal controls.

In the year under review, the Audit Committee met five times.

2. Board Nominations and Corporate Governance Committee

Board Nominations and Corporate Governance Committee Members	Designation	Feb 26, '16	Jul 26, '16	Oct 25, '16
Mr. Patrice Alberti	Chairman		x	x
Dr. Paul Bissohong	Member	x		x
Mr. Andrew O. Gbodume	Member	x	x	x
Mr. Lawal D. Mangal	Member			
Dr. Samalia M. Kewa	Member	x	x	x
Ms. Amina Maina	Member	x	x	x

The Board Nominations and Corporate Governance Committee is responsible for proposing candidates for appointment to the Board, bearing in mind the balance and structure of the Board. The Committee also considers corporate governance issues, ensures strict compliance with corporate governance and makes recommendation to the Board (on issues regarding but not limited to) the membership of the Audit, the Risk, Strategic & Finance Planning and the Human Resources Committee in consultation with the Chairman of each Committee.

In the year under review, the Board Nominations and Corporate Governance Committee met 3 times.

3. The Risk, Strategic and Finance Planning Committee:

Risk, Strategic Planning and Finance Committee Members	Designation	Mar 22, '16	Oct 25, '16
Ms. Amina Maina	Chairman	x	x
Dr. Paul Bissohong	Member	x	x
Mr. Andrew O. Gbodume	Member	x	x
Dr. Samalia M. Kewa	Member	x	x
Mr. Lawal D. Mangal	Member		
Mr. Patrice Alberti	Member	x	x

The Risk, Strategic and Finance Planning Committee, is responsible for assisting the Board of Directors in performing its guidance and oversight functions effectively and efficiently and is specifically charged with managing the Organization's exposure to financial and other risk. This Committee is also responsible for defining the Company's strategic objectives, determining its financial and operational priorities, making recommendations regarding the Company's dividend policy and evaluating the long term productivity of the Company's operations.

In the year under review, the Risk, Strategic and Finance Planning Committee met two times.

4. Human Resources Committee:

Human Resources Committee Members	Designation	Feb 24, '16	Mar 22, '16	Apr 26, '16	July 26, '16
Dr. Samalia M. Kewa	Chairman	x	x	x	x
Dr. Paul Bissohong	Member	x	x	x	
Mr. Andrew O. Gbodume	Member	x	x	x	x
Ms. Amina Maina	Member	x	x	x	x
Mr. Patrice Alberti	Member	x	x		x

The Human Resources Committee is responsible for reviewing the contract terms, remuneration and other benefits of the Executive Directors and Senior Management of the Company. The Committee also reviews the Reports of external consultants for services rendered which assist the Committee in their duties.

The Chairman and other Directors may be invited to attend meetings of the Committee, but do not take part in any decision making directly affecting their own remuneration. The Committee undertakes an external and independent review of remuneration levels on a periodic basis, to ensure that employment policies are strictly adhered to.

In the year under review, the Human Resources Committee met four times.

Shareholders Rights:

The Board is committed to the continuous engagement of its shareholders and ensures that shareholders' rights are well protected. The Board further ensures effective communication to its shareholders regarding notice of meetings and necessary statutory information.

E-Dividend:

Our records show that several dividends and share certificates remain unclaimed despite publications in the Newspaper to our shareholders and the circulation of the E-dividend forms. Affected shareholders are urged to kindly update their records to enable the Registrars complete the E-dividend process. The E-dividend form is attached on page 85 for your necessary and urgent attention.

Statement of Compliance:

The Company has in place, a Securities Trading Policy, which helps to guide its Directors, Executive Management, Officers and Employees on insider trading as well as the trading of the Company's shares. The Company continues to carry out its business operations on procedures consistent with excellence through partnership and transparency.

MRS Oil Nigeria Plc has established a Complaints Management Policy which stipulates guidelines, on responses to feedback from investors, clients and other stakeholders. The Policy provides an impartial, fair and objective process of handling stakeholders' complaints as well as an established monitoring and implementation procedure.

The Company effectively and efficiently responds to feedbacks in a bid to improve and exceed customer expectations, client experience, as well as to deliver excellent service to its stakeholders.

Based on the recommendations of the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange Listing Rules (as Amended), as well as other international best practices, the Company has complied with corporate governance and best practices. MRS Oil Nigeria Plc is committed to the continued sustenance of the principles of sound corporate governance.

Whistle Blowing:

The Company is committed to comply with all laws in Nigeria that are relevant to its operations. In line with the provisions of the Securities and Exchange Commission's Code of Corporate Governance, a whistle blowing policy is in place, for the reporting of serious, actual and suspected concerns of integrity and unethical behaviour. An extract of this policy can be found on the Company's website.

By the Order of the Board

O. M. Jafojo (MRS.)
Company Secretary
FRC NO: 2013/NBA/00000002311
23 March, 2017

STATEMENT OF
DIRECTORS' RESPONSIBILITIES
IN RELATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature	Signature
Mr. Andrew Gbodume (Managing Director, Ag.)	**Dr. Paul Bissohong (Director)**
Name	Name
FRC/2012/ICAN/00000000534	FRC/2013/IODN/00000003841
FRC	FRC
23 March, 2017	23 March, 2017
Date	Date

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER, 2016

TO THE MEMBERS OF MRS OIL NIGERIA PLC

In accordance with Section 359(6) of the Companies and Allied Matters Act 2004, we the Members of the Audit Committee of MRS Oil Nigeria Plc, have reviewed the Audited Financial Statements of the Company for the year ended 31 December, 2016 and based on the documents and information available to us, report as follows:

(a) We ascertained that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

(b) We have reviewed the scope and planning of the audit requirements;

(c) We have reviewed the findings on management matters in conjunction with the external auditor and departmental responses thereon;

(d) We have kept under review the effectiveness of the Company's system of accounting and internal control

Members of the Audit Committee in 2016

1.	Alhaji T. Ijaiya	-	Chairman
2.	Baale I. Saliu	-	Member
3.	Chief V. Barrah	-	Member
4.	Dr. S.M. Kewa	-	Member
5.	Mr. P. Alberti	-	Member
6.	Ms. A. Maina	-	Member

TUNJI IJAIYA
Chairman, Audit Committee
FRC NO: 2014/COREN/00000007638
23 March, 2017

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MRS Oil Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MRS Oil Nigeria Plc (the Company), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 74.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on 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 for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Revenue recognition

Refer to Note 3(j) (Accounting policy) and Note 5 (Revenue) to the financial statements

The key audit matter	How the matter was addressed
The high volume of sales transactions, coupled with the pricing of a significant number of the Company's products, renders the accuracy of revenue recognition an area of significance for the Company. In addition, the constant fluctuation of the Nigerian Naira against other currencies had a significant impact on the Company's product pricing during the year.	We tested key controls over price changes to ascertain that changes in prices of the respective products during the year were updated appropriately. In addition to testing detailed sales transactions on a sample basis, we performed product volume reconciliations across the different product types to ascertain accuracy of sales volumes. We evaluated journal entries and credit notes recorded in the respective revenue accounts by checking that they represented valid adjustments to revenue recognized and were approved by the appropriate authorities within the Company.

Recoverability of trade and other receivables

Refer to Note 3(g) (Accounting policy) and Note 25(a) (Credit risk) to the financial statements

The key audit matter	How the matter was addressed
The aviation sector has been in a distressed state leading to a high rate of default within the sector. The Company has significant exposure to this sector with a specific customer for which there has been significant delays in receiving the amounts due. There are significant estimations involved in determining the recoverable cash flows and the resultant impairment allowance on the amounts receivable from this customer. In addition, the Company has recognized as receivables, exchange differences between the rate used by the Company's relevant Regulator in pricing Premium Motor Spirit (PMS) and the actual foreign exchange rates incurred. Although in the past, the Company billed and collected the exchange difference from the Regulator, the collection pattern of such receivables have been slow. Therefore, judgement is required in determining the recoverability of these amounts.	We evaluated the operating effectiveness of key controls with respect to approval of credit limits and monthly reviews of customer balances at credit control meetings. The key controls tested covered processes such as monitoring the performance of receivables, including the timely identification of impairment triggers. We also considered and challenged the reasonability of the assumptions used in estimating the recoverable cash flows from long overdue receivables. These assumptions included the evaluation of the likely recoverable amounts, discount factors and the timing of the expected cash flows. In addition, we challenged the directors' impairment assessment as well as the basis and assumptions adopted in determining the recoverability of the amounts due from the Regulator, by evaluating historical patterns of recoverability with reference to our knowledge of the industry.

KPMG

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report, Statement of directors' responsibilities, Corporate governance report, Report of the Audit Committee, Corporate information & Leadership team, Results at a glance, Other national disclosures and Certification pursuant to Section 60 (2) of Investment and Securities Act no 29 of 2007 (but does not include the financial statements and our audit report thereon), which we obtained prior to the date of this auditors' report, and the Corporate profile, Notice of Annual General Meeting, Board of Directors pictures, Chairman's Statement, Brief profile of Board of Directors, Shareholders information, Share price movement, List of lubricant distributors, Corporate directory, E-dividend form and proxy card which is expected to be made available to us after that date ("the other reports").

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

When we read the other reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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 the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 omissions, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee 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 the audit committee 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 the audit committee, we determine those matters that were of most significance 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
23 March 2017
Lagos, Nigeria

FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
Assets			
Property, plant and equipment	12	18,402,454	19,053,705
Intangible assets	13	29,920	1,144
Prepayments	30	578,073	354,303
Trade and other receivables	15	347,922	1,211
Total non-current assets		**19,358,369**	**19,410,363**
Inventories	17	7,004,173	6,260,483
Loans and receivables	14	445,193	606,985
Trade and other receivables	15	43,244,878	20,519,974
Witholding tax receivables	16	68,288	32,348
Prepayments	30	333,130	289,191
Cash and cash equivalents	18	10,910,784	19,774,397
Total current assets		**62,006,446**	**47,483,378**
Total assets		**81,364,815**	**66,893,741**
Equity			
Share capital	19	126,994	126,994
Retained earnings		22,036,847	20,850,330
Total equity		**22,163,841**	**20,977,324**
Liabilities			
Employee benefit obligations	20	13,891	12,618
Deferred tax liabilities	11(d)	5,116,904	5,312,099
Total non-current liabilities		**5,130,795**	**5,324,717**
Security deposits	21	1,766,967	1,573,485
Dividend payable	22(a)	411,318	399,889
Trade and other payables	23	32,156,838	21,226,030
Bank overdraft & Short term borrowings	24	18,526,556	16,400,466
Tax payable	11(c)	1,208,500	991,830
Total current liabilities		**54,070,179**	**40,591,700**
Total liabilities		**59,200,974**	**45,916,417**
Total equity and liabilities		**81,364,815**	**66,893,741**

Approved by the Board of Directors on 23 March, 2017 and signed on its behalf by:

Mr. Andrew Gbodume (Managing Director, Ag.)
FRC/2012/ICAN/00000000534

Dr. Paul Bissohong (Director)
FRC/2013/IOD/00000003841

Mr. Martin Orogun (Chief Financial Officer)
FRC/2013/ICAN/00000004639

The notes on pages 42 to 74 are an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
Revenue	5	109,635,054	87,099,216
Cost of sales	7(b)	(100,879,939)	(80,676,760)
Gross profit		**8,755,115**	**6,422,456**
Other income	6	1,287,470	1,445,209
Selling and distribution expenses	7(b)	(1,303,993)	(1,150,744)
Administrative expenses	7(b)	(5,449,062)	(5,106,400)
Operating profit		**3,289,530**	**1,610,521**
Finance income	8	633,588	1,730,525
Finance costs	8	(1,635,771)	(1,880,203)
Net finance costs	8	(1,002,183)	(149,678)
Profit before income tax	**9**	**2,287,347**	**1,460,843**
Income tax expense	11(a)	(821,442)	(525,218)
Profit for the year		**1,465,905**	**935,625**
Total comprehensive income for the year		**1,465,905**	**935,625**
Earnings per share (EPS)			
Basic and diluted earnings per share (Naira)	10(a)	5.77	3.68

The notes on pages 42 to 74 are an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital ₦'000	*Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2015		126,994	20,091,127	20,218,121
Total comprehensive income:				
Profit for the year		-	935,625	935,625
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**935,625**	**935,625**
Transactions with owners of the Company				
Contributions and Distributions				
Dividends declared	22(a)		(223,510)	(223,510)
Unclaimed dividend written back	22(a)	-	47,088	47,088
Total transactions with owners of the Company		**-**	**(176,422)**	**(176,422)**
Balance as at 31 December 2015		**126,994**	**20,850,330**	**20,977,324**

	Notes	Share capital ₦'000	*Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 January 2016		126,994	20,850,330	20,977,324
Total comprehensive income:				
Profit for the year		-	1,465,905	1,465,905
Total comprehensive income		**-**	**1,465,905**	**1,465,905**
Transactions with owners of the Company				
Contributions and Distributions				
Dividends declared	22(a)	-	(279,388)	(279,388)
Total transactions with owners of the Company		**-**	**(279,388)**	**(279,388)**
Balance as at 31 December 2016		**126,994**	**22,036,847**	**22,163,841**

Included in retained earnings is ₦14.40 billion (2015: ₦14.40 billion) which represents revaluation surplus on Property, plant and equipment transferred at IFRS transition date. The Company has opted not to distribute this amount.

The notes on pages 42 to 74 are an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
Cash flows from operating activities:			
Profit after tax		1,465,905	935,625
Adjustments for:			
Depreciation	12(a)	1,498,434	1,555,932
Amortisation of intangible assets	13	13,819	56,222
Finance income	8	(633,588)	(1,730,525)
Finance costs		1,031,562	547,038
Gain on sale of property, plant and equipment	9(a)	(44,274)	-
Write off of property, plant and equipment	12	54,594	-
Provision/(Write-back) for long-term service award	20	2,824	(249)
Impairment loss on trade receivables and Truck lease	7	219,499	88,816
Impairment loss on employee and other receivables	7	9,504	3,365
Net increase in impairment loss on inventory	17	31,235	(29,473)
Tax expense	11(a)	821,442	525,218
		4,470,956	1,951,969
Changes in:			
- Inventories		(774,925)	(2,408,261)
- Trade, other receivables and prepayments		(13,608,530)	72,198
- Security deposits		193,482	71,359
- Trade and other payables		10,930,808	3,901,811
Cash (used)/ generated from operating activities		**1,211,791**	**3,589,076**
Income taxes paid	11(c)	(701,883)	(939,113)
Withholding tax credit notes utilised	11(c)	(98,085)	(21,869)
Long-term service award paid	20	(1,551)	(3,440)
Net cash (used)/ generated from operating activities		**410,273**	**2,624,654**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		115,929	-
Purchase of property, plant and equipment	12(a)	(973,432)	(397,253)
Purchase of intangible assets	13	(42,595)	-
Amounts paid on behalf of transporters	14	(54,448)	(72,585)
Principal repayment received on amounts advanced to transporters	14	154,660	374,715
Interest received	8	633,588	1,730,525
Net cash (used)/ generated from investing activities		**(166,298)**	**1,635,402**
Cash flows from financing activities:			
Additional short term borrowings		20,053,383	21,934,815
Short term borrowing repayment		(28,099,488)	(15,512,831)
Dividends paid	22(b)	(267,959)	(204,528)
Interest paid		(430,837)	(417,758)
Net cash generated in financing activities		**(8,744,901)**	**5,799,698**
Net change in cash and cash equivalents		(8,500,927)	10,059,754
Cash and cash equivalents at 1 January		19,774,397	9,683,802
Effect of movements in exchange rates on cash held		(362,686)	30,841
Cash and cash equivalents at 31 December	**18**	**10,910,784**	**19,774,397**

The notes on pages 42 to 74 are an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Reporting entity

The Company was incorporated as Texaco Nigeria Limited (a privately owned Company) on 12 August 1969 and was converted to a Public Limited Liability company quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The Company is domiciled in Nigeria and its shares are listed on the Nigerian Stock Exchange (NSE). The Company's name was changed to Texaco Nigeria Plc. in 1990 and again on 1 September 2006 to Chevron Oil Nigeria Plc.

On 20 March, 2009 there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global SA of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS Africa Holdings Limited, Bermuda.

The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2 December, 2009 following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on 29 September, 2009. The Company is domiciled in Nigeria and has its registered office address at:

8, Macarthy Street
Onikan,
Lagos,
Nigeria

The Company is principally engaged in the business of marketing and distribution of refined petroleum products, blending of lubricants and manufacturing of greases.

2 Basis of preparation

(a) Statement of compliance

"These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The financial statements were authorised for issue by the Company's Board of Directors on 23 March 2017. Details of the Company's significant accounting policies are included in Note 3."

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for recognition of the following items, which are measured on an alternative basis on each reporting date.

S/N	Items	Measurement bases
1	Property, plant and equipment	Refer to Note 3 (c)
2	Inventories	Refer to Note 3 (f)
3	Other long-term employee benefits	Refer to Note 3 (h)
4	Loans and borrowings	Refer to Note 3 (b)

(c) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira have been rounded to the nearest thousand unless stated otherwise.

(d) Use of judgements and estimates

The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

i Judgements, assumptions and estimation uncertainties

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in the following notes:

Note 12(b) - Impairment test- recoverable amounts are higher than carrying amounts.

Note 15(b) - Recoverability of foreign exchange differential and interest on PSF receivables.

Note 20(d) - Measurement of employee benefits obligations; key actuarial assumptions.

Note 25(a) - Recoverability of trade and other receivables.

Note 29(a) - Recognition of contingencies: key assumptions about the likelihood and magnitude of an outflow of economic resources.

ii Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Chief Financial Officer has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors, through the Managing Director.

The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Chief Financial Officer assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

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

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Nigerian Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not re-translated.

(b) Financial instruments

The Company classifies non-derivative financial assets into loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

i. Non-derivative financial assets and financial liabilities - recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. Financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

ii Non-derivative financial assets - measurement

The Company initially recognizes loans and receivables at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Company has only loans and receivables, trade and other receivables, cash and cash equivalents as non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Short term receivables that do not attract interest are measured at original invoice amount where the effect of discounting is not material."

Cash and cash equivalents

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

iii Non-derivative financial liabilities - measurement
Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Company has the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Short term payables that do not attract interest are measured at original invoice amount where the effect of discounting is not material."

(c) Property, plant and equipment (PPE)

i Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of PPE at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to their fair value at that date.
Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

ii Subsequent expenditure
The cost of replacing a part of an item of property, plant and equipment is recognized 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 measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii Depreciation
Depreciation is calculated to write off the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

Land and Buildings	
- Leasehold Land	Lease period
- Buildings	10 to 25 years
Plant and Machinery	10 to 20 years
Furniture and Fittings	5 years
Automotive equipment	4 to 10 years
Computer equipment	3 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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.

(d) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Company's intangible assets with finite useful lives comprise acquired software.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortisation of intangible assets

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. There is no new addition to intangible assets in the current period.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The useful life for computer software is three years.

(e) Leases

i Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their 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.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured/ blended inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing inventories are as follows:

Product Type	Cost Basis
Refined petroleum products (i) (AGO, ATK, PMS , DPK)	Weighted average costs incurred (for regulated products reduced by the value of subsidies due)
Refined petroleum product (ii) (LPG)	First in First Out (FIFO)
Packaging materials , lubricants and greases	Weighted average cost
Inventories-in-transit	Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

(g) Impairment

i Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or observable data indicating that
- there is measurable decrease in expected cash flows from a group of financial assets

The Company considers evidence of impairment for these assets at both an individual asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

i Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Employees contribute 6% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 12% of each employee's basic salary, transport and housing allowances. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

ii Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme instituted for all permanent employees. The Company's obligations in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the period in which they arise. Although the scheme was not funded, the Company ensured that adequate arrangements were in place to meet its obligations under the scheme.

iii Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

iv Short-term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonuses if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(i) Provisions and contingent liabilities

Provisions

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

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

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

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

(j) Revenue

Revenue from the sale of non-regulated products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue for regulated products is measured at the regulated price of the products. The timing of the transfer of risks and rewards varies depending on whether the customer collects the products himself or the Company delivers to the customer using the third party transporters. For the former, revenue is recognized when the customer picks up the products from the Company's depots and the later, when delivery is made.

(k) Finance income and finance costs

Finance income comprising of interest income on funds invested, foreign currency gain on financial assets and financial liabilities, and reimbursement of any foreign exchange gain or loss or interest from Petroleum Product Pricing Regulatory Agency (PPPRA). Finance income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprises interest expense on borrowings, bank charges, foreign currency loss on financial assets and financial liabilities, unwinding of the discount on provisions and are recognized in profit or loss using the effective interest method. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets.

Foreign currency gains and losses are reported on a net basis.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

i Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company offsets the tax assets arising from WHT credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

ii Deferred tax

Deferred tax is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

(m) Earnings per share (EPS)

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

(n) Segment reporting

"An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available".

"Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis".

(o) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

(p) Government grants

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidies which compensate the Company for losses made on importation of certain refined petroleum products are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product.

(q) Joint arrangement

The Company's joint arrangement is in respect of its interests in joint aviation facilities held with other parties. These Financial Statements include the Company's share of assets, liabilities, revenue and expenses of the joint arrangement.

(r) Share capital

"The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity."

4(a) Standards and Interpretations not yet effective (but available for early adoption)

A number of standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

Effective for the financial year commencing 1 January 2017

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of deferred Tax Assets for Unrealised Losses (Amendments to IAS 12

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

• Classification and measurement of Share-based Payment Transactions (Amendments to IFRS 2)
• Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
• IFRIC 22 Foreign currency transactions and advance consideration
• Transfers of Investment Property (Amendments to IAS 40)
• Annual improvements to IFRSs 2014 - 2016 Cycle

Effective for the financial year commencing 1 January 2019
• IFRS 16 Leases

Standard available for optional adoption
• Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Classification and measurement of Share-based Payment Transactions (Amendments to IFRS 2), Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4), Recognition of deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), Transfers of Investment Property (Amendments to IAS 40), Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4), Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) are not applicable to the business of the entity and will therefore have no impact on future financial statements.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 15 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018."

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
The Company is yet to carry-out an assessment to determine the impact that the initial application of IFRS 9 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2018."

Disclosure Initiative (Amendments to IAS 7)
The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This inlcudes providing a reconciliation between the opening and closing balances arising from financing activities.

IFRIC 22 Foreign currency transactions and advance consideration
The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the Company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date."

The interpretation applies when a Company:
• pays or receives consideration in a foreign currency; and

• recognises a non-monetary asset or liability – eg. non-refundable advance consideration – before recognising the related item.

The Company will adopt the amendments for the year ending 31 December 2018

IFRS 16 Leasees

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to

recognise:
a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
b. depreciation of lease assets separately from interest on lease liabilities in the profit or loss.
For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

4(b)The following Standards and amendments to Standards applicable to the business of the entity and which became effective during the year do not have a significant impact on the Company's financial statements:

- Disclosure Initiative (Amendments to IAS 1)
- Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortistion (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements to IFRSs 2012-2014 Cycle - various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

5 Revenue	2016 ₦'000	2015 ₦'000
Premium Motor Spirit (PMS)	74,750,074	67,998,973
Aviation Turbine Kerosene (ATK)	9,631,463	11,071,777
Automotive Gas Oil (AGO)	13,264,504	3,655,599
Lubricants and greases	3,417,651	2,491,537
Dual Purpose Kerosene (DPK)	8,571,362	1,862,233
Liquidified Petroleum Gas (LPG)	-	19,097
	109,635,054	**87,099,216**

6 Other income	2016 ₦'000	2015 ₦'000
Rental and lease income (Note 6(a))	26,371	25,932
Sundry income (Note 6(b))	593,801	819,702
Gain on sale of property, plant & equipment	44,274	-
Income on storage services	623,024	599,575
Total	**1,287,470**	**1,445,209**

(a) Rental and lease income relates to income earned on assets that are on lease (finance and operating leases) to third parties. Assets on lease include filling stations and related equipment (generators and dispenser pumps).

(b) Sundry income represents service fees for handling and other fees earned in the delivery of products.

7(a) Expenses by nature	2016 ₦'000	2015 ₦'000
Depreciation	1,498,434	1,555,932
Amortization of intangible assets	13,819	56,222
Changes in inventories of lubes, greases and refined products	100,918,883	80,670,719
Rental of service stations, buildings and equipment	223,835	176,616
Advertising expense	228,926	73,455
Consultancy expense	360,569	329,986
Maintenance expense	607,950	305,436
Throughput expense	35,347	77,063
Freight expense	485,861	800,715
Management fees (Note 26 (c))	275,500	708,936
Director's remuneration	1,928	6,678
Employee benefit expense (Note 9 (b))	671,315	548,710
Auditor's remuneration	30,000	30,000
Impairment loss on employee and other receivables	61,580	3,365
Impairment loss/write back on trade receivables	157,919	88,816
Write off of other receivables	9,504	-
Write off of property, plant & equipment	54,594	-
Local and international travel	135,546	88,169
Office expenses and supplies	231,482	177,659
Communication and postage	351,680	169,070
Fines and penalties	3,204	-
Insurance premium	138,342	123,685
Contract labour	720,260	511,410
Sponsorships and donations	9,886	26,782
Licenses and Levies	57,281	47,820
Utilities	48,011	33,461
Subcriptions	4,397	2,434
Board meetings and AGM expenses	87,664	45,295
Security	44,359	36,170
Other expenses	164,918	239,300
Total cost of sales, selling and distribution and administrative expenses	**107,632,994**	**86,933,904**

7(b) Expenses by function	2016 ₦'000	2015 ₦'000
Cost of sales	100,879,939	80,676,760
Selling and distribution expenses	1,303,993	1,150,744
Administrative expenses	5,449,062	5,106,400
	107,632,994	**86,933,904**

8. Finance income and finance costs	2016 ₦'000	2015 ₦'000
Finance income		
Interest income on short-term bank deposits	607,493	320,495
PPPRA reimbursement on interest and foreign exchange differential (a)	-	1,354,914
Interest income on loans to transporters (Note 14)	26,095	55,116
Total finance income	**633,588**	**1,730,525**
Finance cost		
Interest expense	358,430	342,323
Bank charges	72,407	75,435
Net foreign exchange loss	1,204,934	1,462,445
Total finance costs	**1,635,771**	**1,880,203**
Net finance costs	**1,002,183**	**149,678**

(a) This amount represents net interest / foreign exchange differential cost claims received from PPPRA arising from delayed subsidy payments relating to products imported.

9. Profit before income tax

(a) Profit before income tax is stated after charging/(crediting):	2016 ₦'000	2015 ₦'000
Depreciation (Note 12)	1,498,434	1,555,932
Amortisation of intangible assets (Note 13)	13,819	56,222
Management fees (Note 26(c))	275,500	708,936
Director's remuneration (Note 9(b)(iv))	1,928	6,678
Employee benefit expense (Note 9(b)(i))	671,315	548,710
Auditor's remuneration	30,000	30,000
Gain on disposal of property, plant and equipment	(44,274)	-
Write off of property, plant and equipment	54,594	-
PPPRA reimbursement on interest and foreign exchange differential	-	(1,354,914)
Net foreign exchange loss (Note 8)	1,204,934	1,462,445

(b) Directors and employees

i Employee costs during the year comprise:	2016 ₦'000	2015 ₦'000
Salaries and wages	441,056	371,609
Other employee benefits	175,146	126,770
Employer's pension contribution	49,113	43,449
Other long term employee benefit charge	6,000	6,882
	671,315	**548,710**

ii. The average number of full-time persons employed during the year (other than executive directors) was as follows:

	Number 2016	Number 2015
Administration	48	20
Technical and production	20	2
Operations and distribution	25	26
Sales and marketing	39	34
	132	82

iii Higher-paid employees of the Company and other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of ₦1,000,000 (excluding pension contributions) in the following ranges:

		Number 2016	Number 2015
₦	₦		
2,000,001	3,000,000	3	7
3,000,001	4,000,000	45	39
4,000,001	5,000,000	54	8
5,000,001	6,000,000	9	9
6,000,001	7,000,000	5	10
7,000,001	8,000,000	6	5
8,000,001	9,000,000	3	-
9,000,001	10,000,000	4	-
Above	10,000,000	3	4
		132	**82**

iv Directors' remuneration for directors of the Company charged to profit or loss account are as follows:

	2016 ₦'000	2015 ₦'000
Fees	1,678	1,250
Other emoluments	250	5,428
	1,928	6,678
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	1,928	6,678
Other directors received emoluments in the following ranges:		

		Number 2016	Number 2015
₦	₦		
Nil		2	2
1,000,001	2,000,000	1	1
2,000,001	3,000,000	1	1

10. Earnings per share (EPS) and Dividend declared per share

(a) Basic EPS

Basic earnings per share of ₦5.77 (2015: ₦3.68) is based on profit attributable to ordinary shareholders of ₦1,465,905,000.00 (2015: ₦935,625,000.00), and on the 253,988,672 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2015: 253,988,672).

	2016	2015
Profit for the year attributable to shareholders (expressed in Naira)	1,465,905,110	935,625,000
Weighted average number of ordinary shares in issue	253,988,672	253,988,672
Basic earnings per share (expressed in Naira per share)	5.77	3.68

(b) Diluted Earnings per share

The Company had no dilutive ordinary shares to be accounted for in these financial statements. Consequently, diluted and basic earnings per share are the same.

(c) Dividend declared per share

Dividend declared per share of 110 kobo (2015: 88 kobo) is based on total declared dividend of ₦279.39 million (2015: ₦223.51 million) on 253,988,672 (2015: 253,988,672) ordinary shares of 50 kobo each, being the ordinary shares in issue during the year.

11. Income taxes

Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

(a) Amounts recognized in profit or loss

	2016 ₦'000	2015 ₦'000
Current tax expense:		
Income tax	904,709	671,564
Tertiary education tax	68,220	63,465
Capital gains tax	5,853	-
Prior year under-provision	37,856	-
	1,016,638	735,029
Deferred tax expense:		
Origination and reversal of temporary differences	(195,196)	(209,811)
Tax expense on operations	**821,442**	**525,218**

(b) Reconciliation of effective tax rates

The tax on the Company's profit before tax differs from the theoretical amount as follows:

	%	2016	%	2015
Profit before income tax		2,287,347		1,460,843
Income tax using the statutory tax rate	30	686,204	30	438,253
Effect of:				
Impact of capital gains tax	-	5,853	-	
Impact of tertiary education tax	3	68,220	4	63,465
Effect of tax incentives	-	(7,837)	(7)	(102,806)
Non deductible expenses	2	49,999	11	154,253
Tax exempt income	(1)	(18,731)	-	-
Changes in estimates related to prior years	1	29,937	-	-
Prior year under-provision	2	37,856	-	-
Other differences	(1)	(30,059)	(2)	(27,947)
Total income tax expense in income statement	36	821,442	36	525,218

(c) Movement in current tax liability

	2016 ₦'000	2015 ₦'000
Balance at beginning of the year	991,830	1,217,783
Payments during the year	(701,883)	(939,113)
Net provision for the year	1,016,638	735,029
Withholding tax credit notes utilized	(98,085)	(21,869)
	1,208,500	**991,830**

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Property, plant and equipment	-	-	(5,188,135)	(5,494,533)	(5,188,135)	(5,494,533)
Employee benefits	4,445	3,785	-	-	4,445	3,785
Impairment loss	131,269	137,106	-	-	131,269	137,106
Inventories	19,382	8,800	-	-	19,382	8,800
Net unrealised exchange difference	-	32,743	(83,865)	-	(83,865)	32,743
	155,096	**182,434**	**(5,272,000)**	**(5,494,533)**	**(5,116,904)**	**(5,312,099)**

The Company does not have any unrecognized deferred tax assets or liabilities

(e) Movement in temporary differences during the year

	Balance 1-Jan-15 N'000	Recognized in profit or loss N'000	Balance 31-Dec-15 N'000	Recognized in profit or loss N'000	Balance 31-Dec-16 N'000
Property, plant and equipment	5,783,712)	289,179	(5,494,533)	306,398	(5,188,135)
Employee benefits	4,892	(1,107)	3,785	660	4,445
Impairment loss	106,164	30,942	137,106	(5,837)	131,269
Inventories	17,628	(8,828)	8,800	10,582	19,382
Net unrealised exchange difference	133,118	(100,375)	32,743	(116,608)	(83,865)
	(5,521,910)	**209,811**	**(5,312,099)**	**195,195**	**(5,116,904)**

12 Property, Plant and Equipment

(a) The movement on these accounts was as follows:

	Leasehold Land ₦'000	Buildings ₦'000	Plant & Machinery ₦'000	Automotive Equipment ₦'000	Computer & Office Equipment ₦'000	Furniture & Fittings ₦'000	Capital Work in Progress ₦'000	Total ₦'000
Cost								
Balance as at 1 January 2015	8,460,233	6,033,133	10,552,044	1,815,066	843,757	204,184	100,313	28,008,730
Additions	-	74,885	218,182	55,618	20,799	5,917	21,852	397,253
Transfers	-	-	-	42,337	-	-	(42,337)	-
Balance as at 31 December 2015	**8,460,233**	**6,108,018**	**10,770,226**	**1,913,021**	**864,556**	**210,101**	**79,828**	**28,405,983**
Cost								
Balance at 1 January 2016	8,460,233	6,108,018	10,770,226	1,913,021	864,556	210,101	79,828	28,405,983
Additions	605,509	11,420	217,615	68,195	17,558	8,735	44,400	973,432
Write off	-	(21,827)	(79,017)	(142,322)	(2,148)	(1,095)	-	(246,409)
Disposal	-	-	(124,000)	(808,772)	(1,608)	(3,805)	-	(938,185)
Balance as at 31 December 2016	**9,065,742**	**6,097,611**	**10,784,824**	**1,030,122**	**878,358**	**213,936**	**124,228**	**28,194,821**
Accumulated depreciation and impairment								
Balance as at 1 January 2015	351,031	1,445,512	3,795,963	1,311,629	718,960	173,251	-	7,796,346
Charge for the year	88,777	204,991	1,035,397	194,575	24,394	7,798	-	1,555,932
Balance as at 31 December 2015	**439,808**	**1,650,503**	**4,831,360**	**1,506,204**	**743,354**	**181,049**	**-**	**9,352,278**
Accumulated depreciation and impairment								
Balance as at 1 January 2016	439,808	1,650,503	4,831,360	1,506,204	743,354	181,049	-	9,352,278
Charge for the year	86,476	232,441	1,033,403	102,581	32,757	10,776	-	1,498,434
Write off	-	(7,678)	(46,211)	(135,206)	(2,041)	(679)	-	(191,815)
Disposal	-	-	(55,741)	(805,587)	(1,527)	(3,675)	-	(866,530)
Balance as at 31 December 2016	**526,284**	**1,875,266**	**5,762,811**	**667,992**	**772,543**	**187,471**	**-**	**9,792,367**
Carrying amounts								
Balance as at 31 December 2016	**8,539,458**	**4,222,345**	**5,022,013**	**362,130**	**105,815**	**26,465**	**124,228**	**18,402,454**
Balance as at 31 December 2015	**8,020,425**	**4,457,515**	**5,938,866**	**406,817**	**121,202**	**29,052**	**79,828**	**19,053,705**

(b) Impairment assessment

The carrying amount of the Company's net assets exceeded its market capitalization as at the year end. As a result of this, management carried out an impairment test as at 31 December 2016. Based on results of the test, the recoverable amount of the Company's cash generating units (CGU) are higher than the carrying amount i.e fair value less costs of disposal exceeds the carrying amount. None of the Company's assets were impaired as at the end of the year. (2015: Nil)

(c) The Company holds various parcels of land under lease arrangements. The maximum tenor of the lease is 99 years in line with the Land Use Act. Thelease amounts were fully paid at the inception of the lease arrangements and these are depreciated over the lease period. At 31 December 2016, the carrying amount of the lease land was ₦8.54 billion (2015: ₦8.02 billion)

(d) Capital commitments

Capital expenditure commitments at the year end authorised by the Board of Directors comprise:

	2016 ₦'000	2015 ₦'000
Capital commitments	393,423	541,805

13. Intangible assets

Intangible assets relate to the Company's accounting, software application package and license. The movement on these accounts during the year was as follows:

	2016 ₦'000	2015 ₦'000
Cost		
Balance as at 1 January	234,088	234,088
Additions	42,595	-
Balance as at 31 December	276,683	234,088
Accumulated amortisation		
Balance as at 1 January	232,944	176,722
Charge for the year (Note 7(a))	13,819	56,222
Balance as at 31 December	246,763	232,944
Carrying amount	**29,920**	**1,144**

14. Loans and receivables

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	606,985	909,115
Insurance	54,448	72,585
Interest accrued (Note 14(a))	26,095	55,116
Principal and interests repayments received during the year	(180,755)	(429,831)
Impairment on Truck lease (Note 14(b))	(61,580)	-
Balance as at 31 December	**445,193**	**606,985**

(a) Interest income earned with respect to these loans was ₦26.10 million (2015:₦55.12 million) and has been included as part of finance income in profit or loss (Note 8). During the year, there were no additional cost incurred.

(b) The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	-	-
Impairment loss recognised	61,580	-
Balance as at 31 December	61,580	-

"The Company, entered into an arrangement with some of its transporters to provide tankers to them. The transporters are to repay the Company the cost of the tankers plus an interest of 17% per annum. The transporters were expected to repay their obligations to the Company from freight costs charged to the Company for services rendered. The repayment periods range from 12 to 24 months. The transporters made a 20% contribution at the commencement of the arrangement. The outstanding balance on the receivable from the transporters are secured by the Company's retention of title to the tankers. Legal title will only be passed to the transporters once they have settled the outstanding balance.

In addition, in 2015, the arrangement was revised and the interest on outstanding payments was increased to 20% per annum and the tenor was extended for another 12 months and the insurance payments on the trucks for the current period was included as part of the new principal amount. During the year, the Company recorded an impairment of ₦61.58million (2015: Nil) in respect of certain transporters whose recoverables are doubtful of recovery. On the basis of retention of title as well as historical payment behaviours of the respective transporters (including continuing business as of date, repayments during the year and adequate insurance cover on the tankers), the Company believes that the outstanding balances are recoverable."

15. Trade and other receivables

	2016 ₦'000	2015 ₦'000
Trade receivables (Note 15(a))	5,295,575	3,697,155
Petroleum Equalisation Fund (PEF)	2,972,340	1,366,129
Petroleum Support Fund (PSF) (Note 15(b)	12,229,750	375,628
Loans to employees	35,466	27,470
Due from joint operation partners	30,670	38,077
Receivables from registrar	70,812	54,244
Receivables from related parties	20,035,831	14,835,297
Advances paid to suppliers	2,713,092	-
Other debtors	209,264	127,185
	43,592,800	20,521,185
Less: non-current portion	(347,922)	(1,211)
Current portion	**43,244,878**	**20,519,974**

For receivables that are classified as 'current', due to their short-term maturities, the fair value approximates their carrying values.

(a) Trade receivables

	2016 ₦'000	2015 ₦'000
Gross trade receivables	5,876,648	4,120,309
Impairment	(581,073)	(423,154)
Net trade receivables	**5,295,575**	**3,697,155**

(b) Included in the Petroleum Support Fund is an amount of ₦10.98 billion (2015: Nil) receivable from Petroleum Products Pricing Regulatory Agency (PPPRA) with respect to interest on delayed payments and foreign exchange differences between the rate used by the PPPRA in pricing Premium Motor Spirit (PMS) and the foreign exchange rate used by the Company. The directors believe this amount to be fully recovereable considering historical payment patterns of such receivables and based on their interactions with the PPPRA. Accordingly, no impairment has been recognised on this amount. The related liability is included in short term borrowings (See Note 24(a)).

The Company's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in Note 25 (a)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. Witholding tax receivables

The movement on the witholding tax receivable account was as follows:

	2016 ₦'000	2015 ₦'000
Balance at 1 January	32,348	36,147
Additions	134,025	18,070
Withholding tax credit note utilised	(98,085)	(21,869)
Balance at 31 December	68,288	32,348

17. Inventories

	2016 ₦'000	2015 ₦'000
Premium Motor Spirit (PMS)	2,780,005	721,485
Lubricants and greases	1,898,422	1,869,542
Aviation Turbine Kerosene (ATK)	1,863,232	315,900
Automotive Gas Oil (AGO)	71,301	67,089
Dual Purpose Kerosene (DPK)	261,669	341,759
Packaging materials and other sundry items	129,544	28,167
Goods in Transit	-	2,916,541
	7,004,173	**6,260,483**

Inventory amounting to ₦315.99 million (2015 : ₦377.93 million) was held in a facility owned by MRS Oil and Gas Limited, a related party (Note 26).

The value of changes in products, packaging materials and work-in-progress included in cost of sales amounted to ₦100.92 billion (2015: ₦80.67 billion). In 2016 there was a reassessement of inventory which resulted in additional provision of ₦31.24 million (2015: ₦29.47 million). The provision has been included in the cost of sales in the Statement of Profit or Loss and Other Comprehensive Income.

	2016 ₦'000	2015 ₦'000
Gross inventory	7,082,378	6,307,453
Impairment	(78,205)	(46,970)
Net inventory	7,004,173	6,260,483

18. Cash and cash equivalents

	2016 ₦'000	2015 ₦'000
Cash at bank and on hand	2,059,224	1,301,602
Short term deposits with banks (Note 18 (a))	8,851,560	18,472,795
Cash and cash equivalents in the statement of financial position	**10,910,784**	**19,774,397**
Cash and cash equivalents in the statement of cash flows	**10,910,784**	**19,774,397**

(a) Short term deposits with banks represent placements with commercial banks for periods between 0 - 90 days. Included in short term deposits are unclaimed dividends amounting to ₦367.18 million (2015: ₦408.79 million) held in separate bank accounts in accordance with guidelines issued by Securities and Exchange Commission. This amount is restricted from use by the Company.

Also included in short term deposits with banks is a balance of ₦8.47 billion (2015:₦7.49 billion) relating to sinking fund account. The sinking fund accounts serve as collateral deposit for import financing held with the Company's Bankers (Note 24).

19. Share capital

Authorised:	2016 ₦'000	2015 ₦'000
271,657,230 Ordinary shares of 50k each	135,829	135,829
Issued and fully paid: 253,988,672 Ordinary shares of 50k each	126,994	126,994
Issued and fully allotted: 253,988,672 Ordinary shares of 50k each	126,994	126,994

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

20. Employee benefit obligations

(a) The amounts outstanding at the end of the year with respect to employee benefit obligations is shown below:

	2016 ₦'000	2015 ₦'000
Year end obligations for:		
Other long term employee benefits	13,891	12,618
Total employee benefit liabilities	**13,891**	**12,618**

(b) The provision was based on an independent actuarial valuation performed by Olurotimi Olatokunbo Okpaise (FRC/2012/NAS/00000000738), a partner with HR Nigeria Limited. The method of valuation used is the projected unit credit method and the last valuation was as at 31 December 2016. Other long term employee benefits comprise long service awards and it is funded on a pay as you go basis by the Company.

(c) The movement on the provision for other long term employee benefits is as follows:

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	12,618	16,307
Provision for the year :		
Current service cost	4,582	4,694
Interest cost	1,418	2,188
Discontinued benefits due to contract change	-	(6,297)
Remeasurement gains (net)	(3,176)	(834)
Benefits paid by the employer	(1,551)	(3,440)
Balance as at 31 December	13,891	12,618

(d) Actuarial Assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):	2016	2015
Long-term average discount rate (p.a.)	15.8%	12%
Future average pay increase (p.a.)	12%	11%
Average rate of inflation (p.a.)	12%	9%
Average Duration in years (Long Service Awards)	6	7.29

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK. The data were rated down by one year to more accurately reflect mortality in Nigeria as follows:

Mortality in Service

Sample age	2016 Number of deaths in year out of 10,000 lives	2015 Number of deaths in year out of 10,000 lives
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from Service

Age Band	2016	2015
	Rates	
≤ 30	0.5%	0.5%
31 - 39	0.5%	0.5%
40 - 44	0.5%	0.5%
45 - 60	0.0%	0.0%

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2015: age 60.

Sensitivity Analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit.

		Long Service Award ₦'000
Discount rate	-1%	14,823
	+1%	13,063
Salary increase rate	-1%	13,314
	+1%	14,523
Inflation rate	-1%	13,548
	+1%	14,281
Mortality rate		
Age rated up by 1 year		13,850
Age rated down by 1 year		13,928

21 Security deposits

	2016 ₦'000	2015 ₦'000
Security deposits	1,766,967	1,573,485

These are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off on a periodic basis to cater for probable losses from sales to customers. These deposits do not bear interest and are refundable to the dealers at the termination of the business arrangements.

The Company's exposure to liquidity risks related to security deposits is disclosed in Note 25 (b).

22 Dividends

(a) Declared dividends

The following dividends were declared and paid by the Company during the year.

	2016 ₦'000	2015 ₦'000
₦1.10 kobo per qualifying ordinary share (2015: 88 kobo)	279,388	223,510

After the respective dates, the following dividends were proposed by the Directors. The dividends have not been provided for as they are only to be declared at the next Annual General Meeting of the Company. There are no income tax consequences.

	2016 ₦'000	2015 ₦'000
173 kobo per qualifying ordinary share (2015: 110 kobo)	439,772	279,388

Dividend payable

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	399,889	427,995
Declared dividend	279,388	223,510
Payments	(267,959)	(204,528)
Unclaimed dividend written back to retained earnings (see 22(i) below)	-	(47,088)
Balance as at 31 December	411,318	399,889

(i) Unclaimed dividends transferred to retained earnings represents dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with Section 385 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federal Republic of Nigeria, 2004

(ii) As at 31 December 2016, dividend payable held by the Company amounted to ₦340.51 million (2015: ₦345 million). The balance of ₦70.81 million (2015: ₦54.24 million) are held with the Company's registrar, CardinalStone (Registrars) Limited.

23 Trade and other payables

	2016 ₦'000	2015 ₦'000
Trade payables	8,303,391	5,446,521
Accrued expenses	602,618	534,827
Amounts due to joint arrangement partners	134,381	110,527
Advances received from customers	644,551	993,441
Bridging allowance	4,023,064	1,333,897
Amounts due to related parties	18,029,888	12,437,570
Pension payable (Note 23(a))	9,903	752
Statutory deductions (Note 23(b))	409,042	368,495
	32,156,838	21,226,030

(a) The balance on the pension payable account represents the amount due to Pension Fund Administrators which are yet to be remitted at the end of the year.The movement on this account during the year was as follows:

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	752	784
Contributions during the year	73,736	33,598
Payments during the year	(64,585)	(33,630)
Balance as at 31 December	**9,903**	**752**

(b) This represents statutory deductions which are mandated by law or statute. They include Value Added Tax (VAT) and Withholding Tax (WHT) liabilities and Pay As You Earn (PAYE) liabilities, which are to be remitted to the relevant tax authorities.

24. Short term borrowings

	2016 ₦'000	2015 ₦'000
Bank borrowings (Import Finance Facilities) (Note 24(b))	18,526,556	16,400,466
Total Borrowings	**18,526,556**	**16,400,466**

(a) Interest rates on these overdraft ranged between 18% to 20% per annum (2015: 18% to 22%). Where the fixed deposit held is in excess of the overdraft, interest income is earned. There is no right of set-off between the overdraft and the deposits held. The net interest expense incurred in the year relating to overdrafts and short term borrowings amounted to ₦315.70 million (2015: ₦190.78 million).

(b) Import Finance Facilities represents short term borrowings obtained to fund letters of credits for product importation. These facilities are either secured with products financed, domiciliation of Petroleum Products Pricing Regulatory Agency (PPPRA) payments or the Company's sinking fund account with a balance of ₦3.14 billion as at year end (2015: ₦7.49 billion). The sinking fund account is included in the short term deposits (Note 18).

The fair value of current borrowings closely approximates their carrying amount, as the impact of discounting is not significant.

(c) Reconciliation of short term borrowings received to statement of cashflows is as follows:

	2016 ₦'000	2015 ₦'000
Changes in borrowings	2,126,090	6,582,105
Repayments	28,099,488	15,512,831
Exchange loss on borrowings	(10,172,195)	(160,121)
	20,053,383	21,934,815

25 Financial Risk Management & Financial Instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the strategic and finance planning committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the strategic and finance planning committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company and the audit committee.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

Trade and other receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by an established credit committee headed by the Managing Director. Under the credit policies all customers requiring credit above a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes collecting cash deposits from customers. These deposits are non interest bearing and refundable, net of any outstanding amounts (if any) upon termination of the business relationship and are classified as current liability (Note 21). Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.
The Credit Committee reviews each customer's credit limit in line with the customers' performance, feedback from sales team and perceived risk factor assigned to the customer.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a key distributor or retail distributor, geographic location, and existence of previous financial difficulties. Customers with no trading activities for a period of up to one year are placed on a dormant customer list, and future sales are made on a prepayment basis only with approval of management

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, customers with outstanding amounts that have not placed orders/traded for a prolonged period of time and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 ₦'000	2015 ₦'000
Trade receivables		
- Major customers	3,735,012	3,154,947
- Others	2,141,636	965,362
- Impairment	(581,073)	(423,154)
	5,295,575	3,697,155
- Due from related parties	20,035,831	14,835,297
- Due from regulators (Government entities)	15,202,090	1,741,757
- Others*	346,212	246,976
	40,879,708	**20,521,185**

* Excludes advances paid to suppliers and withholding tax receivables

All the Company's trade receivables are due from customers within Nigeria.

As at year end, the aging of trade receivables that were not impaired was as follows:

	2016 ₦'000	2015 ₦'000
Neither past due nor impaired	3,161,741	2,121,928
Past due 0-30 days	838,520	843,393
Past due 31-90 days	18,924	427,543
Past due 91 days and above	1,276,390	304,291
	5,295,575	**3,697,155**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 ₦'000	2015 ₦'000
Balance as at 1 January	423,154	337,485
Impairment loss recognised	342,609	108,975
Bad debt written-off	-	(3,147)
Reversal of impairment losses	(184,690)	(20,159)
Balance as at 31 December	**581,073**	**423,154**

The Directors have applied judgement in the Company's assessment of the recoverability of its trade and other receivables which are past due but not impaired. The significant judgement involved estimation of future cashflows and the timing of those cashflows. Based on the assessment of the Directors, these trade and other receivables are fully recoverable and accordingly no impairment has been recorded.

Due from Government entities

This comprises amount due from PPPRA with respect to subsidies/PSF receivable on imported products as well as amounts receivable from PEF with respect to bridging claims

Determination of amounts due are based on existing regulations/ guidelines and impairment is only recognized when changes occur in the regulations/ guidelines that prohibit or limit recovery of previously recognized amounts. For bridging claims amounting to ₦2.97 billion recognized as receivable (Note 15), possibilities exist depending on negotiations that settlement will occur via a set off to the extent of bridging allowances amounting to ₦4.02 billion recorded as a liability (Note 23). However, as the right of set off does not exist, the amounts have been presented gross in these financial statements.

Due from related parties

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the MRS Group. Payment terms are usually not established for transactions within the Group companies and amounts receivable from members of the Group are not impaired except the member is facing bankruptcy. In the directors view, all amounts are collectible. No impairment was recorded with respect to amounts due from related parties in the current period (Dec 2015: Nil).

Other receivables
Other receivables includes staff debtors and other sundry receivables. The Company reviews the balances due from this category on a periodic basis taking into consideration functions such as continued business/employment relationship and ability to offset amounts against transactions due to these parties. Where such does not exist, the amounts are impaired. There were no Impairment loss recognised in this category during the year. (2015: Nil).

Loans and receivables
Loans receivable comprise amounts loaned to some of the Company's transporters. See Note 14. All the transporters still carry out business with the Company as at the period end and the balances due as at year end are secured with title to the trucks that were financed

Cash and cash equivalents
The Company held cash and cash equivalents of ₦10.91 billion as at 31 December 2016 (2015: ₦19.77 billion), which represents its maximum credit exposure on these assets. The cash and cash equivalents (with the exception of ₦0. 72 million held as cash by the Company) are held by banks and financial institutions in Nigeria, which are regulated by the Central Bank of Nigeria (CBN).

(b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks which can be utilised to meet its liquidity requirements.

Typically the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Notes	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000
Non-derivative financial liabilities				
31 December 2016				
Overdraft and other short-term borrowings	24	18,526,556	18,526,556	18,526,556
Dividend payable	22	411,318	411,318	411,318
Trade and other payables*	23	31,103,245	31,103,245	31,103,245
Security deposits	21	1,766,967	1,766,967	1,766,967
		51,808,086	**51,808,086**	**51,808,086**
31 December 2015				
Overdraft and other short-term borrowings	24	16,400,466	16,400,466	16,400,466
Dividend payable	22	399,889	399,889	399,889
Trade and other payables*	23	19,864,094	19,864,094	19,864,094
Security deposits	21	1,573,485	1,573,485	1,573,485
		38,237,934	**38,237,934**	**38,237,934**

* Excludes advances received from customers and tax liabilities

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 its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the Naira. The currency in which these transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company has no export sales, thus the exposure to currency risk in that regard is non existent. The Company's significant exposure to currency risk relates to its importation of various products for resale or for use in production. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

Exposure to currency risk

The Company's transactional exposure to Naira (NGN) was based on notional amounts as follows:

In thousands	December 2016 USD'000	December 2015 USD'000
Financial assets		
Trade and other receivables	80	22,772
Cash and cash equivalents	2,766	2,851
Financial liabilities		
Short- term borrowings	(60,843)	(82,648)
Trade and other payables	(36,624)	(62,706)
Net statement of financial position exposure	**(94,621)**	**(119,731)**

Sensitivity analysis

A strengthening of the Naira, as indicated below against the Dollar at 31 December would have increased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity.

	Increase in profit or loss N'000
31 December 2016	
USD (20 percent strengthening)	5,762,432
31 December 2015	
USD (20 percent strengthening)	4,705,415

A weakening of the Naira against the dollar at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied during the year

	Average rate		Reporting date spot rate	
	2016 ₦	2015 ₦	2016 ₦	2015 ₦
US Dollar	252.69	192.64	304.50	196.50

Interest rate risk profile
In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2016 ₦'000	2015 ₦'000
Fixed rate instruments		
Bank overdraft and borrowings	18,526,556	16,400,466

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Capital risk management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors capital using a ratio of "adjusted net debt" to equity. For this purpose, adjusted net debt is defined as total borrowings less cash and cash equivalents

The Company's adjusted net debt to equity ratio at the end of the reporting year was as follows:

	2016 ₦'000	2015 ₦'000
Total borrowings (Note 24)	18,526,556	16,400,466
Less: Cash and cash equivalents (Note 18)	(10,910,784)	(19,774,397)
Adjusted net debt	7,615,772	(3,373,931)
Total equity	22,163,841	20,977,324
Total capital employed	29,779,613	17,603,393
Adjusted net debt to equity ratio	0.34	(0.16)

There were no changes in the Company's approach to capital management during the year.
The Company is not subject to externally imposed capital requirements.

(d) Fair values
Fair values versus carrying amounts
The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value subsequent to initial recognition, because the carrying amounts are a reasonable approximation of fair values.

The Company's financial instruments are categorised as follows:

31 December 2016	Carrying amount		
	Loans and receivables ₦'000	Other financial liabilities ₦'000	Total ₦'000
Financial assets not measured at fair value			
Trade and other receivables	40,879,708	-	40,879,708
Loans and receivables	445,193	-	445,193
Cash and cash equivalents	10,910,784	-	10,910,784
	52,235,685	**-**	**52,235,685**
Financial liabilities not measured at fair value			
Short term borrowings	-	18,526,556	18,526,556
Trade and other payables	-	31,103,245	31,103,245
Security deposits	-	1,766,967	1,766,967
Dividend payable	-	411,318	411,318
	-	**51,808,086**	**51,808,086**

31 December 2015	Carrying amount		
	Loans and receivables ₦'000	Other financial liabilities ₦'000	Total ₦'000
Financial assets not measured at fair value			
Trade and other receivables	20,521,185	-	20,521,185
Loans and receivables	606,985	-	606,985
Cash and cash equivalents	19,774,397	-	19,774,399
	40,902,567	**-**	**40,902,567**
Financial liabilities not measured at fair value			
Short term borrowings	-	16,400,466	16,400,466
Trade and other payables	-	19,864,094	19,864,094
Security deposits	-	1,573,485	1,573,485
Dividend payable	-	399,889	399,889
	-	**38,237,934**	**38,237,934**

Trade and other receivables, security deposits, bank overdrafts and other short term borrowings are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

26. Related party transactions

(i) Parent and ultimate controlling entity

As at the year ended 31 December 2016, MRS Africa Holdings Limited (incorporated in Bermuda) owned 60% of the issued share capital of MRS Oil Nigeria Plc. MRS Africa Holdings Limited is a subsidiary of Corlay Global SA. The ultimate holding company is Corlay Global SA incorporated in Panama.

The Company entered into the following transactions with the under-listed related parties during the year:

(a) MRS Oil and Gas Limited (MOG)

MOG is a wholly owned company of MRS Holdings Limited which is a shareholder in Corlay Global SA. Corlay Global SA is the ultimate holding company of MRS Oil Nigeria Plc. The following transactions occurred during the year:

Nature of transactions	2016 ₦'000	2015 ₦'000
Sales of goods	18,464,238	26,900,941
Staff Secondment	(219,723)	(192,660)
Other services	-	164,756
Reimbursements for expenses	-	724,225
Purchase of goods	-	-

The value of products stored by MRS Oil and Gas Limited for the Company amounting to ₦315.99 million (2015: ₦377.4 million).

Net balance due from MRS Oil and Gas Limited was ₦6.23 billion (2015: ₦8.91 billion).

(b) Petrowest SA (Petrowest)

Patrice Albert is Non-executive director on the Board of MRS Oil Nigeria Plc. He is also a director in Petrowest SA. The following transactions occurred during the period:

Nature of transactions	2016 ₦'000	2015 ₦'000
Purchase of goods	(17,140,228)	(25,197,535)
Goods in transit	-	(2,916,541)

Net balance due to Petrowest was ₦4.15 billion (2015: ₦6.53 billion)

(c) MRS Holdings Limited

MRS Holdings Limited owns 50% of the shares in Corlay Global SA, the parent company of MRS Africa Holdings Limited. MRS Africa Holding Limited has a majority shareholding in MRS Oil Nigeria Plc.

Nature of transactions	2016 ₦'000	2015 ₦'000
Management fees	(275,500)	(708,936)
Sale of goods	111,607	76,154
Shared services	32,587	48,269

Net balance due from MRS Holdings Limited was ₦27.52 million (2015: ₦285.71 million)

(d) Net balances due (to)/from other related entities were as follows:

	2016 ₦'000	2015 ₦'000
MRS Benin	41,941	24,312
Corlay Togo	(3,921)	(6,015)
Corlay Benin	344	(44,736)
Corlay Cote D'Ivoire	(86,164)	(55,216)
Corlay Cameroun	3,770	(35,463)
Others	-	(140,000)
Total	**(44,030)**	**(257,117**

The Corlay entities are subsidiaries of Corlay Global SA incorporated in Panama, the parent company of MRS Africa Holdings Limited, and thereby affiliates of MRS Oil Nigeria Plc.

All outstanding balances do not bear interest and exclude value of products stored by MRS Oil and Gas Limited for the Company amounting to ₦315.99 million (2015:₦377.4 million).

(e) Summary of intercompany receivables and payables:

	2016		2015	
	Receivables ₦'000	Payables ₦'000	Receivables ₦'000	Payables ₦'000
MRS Oil and Gas Limited (MOG)	17,566,746	(11,338,953)	13,162,538	(4,258,539)
MRS Holdings Limited	2,423,030	(2,450,551)	1,672,773	(1,387,048)
Petrowest	-	(4,150,300)	-	(6,534,866)
MRS Benin	41,941	-	-	24,312
Corlay Togo	-	(3,921)	-	(6,015)
Corlay Benin	344	-	-	(44,736)
Corlay Cote D'Ivoire	-	(86,164)	-	(55,216)
Corlay Cameroun	3,770	-	-	(35,463)
Other	-	-	-	(140,000)
	20,035,831	**(18,029,888)**	**14,835,311**	**(12,437,570)**

(ii) Key management personnel compensation

The Company pays short term benefits to its directors as follows:

	2016 ₦'000	2015 ₦'000
Short term employee benefits	1,928	6,678

The managing director is seconded from a related party (MRS Oil and Gas Limited) as part of the management fees agreement existing between the Company and MRS Holdings Limited.

(iii) Related Party Transactions above 5% of total tangible assets

In line with Nigerian Stock Exchange - Rules Governing Transactions with Related Parties or Interested Persons, the Company has disclosed transactions with related parties which are individually or in aggregate greater than 5% of the total tangible assets. The total tangible assets amounted to ₦18.40 billion and the 5% disclosure limit is ₦920 million. During the year, the Company has entered into transactions above the 5% disclosure limit with the following related parties:

	2016 ₦'000	2015 ₦'000
MRS Oil and Gas Limited (See Note 26(a) above)	18,244,515	27,597,262
Petrowest SA (See Note 2b(b) above)	(17,140,228)	(28,114,076)

27. Segment reporting

In accordance with the provisions of IFRS 8 – Operating Segments, the operating segments used to present segment information were identified on the basis of internal reports used by the Company's Board of Directors to allocate resources to the segments and assess their performance. The Managing Director is MRS Oil Nigeria Plc's "Chief operating decision maker" within the meaning of IFRS 8.

Segment information is provided on the basis of product segments as the Company manages its business through three product lines - Retail/Commercial & Industrial, Aviation, and Lubricants. The business segments presented reflect the management structure of the Company and the way in which the Company's management reviews business performance. The accounting policies of the reportable segments are the same as described in Note 3.

The Company has identified three operating segments:

(i) **Retail/ Commercial & Industrial -** this segment is responsible for the sale and distribution of petroleum products (refined products) to retail customers and industrial customers.

(ii) **Aviation -** this segment involves the sale of Aviation Turbine Kerosene (ATK).

(iii) **Lubricants -** this segment manufactures and sells lubricants and greases.
Segment assets and liabilities are not disclosed as these are not regularly reported to the Chief Operating decision maker.

Segment revenue and cost of sales

2016	Revenue		Cost of sales		Gross profit	
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total
Retail/C&I	96,585,940	88	89,943,231	89	6,642,709	76
Aviation	9,631,463	9	8,571,763	8	1,059,700	12
Lubes	3,417,651	3	2,364,945	2	1,052,706	12
Total	**109,635,054**	**100**	**100,879,939**	**100**	**8,755,115**	**100**

2015	Revenue		Cost of sales		Gross profit	
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total
Retail/C&I	73,535,902	84	68,581,438	85	4,954,464	77
Aviation	11,071,777	13	10,400,121	13	671,656	10
Lubes	2,491,537	3	1,695,201	2	796,336	12
Total	**87,099,216**	**100**	**80,676,760**	**100**	**6,422,456**	**100**

28. Subsequent events

There are no significant subsequent events that could have had a material effect on the financial position of the Company as at 31 December 2016 and on the profit for the year ended on that date that have not been taken into account in these financial statements.

29. Contingencies

(a) *Pending litigations and claims*
"There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The total claims in respect of pending litigations amounted to ₦19 billion as at 31 December 2016 (2015: ₦17 billion). In the opinion of the directors and based on independent legal advice, the Company's liabilities are not likely to be material, thus no provision has been made in these financial statements.

(b) *Financial commitments*
The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

30. Prepayments

	2016 ₦'000	2015 ₦'000
Operating leases	698,114	484,318
Other prepayments	213,089	159,176
	911,203	643,494

The Company leases a number of offices, buses, warehouses and service stations under both cancellable and non-cancellable leases. During the year, an amount of ₦223.84 million (2015: ₦176.62 million) was recognized as an expense in profit or loss in respect of operating leases. Lease rentals are paid upfront and included in prepayments (current and non-current), which are amortised to profit or loss over the life of the lease except for leases for buses that are paid in arrears on a monthly basis.

	2016 ₦'000	2015 ₦'000
Non-current portion	578,073	354,303
Current portion	333,130	289,191
	911,203	643,494

	2016 ₦'000	2015 ₦'000
Opening balance	643,494	691,002
Addition	706,747	497,205
Release to P&L	(439,038)	(544,713)
Closing balance	911,203	643,494

31. Non-audit services provided by KPMG Professional Services

During the year, the following non-audit services were provided by KPMG Professional Services:

(a) Filing of transfer pricing returns for 2016 financial year. The total amount charged was ₦2,500,000.

(b) Tax regulatory complaince services for year ended 31 December 2016. The total amount charged was ₦23,500,000.

Coming in 2018

OTHER NATIONAL DISCLOSURES

Value added statement
For the year ended 31

	December 2016 ₦'000	%	December 2015 ₦'000	%
Revenue	109,635,054		87,099,216	
Bought in materials and services				
- Imported	(36,036,491)		(36,036,491)	
- Local	(69,412,935)		(48,736,549)	
	4,185,628		2,326,176	
Other income	1,287,470		1,445,209	
Finance income	633,588		1,730,525	
Value added by operating activities	**6,106,686**	**100**	**5,501,910**	**100**
Distribution of Value Added				
To Government as:				
Taxes and duties	821,442	13	525,218	10
To Employees:				
Salaries, wages, fringe and end of service benefits	671,315	11	548,710	10
To Providers of Finance:				
- Finance cost	1,635,771	27	1,880,203	34
Retained in the Business				
To maintain and replace:				
- Property, plant and equipment	1,498,434	25	1,555,932	28
- Intangible assets	13,819	-	56,222	1
Proposed dividend	439,772	7	279,388	5
To augment retained earnings	1,026,133	17	656,237	12
Value added	**6,106,686**	**100**	**5,501,910**	**100**

OTHER NATIONAL DISCLOSURES FINANCIAL SUMMARY

Statement of comprehensive income

	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000	2012 ₦'000
Revenue	109,635,054	87,099,216	92,325,405	87,786,323	79,727,349
Results from operating activities	3,289,530	1,610,521	2,431,918	(1,092,618)	1,587,900
Profit before taxation	2,287,347	1,460,843	1,282,053	1,407,143	378,755
Profit for the year	1,465,905	935,625	746,404	634,418	205,121
Comprehensive income for the year	1,465,905	935,625	746,404	634,418	208,846
Ratios					
Earnings per share (Kobo)	577	368	294	250	81
Declared dividend per share (Kobo)	110	88	74.93	23.34	70
Net assets per share (kobo)	8,726	8,259	7,960	7,728	7,502

Statement of financial position

Employment of Funds	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000	31 Dec 2014 ₦'000	31 Dec 2013 ₦'000	31 Dec 2012 ₦'000
Property, plant and equipment	18,402,454	19,053,705	20,212,384	21,351,269	22,013,568
Intangible assets	29,920	1,144	57,366	81,320	140,560
Loans and receivables	-	-	-	655,229	-
Trade and other receivables	347,922	1,211	2,044	5,361	7,507
Prepayment	578,073	354,303	297,014	303,594	236,673
Net current assets	7,936,267	6,891,678	5,187,530	3,229,534	3,112,717
Employee benefit obligation	(13,891)	(12,618)	(16,307)	(15,541)	(218,415)
Deferred tax liability	(5,116,904)	(5,312,099)	(5,521,910)	(5,981,619)	(6,238,600)
Net assets	**22,163,841**	**20,977,324**	**20,218,121**	**19,629,147**	**19,054,010**
Funds Employed					
Share capital	126,994	126,994	126,994	126,994	126,994
Retained earnings	22,036,847	20,850,330	20,091,127	19,502,153	18,927,016
	22,163,841	**20,977,324**	**20,218,121**	**19,629,147**	**19,054,010**

SHAREHOLDER INFORMATION

Share Capital History:

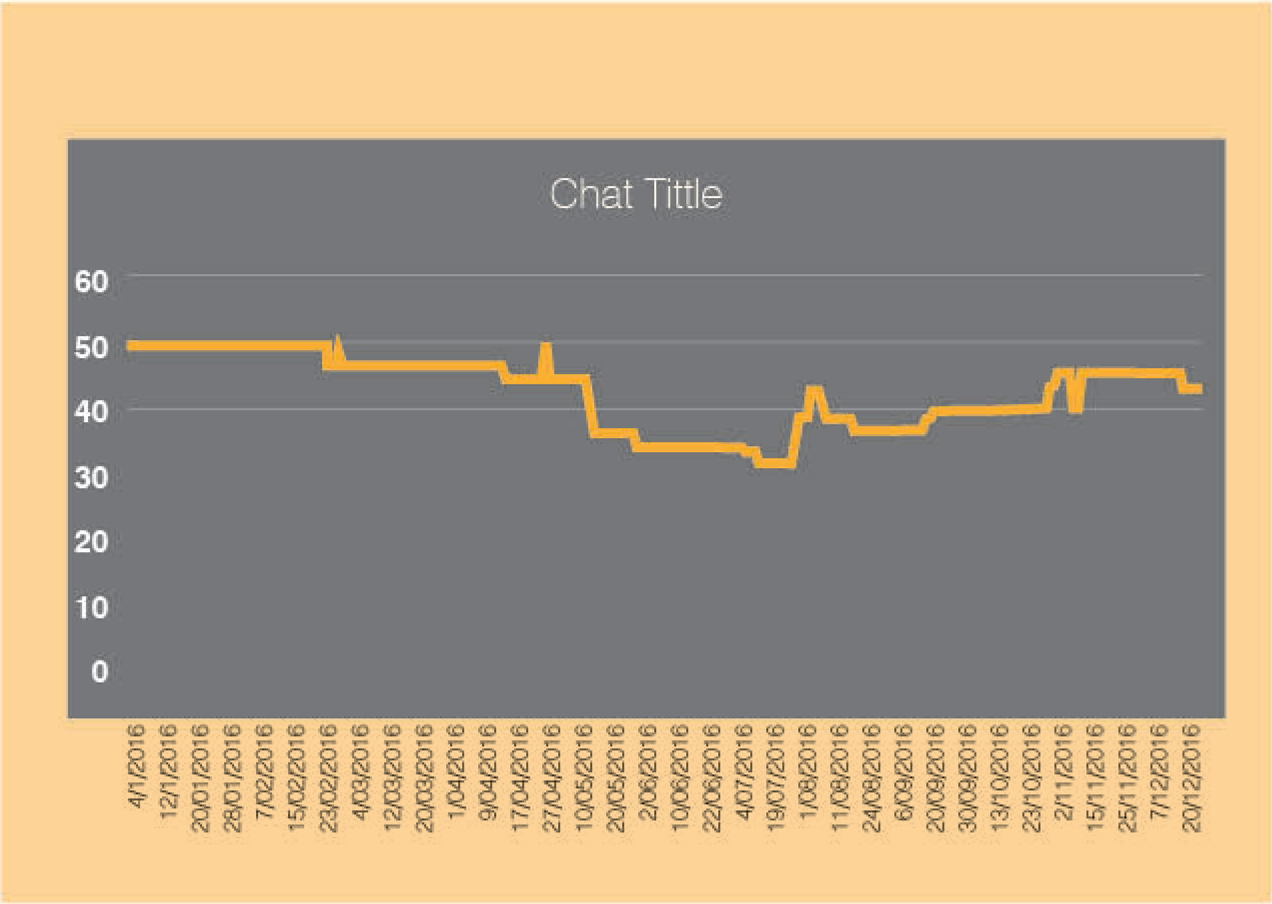
Year	Share Capital	Mode of Acquisition
1978 – 1979	13,606,536	Initial Share Capital
1980-1982	27,213,072	Bonus 1980 (1:1) – 13,606,536 shares
1983-1985	45,355,120	Bonus 1983 (2:3) – 18,141,048 shares
1986-1988	68,032,680	Bonus 1986(1:2) – 22,677,560 shares
1989	90,710,240	Bonus 1989(1:3) – 22,677,560 shares
1990-1996	113,387,800	Bonus 1990 (1:4) –22,677,560 shares
1997-2001	151,183,734	Bonus 1997 (1:3) – 37,795,934 shares
2002-2003	181,420,480	Bonus 2002 (1:5) – 30,236,746 shares
2004-till date	253,988,672	Bonus 2004 (2:5) – 72,568,192 shares

Dividend Declared:
The following dividends were declared by the Company between 2003 and 2016

DIVIDEND		DATE DECLARED	AMOUNT
Dividend 32	(Final)	September 13, 2005	55,700,752.15
Dividend 33	(Final)	July 25, 2006	32,010,760.08
Dividend 34	(Final)	June 27, 2007	119,799,841.83
Dividend 35	(Final)	July 1, 2008	126,376,476.75
Dividend 36	(Final)	July 28, 2010	28,514,886.13
Dividend 37	(Final)	July 27, 2011	34,497,267.40
Dividend 38	(Final)	July 10, 2012	15,114,523.53
Dividend 39	(Final)	August 14, 2013	5,349,872.35
Dividend 40	(Final)	August 7, 2014	32,401,221.12
Dividend 41	(Final)	August 4, 2015	17,946,815.74
Dividend 42	(Final)	August 4, 2016	

For further information on the unclaimed dividend/certificates, please contact the Company's Registrar at CardinalStone Securities (Registrars) Limited, 358, Herbert Macaulay Street, Yaba, Lagos or www.cardinalstone.com or send a mail to "MRS" through the Company's website at info@mrsholdings.net.

SHARE PRICE
MOVEMENT



Shareholders can receive information or contact the Company about any questions (regarding the Company's financial results and up-to-date share price information), through the Company's website (www.mrsoilnigplc.net).

LIST OF DISTRIBUTORS

S/N	NAME	ADDRESS
1	A.K HASKE MULTI TRADE VENTURES	Shop 4, Farawa-Maiduguri Road, Kano State.
2	A.Y. ALHERI INTERBIZ CONCEPT	Kano-Kaduna Express Way, E.S.F Road, Dagarawa, Sabon Gari, Zaria, Kaduna State.
3	AD OIL COMPANY LTD	1, Gaskiya Road, Zaria Kaduna State.
4	ADE DE YOUNG AUTO AGENCY	Shop 6, Exodus Block, Aspamda Trade Fair, Lagos.
5	ADOLF HYMAN NIG LTD	5, Red Cross Road, Ogbete, Enugu.
6	ANGELA ADELOLA LTD	Km 3, Ondo Road, Akure, Ondo State.
7	ARONU MOTORS CO. (NIG) LTD	71, Jubilee Road, Aba, Abia State.
8	BEDRUBO GROUP (CHUBA NIG VENTURES)	128, Jakpa Road, Effurum, Warri, Delta State.
9	CHURCORL NIGERIA LIMITED	Shop 35, Aspamda, Trade Fair.
10	CLEGEE NIGERIA LIMITED	D10, Shop 83, Aspamda Trade Fair Complex, Lagos.
11	DANBERTON INT NIG	Zone D, Block 3, Shop 2, 55 Trade-Fair Lagos.
12	EDDY BRAZIL OIL NIG	5, Chigbo Lane, Opposite Dubiken Service Station, Abubor Nnewi, Anambra State.
13	EZEANOCHIE FELIX (CHIEF)	19, Beach Road, Opposite Union Bank, Jos, Plateau State.
14	GREAT VIGLADIN INVESTMENT NIG	5, Silver Smith, Coal Camp, Enugu State.
15	HAMISU DAN TINKI MOTORS	Km 7, Zaria Road, Kano.
16	MANNA BIZ VENTURES	Along Ajase-Ipo Road, Opposite Winners Chaple, Ilorin, Kwara State.
17	ONYEFEE EZE NIG LTD	Line D 3&4, Mechanic Village, Ebonyi State.
18	R. N. IWOBI	MRS Warehouse, 127, Club Road, Kano.
19	T.O. EWEH & SONS LTD	144, Murtala Mohammed Highway, Calabar, Cross Rivers State.
20	WOOPET OGBUS VENTURES LIMITED	Along Ajase-Ipo Road, Alagbede Junction, Offa - Garage, Ilorin, Kwara State.

CORPORATE DIRECTORY

LAGOS HEADQUARTERS
8, Macarthy Street, Onikan
P. O. Box 166, LAGOS
Tel: 4614500
Fax: 01-4614602
E-mail: inquiries@mrsholdings.com

PORT HARCOURT
4, Reclamation Road
PORT HARCOURT
PMB 5369
E-mail: Inquiries@mrsoilnigeriaplc.com

WARRI
305, Warri/Sapele Road
P. O. Box 165, WARRI
Tel: 053-254505,
Fax: 053-254505
E-mail: inquiries@mrsholdings.com

ENUGU
Km 8, Abakaliki Expressway
Emene, Enugu
P. O. Box 650, ENUGU
Tel: 08035250912
E-mail: inquiries@mrsholdings.com

MAIDUGURI
Flour Mills Road
P.O. Box 291
Maiduguri
Tel: 234-1-4614500
Fax: 234-1-4614602
E: mail: inquiries@mrsholdings.com

KADUNA
2, Akilu Road
P. O. Box 71, KADUNA
E-mail: Inquiries@mrsoilnigeriaplc.com

KANO
19B, Club Road
KANO
E-mail: Inquiries@mrsoilnigeriaplc.com

APAPA Fuels Terminal/Manufacturing Apapa Complex
5, Alapata Street
Apapa, Lagos
P.M.B. 1083, LAGOS
E-mail: Inquiries@mrsoilnigeriaplc.com

JOS
19, Beach Road
P.O. Box 457
Jos, PLATEAU STATE
E-mail: Inquiries@mrsoilnigeriaplc.com

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our financial report for the year ended December 31, 2016 that:

(a) We have reviewed the Report;

(b) To the best of our knowledge, the Report does not contain:
   (i) Any untrue statement of a material fact, or
   (ii) Omit to state a material fact, which would make the statements, misleading in the light of the circumstances under which such statements were made;

(c) To the best of our knowledge, the Financial Statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of and for the periods presented in the report.

(d) We:
   (i) Are responsible for establishing and maintaining internal controls.
   (ii) Have designed such internal controls to ensure that material information relating to the Company, particularly during the period in which the periodic reports are being prepared;

(e) We have disclosed to the Auditors of the Company and the Audit Committee:
   (i) Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls".

Managing Director

Chief Financial Officer

Director

23 March, 2017

MRS AVIATION JET FUELING

> *"Year on year performance comparison shows that the Company recorded a turnover of N109.6 billion in 2016 against N87.1 billion in 2015 which translates to a 26% increase. This improvement in turnover was spurred by increase in Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK) and Dual Purpose Kerosene (DPK) sales as a result of the implementation of strategic initiatives aimed at capturing market share."*

Coming in 2018

E-Dividend Form

The Registrar,
CardinalStone (Registrars) Limited,
358 Herbert Macaulay Street,
Yaba,
Lagos

P.O. Box 9117, Lagos
Tel: 01–2665944-53, 01-2641298, 01–7924462
Fax: 01-2714729

Dear Sir,

I/We hereby request that all dividend(s) due to me/us from my/our holding in MRS Oil Nigeria Plc be paid directly to my/our Bank named below:

NAME OF BANK ____________ **BRANCH** ____________

BANK ADDRESS ____________

BANK ACCOUNT NO ____________

SORT CODE ____________ **BVN NO** ____________

CSCS NO ____________

SHAREHOLDERS SURNAME ____________ **TITLE** ____________

OTHER NAMES

FULL ADDRESS: ____________

MOBILE (GSM) NO ____________ **LAND LINE** ____________

EMAIL ____________ **FAX** ____________

SHAREHOLDER'S SIGNATURE(S)

1.

2.

BANK'S AUTHORISED SIGNATURES/STAMP

3.

4.

5.

Company Seal

Please fill out and send this form to the Registrar's address above

PROXY CARD

THE ANNUAL GENERAL MEETING OF MRS OIL NIGERIA PLC (THE COMPANY) WILL BE HELD AT the Federal Palace Hotel, No. 6-8 Ahmadu Bello Way, Victoria Island, Lagos, Nigeria, on August 7, 2017 AT 11.00 A.M. (THE MEETING).

I/We*____of_______

____being a member/members of MRS OIL NIGERIA PLC

hereby appoint** ____

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on____________, _______, 2017 and adjournment thereof.

Dated this __________________________ day of _________________ 2017.

Signature ____

[NUMBER OF SHARES

	PROPOSED RESOLUTIONS	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December, 2016 and the Report of the Directors, Audit Committee and Auditors Report thereon.		
2.	To declare a dividend		
3.	To elect/re-elect Directors under Articles 90, 91and 95 of the Company's Articles of Association. I. Dr. Paul Bissohong II. Dr. Samaila Kewa And III. Mr. Mathew Akinlade IV. Sir Sunny Nnamdi Nwosu and V. Mr. Amobi Daniel Nwokafor		
4.	To authorize the Directors to fix the remuneration of Auditors		
5.	To elect members of the Audit Committee.		
6.	To consider and if thought fit, pass the following resolution as an Ordinary Resolution: To fix the Director's Fees.		
7.	"Subject to the Nigerian Stock Exchange post listing rules, (The Rules Governing Transactions with Related Parties or Interested Persons), a General Mandate be and is hereby given to enable the Company enter into recurrent interested or related party transactions, provided that such transactions are of earnings, or a trading nature and are necessary for, or incidental to the Company's business operations."		

NOTE:

A member who is unable to attend an Annual General Meeting is entitled by law to vote by proxy.
A proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form should not be completed if you will be attending the Meeting.
If you are unable to attend the Meeting, read the following instructions carefully:

(a) Write your name in BLOCK CAPITALS on the proxy form where marked *

(b) Write the name of your proxy **, and ensure the proxy form is dated and signed by you. The common seal should be affixed on the proxy form if executed by a corporation.

The proxy form must be posted as to reach the address below not later than 48 hours before the time for holding the Meeting.

The Registrars
Cardinalstone (Registrars) Limited
358, Herbert Macaulay Street, Yaba,
Lagos.

ADMISSION CARD
MRS OIL NIGERIA PLC

ANNUAL GENERAL MEETING TO BE HELD... 2017 at 11.00 a.m.

NAME OF SHAREHOLDER: ....

SIGNATURE OF PERSON ATTENDING: ....

NOTE:
The Shareholder or his/her proxy must produce this admission card in order to be admitted at the Meeting. Shareholders or their proxies are requested to sign the admission card at the entrance in the presence of the Registrar on the day of the Annual General Meeting.

Our current range of products

Corporate Headquarters
MRS Oil Nigeria Plc
8, Macarthy Street, P.O.Box 166, Lagos Nigeria.
Tel: +234 1 461 4500. F: +234 1 461 4602.

Printserve Ltd. +234 1 7902850, 08074062617-18, 07007746873783 (0700PRINTSERVE)