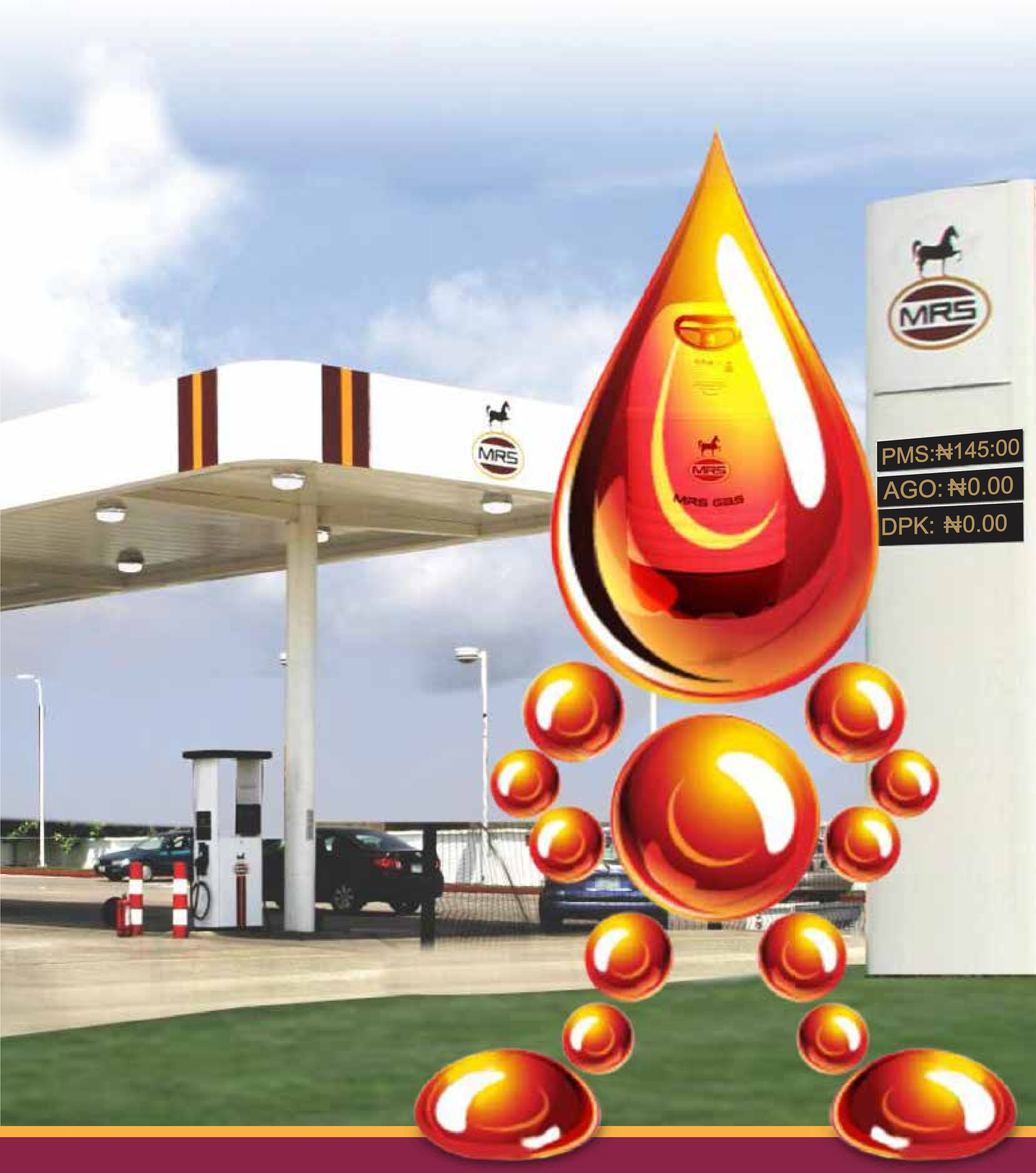
2017

MRS OIL NIGERIA PLC ANNUAL REPORT AND ACCOUNTS

Strength of the Stallion



Strength of the Stallion

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.

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 Enterprises 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 Plc has a 2 million litres/day fuel 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 focused 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 end users. 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 of world class companies. Our trade mark is 'excellence through partnership'.

CONTENT

NOTICE OF MEETING

Notice is hereby given that the Forty-Ninth Annual General Meeting of MRS OIL NIGERIA PLC will hold at the Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos, Nigeria, on Wednesday, August 1, 2018 at 11: 00 a.m. to transact the following business: -

ORDINARY BUSINESS:

1. To lay the Audited Financial Statements for the year ended 31 December 2017 and the Report of the Directors, Auditors Report and the Audit Committee Report thereon.

2. To declare a Bonus.

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

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

5. To elect the Members of the Audit Committee.

SPECIAL BUSINESS:

6. “To fix the remuneration of the Directors”.

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. “That the Authorized Share Capital of the Company be and is hereby increased from N135,828,615 to N161,227,482 by the creation of additional 50,797,734 Ordinary Shares of 50 kobo each to rank in all respect pari passu with the existing shares of the Company”.

8. “In pursuance to the Company's Articles of Association and the recommendation of the Directors, that the sum of N25,398,867 (Twenty - Five Million, Three Hundred and Ninety-Eight Thousand, Eight Hundred and Sixty-Seven Naira) be transferred from the balance of retained profits to the share capital account. The amount thus transferred shall represent the value of 50,797,734 Ordinary Shares as fully paid up, amongst Members whose names are registered in the Company's Register of Members at the close of business on Friday, July 6, 2018, in the proportion of 1 (one) new share of 50 kobo each for every 5 (five) existing shares of 50 kobo each, held by them. The shares thus distributed shall rank pari passu with the existing shares in all aspect. They should be treated for all purposes as capital and not an income and such capitalization of reserves and the issue of bonus shares shall be effected upon receipt by the Directors of the necessary approval from the Authorities”.

9. “That Subject to the Nigerian Stock Exchange post listing rules, (The Rules Governing Transactions with Related Parties or Interested Persons), a general mandate be approved for the Board of Directors' to engage in transactions with related parties, as would be necessary for or incidental to the Company's business operations”

SPECIAL RESOLUTION:

To consider and if thought fit, to pass the following as Special Resolutions:

10. That the Memorandum of Association of the Company be and are hereby altered by deleting the present Clause 6 and substituting the following new Clause in its place.

 "Clause 6 – The Share Capital of the Company is N161,227,482 divided into 322,454,964 Ordinary Shares of 50 kobo each, with respective rights as are defined by the Articles of Association.

11. That the Articles of Association of the Company be and are hereby altered by deleting the present Article 3 and substituting the following new Article in its place.

 "Article 3 – The Share Capital of the Company at the date of adoption of these Articles is N161,227,482.00 divided into 322,454,964 Ordinary Shares of fifty kobo each.

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, First Registrars & Investor Services Limited, plot 2, Abebe Village Road, Iganmu, 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. **Bonus Issue:**
 If the Bonus of 1:5 recommended by the Directors is ratified by the Shareholders at the Annual General Meeting on August 1, 2018, a bonus in the ratio of 1:5 is to be issued to Members whose names appear in the Register of Members at the close of business on June 29, 2018

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 2017, Annual Report and Accounts, in writing and during the Annual Meeting. Provided, that the question in writing shall be submitted to the Company, not later than July 18, 2018. The 2017 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 July 2, 2018 through July 6, 2018 (both dates inclusive) to enable the presentation of an up to date Register and Bonus Issue.

5. **Nomination for the Audit Committee:**
 In accordance with section 359(5) of the Companies and Allied Matters Act, CAP C.20, LFN 2004, 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 Report and Accounts for the year ended 31 December, 2017 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.

7. Closure of Dividends 32 and 33:

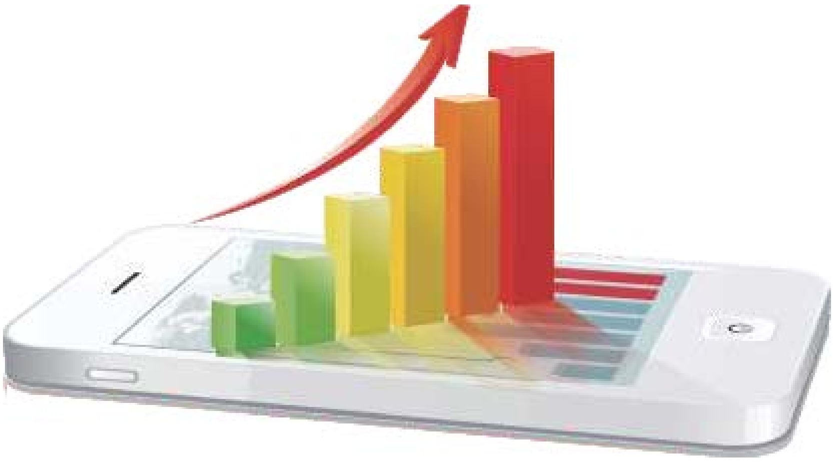
In accordance with section 385 of the Companies and Allied Matters Act 2004 regarding dividends that are unclaimed for over twelve years, the Board at its meeting of March 22, 2018 approved the recall of Dividend 32 and 33 into the Company's account effective August 1, 2018. No further Dividend will be paid to Shareholders from these Dividends.

(BY ORDER OF THE BOARD)

O.M. Jafojo (Mrs.) FCIS
Company Secretary
FRC/2013/NBA/00000002311

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

Dated: March 22, 2018



RESULTS AT A
GLANCE:
YEAR ENDED 31 DECEMBER, 2017

	2017	2016	% Variance
	₦'000	₦'000	
Year Ended 31 December, 2017			
Turnover	107,088,347	109,635,054	-2.32%
Profit Before Income Tax	(996,609)	2,287,347	-144%
Income Tax Expense	2,381,665	(821,442)	390%
Profit for the Year	1,385,056	1,465,905	-6%
Proposed Dividend for the Year	-	439,772	-100%
Earnings Per 50k Share (Naira)	5.45	5.77	-6%
Declared Dividend per 50k Share (Kobo)	173	110	57%
Net Assets per 50k Share	9,099	8,726	4%

CORPORATE INFORMATION

Board of Directors	
Mr. Patrice Alberti	Chairman
Mr. Andrew O. Gbodume	Managing Director
Dr. Paul Bissohong	Non Executive Director
Dr. Samaila Musa Kewa	Non-Executive Director
Ms. Amina Maina	Non-Executive Director
Mr. Mathew Akinlade	Independent Director
Sir Sunday Nnamdi Nwosu	Non-Executive Director
Chief Sir Amobi Daniel Nwokafor	Non-Executive Director

Company Secretary	Registered Office
Mrs. O.M. Jafojo FCIS	8, Macarthy Street,
8, Macarthy Street,	Onikan,
Onikan,	Lagos,
Lagos,	Nigeria.
Nigeria.	Website: http//www.mrsoilnigplc.net

Registrar	Independent Auditors
First Registrars & Investor Services Limited	KPMG Professional Services,
Plot 2, Abebe Village Road, Iganmu, Lagos	KPMG Tower, Bishop Aboyade Cole Street, Victoria Island
Tel: 7743309, 2701078-9	PMB 40014. Falomo Lagos.
Website: www.firstregistrarsnigeria.com	Tel: 234 (1) 2718955, 234 (1) 271 8599.

Principles Bankers
Access Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Skye Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Union Bank of Nigeria Plc
Unity Bank Plc
Zenith Bank Plc

LEADERSHIP TEAM

Andrew O. Gbodume
Managing Director

Oluwakemi M. Jafojo
Company Secretary

Kamil Bello[1]
Martin Orogun**
Chief Finance Officer

Peter Z. Dia
Aviation Manager

Tara Ajibulu
Sales & Marketing Manager

Michael Ayewa
Health, Safety and Enviroment Manager

Jubril Hassan
Treasury Manager

Daniel Chukwuazawom
Chief Internal Auditor

Oghenekaro Ologe*
Information Technology Manager

Timipiri Odu
Human Resources Manager

Uche Amanambu[2]
Andrew Onum***
Chief Legal Counsel

Abdullahi Masanawa
Operations Manager

Moruf Sobowale
Commercial & Industrial Manager

Adebayo Olusodo[3]
Kola Akinyemi****
Engineering/Marketing Support Manager

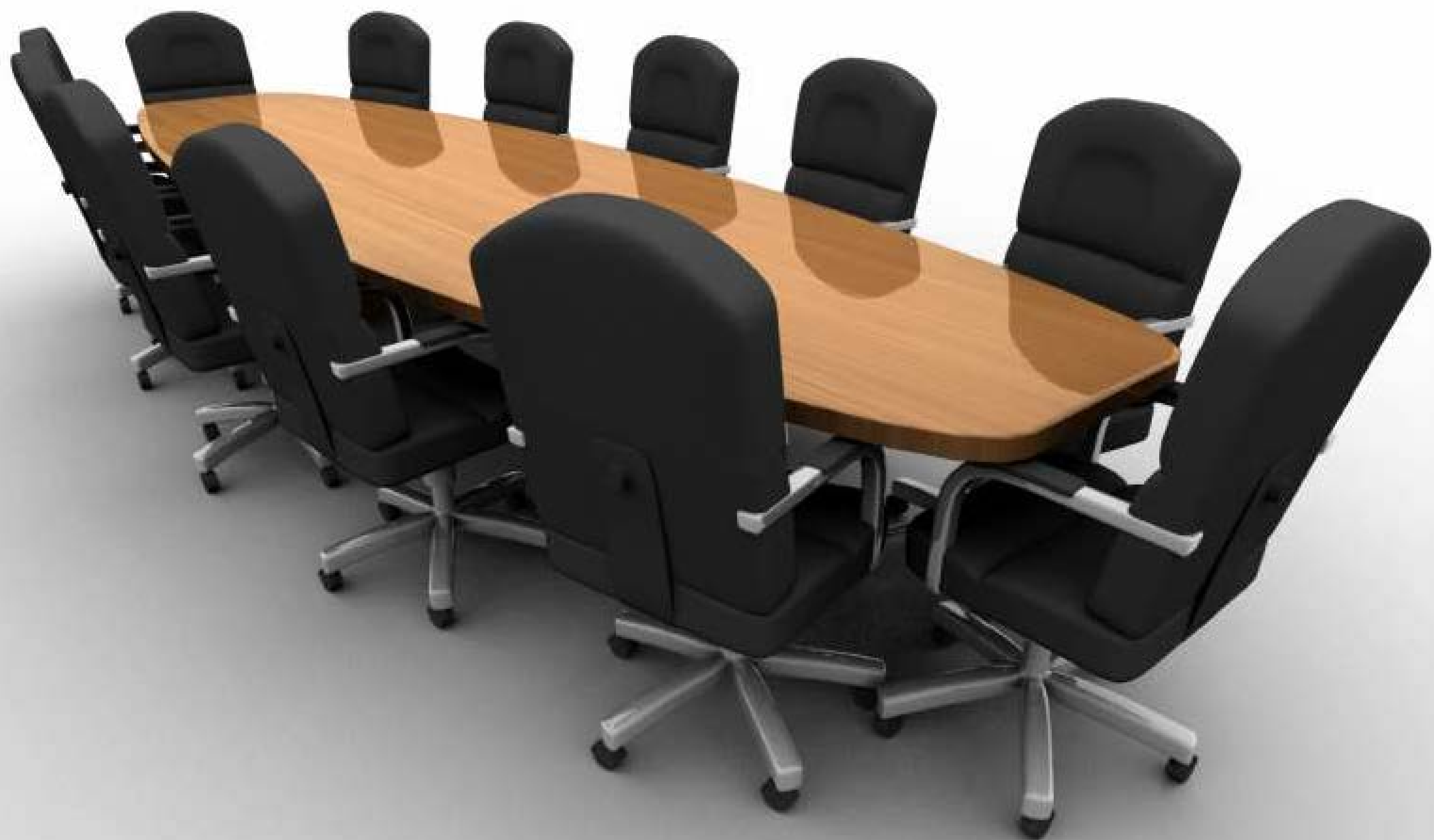
Jah'swill Omolu[4]
Gloria Atong*****
Procurement Manager

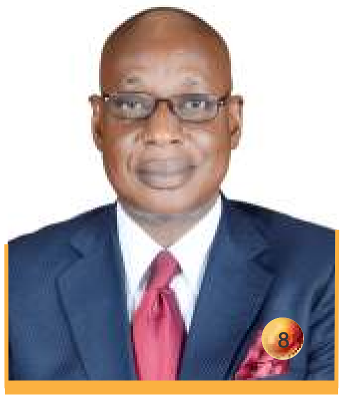
Ismaila Alabi[5]
Charles Onum******
Lubes Operation Manager

*Deceased - 16 December 2017
**Resigned - 10 June 2017
***Retired - 31 December 2017
****Retired - 31 May 2017
*****Transferred to Lubes Apapa - 28 February 2017
******Recalled from MRS Oil and Gas Limited

1 Assigned role 31 July 2017
2 Assigned role 18 December 2017
3 Assigned role 1 February 2017
4 Assigned role 1 March 2017
5 Assigned role 13 February 2017

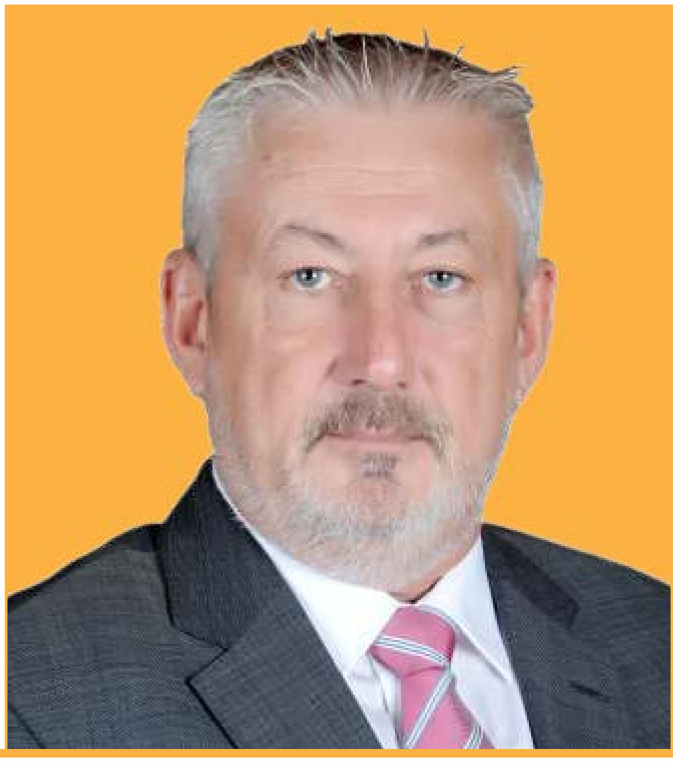
2018
BOARD





1. *MR. PATRICE ALBERTI – Chairman
2. MR. ANDREW GBODUME – Managing Director
3. DR. PAUL BISSOHONG – Director
4. DR. SAMAILA MUSA KEWA, Ph. D - Director
5. MS. AMINA MAINA – Director
6. ****MR. MATHEW AKINLADE – Independent Director
7. ****SIR SUNDAY NNAMDI NWOSU – Director
8. ****CHIEF AMOBI DANIEL NWOKAFOR- Director

*Mr. Patrice Alberti was appointed Chairman effective 12th of July, 2017
****Mr. Mathew Akinlade, Sir Sunday Nnamdi Nwosu and Chief Amobi Daniel Nwokafor were appointed Directors on the 27th of April, 2017



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

INTRODUCTION

Distinguished Shareholders, my fellow Board Members, gentlemen of the press, ladies and gentlemen, I am pleased to welcome you all to this 49th Annual General Meeting (AGM) of our Company, MRS Oil Nigeria Plc. In the year under review, my predecessor Alhaji Sayyu Idris Dantata resigned his position as the Chairman of the board, on the 12th of July, 2017. I would like to note that his visionary leadership qualities provided a solid foundation for our great company and I feel privileged to have worked with him and honoured to have succeeded him. We wish him the best in all his future endeavors.

During the course of this very important meeting, I shall present to you the financial statements and reports for the year ended 31 December, 2017 and also share with you the highlights of the Company's performance and other achievements, during the financial year. I will briefly review the socio-political environment, which undoubtedly impacted on the performance of your company during the year under review, before I proceed with details of the 2017 performance.

THE OPERATING ENVIRONMENT IN 2017

In 2017, Nigeria jumped 24 places to 145th position on the World Bank's Ease of Doing Business ranking. While this points to some strategic successes, the country remains less attractive to investors when compared with lower ranked African peers, such as Tanzania, Kenya, Ghana, and South Africa. The major factors holding Nigeria back are its infrastructure deficit, high interest rates and social unrest. A more favourable business environment is likely to entice

"The importance of a business-friendly environment cannot be overemphasized in Nigeria's economic expansion pursuit."

the startup of new businesses and the expansion of existing ones across different sectors of the economy. This, in turn, would boost the output of these sectors and the economy's total output. Growth in the economy, driven by a better business operating environment, is likely to further entice new businesses as the confidence of investors and business owners is strengthened in a thriving economy.

The challenges which faced the general operating environment in 2017 could be summarized as follows:

- The infrastructure deficit in the power sector is quite challenging. Given the country's total population of 180 million, the energy need is estimated at 10,000 – 12,000 Megawatts per day. However, Nigeria only generates an average of 3,500 – 4,000 Megawatts daily, creating a deficit of 6,500 – 8,000 megawatts. The low power supply, coupled with a large population, makes electricity costly. This translates to a higher operating cost for businesses as electricity is an integral part of total operating expenses. Nigeria is ranked 172nd among 190 economies in the ease of accessing electricity. The ranking measures the time and cost to get connected to the electrical grid, as well as the reliability of the electricity supply.

- In addition to infrastructural deficiencies, high interest rates and credit inaccessibility have been major deterrents to business growth in Nigeria. A low interest rate environment supports private individuals in raising capital to start their businesses, as repayment is more manageable. In contrast, high interest rates signify higher finance costs and lower profit margins for new businesses.

- Another deterrent to a healthy business climate in Nigeria, is social unrest. Hostage taking of citizens and expatriates for huge ransoms and terrorist attacks in certain parts of the country, has been a recurrent decimal. These unpleasant conditions have contributed significantly to extreme unease in the business community and a reluctance of market players, to invest in new activities or expand business operations.

In view of the major challenges which inhibited business activities in 2017, it is important to point out certain measures that should be in place, to substantially guarantee a thriving business operating environment:

- Infrastructural improvement is key to building an enabling business environment. China, which leads the world in infrastructure investment, operate a friendly business operating environment because infrastructure development, (including roads and rails, electricity, and telecommunications), has been a major initiative of the Chinese government. Between 2001 and 2004, investments in rural roads grew by 51percent per annum. Nigeria's budgetary spending on infrastructure should be significantly raised, to improve the business environment.
- Monetary authorities in Nigeria need to lower the bench-mark interest rate in order to encourage lending to the real sector and to stimulate economic activities. There is strong correlation between a low interest environment and business growth.

- Strategy should be in place to enable government dialogue continuously with the private sector, to determine its perspectives and needs. This will give government a clear understanding of the specific needs and challenges entrepreneurs face thereby creating a favourable business environment.

I unreservedly welcome the recent commitment by the Federal Government towards easing the constraints in the business environment through the establishment of initiatives which will be discussed in details in later part of this statement. The importance of a business-friendly environment cannot be overemphasized in Nigeria's economic expansion pursuit. Nigeria has a long way to go to build, the competitiveness of its business operating environment. If the deficiencies are not addressed, they will continue to impede investments and growth in key sectors of the economy, threatening government's economic diversification efforts.

THE ECONOMIC ENVIRONMENT

Gentlemen you will all agree that 2017, was a better year than 2016 for the Nigerian economy, as it exited recession albeit cautiously with a growth rate of 0.70percent in Q2 and 1.40percent in Q3. The early but weak recovery was largely aided by improved global oil prices and production volumes, with the oil sector in Nigeria growing by 25.9percent, and the non-oil sector still contracting by 0.80percent in Q3 of 2017. The lesser performance of the non-oil sector during this period further reiterates the need for the Nigerian government to focus more on non-oil revenue sources through focused and effective economic diversification strategies and action plans.

Under this heading, I will discuss some 2017 macroeconomic indices that shaped the quality of business and livelihood in Nigeria and some major government intervention measures:

Economic Stability

Since the 1st quarter of 2017, going by the information from the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS), there has been slow but steady economic recovery. At the ending of 2017, there was a modest Gross Domestic Product (GDP) growth rate of about 1.4percent.

Inflation reduced to 15.37percent from a high of 18.55percent at the beginning of the year, although the prospect of the reducing inflation rate was again stifled by recurring hike in food prices from November 2017. The Christmas holidays were also met with fuel scarcity and increases in transportation cost. Food and commodity prices are however, gradually declining from the upsurge experienced towards the end of last year.

Foreign exchange reserves also experienced increase to $38 billion as at the end of the year (this can be attributed to the increase in oil prices and the Federal Government's foreign debt market activities).

Due to the strong and continuous foreign exchange (Forex) interventions by the Central Bank of Nigeria throughout 2017, foreign exchange rates between the interbank and parallel markets are now converging- from a difference of 62percent as at the end of 2016 to 19percent as at 2017 ending.

Government Intervention Measures

On the back of growing agitations against the relatively new government by the citizenry, as the economic hardships heightened, the Federal Government launched several initiatives, which in my candid opinion, are gradually shaping and strengthening the economy, as follows:

The ERGP- 2017 to 2020

The Economic Recovery and Growth Plan was launched by the Presidency in April 2017 with the aim of restoring the nation's economy to the path of sustainable growth. It was the major policy of government, to tackle recession. It seeks to promote self-sustenance by discouraging imports while promoting local production and consumption. In addition, governments' policy, aims to create a business-friendly environment, diversify the economy, accelerate growth and make the economy globally competitive.

The provisions in the 2018 Budget (Budget of Consolidation) also reflect the key priorities in the ERGP, with strong emphasis on leveraging the private capital for development.

The PEBEC Activities

The Presidential Enabling Business Environment Council (PEBEC) had as its short-term target, the responsibility to improve Nigeria's rankings in the next World Bank Ease of Doing Business Report in 2017, by at least 20 positions, as Nigeria ranked 169 out of 190 countries reviewed by the World Bank in 2016. To achieve its objective, PEBEC commenced an immediate 60 days national action plan in 2017 on three key priority areas – entry and exit of goods; entry and exit of people; and government transparency and procurement.

The scorecard of PEBEC at the end of the 60 days national action showed an overall result of 70percent completion of targeted reforms. These reforms obviously helped to achieve the objective as Nigeria gained 24th place, in the World Bank's 2018 Doing Business Report which was released in October 2017. Nigeria is now ranked 145th among 190 economies on the ease of doing business index and among the top 10 improved countries on the index.

The Nigerian Investment Promotion Commission (NIPC) and Federal Ministry of Industries, Trade and Investment (FMITI) activities

In August 2017, the Federal Government in collaboration with the FMITI and the NIPC, lifted a two to three year administrative suspension earlier placed on the Pioneer Status Incentive (PSI)

Scheme, upon the conclusion of critical reforms of the regime. Companies granted PSI enjoy income tax holiday for an initial period of three years extendable for an additional two years, subject to the required conditions.

Upon the lifting of the administrative ban, twenty-seven (27) industries were added to the list of industries eligible for the PSI, bringing the existing list to 71 pioneer industries and products to 98. The approval of new industries and products for PSI was a positive development and it reiterated government's resolve to actualize the growth plan as articulated in the ERGP.

In line with the objectives of the ERGP, as well as the Medium-Term Expenditure Framework and Fiscal Strategy Paper for 2018 to 2020, NIPC, in collaboration with FIRS published the first edition of the Compendium of Investment Incentives in Nigeria (the Compendium) in November 2017, which helped reiterate the Federal Government's commitment to encourage investments in Nigeria.

Introduction of the Voluntary Assets and Income Declaration Scheme (VAIDS)

In February 2017, the Nigerian Federal Executive Council (FEC) approved the National Tax Policy which majorly prescribed the promotion of tax culture, the improvement of tax compliance, curbing tax evasion and widening the tax net as well as improving the tax to Gross Domestic Product (GDP) as core objectives.

In furtherance of this, the Acting President of Nigeria, Professor Yemi Osibanjo issued an executive order on the 30th of June 2017 by virtue of the constitutional powers vested on him and ordered the Federal Ministry of Finance to set up the Voluntary Assets and Income Declaration Scheme.

Participants of the Scheme would enjoy benefits which include immunity from prosecution for tax offences; immunity from tax audit; waiver of interest, waiver of penalties and the option of outstanding liability payments, spread over a maximum period of three years as may be agreed with the relevant tax authorities. The scheme is a positive step in the right direction for Nigeria as it promises maximum waivers as well as confidentiality of the information disclosed by taxpayers. It would therefore encourage taxable persons to come forward and voluntarily disclose and pay tax for the preceding 6 (six) years, without being subjected to the payment of huge penalties and accrued interests.

By my judgment, if these initiatives are sustained, built upon and driven forward under the strict principles of discipline, integrity and resilience, it is my belief that they will greatly shape and strengthen the Nigerian economy in the long run.

THE POLITICAL ENVIRONMENT

2017 was an interesting year in Nigeria's political space. The President in his New Year message delivered to the nation on December 31, 2016 reiterated government determination to wrestle corruption to the ground. This fight, according to him which would be guided by respect for the rule of law and due process would not spare anybody or organ of government. This message instilled confidence on both the international and local investors.

Although in the beginning of 2017, Nigeria was politically marred due to the long absence of the President from the country on medical grounds, the lamentations of a people scorched by the effects of economic decline, hardships, uncertainties and recession seemed to have kept the governing council on its toes. Slowly but consistently, the members of the governing council, within their different ministries started developing and executing several initiatives, which effects albeit not immediately felt, have begun to put perspective to the political and governance climate in Nigeria. These consequently has created some degree of confidence, in some investors.

Notwithstanding the economic interventions and policy reforms by the government, 2017 was characterized by threats to security of lives and properties. There has recently been a resurgence of Boko haram attacks on army officers and suicide bombing attacks on soft targets in spite of the continuous reports that the Nigerian army has dismantled the sect. The growing sense of insecurity in the country has also been aggravated by the continued and sporadic attacks of suspected Fulani Herdsmen on local communities, the mistaken bombing of an Internally Displaced Persons (IDP) camp in the North, the strong agitations for restructuring of Nigeria and the resurfacing threats by the Niger Delta militants.

THE INDUSTRY

At the global scene, in Q4 2017, more than 35 oil and gas discoveries were made globally. Approximately 73 percent of these discoveries are from the onshore terrain and the rest are offshore. Most of the discoveries in the quarter are of conventional oil resource. Among regions, the former Soviet Union leads in terms of number of discoveries, followed by Asia and Oceania. While countries like, Russia lead with the highest number of discoveries in the quarter, followed by Australia and Colombia.

Crude oil prices rose to 1.6 percent in the third quarter (quarter-on-quarter basis), averaging $50.20/bbl as the market continued to rebalance. For the first nine months of 2017, crude oil prices averaged at 25 percent higher than the corresponding period in 2016. Despite production cuts by 22 OPEC and non-OPEC oil producers, in January 2017 the trend in crude oil prices lowered during the first half of the year due to high inventories, a recovery in U.S. shale oil production, and rising output from OPEC members Libya and Nigeria, neither of which are part of the production accord.

OPEC crude oil production declined in 2017. This partly reflects an agreement by 12 members of the OPEC community, to cut output by 1.2 mbd in the first six months of 2017. The agreement has since been extended to March 2018. Saudi Arabia committed to the largest reduction, while Libya and Nigeria were exempted from the arrangement.

At the local front, Nigeria's crude oil production, including condensates and natural gas liquids, averaged at 1.80 mbd or 165.60 million barrels (mb) in the quarter under review (fourth quarter). This represented a decline of 0.03 mbd or 1.8 per cent, compared with 1.83 mbd or 168.36 mb

All employees are involved in the promotion of a safe and healthy work environment and the Company provides recognition, for superior safe work performance.

recorded in the preceding quarter. The development was due to the shut-ins/shut-downs in some of the production facilities.

Local crude oil export stood at 1.35 mbd or 124.20 mb, representing 2.4 per cent decline compared with 1.38 mbd or 126.96 mbd in the preceding quarter (third quarter). The development was mainly due, to continued commitment of OPEC and Non-OPEC countries to avoid flooding the global market, despite the exemption of Nigeria from the production cap agreement. Allocation of crude oil for domestic consumption was maintained at 0.45 mbd or 41.40 million barrels in the quarterunder review.

The average spot price of Nigeria's reference crude oil, the Bonny Light (37° API) rose from US$52.92 per barrel in the third quarter of 2017 to US$62.48 per barrel in the fourth quarter. This represented an increase of 18.1 per cent. The increase was attributed to the production-cut agreement, demand growth from China and increased refining activity in the United States. The UK Brent, at

US$61.69/b, the WTI at US$55.47, and the Forcados at US$62.60/b exhibited similar trends as the Bonny Light.

At the downstream sector, Nigeria's refineries contributed only 10 percent of the refined petroleum consumed in the country in 2017. This figure indicated that 1.5 billion liters of the Premium Motor Spirit (PMS), consumed in the country in 2017 were refined locally. NNPC imported 12.97 billion liters of the product into the country in 2017, representing 90 percent of the volume of the product distributed by the corporation. The most productive months for the Nigerian refineries were January and February 2017 when they produced 235 million and 141 million liters of PMS respectively.

Meanwhile, the petrol distribution sector generated total revenues of ₦1.717trillion from the sale of Premium Motor Spirit (PMS), from January 2017 to January 2018.The backdrop of products theft and vandalism, continued to destroy value and put NNPC at a disadvantaged position, as a total of 1336 vandalized points were recorded year-on-year to December 2017.

Based on the foregoing, the corporation has continued with the resuscitation of some of its critical pipelines and depots such as the Ejigbo Depot, the Atlas Cove-Mosimi Depot Pipeline, Port Harcourt Refinery-Aba Depot Pipeline, Kaduna–Kano Pipeline, and the Kano Depot, which have enhanced efficiency in product distribution.

I am so excited, about the recently approved contract for the construction of Ajaokuta-Abuja-Kaduna-Kano (AKK) Gas Pipeline project, which has started yielding early benefits, NNPC's commitment to build power generating plants with a combined capacity of 3600MW in Abuja, Kaduna, and Kano states. This is a welcome development in the downstream sector of the economy as it will encourage existing players and attract new investors into the sector.

THE COMPANY

Our company is a fully integrated and efficient downstream player with leading positions in Nigerian Oil industry. MRS is a major player in Nigeria's petroleum products marketing industry and a leading producer of quality lubricating oils and greases. We market our petroleum products through the Company's well spread retail outlets in Nigeria. The 'MRS' brand is the foundation of everything we do and it represents what we do now and we aim to do in the future. We strive for operational excellence and provide the highest quality energy products and related services to a wide range of our customers across the Country.

In 'MRS', we take premium in healthy workforce and environment; and we ensure a safe working environment, high safety standards and procedures for all operations are instituted and communicated to all employees, partners and contractors. In keeping with this objective, we manage the design, construction, operation, maintenance and decommissioning of assets in a manner that is protective of people, property and the environment. All employees are involved in the promotion of a safe and healthy work environment and the Company provides recognition, for superior safe work performance.

As part of our corporate values to promote excellence, MRS Oil Nigeria Plc seeks to engage its shareholders and employees to achieve the highest levels of scholastic excellence for their children with a rewarding scholarship scheme. The goal of the scheme is to financially support academically outstanding children of our shareholders and employees. The scholarship will be awarded to Senior Secondary Students in SS1 through SS3 who attend a government or recognized and accredited private higher secondary school in Nigeria. The scholarship will also be awarded to undergraduates who have been offered admission into government or recognized and accredited private university/polytechnic, who have maintained the specified Grade Point Average (GPA) for the duration of their course.

The Company as in previous years, organized the Sixth Edition of the Under-12 Kids Soccer Competition in Nigeria. The Company's commitment in sponsoring these tournaments seeks to contribute to the development of football and other sports in Nigeria. MRS Oil Nigeria Plc's involvement through investment in grassroots football development will promote the discovery and identification of raw talents that can be nurtured to stardom.

We have continued to invest in trainings and development programs to enhance both management and employees' competence and performance. These trainings were in key functional areas of the Company's business such as Finance, Aviation, Operations and Sales and Marketing. Foreign Trainings/International Conference, Management Development Program (MDP), Executive Business Communication Program, Soft Skills training and Technical Skills and Conferences were attended.

FINANCIAL RESULTS

The year on year performance comparison shows that the overall sales for 2017 marginally declined by 2.32 percent from NGN109.6 billion in 2016 to NGN107.1billion in 2017. Although Dual Purpose Kerosene (DPK) recorded the highest rate of increase from NGN8.6 billion in 2016 to approximately NGN14.0 in 2017 translating to 63 percent, DPK has maintained an upward trend since 2016. Total comprehensive income for the year dropped slightly from NGN1.5 billion in 2016 to NGN1.4 billion in 2017 accounting for a decrease of 6percent after recognizing a substantial deferred tax credit of NGN3.0 billion (an increase of 390% compared to 2016). Earnings per share decreased from NGN5.77 in 2016 to NGN5.45 or by 6percent.

CAPITAL EXPENDITURE

Capital investment was NGN554.1 million in 2017 compared with NGN973 million in 2016. The additions in 2017 cut across land and building, plant and machinery, computer and office equipment, furniture and fittings and automotive equipment.

BONUS ISSUE

In consideration of the shareholders request for a bonus issue at the last Annual General Meeting, the Board is pleased to recommend for your approval, a bonus of 1:5 shares for 2017, in appreciation of your support, contributions and confidence reposed in the Company.

2018 OUTLOOK

Global Outlook

It is important to start this section by looking at the global environment which is the bedrock of our local scene. I will now dwell on Oil and Gas events, as 2017 was a good year for oil prices. Though still far from 2014 average of $99.45/bbl, Brent crude averaged $53.96/bbl up to November 2017, compared to $53.60/bbl and $45.13/bbl in 2015 and 2016 respectively. The upturn in oil prices came on the back of the output cut agreement between the Organization of Petroleum Exporting Countries (OPEC) and large non OPEC producers such as Russia, as well as harsh weather conditions in the United States (U.S.) and rising geopolitical tensions in the Middle East during the second half of the year. International Energy Agency (IEA) estimates indicate that the global oil market recorded a cumulative deficit of 0.9 mb/d in Q2'17 and Q3'17 – the first since the oil price slump – which has helped run down inventories. Though a steeper recovery in oil supply from non-OPEC deal countries such as the U.S. reduces the scope for large inventory drawdowns, we forecast Brent crude to average $53/bbl in 2018.

The current OPEC and non-OPEC output agreement will run until the end of 2018, with an option to review in June 2018, depending on prevailing market conditions and outlook on the pace of market rebalancing. We expect the agreement to provide a buffer for oil prices following strong compliance in 2017. Most impressively, OPEC and non-OPEC compliance has been driven by sharp cuts in Saudi Arabia

(112percent) and Russia (99percent), the de facto leaders of the respective groups.

Domestic Outlook

Having concisely looked at the path of economic recovery at the global scene, the Nigerian economy is set to expand further in 2018, bolstered by increased production in the oil and agriculture sectors. Growth in the real sector should be supported by the tag-team of lower inflation and lower interest rates, as well as continued stability in the foreign exchange (FX) market and another attempt at fiscal stimulus. However, challenges abound, particularly pertaining to persistently weak consumer demand and an itchy investment climate ahead of the 2019 elections. With a base scenario of moderate economic disruption from political activities in the year, we anticipate growth drivers to be more significant in 2018 – GDP growth forecast: 2.0 percent year on year (y/y). Should the political landscape remain stable for most of the year, as well as the fiscal and monetary stimulus unleashed to a material effect, we estimate a 2.9percent y/y growth for 2018. On the other hand, our bear scenario projects an FY'18 GDP contraction of 0.3percent y/y, under the assumption of high political uncertainty and an adverse shock to oil output. These forecasts compare to International Monetary Fund (IMF) and World Bank forecasts of 1.9percent y/y and 2.5percent y/y respectively.

Nigeria's agriculture sector continues to grow albeit at a decelerating pace. In recent years, growth in the sector has been driven by import substitution, easier access to credit (through the Anchor Borrower's Programme), and easier access to fertilizer (through the Growth Enhancement Scheme), amongst others. For 2018, we are optimistic that receding food inflation and the take-off of the National Collateral Registry (NCR) would further support agriculture growth. Whilst we are encouraged by financing initiatives in agriculture, a lot must be done to galvanize the potential of the sector. This should start with deepening mobile and technology penetration across the agriculture value chain, doubling down on efforts to boost yield and facilitating farmers' access to markets by establishing export processing zones and reinvigorating the Nigerian Commodity Exchange (NCX). However, in my opinion low infrastructure and human capital quality remain impediments to the long-term development of the sector. Despite all these, we expect focus from the Federal Government (FG) and Central Bank of Nigeria (CBN) to sustain GDP growth – 2018 forecast: 3.6percent y/y.

The oil and gas industry experienced a cyclical recovery in 2017, as oil production rose from a low of 1.5 mb/d in August 2016 to 2.1 mb/d in August 2017. Continued stability in the Niger Delta and notable boosts to production – perhaps from Total's Egina field – may inch the country close to the 2.5 mb/d target for 2020. Nevertheless, the most critical issue in the sector is governance. Despite progress on the Petroleum Industry Governance Bill (PIGB), it isyet to be signed into law and it is unclear when the other three elements of the original Petroleum Industry Bill would be passed. Amidst this, the outlook for the sector is only mildly positive as investment is likely to remain constrained.

2018 Political Outlook

Typically in pre-election years, the evolving political scene is expected to sway economic sentiment particularly in the second half of the year. The sample size is too small to draw reliable inferences on the effect of elections on GDP growth, but the trend is mixed to negative, most likely due to the adverse effect of uncertainty, despite the assumed role of elections in providing structural accountability for policy-makers to deliver on their mandate. We expect the imminent elections to be particularly distracting for policy-makers in the latter part of 2018 and to also instigate more discretionary government spending. This pronounced electoral uncertainty will paralyze investment and impede the implementation of the 2018 Budget whilst political pressure will induce premature and excessive monetary easing – all of which would have significant adverse effects on major economic indicators. Meanwhile, investment (foreign and domestic) is likely to be parked until the quelling of election uncertainty. Whilst we anticipate the issues in 2018, we believe that the peculiarity of the political landscape may mitigate the adverse effects.

2018 Outlook – Downstream Sector

In recent periods where PMS import by independent marketers was economical in the current exchange rate regime (Official: NGN305/USD, NAFEX: NGN360/USD, Parallel: NGN363/USD), oil price traded between $46 - $47/bbl. However, given the forecast of above $50/bbl oil price going into 2018 and our NAFEX rate forecast of NGN360/USD, PMS expected open market price seems set to remain above the regulated price of N145/litre. We believe the resulting subsidy element will be managed in a similar manner in 2017.So far, – NNPC has directly absorbed the losses and no form of total PMS price deregulation is anticipated, over the course of 2018. In our view, we consider the entire pre-2019-election period as "impracticable" for PMS price deregulation given the likely impact on political guise.

We expect independent marketers to remain more focused on deregulated products in 2018. Interestingly however, deregulated products space has come under some form of direct market "intervention" by the NNPC. Notably, in an effort to tackle rising energy prices and the consequent effect on inflation, the corporation steadily flooded the market with diesel over the course of the year through Q3, ultimately crashing average diesel prices to N184/liter in September from a high of N249/liter in February. The price was most likely below economic rates and it suggests some subsidy element. More recently, the corporation again intervened in the market in October, announcing an increase in ex-depot price of Diesel (about 10percent increase) and Low Pour Fuel Oil (LPFO), notwithstanding, that set diesel prices, were most likely below economic rate. With the mid-$50/bbl oil price outlook and our exchange rate assumption, NNPC would need to continue to intervene in the market if it intends to keep diesel prices close to current levels.

We foresee improvement in the operating environment of the downstream sector post-2019 even as the political will to make tough and sensitive policy decisions on the sector is expected to improve after the 2019 elections. More importantly, we see the 650,000 bbl/d Dangote Refinery (project completion target for Q4'19) altering the supply dynamics of the industry. Given the local presence of the refinery, most of the logistics cost components currently associated with petroleum products importation would no longer be incurred. For example, Freight cost, the transportation cost of 30,000mt to West Africa (WAF) including traders' margin, will no longer be applicable to the pricing framework. Similarly, Lightering expenses, the cost incurred on the transshipment of imported petroleum products from the mother vessel into daughter vessel would most likely not be applicable. We also note that the Financing Cost component factored into the pricing template relates to stock finance (cost of fund) for the imported product. We believe the exclusion of all these from the template would imminently reduce PMS product cost (or landing cost in the current system), and could play a role in timing of total sector deregulation.

Given the local presence of the refinery, most of the logistics cost components currently associated with petroleum products importation would no longer be incurred.

Gentlemen, despite all the challenges ahead, I am confident of the prospects of our company in 2018 and the years ahead considering our revitalized innovation, improved cost position and MRS's persistent growth drives. In 2018, we have resolved to do all we can to improve safety, our cash performance, drive our operational efficiencies agenda and again further deliver strong returns to our shareholders.

CONCLUSION

In conclusion, the year under review was a challenging one for macroeconomic factors that were not within the Company's control. However, the Company achieved many milestones in all its business segments. On this note, I express my appreciation to all employees of the Company, for their energy and commitment, customers for their loyalty and our indefatigable shareholders, for their on-going support and confidence in our company.

Once more, I thank you all.

PATRICE ALBERTI
Chairman

CEO's REPORT

CEO's REPORT

INTRODUCTION

It gives me enormous pleasure to present my maiden statement since I assumed the office of the CEO of our great company (MRS Oil Nigeria Plc) on this occasion of the 49th Annual General Meeting (AGM). Before I provide details on the Company's performance for the fiscal Year of 2017, I would like to appreciate and thank the Chairman of the Board of Directors, Mr. Patrice Alberti, the board members, our valued shareholders, gentlemen of the press, ladies and gentlemen for their support during the year.

Our journey into the 2018 fiscal year began with great enthusiasm and I am confident that we are well positioned for the future. While the 2017 financial year exhibited mixed results, we are optimistic about the future going by the upward trajectory in the economy's fundamentals.

During the year under review, the performance of Automotive Gas Oil (AGO), Lubricant & Greases and Dual Purpose Kerosene (DPK) sales was very impressive when compared with the preceding year 2016. However, we cannot infer similar impressions about the performance of Premium Motor Spirit (PMS) and Aviation Turbine Kerosene (ATK) in 2017, when benchmarked against 2016's result. The underlying factors for this lackluster performance in PMS and ATK are clear and have been adequately addressed. Therefore, these products have been positioned on the path of remarkable growth this year.

OUR COMPANY

At this point, it is important to reiterate "Who we are" and "What we do".

"stations advantageously located all over Nigeria. We have distinctive competencies and specialized capabilities in sales growth through optimizing our well spread retail network"

Who we are

MRS Oil Nigeria Plc is a fully integrated and efficient downstream player with leading positions in the Nigeria Oil Industry. We are the supplier of choice to our esteemed customers, thus strengthening our commitment of product reliability and excellence in service offerings.

We are an organization focused on improving our operating efficiencies in all areas of the downstream sector where we currently operate. We have an excellent track record and an in-depth knowledge of the Nigeria downstream sector. Our Vision is "To Be The Leading Integrated African Energy Company, recognized by its People, Excellence and Values"

What we do

We are one of the largest and leading marketers of refined products, including quality gasoline, marine and aviation fuels in the downstream industry in Nigeria. We market premium fuels under the MRS brand across 416 retail service stations strategically spread all over the country.

With our wide range of lubricants and industry expertise, we also offer premium lubricant brands - Stallion and Premier Motor Oil. The Company's proprietary blending facility and its research and development facilities in Apapa allow us to supply premium quality products, to our esteemed customers. MRS lubricants have been trusted to keep things running smoothly and reliably. Our lubricants are sold nationwide in our service stations and through selected distributors.

OUR BUSINESS UNITS

Our operations comprise of three reportable Business Units (BUs): Retail, Commercial and Industrial segment (which includes the Lubricants)and Aviation. The integration of our businesses is one of our competitive advantages, allowing for optimizations across our portfolio.

Retail

The Retail Business Unit (BU), retails the white products (PMS, AGO, DPK) and numerous Lubricating oils and greases through our 416 retail service stations advantageously located all over Nigeria. We have distinctive competencies and specialized capabilities in sales growth through optimizing our well spread retail network and lube blending capacity. Part of our priority is to develop and execute brand building programs (Promotions, Advertising, Point of Purchase, etc). As a Company, we press forward to expand our market share in the industry through competitive pricing.

Commercial and Industrial (C& I)

The Commercial and Industrial (C&I) BU, principally engages in bulk distribution of white products and lubricants to Industrial Consumers throughout Nigeria. We do not just sell fuel products but we provide fuel solutions after conducting operational studies to determine customers' specific fuel requirements. We offer innovative business solutions to our industrial consumers which enables them to focus on their core business activities, while we take the onerous burden of fuel management from them.
The key areas of our business solutions are:

1. Vendor Managed Inventory – An arrangement where we maintain adequate stock of fuel in our customer's location and the customer only pays for what is consumed at the end of every month. This also ensures optimal stock and ease of the fuel ordering process.
2. Fuel Facilities Management – We maintain and manage the customers' fuel facilities.
3. Fuel Management Solution – We provide, improved fuel security, authorization and report management.
4. Health, Environment and Safety –We focus on safe fuel storage facilities and environment.

Aviation

The Aviation BU is responsible for the distribution of the Automotive Turbine Kerosene through our state of art distribution facilities; which have given MRS a competitive advantage over competition.

FISCAL YEAR 2017 REVIEW
MARKETING OPERATIONS REVIEW

As part of the Company's strategic program to maximize its shareholders' wealth in 2017, we increased our retail network, with the addition of three (3) Company Owned Company Operated (CORO) retail outlets in Gyadi in Kano, Maitumbi in Minna and Obantoko in Abeokuta and six (6)additional Retail Owned Retail Operated (RORO) service stations in Abraka, Yauri, Kamba, Kebbi, Yama and Jalingo. However, two retail stations in Wuse 2 in Abuja and Okesha in Ado-Ekiti were purposefully closed down to enable the redeployment of company resources, to high volume retail outlets.

Major renovations were carried out in the following retail outlets to attract and retain our retail customers; Asa road in Aba, Bodija in Ibadan, Sabo-Ore road in Ondo, Post Office in Ilorin, Ijebu-Jesha and Oba-Adeshida.
The Lube Manufacturing plant in 2017 had a replacement of its filler unit with automated filler machine which did not only increase the production output, but eliminated leakages,

reduced down time and maintenance cost. We also invested significantly in the renovation of facilities in the Lube plant and these renovation programmes include:

- Reconstruction of the collapsed fence / warehouse wall.
- Renovation / Upgrade of the Clinic / Security entrance building at the plant.

SALES REVIEW

We maintained a leading market position in the marketing of Dual Purpose Kerosene (DPK), Lubricant and Greases and Automotive Gas Oil (AGO) as depicted in the table below.

Sales Analysis by Products

Products	2017 N'000	2016 N'000	Absolute Change N'000	% Change
Premium Motor Spirit (PMS)	62,646,631	74,750,074	(12,103,443)	-16%
Aviation Turbine Kerosene (ATK)	9,392,397	9,631,463	(239,066)	-2%
Automotive Gas Oil (AGO)	16,855,509	13,264,504	3,591,005	27%
Lubricant and greases	4,203,875	3,417,651	786,224	23%
Dual Purpose Kerosene (DPK)	13,989,935	8,571,362	5,418,573	63%
	107,088,347	**109,635,054**	**(2,546,707)**	**-2%**

Dual Purpose Kerosene revenue

The stellar performance of the Company's DPK business was a significant highlight of 2017. We achieved this feat as a result of our hard earned strategic customer relationships. The product's revenue increased by 63% with an absolute value of NGN5.4billion when compared with the 2016 fiscal year performance. This is the testimony of a job well done by our marketing team.

Automotive Gas Oil

We recorded a modest increase in revenue from the AGO business, which brought in approximately NGN3.6billion or 27% increase, in relation to 2016 performance. This feat was achieved, through the innovative business solutions and the key account management program, which have distinguished MRS Oil Nigeria Plc, as a leading integrated fuel solutions provider.

Lubricant and Greases

The Lubricant and Greases revenue, recorded a reasonable increase of 23% or NGN786.2million when matched against 2016 revenue. The disciplined investment on the Lube manufacturing plant has started to yield desired results and I am confident that this trend will continue in 2018.

Aviation Turbine Kerosene

Revenue from our ATK business marginally declined, from NGN9.6billion in 2016 to NGN9.4billion in 2017 reflecting a 2% or NGN239.0million decrease. We identified the factors responsible for this decline and appropriate remedial measures have been put in place.

Premium Motor Spirit

PMS recorded a revenue of NGN62.6billion and NGN74.8billion for 2017 and 2016 respectively accounting for the decrease of 16% or NGN12.1billion. This decline was due to non-availability of product, a limiting factor that reverberated across the industry in 2017

FINANCIAL REVIEW

Analysis of Product Revenue to Total Revenue

Products	Revenue		Ratio	
	2017 N'000	2016 N'000	2017 %	2016 %
Premium Motor Spirit (PMS)	62,646,631	74,750,074	58%	68%
Aviation Turbine Kerosene (ATK)	9,392,397	9,631,463	9%	9%
Automotive Gas Oil (AGO)	16,855,509	13,264,504	16%	12%
Lubricants and greases	4,203,875	3,417,651	4%	3%
Dual Purpose Kerosene (DPK)	13,989,935	8,571,362	13%	8%
	107,088,347	**109,635,054**		

The year on year variance in PMS revenue reflects a decline from 68% in 2016, to 58% in 2017. ATK witnessed a marginal decline in revenue, but the decreases recorded in PMS and ATK revenues were compensated for, by increases in revenues from AGO, Lubes and Grease products as well as DPK. DPK revenue topped the positive deviation posted in 2017 results compared with year 2016 results.

Gross Profit Ratio Analysis	2017 N'000	2016 N'000
Revenue	107,088,347	109,635,054
Cost of Sales	(99,393,668)	(100,879,939)
Gross Profit	7,694,679	8,755,115
Gross Profit Ratio	**7%**	**8%**

The gross profit ratio reflects the efficiency with which management delivers each unit of product to the customers. In other words, this reflects the gross profit per every naira of sale. From the analysis above, the Company made 7kobo per every naira sale in 2017, against 8kobo in 2016 showing a marginal decline. The decline was occasioned by the decrease in PMS revenue due to inadequate supply of the product in 2017 as well as the Fire incident at the MOMAN Jetty which made it impossible to discharge products at the MRS fuel terminal, Apapa.

Operating Profit Analysis	**2017 N'000**	**2016 N'000**	**Absolute Variance N'000**	**% Variance**
Gross Profit	7,694,679	8,755,115	(1,060,436)	-12%
Other Income	150,973	1,287,470	(1,136,497)	-88%
Selling and Distribution Expenses	(1,463,063)	(1,303,993)	(150,070)	-12%
Administrative Expenses	(6,281,373)	(5,449,062)	(832,311)	-15%
Operating Profit	**101,216**	**3,289,530**	**(3,188,314)**	**-97%**

The drop in operating profit from NGN3.3billion to NGN101.2million for 2016 and 2017 respectively account for 97% of the business decline. Major factors responsible for this decline are:

1) Reduction in storage income by NGN548million
2) Service fees from product handling reduced by NGN465million
3) Rental income reduced by NGN6million
4) Impairment of trade receivables and Property, Plant and Equipment increased by N541million and N109million respectively.
5) Consultancy expenses increased by N125million

Measures have been put in place to boost these revenue lines and manage cost efficiently and effectively in 2018.

Profit for the year Analysis	**2017 N'000**	**2016 N'000**	**Absolute Variance N'000**	**% Variance**
Operating Profit	101,216	3,289,530	(3,188,314)	-97%
Finance Income	112,438	633,588	(521,150)	-82%
Finance Cost	(1,210,263)	(1,635,771)	425,508	26%
Income Tax Credit/Expenses	2,381,665	(821,442)	3,203,107	390%
Profit for the year	**1,385,056**	**1,465,905**	**(80,849)**	**-6%**

There was an origination and reversal of a deferred tax credit of approximately NGN3.0billion which materially accounted for the profit of NGN1.4billion in 2017 or a decline of 6% in the 2016 profit.

FORWARD LOOKING STATEMENT

We have set ambitious targets for the year and we will work tenaciously, to deliver on them. We have promised to grow earnings by volume growth in our white products and lubricants. This quest has informed our strategic capital investments for service stations in Victoria Island Lagos and Gaduwa Abuja. Resources are being deployed to ensure these projects are delivered within the planned timeline.For the lube manufacturing business, we have concluded arrangements to commence a third party blending and commercialization of the Apapa laboratory, to ensure consistent increase in production and sales. The following capital investments have also been proposed for the Lube manufacturing plant,in 2018:

- Boiler replacement to avoid downtime
- Replacement of the overheat water tank for the boiler
- Upgrade of the water treatment plant
- Construction of separate coding line for grease to increase production output.

I am excited about the growth opportunities in 2018; as a Company, "MRS" must continue to be competitive and adapt timely to change. Simply put, we must modernize how we work, embrace new and advanced technologies and maintain a downward nudge on costs.

CONCLUSION

We have a world class portfolio of brands and products; we command strong leadership positions in our markets and we are ready, to continue our momentum in 2018 and beyond. We will not lose focus, we will continue to deliver to our customers, develop new and exciting products, grow the business and increase our operational efficiency. I have no doubt that we have the brands, the products, the people – and the passion – to deliver.

The expertise and passion of our employees will, of course, continue to be crucial to our success, and I would like to thank all our employees, shareholders, partners and other stakeholders for their important contributions throughout the year. I humbly request for your greater contributions in 2018 to make it a more fruitful year. I believe that MRS, is well positioned to deliver great value.

Thank you immensely for your time and audience and I am certain that the deliberations in the course of this meeting, will be beneficial to all.

ANDREW O. GBODUME
Managing Director/CEO.
FRC/2012/ICAN/00000000534

BOARD OF **DIRECTORS**

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

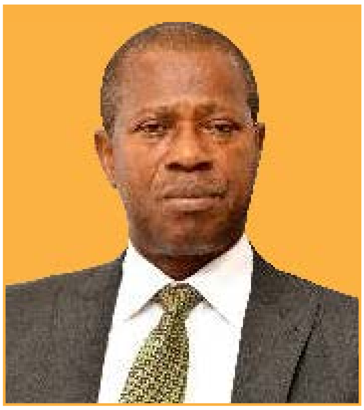
ALHAJI SAYYU IDRIS DANTATA
*Chairman

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.

*Alhaji Sayyu Dantata resigned as Chairman on 12th of July 2017



MR. ANDREW OGHENEVO GBODUME
Managing Director

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 attended several courses locally and internationally including courses at the Harvard 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 Managing Director of MRS Oil Nigeria Plc.

He was appointed the Chairman of the Major Oil Marketers Association of Nigeria (MOMAN) on July 5, 2018.

MR. PATRICE ALBERTI
** Chairman

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 Group Managing Director 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.

**On 12th of July, 2017, Mr. Alberti was appointed as the Chairman of MRS Oil Nigeria Plc

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 37 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 (NNPC) 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.

***Alhaji Dahiru Barau Mangal resigned as Non-Executive Director on the 13th of November, 2017

MR. MATHEW AKINLADE
Independent 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 of 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.

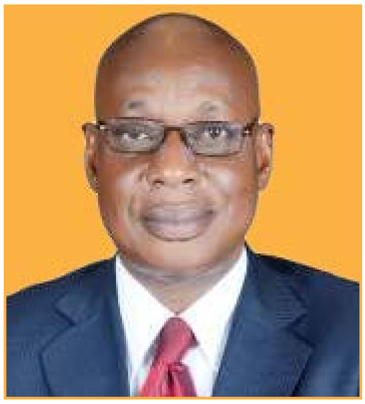
Mr. Mathew Akinlade (FCA) was appointed on April 27, 2017. He was appointed as Independent Director effective, October 26, 2017.

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) is the Chairman of R .T Briscoe Plc and currently serves on the Board of 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) was appointed on April 27, 2017.



CHIEF DR AMOBI DANIEL NWOKAFOR
Director

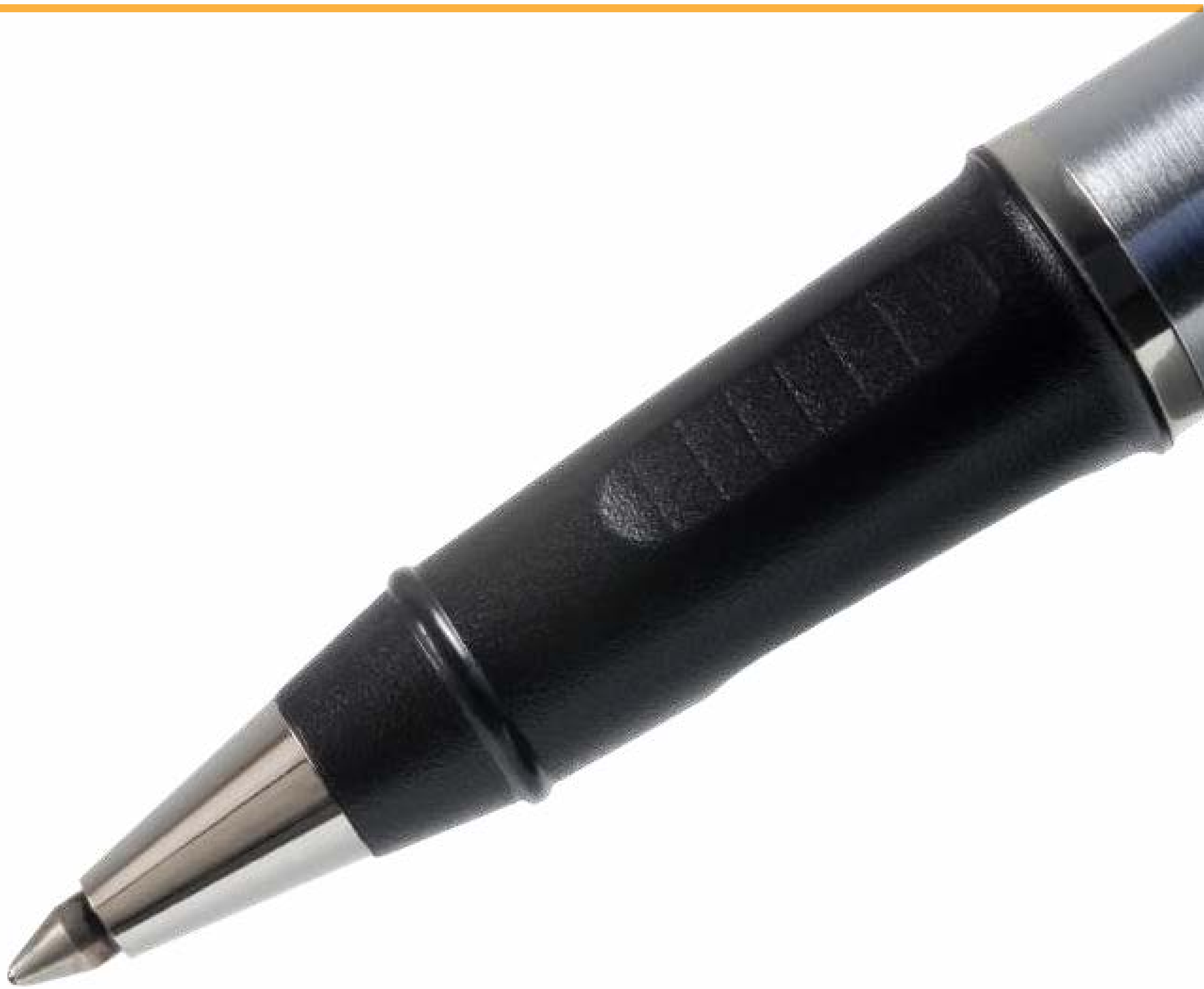
Chief Dr Amobi Daniel Nwokafor (FCA) is a seasoned professional accountant with over 31 years work experience in the accounting profession. Mr. Nwokafor (FCA) holds a B.Sc. from the University of Nigeria, Enugu Campus and Masters in Banking & Finance from the Delta State University, Abraka.

He is the managing partner of Amobi Nwokafor & Co and he is a member of the Institute of Directors, a Fellow of the Institute of 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

Chief Nwokafor (FCA) was appointed on April 27, 2017

DIRECTORS' REPORT



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER, 2017

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 2017 .

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 24,124 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 and sale of same.

Company Results:

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

	2017	2016
	₦'000	₦'000
Year Ended 31 December, 2017		
Revenue	107,088,347	109,635,054
(Loss)/Profit Before Tax	(996,609)	2,287,347
Taxation	2,381,665	(821,442)
Profit for the Year	1,385,056	1,465,905
Proposed Dividend for the Year	-	439,772
Earnings Per 50k Share (Naira)	5.45	5.77
Declared Dividend per 50k Share (Kobo)	173	110
Net Assets per 50k Share	9,099	8,726

Board Changes:

On the 12th of July, 2017 Mr. Patrice Alberti was appointed as the Chairman of MRS Oil Nigeria Plc following the resignation of Alhaji Sayyu Idris Dantata as Chairman on 12th of July, 2017.

The Board approved the appointment of the following Directors on April 27, 2017: Mr. Mathew Akinlade, Sir Sunday Nnamdi Nwosu and Chief Sir Amobi Daniel Nwokafor.

Alhaji Dahiru Barau Mangal with his Alternate Mr. Lawal Mangal resigned on the 13th of November, 2017.

Board Induction:

On the 2nd of June, 2017, three (3) new Directors were inducted to the Board on their fiduciary duties and responsibilities to the Company. The induction program was to familiarize the new Directors with the Company's operation, senior Management employees and the business environment.

Election/Re-election of Directors:

In accordance with Articles 90/91 of the Company's Article of Association, Ms. Amina Maina, Mr. Mathew Akinlade and Sir Sunday N. Nwosu, retire by rotation and being eligible, offer themselves for re-election.

In accordance with Articles 95 of the Company's Articles of Association, Mr. John U. Chibueze, being the only Director appointed since the last Annual General Meeting retires and being eligible, offer themselves for re-election.

The Directors:

The Directors in office during the year are listed below and except where stated, served on the Board in 2017 :

Name	Nationality	Designation	Appointment / Resignations (A/R)
Alhaji S. I Dantata*		Chairman	July 12, 2017 (R)
Mr. P. Alberti**	French	Chairman	March 20, 2009 (A)
Mr. A. O. Gbodume		Managing Director	May 20, 2011 (A)
Dr. P. Bissohong	Cameroonian	Non-Executive Director	December 5, 2012 (A)
Dr. S. M. 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	November 13, 2017 (R)
Mr. M. Akinlade****		Independent Director	April 27, 2017 (A)
Sir N. N. Nwosu****		Non-Executive Director	April 27, 2017 (A)
Chief Sir A.D. Nwokafor****		Non-Executive Director	April 27, 2017 (A)

* Alhaji Sayyu I. Dantata ceased to be Chairman effective 12th of July, 2017.
** Mr. Patrice Alberti was appointed Chairman effective 12th of July, 2017.
*** Alhaji Dahiru Barau Mangal and his Alternate Mr. Lawal Mangal ceased to be Non-Executive Director and Alternate Director respectively, effective 13th November, 2017.
**** Mr. Mathew Akinlade, Sir Sunday Nnamdi Nwosu and Chief Amobi Daniel Nwokafor were appointed Directors on the 27th of April, 2017.
A: Appointment
R: Resignation

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, Cap C.20, Laws of the Federation of Nigeria, 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

1. Dr. Samaila M. Kewa, Ms. Amina Maina, Mr Matthew Akinlade and Sir Sunday N. Nwosu directly own shares in the Company as follow;

Name	2017	2016
Dr. Samaila M. Kewa	1,989	1,989
Ms. Amina Maina	27,614	26,503
Sir Sunday N. Nwosu	5,251	-
Mr. Matthew Akinlade	476	-

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

Directors' Interest in Contract:

For the purpose of Section 277 of the Companies and Allied Matters Act,Cap C.20 Laws of the Federation of Nigeria, 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 2017, the following shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company.

Name	2017		2016	
	Unit	Percentage %	Unit	Percentage %
MRS Africa Holdings Limited	152,393,190	60%	152,393,190	60%
First Pen Cust/Asset Management Corporation of Nigeria-MAI	26,599,865	10.47%	26,599,865	10.47%

From the register of members, we are not aware of any other person or persons who holds more than 5% of the issued and fully paid shares of the Company.

Analysis of Shareholding:

According to the Register of Members at 31 December 2017,the spread of shareholding in the Company is presented below;

Number of holding			No of shareholders:	Number of Shares held	Percentage of Shareholding
1	-	500	13,249	4,888,289	2%
501	-	1,000	8,499	19,634,671	8%
1,001	-	5,000	1,431	10,278,635	4%
5,001	-	50,000	798	15,901,269	6%
50,001	-	100,000	80	5,509,125	2%
100,001	-	500,000	59	11,737,227	5%
500,001	-	1,000,000	5	3,816,574	2%
1,000,001	-	50,000,000	2	3,229,827	1%
10,000,001	-	100,000,000	1	26,599,865	10%
100,000,001	-	253,988,672	1	152,393,190	60%
Total			**24,125**	**253,988,672**	**100%**

	No of Shareholders	Number of Shares held	Percentage of shareholding
Local shareholders	24,124	101,595,482	**40%**
Foreign Shareholder	1	152,393,190	**60%**
TOTAL	**24,125**	**253,988,672**	**100%**

Acquisition of Its Own Shares:

The Company did not acquire its shares during the year. (2016:NIL)

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, to deliver value to its stakeholders.

Employment Policy:

The Company is an equal opportunity employer. It recognizes employees as its most important asset and ensures that the right talents are attracted to join the Company at all levels, while taking into cognizance the values and strategic needs of the business. The effective engagement and deployments of the employees with the right attitudes, skills and competences are fundamental to the Company's long term success.

The objective of the policy is to ensure that the process of recruitment and selection is merit based, process driven and highly competitive to ensure that the best candidates are hired and attracted from different demographics. To achieve this objective, the Company adopts processes and procedures that will guide and enable the engagement of human resources, who will drive the strategic, operation and corporate objectives of the Company.

In line with the Company's values on employment, ("we train our people to become the best professionals") vacancies or new positions are advertised and filled internally before adverts are placed externally.

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. (2016:NIL)

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, gender, 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 and Wellbeing:

In order, to maintain the state of good health and well being 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, Learning and Development:

As part of the Company's values to continually train employees to become the best professionals, various foreign/in-country trainings were deployed.

The in-country trainings, foreign trainings and international conferences, focused on the improvement of soft and technical skills such as Management/Leadership Development Programmes, CS Development Programme, Creating Strategic Value, Lubricants Production , International Aviation Fuel Updates, Security Coordination Modules, Regulatory and Statutory Disclosures, Essential Management Skills, Risk Based Auditing Techniques, Information Technology Certifications, IFRS Updates, Advanced Defensive Driving Skills, Customer Relations, Coaching amongst others.

The Company is committed to the development of business acumen, competence and knowledge improvement amongst its workforce, for improved productivity, synergy and a broader understanding of the business operations.

Workforce Management:

As at 31 December 2017, the Company's workforce was 130 (2017: 132), which represents a 1.52% reduction in the workforce of the Company. This number excludes employees on secondment from MRS Holdings Limited.

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, partners and communities line with best global HSE standards. In the year under review, the Company improved on its personal safety measures; Total Recordable Injury Rate (TRIR) moved from 0.29 in 2016 to 0.22 in 2017, while Motor Vehicle Crashes Frequency Rate (MVCFR) decreased from 2.11 in 2016 to 1.39 in 2017. The Company considers the safety of its people and operations a major priority and will continue to drive the improvement of operational and personal safety within its operations.

In 2017, the Company maintained an exceptional safety record and remained vigilant in its approach to safe and reliable operations. The implementation of the annual road safety transport programme which provides a framework for transport safety performance measurement, will continue to reduce overall safety risk and develop leading metrics for the monitoring of effective safety operations.

Minimizing the impact on the business operations is an HSE priority; the Company remains committed to strict compliance to all relevant regulatory laws and standards and sets Key Performance Indicators (KPI) for the measurement of health, safety and environmental performance against set targets.

The Company maintains a holistic approach to the mitigation of risk associated with occupational health and has been consistent in its provision of prompt and quality healthcare at the Company's in-house clinics, for employees and their families at different locations, with a view to enhance immediate response to health related issues.

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.

Contributions and Charitable Donations:

During the year, the Company made the following donations/contributions in fulfillment of its Corporate Social Responsibility.

Sponsorship/donation to orphanage homes, charity organisations and schools - year 2017

			Amount ₦
1.	Ovie Brume Foundation, Lagos Sponsoring a Child-Marie Enejo	To support Initiative	271,371.00
2.	Society For Orphan Welfare, Ikoyi, Lagos	Donation	100,000.00
3.	Pacelli School For The Blind & Partially Sighted Children Surulere, Lagos.	Donation	100,000.00
4.	The Zamarr Institute (School For Austim), Abuja	Donation	100,000.00
5.	Hope Orphanage, Ilorin	Donation	100,000.00
6.	Infant Jesus Orphanage Home, Calabar	Donation	100,000.00
7.	Motherless Babies Home, Total Garden, Ibadan	Donation	100,000.00
8.	Cerebral Palsy Centre	Donation	100,000.00
9.	Holy Family Orphanage, Owerri	Donation	100,000.00
10.	Edo Orphanage Home	Donation	100,000.00
11.	Institute of Chartered Secretaries and Administrators	To support Initiative	100,000.00
12.	Construction of Borehole at Islamic High School, Orita Bashorun, Ibadan	Donation	994,316.00
13.	CSR Project - Purchase of School Chairs - Port Harcourt	Donation	1,150,000.00
14.	Ketu Children Center	Donation	2,440,000.00
15.	Construction Of Borehole at Unguwar Karabawa Yargaya, D/ Kudu Local Government Kano.	Donation	1,550,000.00
16.	Construction Of Borehole at Gofe Village In Ketti Community Kabusa Ward, Amac Area Council Abuja	Donation	2,283,876.00
	TOTAL		**9,689,563.00**

Donations made in 2017 amounted to ₦9,689,563 (2016 : 768,500.00)

In accordance with Section 38(2) of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, 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.

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. SAP ERP migration from South Africa to Nigeria in order to enhance connectivity and achieve huge reduction in SAP hosting and support costs.

2. IT Security device upgrade from Barracuda Web filter 310 to Web Security Gateway 610 for improved network security.
3. MON Internet bandwidth was upgraded from 13mbps to 45mbps, for improved internet service.
4. Interactive screen installed in Executive Board room on the 10th floor.
5. Upgrade from Paper-based leave application to MRS Automated online leave portal – IT/HR
6. Upgrade on Server room security surveillance – Servers and Cameras installation for continuous control room security monitoring.

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.

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.

Going Concern:

Nothing has come to the attention of the Directors to make them believe, that the Company will not remain a going concern in the next twelve months. The directors are confident that the Company will continue as a going concern, realizing its assets and settling its liability in the normal course of business.

Auditors:

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 Cap C.20, Laws of the Federation of Nigeria, 2004 and SEC Code of Corporate Governance, the Auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By Order of the Board

O. M. Jafojo (Mrs.) FCIS
Company Secretary
FRC: 2013/NBA/00000002311
22 March, 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

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 knowledge development and learning appropriate professional skills.

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, Managing Director/CEO, Non-Executive Directors and an Independent Director. The Managing Director/CEO has 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 on the Board of 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, Alhaji Sayyu Idris Dantata, Alhaji Dahiru M. Barau and his Alternate Director Mr. Lawal Mangal resigned on 12th of July, 2017 and 13th of November, 2017 respectively. Following their resignation, there were 8 Directors on the Board of the Company each Director bringing their wealth of experience to bear on deliberations at Board Meetings.

Separation of Powers:
The position of the Chairman of the Company and the Managing Director/CEO are held by separate individuals, in line with best practice and Corporate Governance standards. The Managing Director/CEO is responsible for the management of the day to day business operations and the implementation of the overall business strategy.

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 (8:00am -5:00pm) at the registered office of the Company and at each Annual General Meeting of the Company.

Board Meetings:

The Board meets at least 4 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, to attend to 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 – 2017 Board Meetings

DIRECTORS	Designation	Feb 28 '17	Mar 23, '17	Apr 27, '16	July 31, '17	Aug 7, '17	Oct 26, '17
Alhaji Sayyu I. Dantata	Chairman	–	–	–	–	–	–
Mr. Patrice Alberti	Chairman	X	X	X	X	X	X
Mr. Andrew O. Gbodume	Managing Director	X	X	X	X	X	X
Dr. Paul Bissohong	Member	X	X	X	X	X	X
Dr. Samaila M. Kewa	Member	X	X		X	X	X
Ms. Amina Maina	Member	–	–	X	X	X	X
Mr. Lawal Mangal	Member	–	–	–	–	–	–
Mr. Mathew Akinlade	Member	N/A	N/A	N/A	X	X	X
Sir. Sunday N. Nwosu	Member	N/A	N/A	N/A	X	X	X
Chief. Amobi D. Nwokafor	Member	N/A	N/A	N/A	X	X	X

X= Present, – = Absent, N/A = Not Applicable: Not a member at the stated date.

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.

Sub Committees of the Board:

The Board has established Committees, each with approved written Terms of Reference. Currently, there are four (4) 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 Committe Members	Designation	Feb 27, '17	Mar 22, '17	Apr 27, '17	July 28, '17	Oct 20, '17
Chief. Dr Amobi D. Nwokafor	Chairman	N/A	N/A	N/A	N/A	X
Engr. Tunji Ijaiya	Member	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	–	–	–	–
Mr. Patrice Alberti	Member	X	–	X	X	N/A

*Mr. Alberti ceased to be a member of the Audit Committee effective August 7, 2017, following the appointment of Chief Dr Amobi D. Nwokafor in his stead on August 7, 2017.

X= Present, – = Absent, N/A = Not Applicable: Not a member at the stated date.

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 give recommendations on the Company's accounting procedures and internal controls.

In the year under review, the Audit Committee met five (5) times.

2. Board Nominations and Corporate Governance Committee

Board Nominations and Corporate Governance Committee Members	Designation	Feb 27, '17	Mar 23, '17	Apr 25, '17	Oct 24, '17
*Mr. Patrice Alberti	Chairman	X	X	X	N/A
**Dr. Paul Bissohong	Chairman	X	X	X	X
Mr. Andrew O. Gbodume	Member	X	X	X	X
***Mr. Lawal D. Mangal	Member	–	–	–	–
Dr. Samaila M. Kewa	Member	X	X	X	X
Ms. Amina Maina	Member	X	–	X	X
**** Mr. Mathew Akinlade	Member	N/A	N/A	N/A	X
****Sir Sunday N. Nwosu	Member	N/A	N/A	N/A	X
****Chief Amobi D. Nwokafor	Member	N/A	N/A	N/A	X

*Mr. Patrice Alberti ceased to be Member effective, August 7, 2017
**Dr. Paul Bissohong was appointed Chairman effective, August 7, 2017
***Alhaji Dahiru Barau Mangal and his Alternate Mr. Lawal Mangal ceased to be Non-Executive Director and Alternate Director, effective 13th November, 2017
****Mr. Mathew Akinlade, Sir Sunday Nnamdi Nwosu and Chief Amobi Daniel Nwokafor were appointed Directors on the 27th of April, 2017

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 four (4) times.

3. The Risk, Strategic and Finance Planning Committee:

Risk, Strategic Planning and Finance Committee Members	Designation	Oct 24, '17
Ms. Amina Maina	Chairman	x
* Dr. Paul Bissohong	Member	–
Mr. Andrew O. Gbodume	Member	x
** Dr. Samalia M. Kewa	Member	–
*** Mr. Lawal D. Mangal	Member	–
**** Mr. Patrice Alberti	Member	–
*****Mr. Mathew Akinlade	Member	x
*****Sir Sunday N. Nwosu	Member	x
*****Chief Amobi D. Nwokafor	Member	x

* Dr. Paul Bissohong ceased to be Member effective, August, 2017
**Dr. Samaila M. Kewa ceased to be Member effective, August, 2017
***Alhaji Dahiru Barau Mangal and his Alternate Mr. Lawal Mangal ceased to be on the board of the Company, effective 13th November, 2017
**** Mr. Patrice Alberti ceased to be Member effective August 7, 2017
*****Mr. Mathew Akinlade was appointed as member effective August 7, 2017
*****Sir. Sunday N. Nwosu was appointed as member effective August 7, 2017
*****Chief. Amobi D. Nwokafor was appointed as member effective August 7, 2017

X= Present, – = Absent, N/A = Not Applicable: Not a member at the stated date.

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 once.

4. Human Resources Committee:

Human Resources Committee Members	Designation	Feb 27, '17	Apr 26, '17	Oct 24, '17
Dr. Samaila M. Kewa	Chairman	x	x	x
Mr. Andrew O. Gbodume	Member	x	x	x
Dr. Paul Bissohong	Member	x	x	x
Ms. Amina Maina	Member	x	x	x
*Mr. Patrice Alberti	Member	x	x	N/A
**Mr. Mathew Akinlade	Member	N/A	N/A	x
**Sir Sunday N. Nwosu	Member	N/A	N/A	x

* Mr. Patrice Alberti ceased to be a member effective August 7, 2017
**Mr. Mathew Akinlade was appointed as member effective August7, 2017
**Sir. Sunday N. Nwosu was appointed as member effective August 7, 2017

X= Present, – = Absent, N/A = Not Applicable: Not a member at the stated date.

The Human Resources Committee is responsible for the review of 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 the execution of 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 3 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. A list of shareholders with unclaimed dividend, is available on the Company's website. Shareholders with unclaimed dividend, are urged to kindly update their records to enable the Registrars complete the E-dividend process. The E-dividend form is attached on page 127 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 feedback 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 complying 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 Order of the Board

O. M. Jafojo (Mrs.) FCIS
Company Secretary
FRC: 2013/NBA/00000002311
22 March, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 (IFRS) 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.

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 misstatements 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
Mr. Andrew Gbodume (Managing Director/CEO)
FRC/2012/ICAN/00000000534
22 March, 2018

Signature
Dr. Paul Bissohong (Director)
FRC/2013/IOD/00000003841
22 March, 2018

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER, 2017

TO THE MEMBERS OF MRS OIL NIGERIA PLC

In accordance with Section 359(6) of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 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, 2017 and based on the documents and information available to us, report as follows:

(a) We ascertain 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 2017.

1.	* Chief Dr Amobi D. Nwokafor	-	Chairman
2.	AlhajiTunji Ijaiya	-	Member
3.	Baale I. Saliu	-	Member
4.	Chief V. Barrah	-	Member
5.	Dr. S.M. Kewa	-	Member
6.	Ms. A. Maina	-	Member
7.	*Mr. P. Alberti	-	Member

*Mr. Patrice Alberti, ceased to be a member effective August 7, 2017, following the appointment of Chief Dr Amobi D. Nwokafor in his stead on 7, August 2017

CHIEF DR AMOBI D. NWOKAFOR
Chairman, Audit Committee
FRC/2013/ICAN/00000002770
22 March, 2018

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

Telephone 234 (1) 271 8955
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 2017, 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 59 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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
Revenue is a significant item in the statement of profit or loss and other comprehensive income and has a significant impact on the net results of the Company given the nature of the business. The volume and value of sales transactions recorded by the Company in current year made existence and accuracy of revenue a matter of significance to our audit.	We evaluated the Company's accounting policy on revenue for appropriateness and evaluated its application against the revenue recognition and measurement principles of the accounting standards. We considered the operating effectiveness of key controls over authorization, appropriate recording of price changes; and the delivery and invoicing process in order to determine whether there were sufficient basis for the revenue recognized as well as the timing of the transfer of risk and rewards. In addition to testing detailed sales transactions on a sample basis by agreeing selected revenue transactions to supporting documents; we analytically tested revenue by multiplying actual volumes to approved price list to validate total revenue recorded. We also evaluated some journal entries processed through the revenue accounts to ascertain that they represented valid and approved adjustments to revenue. We also performed revenue cut off tests by checking that transactions towards the end of the year and at the beginning of the subsequent year, were reflected in the appropriate accounting period as evidenced by the relevant delivery documents.

Recoverability of trade and other receivables

Refer to Note 3(g)(i) (Accounting policy) and Note 2(d) (Use of judgments and estimates)

The key audit matter	How the matter was addressed
The Company has significant exposure to a specific customer in the aviation sector and there has been significant delay in receiving the long outstanding amounts due from the customer. In addition, the Company has recognized receivables from a Regulator, which includes foreign exchange losses arising from the difference between the rate prescribed by the Regulator in pricing imported Premium Motor Spirit (PMS) and the actual foreign exchange rates incurred.	We evaluated the Company's process for monitoring the performance of receivables, including monthly reviews of customer balances at credit control meetings and the timely identification of impairment triggers. We obtained confirmation of balance from the aviation customer and evaluated the correspondence between the customer and the Company. We considered Directors' assessment of the recoverability of the receivable and also evaluated their judgment relating to impairment assessment with respect to the debtor.

The receivables also include interest incurred arising from delayed payments by the Regulator on behalf of the Federal Government of Nigeria.

Although in the past, the government had settled some of the bills in respect of the foreign exchange losses and interest receivables, the collection pattern of these receivables has been irregular. The judgement applied in determining timing and extent of recoverability of these receivables makes this an area of focus for our audit.

We evaluated director's assessment of the customer's ability to pay by inspecting their current transactions with the Company and by applying our knowledge of the industry information relating to the customer.

We reviewed the basis of determination of the amount receivable from the Regulator by checking that it is in line with existing regulatory guidelines and usual industry patterns and practice. In addition, we challenged the directors' assessment with respect to the recoverability of the receivable from the Regulator with reference to our knowledge of the industry and publicly available information regarding the settlement by the Regulator.

Impairment assessment of the Cash Generating Unit

Refer to Note 3(g)(ii) (Accounting policy) and refer to Note 2(d) (Use of judgments and estimates)

The key audit matter	How the matter was addressed
Based on the directors' determination, the Company has a single Cash Generating Unit (CGU). As at the 31 December 2017, the net assets of the Company (which is the carrying amount of the Company's CGU) exceeded its market capitalisation by ₦15.65 billion. This was an indication that the CGU may be impaired. The recoverable amount of the net assets of the Company was therefore determined, based on its value in use. The high level of significant judgement and estimation required in the determination of the recoverable amount of the net assets, makes this matter an area of significance to our audit.	Through discussions, we gained more insight into their understanding of the potential reasons for the higher net assets position and also checked the data of other similar companies within the industry. We used our valuation specialists to: • evaluate the mathematical and analytical accuracy of the value in use (VIU) calculation of the CGU performed by the Company. • evaluate the Company's VIU calcuiation by assessing the reasonableness of the underlying assumptions for the projected cash flows used in the computation. • challenge the key assumptions used by the Company in determining the Company's discount rates and other market based assumptions; by comparing them with locally available industry information, and where relevant, data from certain reputable international institutions. • compare the cash flow forecast with budgeted and actual results subsequent to year end to assess their reasonability. We compared the recoverable amount determined to the carrying amount of the CGU

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Corporate governance report, Statement of directors' responsibilities, Report of the Audit Committee, Other national disclosures, E-dividend form 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. It also includes financial and non-financial information such as the Corporate directory, shareholders' information, amongst others (together "Outstanding reports") which is expected to be made available to us after the date of the audit report.

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 outstanding 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; 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.

KPMG

Report on Other Legal and Regulatory Requirements

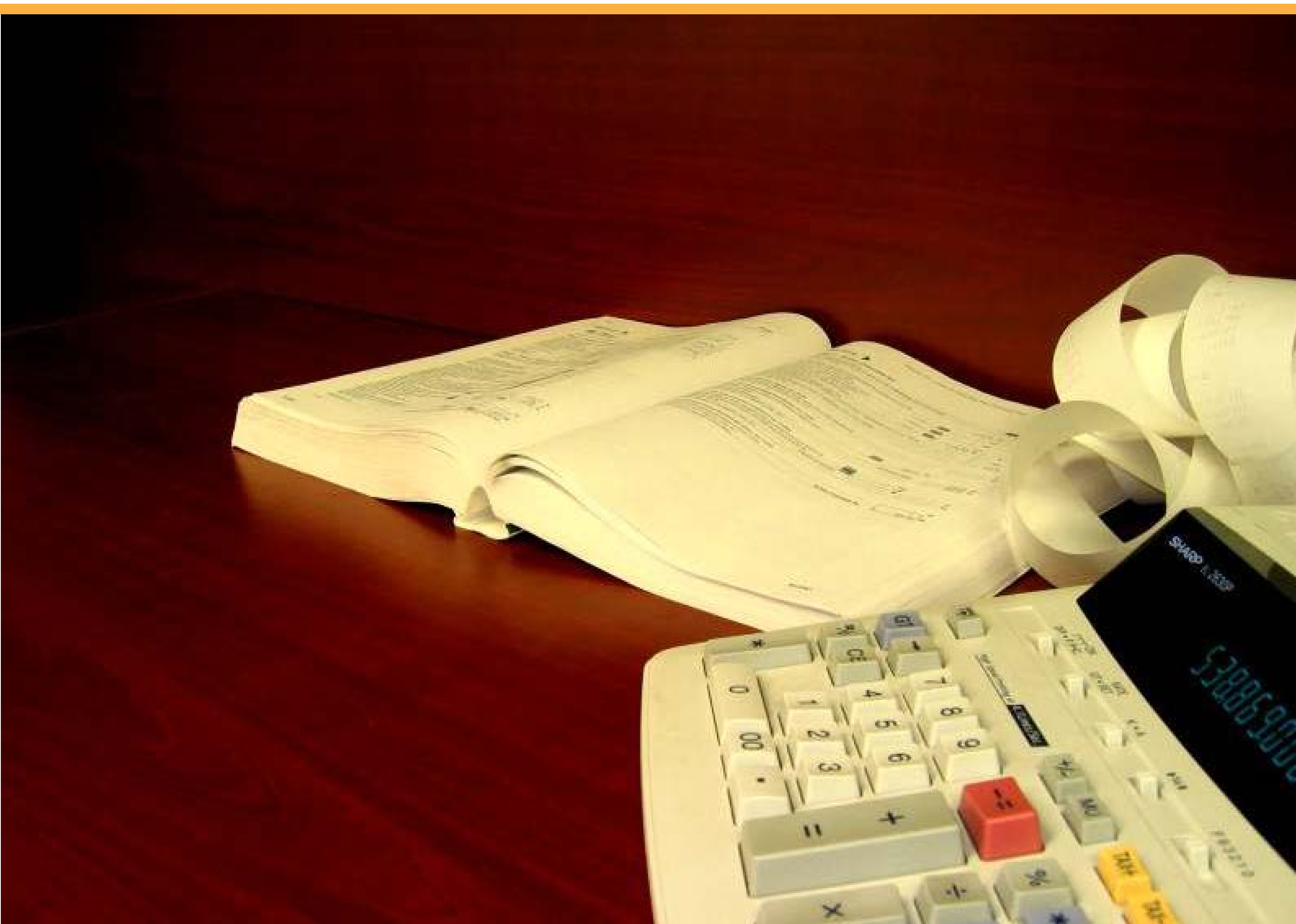
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

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 2018
Lagos, Nigeria

FINANCIAL STATEMENTS



Statement of Financial Position

as at 31 December

	Notes	2017	2016
		₦'000	₦'000
Assets			
Property, plant and equipment	12	17,338,162	18,402,454
Intangible assets	13	20,108	29,920
Prepayments	30	699,649	578,073
Trade and other receivables	15	—	347,922
Total non-current assets		**18,057,919**	**19,358,369**
Inventories	17	5,289,372	7,004,173
Truck loans and receivables	14	246,760	445,193
Trade and other receivables	15	34,234,991	43,244,878
Witholding tax receivables	16	70,542	68,288
Prepayments	30	309,862	333,130
Cash and cash equivalents	18	3,980,872	10,910,784
Total current assets		44,132,399	62,006,446
Total assets		**62,190,318**	**81,364,815**
Equity			
Share capital	19	126,994	126,994
Retained earnings		22,982,503	22,036,847
Total equity		**23,109,497**	**22,163,841**
Liabilities			
Employee benefit obligations	20	11,899	13,891
Provisions	31	44,147	—
Deferred tax liabilities	11(d)	2,110,631	5,116,904
Total non-current liabilities		2,166,677	5,130,795
Security deposits	21	1,924,369	1,766,967
Dividend payable	22(a)	461,669	411,318
Trade and other payables	23	24,232,833	32,156,838
Short term borrowings	24	9,639,852	18,526,556
Provisions	31	1,992	—
Tax payable	11(c)	653,429	1,208,500
Total current liabilities		**36,914,144**	**54,070,179**
Total liabilities		**39,080,821**	**59,200,974**
Total equity and liabilities		**62,190,318**	**81,364,815**

Approved by the Board of Directors on 22 March 2018 and signed on its behalf by:

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

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

Mr. Kamil Bello (Chief Finance Officer)
FRC/2013/ICAN/00000000951

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

Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December

	Notes	2017	2016
		₦'000	₦'000
Revenue	5	107,088,347	109,635,054
Cost of Sales	7(b)	(99,393,668)	(100,879,939)
Gross profit		**7,694,679**	**8,755,115**
Other income	6	150,973	1,287,470
Selling and distribution expenses	7(b)	(1,463,063)	(1,303,993)
Administrative expenses	7(b)	(6,281,373)	(5,449,062)
Operating Profit		**101,216**	**3,289,530**
Finance income	8(a)	112,438	633,588
Finance costs	8(a)	(1,210,263)	(1,635,771)
Net finance costs	8(a)	(1,097,825)	(1,002,183)
(Loss)/profit before income tax		**(996,609)**	**2,287,347**
Income tax credit/(expense)	11(a)	2,381,665	(821,442)
Profit for the Year		**1,385,056**	**1,465,905**
Other Comprehensive Income, net of income tax		—	—
Total comprehensive income for the year		**1,385,056**	**1,465,905**
Earnings per share (EPS)			
Basic and diluted earnings per share (Naira)	10	5.45	5.77

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

Statement of Changes in Equity
For the year ended 31 December

	Notes	Share capital	Retained earnings*	Total equity
		₦'000	₦'000	₦'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
Other comprehensive income		—	—	—
Total comprehensive income for the year		—	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**

	Notes	Share Capital	Retained earnings	Total equity
		₦'000	₦'000	₦'000
Balance as at 1 January 2017		126,994	22,036,847	22,163,841
Total comprehensive income:				
Profit for the year		—	1,385,056	1,385,056
Other comprehensive income		—	—	—
Total comprehensive income		—	**1,385,056**	**1,385,056**
Transactions with owners of the Company				
Contributions and Distributions				
Dividends declared	22(a)	—	(439,400)	(439,400)
Total transactions with owners of the Company		—	**(439,400)**	**(439,400)**
Balance as at 31 December 2017		**126,994**	**22,982,503**	**23,109,497**

*Included in retained earnings is ₦14.40 billion (2016: N14.40 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 accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December

	Notes	2017	2016
		₦'000	₦'000
Cash flows from operating activities:			
Profit after tax		1,385,056	1,465,905
Adjustments for:			
Depreciation	12(a)	1,454,066	1,498,434
Amortisation of intangible assets	13	13,807	13,819
Finance income	8(a)	(112,438)	(633,588)
Finance costs	8(b)	1,210,263	1,635,771
Gain on sale of property, plant and equipment	6	(8,528)	(44,274)
Write off of property, plant and equipment	12(a)	163,419	54,594
Provision for long-term service award	20(c)	364	2,824
Impairment loss on trade receivables	7(a)	699,137	157,919
Impairment loss on truck loan receivable	7(a)	32,585	61,580
Write off employee and other receivables	7(a)	25,941	9,504
(Write back)/impairment loss on inventory	17(b)	(29,831)	31,235
Income tax (credit)/charge	11(a)	(2,381,665)	821,442
		2,452,176	5,075,165
Changes in:			
- Inventories		1,744,632	(774,925)
- Trade, other receivables and prepayments		10,763,262	(13,170,491)
- Security deposits		157,402	193,482
- Provisions		46,139	—
- Trade and other payables		(8,721,145)	9,888,560
Cash generated from operating activities		**6,442,466**	**1,211,791**
Income taxes paid	11(c)	(1,125,628)	(701,883)
Withholding tax credit notes utilised	11(c)	(54,051)	(98,085)
Long-term service award paid	20	(2,356)	(1,551)
Net cash generated from operating activities		**5,260,431**	**410,273**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		9,469	115,929
Purchase of property, plant and equipment	12(a)	(554,135)	(973,432)
Purchase of intangible assets	13	(3,995)	(42,595)
Amounts paid on behalf of transporters	14	(44,050)	(54,448)
Principal received on amounts advanced to transporters	14	209,898	154,660
Interest received	8(a)	112,438	633,588
Net cash used for investing activities		**(270,375)**	**(166,298)**
Cash flows from financing activities:			
Additional short term borrowings		3,446,703	20,053,383
Short term borrowing repayment		(18,056,744)	(28,099,488)
Dividends paid	22	(389,049)	(267,959)
Interest paid		(63,799)	(430,837)
Net cash used in financing activities		**(15,062,888)**	**(8,744,901)**
Net change in cash and cash equivalents		(10,072,832)	(8,500,927)
Cash and cash equivalents at 1 January		10,910,784	19,774,397
Effect of movements in exchange rates on cash held		(817,608)	(362,686)
Cash and cash equivalents at 31 December	18	**20,344**	**10,910,784**

The accompanying notes form an integral part of these Financial Statements

Index to Notes to the Financial Statements

For the year ended 31 December 2017

Notes to the financial statements

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 and selling of lubricants and manufacturing and selling 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, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The financial statements were authorised for issue by the Company's Board of Directors on 22 March 2018. 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 as otherwise stated.

(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

Significant judgments have been made in applying accounting policies that would have significant effects on the amounts recognised in these financial statements.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018 are included in the notes below:

Impairment of trade and other receivables

The Company reviews its trade and other receivables at the end of every reporting period to identify impairment triggers. Where impairment triggers exist, the company performs an assessment of the recoverability of its receivables and determines whether an impairment loss should be recognized. The Company recognizes impairment where objective evidence of impairment exists and the present value of future cash flows (if any) expected with respect to the receivables is lower than the carrying amount of such receivables.

The Company applied significant judgment in determining the recoverability of receivables from one of its customers in the aviation sector as well as receivable from a government agency - Petroleum Products Pricing Regulatory Agency (PPPRA) (Note 15(b)). The receivables from the aviation customer arose from normal business transactions (purchase of Aviation Turbine Kerosene(ATK)) and receivable from PPPRA relate to foreign exchange differences losses arising from the difference between the rate prescribed by the Regulator in pricing imported Premium Motor Spirit (PMS) and the actual foreign exchange rates incurred. The receivables also include interest incurred arising from delayed payments by the Regulator on behalf of the Federal Government of Nigeria.

The directors have exercised judgment on the collectability of the receivable from the aviation customer based on the fact that the customer is in operation and are undergoing publicly available plans to further strengthen their operations. The customer has confirmed their obligations to the Company and are engaged in active discussions to arrange settlement. The credit exposure to the customer is ring-fenced long outstanding debt as current transactions with the customer are settled prior to the delivery of any product. The customer has also made payments against the historical debt in the past.

The amounts receivable from PPPRA are deemed recoverable because they are valid claims and there are discussions through the Major Oil Marketers Association of Nigeria (MOMAN) with PPPRA have been positive. The amount recorded is determined in accordance with an approved pricing templates issued by the PPPRA, a representative agency of the Federal Government of Nigeria. Although recovery of receivables from this government agency is known to be slow, historically amounts due to the Company from this agency has been recovered. Company is also engaged in active discussions on the recovery of these receivable with the FGN, through the Major Oil Marketers Association of Nigeria (MOMAN), of which the Company is a member.

In the opinion of the directors, the carrying amount of the above trade and other receivables do not exceed their recoverable amounts.

Application of judgment in respect of these receivables is subject to estimation uncertainties.

Impairment assessment of cash generating unit

The Company assesses whether there are any indicators of impairment of its business at the end of each reporting period. At the end of the year, the Company's carrying amount of the net assets exceeded its market capitalization by ₦15.65 billion. This triggered an impairment assessment which resulted in the company performing a valuation to determine the recoverable amount of its cash generating unit (CGU). The Company has a single CGU, whose carrying amount is reflected in the net assets position.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and value -in -use. The company performed a value in use computation, which required an estimation of future cash flows from the cash generating unit, the determination of an appropriate discount rate and other market based assumption. The directors applied significant judgments in determining the appropriate inputs used for the value in use computation. Changes in these inputs, could have a material impact on the recoverable amount of the CGU.

Based on the above the directors have determined that the recoverable amount as at 31 December 2017 of the CGU is higher than the carrying amount, and accordingly no impairment of the CGU is required as at that date.

Other areas of judgments, assumptions and estimate uncertainties include:

- Recognition of contingencies: key assumptions about the likelihood and magnitude of an outflow of economic resources. See Note 29(a).
- Change in estimate of useful life of property, plant and equipment. See Note 12(b).
- Determination of outflow of economic resources; provisions. See Note 31.

ii Measurement of fair values

A number 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 Finance Officer has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports to the Board of Directors through the Managing Director.

The Chief Finance 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 Finance 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 Audit Committee and 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.

(e) Changes in accounting policies

The Company has adopted Amendments to IAS 7 including any consequential amendments to other standards with initial date of application of 1 January 2017.

(I) 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 includes providing a reconciliation between the opening and closing balances arising from the financing activities. Disclosures in line with this standard are presented in Note 22 and Note 24(c)

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 spot 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 items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss.

(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 when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows 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 legally enforceable right to offset the amounts and intends either to settle them 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(both classified as loans and receivables category), 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

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, security deposit and dividend payable.

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

iv Derivative financial assets - measurement

The Company holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(c) Property, Plant and Equipment

(i) recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to their fair value at that date being the deemed cost on transition to IFRS.

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	Not depreciated
- 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.

During the year, the Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that the state governors, who hold the land in trust, will more likely than not, renew the lease upon expiration. This makes the period of use unlimited and therefore it would no longer be depreciated in line with IAS *16 Property, plant and equipment*. Impact of this change is disclosed in Note 12.

(d) Intangible assets

(i) *Recognition and measurement*
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. These are capitalised on the basis of acquisition costs as well as costs incurred to bring the assets to use.

(ii) *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.

(iii) *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.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The useful life for computer software is 3 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 year 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 but excludes reimburseable costs or other costs subsequently recoverable by the Company. In the case of manufactured/ blended inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Product Type	Cost Basis
a) Refined petroleum products AGO, ATK, PMS, DPK b) 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 maybe 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 years.

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 8% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 10% 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 years. 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 year 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 year, 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

Provisions comprise liabilities for which the amount and timing are uncertain. They arise from legal and tax risks, litigation and other risks. 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.

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, volume rebate. 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 net of standard transport cost directly recoverable from the prices of regulated 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 loss or interest from Petroleum Product Pricing Regulatory Agency (PPPRA). Finance income is recognized as it accrues in profit or loss.

Finance costs comprises interest expense on borrowings, bank charges, foreign currency loss on financial assets and financial liabilities, unwinding of the discount on provisions. Interest expenses 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 are capitalised as part of the related assets. Finance costs that are directly attributable to the importation of Premium Motor Spirit (PMS) are classified as trade and other receivables.

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 is subject to the Companies Income Tax Act (CITA), Tertiary Education Trust Fund (Establishment Act 2011) and Capital Gains Tax Act. Tertiary education tax is assessed at 2% of assessable profit, Capital gains tax at 10% of chargeable capital gains while Company income tax is assessed at 30% of adjusted profit.

ii Deferred tax

Deferred tax is recognised 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 recognised for:

- temporary differences on 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;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans approved by the board of the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(m) Withholding tax receivables

Withholding taxes (WHT) are advance payments of income taxes deducted by the Company's customers at source upon invoicing. WHT receivables are measured at cost.

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 realized.

Tax asset written down are recognized in profit or loss as income tax expense.

(n) 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 year, 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

(u) Dividend

Dividend is accrued when declared, being when it is appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual bases regardless of the time of spending cash. Expenses are recognized in the statement of profit or loss when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably.

Expenses are measured at historical cost. Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

(w) Cost of sales

Cost of sales represents decreases in economic benefits during the accounting period that are directly related to revenue-generating activities of the Company.

Cost of sales is recognized on an accrual bases regardless of the time of spending cash and measured at historical cost.

Only the portion of cost of a previous period that is related to revenue earned during the reporting period is recognized as Cost of sales.

(x) Other income

The Company recognises income from rental of some of its space, filling stations, certain equipment to partners. Other income includes all other earnings that are not directly related to sale of its products. Gain or loss on disposal of property, plant and equipment is included in other income.

4(a) Standards and Interpretations not yet effective

A number of Standards, Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2017 and early application is permitted; however, the Company has not early adopted the new or amended standard in preparing these financial statements.
Those Standards, Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

Effective for the financial year commencing 1 January 2018

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

Effective for the financial year commencing 1 January 2019

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Except for those Standards, Amendments to Standards and Interpretations that are not applicable to the entity, all Standards, Amendments to Standards and Interpretations will be adopted at their effective date unless otherwise indicated.

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), *Long-Term Interests in Associates and Joint Venture* (Amendments to IAS 28),

Prepayment Features with Negative Compensation (Amendments to IFRS 9), IFRS 17 *Insurance Contracts* are not applicable to the business of the entity and will therefore have no impact on future financial statements.

The directors are of the opinion that the impact of the application of the remaining Standards, Amendments to Standards and Interpretations will be as follows:

IFRS 15 Revenue from contracts with customers

This standard was issued by the IASB on May 2014. It 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 not significantly affect the Company because the Company is involved in the sale of refined petroleum products and lubricants to customers.

The Company does not have any long term contract that spans more than one year. The typical contracts of the Company do not impose on the Company separate or multiple performance obligations. Control of the products is transferred to the customer/ transporter as soon as the trucks are unloaded at the customer's sites or when the products are transferred to the hauler's (transporter) trucks for delivery to the customer, for products transported by the Company's engaged transporters. The Company has carried out an assessment to determine the impact that the initial application of IFRS 15 could have on its business and based on the Company's assessment, no significant difference is expected in the timing of revenue recognition for these sales. 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.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.The new impairment model will apply to financial assets measured at amortised cost or fair value through OCI (FVOCI), except for investments in equity instruments, and to contract assets.The Company believes that impairment losses are likely to decrease and become more volatile for assets in the scope of the IFRS 9 impairment model. The Company's preliminary assessment is that application of the IFRS 9 impairment requirements to trade receivables as at 31 December 2017 would most likely result in a decrease in loss allowances at that date compared with impairment losses recognised under IAS 39. However, quantitative determination of these numbers has not yet been finalised by the Company.

The Company will adopt the standard for the year ending 31 December 2018.

IFRS 16 Leases

IFRS 16 was published in January 2016. It 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 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*.

IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors . IFRS 16 also includes extensive new disclosure requirements for both lesees and lessors.

The Company has begun assessing the potential impact of IFRS 16 on the financial statements and has noted that some of its lease contracts would be in scope of IFRS 16. As a result, it would be required to recognise the Right of Use Asset and corresponding lease liability on transition to IFRS 16. The Company has not yet determined the necessary transitional adjustments to equity on date of transition. However, the Company will adopt the modified retrospective transition approach.

The Company will adopt the standard for the year ending 31 December 2019.

5. Revenue

	2017	2016
	₦'000	₦'000
Premium Motor Spirit (PMS)	62,646,631	74,750,074
Aviation Turbine Kerosene (ATK)	9,392,397	9,631,463
Automotive Gas Oil (AGO)	16,855,509	13,264,504
Lubricants and greases	4,203,875	3,417,651
Dual Purpose Kerosene (DPK)	13,989,935	8,571,362
	107,088,347	**109,635,054**

6. Other income

	2017	2016
	₦'000	₦'000
Rental and lease income (Note 6(a))	20,205	26,371
Sundry income (Note 6(b))	47,192	593,801
Gain on sale of property, plant & equipment	8,528	44,274
Income on storage services	75,048	623,024
	150,973	**1,287,470**

(a) Rental and lease income relates to income earned on assets that are on operating lease arrangements 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.

7a) Expenses by nature

	2017	2016
	₦'000	₦'000
Depreciation (Note 12(a))	1,454,066	1,498,434
Amortization of intangible assets (Note 13)	13,807	13,819
Changes in inventories of lubes, greases and refined products	99,408,647	100,918,883
Rental of service stations, buildings and equipment	223,750	223,835
Advertising expense	528,342	228,926
Consultancy expense	485,474	360,569
Maintenance expense	581,358	607,950
Throughput expense	50,764	35,347
Freight expense	394,006	485,861
Management fees (Note 26 (c))	323,197	275,500
Director's remuneration (Note 9(b)(iv))	20,692	1,928
Employee benefit expense (Note 9 (b)(i))	713,023	671,315
Auditor's remuneration	35,000	30,000
Impairment loss on truck loan receivables (Note 25(a))	32,585	61,580
Impairment loss on trade receivables (Note 25(a))	699,137	157,919
Write off of employee and other receivables	25,941	9,504
Write off of property, plant & equipment (Note 12(a))	163,419	54,594
Local and international travel	140,745	135,546
Office expenses and supplies	352,429	231,482
Communication and postage	300,710	351,680
Fines and penalties	6,274	3,204
Insurance premium	178,794	138,342
Contract labour	569,156	720,260
Sponsorships and donations	35,065	9,886
Licenses and Levies	58,308	57,281
Utilities	38,411	48,011
Subcriptions	4,707	4,397
Board meetings and AGM expenses	90,629	87,664
Security	51,638	44,359
Other office running expenses	158,030	164,918
Total cost of sales, selling and distribution and administrative expenses	**107,138,104**	**107,632,994**

7b) Expenses by function

	2017	2016
	₦'000	₦'000
Cost of Sales	99,393,668	100,879,939
Selling and distribution expenses	1,463,063	1,303,993
Administrative expenses	6,281,373	5,449,062
	107,138,104	**107,632,994**

7c) Non-audit services paid to the statutory auditors

Non-audit services paid to the statutory auditors comprise:

	2017	2016
	₦'000	₦'000
Filing of transfer pricing	3,600	2,500
Tax regulatory compliance services	29,500	23,500
Recruitment services	3,000	—
Accounting advice (training)	3,500	—
	39,600	**26,000**

8(a) Finance income and finance costs

	2017	2016
	₦'000	₦'000
Finance income		
Interest income on short-term bank deposits	92,391	607,493
Interest income on loans to transporters (Note 14)	20,047	26,095
Total finance income	**112,438**	**633,588**

	2017	2016
	₦'000	₦'000
Finance cost		
Interest expense	361,807	358,430
Bank charges	63,799	72,407
Net foreign exchange loss	784,657	1,204,934
Total finance costs	1,210,263	1,635,771
Net finance costs	**1,097,825**	**1,002,183**

8b) Reconciliation of finance cost to statement of cash flows

	2017 ₦'000	2016 ₦'000
Interest expense	361,807	358,430
Bank charges	63,799	72,407
Effect of movements in exchange rates on cash held	817,608	362,686
Foreign exchange movements in trade and other payables	435,333	1,280,287
Foreign exchange movements in trade and other receivables	(468,284)	(438,039)
Amount shown on the statement of cash flows	**1,210,263**	**1,635,771**

9) Profit before income tax

(a) Profit before income tax is stated after charging/(crediting):	₦'000	₦'000
Depreciation (Note 12)	1,454,066	1,498,434
Amortisation of intangible assets (Note 13)	13,807	13,819
Management fees (Note 26(c))	323,197	275,500
Director's remuneration (Note 9(b)(iv))	20,692	1,928
Employee benefit expense (Note 9(b)(i))	713,023	671,315
Auditor's remuneration	35,000	30,000
Gain on sale of property, plant & equipment (Note 6)	(8,528)	(44,274)
Write off of property, plant and equipment (Note 12(a))	163,419	54,594
Impairment loss on truck loan receivables (Note 25(a))	32,585	61,580
Impairment loss on trade receivables (Note 25(a))	699,137	157,919
Write off of employee and other receivables	25,941	9,504
Net foreign exchange loss (Note 8)	784,657	1,204,934

(b) Directors and employees

i Employee costs during the year comprise:

	₦'000	₦'000
Salaries and wages	517,599	441,056
Other employee benefits	146,335	175,146
Employer's pension contribution	48,725	49,113
Other long term employee benefit charge (Note 20(c))	364	6,000
	713,023	**671,315**

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

	Number 2017	Number 2016
Administration	47	48
Technical and production	27	20
Operations and distribution	20	25
Sales and marketing	36	39
	130	**132**

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 N2,000,000 (excluding pension contributions) in the following ranges:

₦	₦	Number 2017	Number 2016
2,000,001	3,000,000	1	3
3,000,001	4,000,000	33	45
4,000,001	5,000,000	48	54
5,000,001	6,000,000	12	9
6,000,001	7,000,000	7	5
7,000,001	8,000,000	8	6
8,000,001	9,000,000	9	3
9,000,001	10,000,000	3	4
Above	10,000,000	9	3
		130	**132**

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

	2017 ₦'000	2016 ₦'000
Fees	1,250	1,250
Other emoluments	19,442	6,545
	20,692	**7,795**

The directors' remuneration shown above includes:

Chairman	—	—
Highest paid director	7,767	7,795

Other directors received emoluments in the following ranges:

₦	₦	Number 2017	Number 2016
Nil		3	2
1,000,001	2,000,000	—	1
2,000,001	3,000,000	—	1
3,000,001	4,000,000	4	—
4,000,001	5,000,000	—	—
5,000,001	6,000,000	—	—
6,000,001	7,000,000	—	—
7,000,001	8,000,000	1	—

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

(a) Basic EPS

Basic earnings per share of N5.45 (2016: N5.77) is based on profit attributable to ordinary shareholders of N1,385,056,000 (2016: N1,465,905,000) 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 (2016: 253,988,672).

	2017	2016
Profit for the year attributable to shareholders (expressed in Naira)	1,385,056,000	1,465,905,110
Weighted average number of ordinary shares in issue	253,988,672	253,988,672
Basic earnings per share (expressed in Naira per share)	5.45	5.77

(b) Diluted Earnings per share

The Company had no dilutive ordinary shares to be accounted for in these financial statements.

© Dividend declared per share

Dividend declared per share of 173 kobo (2016: 110 kobo) is based on total declared dividend of N439.40 million (2016: N279.39 million) on 253,988,672 (2016: 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

	2017	2016
	₦'000	₦'000
Current tax expense:		
Income tax	460,222	904,709
Tertiary education tax	41,307	68,220
Capital gains tax	33	5,853
Changes in estimate related to prior years	123,046	37,856
	624,608	**1,016,638**
Deferred tax (credit)/expense:		
Origination and reversal of temporary differences	(3,006,273)	(195,196)
Income tax (credit)/expense	**(2,381,665)**	**821,442**

b) Reconciliation of effective tax rates

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

	%	2017	%	2016
Reconciliation of effective tax rates				
Profit before income tax		(996,609)		2,287,347
Income tax using the statutory tax rate	30	(298,983)	30	686,204
Impact of tertiary education tax	2	(19,932)	3	45,747
Capital gains tax	—	33	—	5,853
Effect of tax incentives	7	(64,829)	—	(7,838)
Non deductible expenses	(25)	251,966	2	49,999
Tax exempt income	—	—	(1)	(18,731)
Difference in CIT rate and TET rate	(0)	4,289	—	25,517
Derecognition of previously recognised taxable difference	239	(2,380,475)	—	—
Changes in estimates related to prior years	(12)	123,046	1	37,856
Other differences	(0)	3,221	(1)	(3,165)
Total income tax expense in income statement	**239**	**(2,381,665)**	**34**	**821,442**

*CIT - Company Income Tax, TET - Tertiary Education Tax

(c) Movement in current tax liability

	2017	2016
	₦'000	₦'000
Balance at beginning of the year	1,208,500	991,830
Payments during the year	(1,125,628)	(701,883)
Net charge for the year (Note 11(a))	624,608	1,016,638
Withholding tax credit notes utilized (Note 16)	(54,051)	(98,085)
	653,429	**1,208,500**

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	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	—	—	(2,507,312)	(5,188,135)	(2,507,312)	(5,188,135)
Employee benefits	3,807	4,445	—	—	3,807	4,445
Trade receivables	236,754	93,995	—	—	236,754	93,995
Truck loan receivables	10,427	—	—	—	10,427	—
Other receivables	37,274	37,274	—	—	37,274	37,274
Inventories	9,836	19,382	—	—	9,836	19,382
Net unrealised exchange differences	98,583	—	—	(83,865)	98,583	(83,865)
	396,681	**155,096**	**(2,507,312)**	**(5,272,000)**	**(2,110,631)**	**(5,116,904)**

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

(e) Movement in temporary differences during the year

	Balance 1-Jan-16	Recognized in profit or loss	Balance 31-Dec-16	Recognized in profit or loss	Balance 31-Dec-17
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(5,494,533)	306,398	(5,188,135)	2,680,823	(2,507,312)
Employee benefits	3,785	660	4,445	(638)	3,807
Trade receivables	105,013	(11,018)	93,995	142,759	236,754
Truck loan receivables	—	—	—	10,427	10,427
Other receivables	32,093	5,181	37,274	—	37,274
Inventories	8,800	10,582	19,382	(9,546)	9,836
Net unrealised exchange difference	32,743	(116,608)	(83,865)	182,448	98,583
	(5,312,099)	**195,195**	**(5,116,904)**	**3,006,273**	**(2,110,631)**

12 Property, Plant and Equipment

a) The movement on these accounts was as follows:

	Leasehold Land	Building	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance as 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**
Cost								
Balance as at 1 January 2017	9,065,742	6,097,611	10,784,824	1,030,122	878,358	213,936	124,228	28,194,821
Additions	29,023	115,966	134,084	201,171	57,799	4,277	11,814	554,134
Transfers	—	—	—	77,827	—	—	(77,827)	—
Write off	—	(119,698)	(243,512)	—	—	—	—	(363,210)
Disposal	—	—	(672)	(13,780)	—	—	—	(14,452)
Revision of accumulated depreciation on reassessment of useful life of land (Note 12)	(622,463)	—	—	—	—	—	—	(622,463)
Balance as at 31 December 2017	**8,472,302**	**6,093,879**	**10,674,724**	**1,295,340**	**936,157**	**218,213**	**58,215**	**27,748,830**

12 Property, Plant and Equipment - Cont.

	Leasehold Land	Building	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
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**
Accumulated depreciation and impairment								
Balance as at 1 January 2017	526,284	1,875,266	5,762,811	667,992	772,543	187,471	—	9,792,367
Reclassification*	96,179	(96,179)	—	—	—	—	—	—
Balance as at 1 January 2017	622,463	1,779,087	5,762,811	667,992	772,543	187,471	—	9,792,367
Charge for the year	—	234,273	1,031,406	140,090	42,548	5,749	—	1,454,066
Write off	—	(35,204)	(164,587)	—	—	—	—	(199,791)
Disposal	—	—	(420)	(13,091)	—	—	—	(13,511)
Revision of accumulated depreciation on reassessment of useful life of land (Note 12 (b))	(622,463)	—		—	—	—	—	(622,463)
Balance as at 31 December 2017	—	**1,978,156**	**6,629,210**	**794,991**	**815,091**	**193,220**	—	**10,410,668**
Carrying amounts								
Balance as at 31 December 2017	**8,472,302**	**4,115,723**	**4,045,514**	**500,349**	**121,066**	**24,993**	**58,215**	**17,338,162**
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 1 January 2016	**8,020,425**	**4,457,515**	**5,938,866**	**406,817**	**121,202**	**29,052**	**79,828**	**19,053,705**

*This relates to reclassification of accumulated depreciation relating to land which was previously classified as accumulated depreciation on building. The reclassification on property, plant and equipment does not have an impact on the statement of comprehensive income.

(b) During the year, the Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain the respective state governors will more likely than not renew the lease upon expiration. The substance of the lease is that the Company has ownership of the land, not a right to use the land for a predefined period. Previously recognised accumulated depreciation is consequently reversed against cost of the land.

The effect of this change in the current year profit or loss is that no depreciation is charged on land in the current year (2016: N86.48 million). No depreciation will also be charged in future periods. The change in accounting estimate resulted in the derecognition of a previously recognised taxable difference of N2.38 billion in the statement of profit or loss (Note 11(b)).

(c) Capital commitments

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

	2017	2016
	₦'000	₦'000
Capital commitments	—	393,423

(d) No property, plant and equipment has been pledged as collateral in respect of any facility (2016: Nil).

(e) No borrowing costs related to the acquisition of property, plant and equipment was capitalised during the year (2016: Nil)

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:

	2017	2016
	₦'000	₦'000
Cost		
Balance as at 1 January	276,683	234,088
Additions	3,995	42,595
Balance as at 31 December	280,678	276,683
Accumulated amortisation		
Balance as at 1 January	246,763	232,944
Charge for the year (Note 7(a))	13,807	13,819
Balance as at 31 December	260,570	246,763
Carrying amount	**20,108**	**29,920**

14 Truck loan receivables

	2017	2016
	₦'000	₦'000
Balance as at 1 January	445,193	606,985
Insurance	44,050	54,448
Interest accrued (Note 14(a))	20,047	26,095
Principal received during the year	(209,898)	(154,660)
Interests received during the year	(20,047)	(26,095)
Impairment recognised (Note 25(a))	(60,495)	(61,580)
Impairment loss reversal	27,910	—
Balance as at 31 December	**246,760**	**445,193**

(a) Interest income earned with respect to these loans was N20.05 million (2016: N26.10 million) and has been included as part of finance income in profit or loss (Note 8). Except for insurance cost, the Company did not incur additional cost during the year.

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 years 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 year was included as part of the new principal amount.

During the year, the Company recorded a net impairment charge of N32.59 million (2016: N61.58 million) resulting in a total impairment allowance of N94.17 million (2016: N61.58 million) in respect of certain transporters whose recoverables are doubtful. 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 unimpaired truck loans are recoverable.

The truck loan receivables at the end of the reporting period are current.

15. Trade and other receivables

	2017	2016
	₦'000	₦'000
Trade receivables (Note 15(a))	4,262,400	5,295,575
Bridging claims (Note 15(c))	3,200,776	2,972,340
Petroleum Support Fund (PSF) (Note 15(b)	18,097,601	12,229,750
Receivables from related parties (Note 26(e))	4,310,838	20,035,831
Employee receivables	50,108	35,466
Advances paid to suppliers	3,941,893	2,713,092
Due from joint operation partners	27,888	30,670
Receivables from registrar	26,093	70,812
Sundry receivables	317,394	209,264
	34,234,991	43,592,800
Non-current portion	—	(347,922)
Current portion	34,234,991	43,244,878
Financial assets	30,293,098	40,879,708
Non-financial assets	3,941,893	2,713,092

(a) Trade Receivables

	2017	2016
	₦'000	₦'000
Gross trade receivables	5,351,475	5,876,648
Impairment allowance	(1,089,075)	(581,073)
Net trade receivables	4,262,400	5,295,575

(b) Included in the Petroleum Support Fund is an amount of N16.47 billion (2016:N10.98 billion) receivable from Petroleum Products Pricing Regulatory Agency (PPPRA) with respect to interest on delayed payments and foreign exchange losses between the rate prescribed by the PPPRA in pricing imported Premium Motor Spirit (PMS) and the actual foreign exchange rates which the Company incurred as a result of PMS importation. The directors believe this amount to be fully recoverable considering historical payment patterns of such receivables and based on their interactions with the PPPRA. Accordingly, no impairment has been recognised on this amount (Note 2(d)).

(c) Bridging claims relate to reimbursables from the Petroleum Equalisation Fund Management Board for costs incurred on transportation of petroleum products from supply points to the retail outlets.

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 25.

16 Withholding tax receivables

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

	2017	2016
	₦'000	₦'000
Balance at 1 January	68,288	32,348
Additions	56,305	134,025
Withholding tax credit note utilised (Note 11(c))	(54,051)	(98,085)
Balance at 31 December	70,542	68,288

Payments made by customers of the Company are subject to a withholding tax in accordance with the Nigerian tax laws. The amount withheld is available to offset the actual tax liabilities. Based on the current tax laws, these withholding taxes do not expire.

17 Inventories

	2017	2016
	₦'000	₦'000
Premium Motor Spirit (PMS)	1,136,587	2,780,005
Lubricants and greases	2,218,615	1,898,422
Aviation Turbine Kerosene (ATK)	1,297,952	1,863,232
Automotive Gas Oil (AGO)	188,444	71,301
Dual Purpose Kerosene (DPK)	423,133	261,669
Packaging materials and other sundry items	24,641	129,544
	5,289,372	**7,004,173**

Inventory amounting to N485.22 million (2016: N315.99 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 N99.32 billion (2016: N100.84 billion). In 2017, there was an assessment of inventory for impairment which resulted in a reversal of impairment allowance by N29.83 million (2016: impairment allowance of N31.24 million). Impairment allowances for the year and reversals of impairment allowances are included in the cost of sales on the Statement of Profit or Loss and Other Comprehensive Income.

	2017	2016
	₦'000	₦'000
Gross inventory	5,337,746	7,082,378
Impairment allowance (Note 17(b))	(48,374)	(78,205)
Net inventory	**5,289,372**	**7,004,173**

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

	2017	2016
	₦'000	₦'000
Balance as at 1 January	78,205	46,970
Impairment allowance for the year	—	31,235
Reversal of impairment allowance	(29,831)	—
Net (reversal)/impairment allowance	(29,831)	31,235
Balance as at 31 December	48,374	78,205

18 Cash and cash equivalents

	2017	2016
	₦'000	₦'000
Cash at bank and on hand	3,133,945	2,059,224
Short term deposits with banks	846,927	8,851,560
Cash and cash equivalents in the statement of finance position	**3,980,872**	**10,910,784**
Bank overdrafts used for cash management purpose (Note 24)	(3,960,528)	–
Cash and cash equivalents in the statement of cash flows	**20,344**	**10,910,784**

The Company's exposure to credit risk and currency risks are disclosed in Note 25.

19 Share capital

	2017	2016
	₦'000	₦'000
Authorised:		
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:

	2017	2016
	₦'000	₦'000
Other long term employee benefits	11,899	13,891
Total employee benefit liabilities	11,899	13,891

(b) The provision was based on an independent actuarial valuation performed by Olurotimi Olatokunbo Okpaise (FRC/2012/NAS/00000000738), a partner with EY Nigeria. The method of valuation used is the projected unit credit method and the last valuation was as at 31 December 2017. 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:

	2017	2016
	₦'000	₦'000
Balance as at 1 January	13,891	12,618
Included in profit or loss:		
Current service cost	6,273	4,582
Interest cost	1,919	1,418
Remeasurement gains (net)	(7,828)	(3,176)
Net charge to profit or loss	364	2,824
Benefits paid by the employer	(2,356)	(1,551)
Balance as at 31 December	11,899	13,891

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions, but is not considered to have a risk of material adjustment in the year ending 31 December 2017 as the balance is not material to the financial statements.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017	2016
Long-term average discount rate (p.a.)	14.0%	15.8%
Future average pay increase (p.a.)	12.0%	12.0%
Average rate of inflation (p.a.)	12.0%	12.0%
Average Duration in years (Long Service Awards)	8	6

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	2017 Number of deaths in year out of 10,000 lives	2016 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	2017	2016
	Rates	
≤ 30	3.0%	0.5%
31 - 39	2.0%	0.5%
40 - 44	2.0%	0.5%
45 - 54	1.0%	1.0%
55 - 59	0.0%	0.0%

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2016: age 60).

Sensitivity Analysis

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

		Long Service Award
		₦'000
Discount rate	-1%	12,741
	+1%	11,147
Salary increase rate	-1%	11,276
	+1%	12,584
Inflation rate	-1%	11,792
	+1%	12,013
Mortality rate		
Age rated up by 1 year		11,862
Age rated down by 1 year		11,933

21 Security deposits

	2017	2016
	₦'000	₦'000
Security deposits	1,924,369	1,766,967

These are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off against trade receivables from these dealers 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 anytime they or the Company terminates the business arrangements.

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

22 Dividends and bonus shares

(a) Declared dividends

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

	2017	2016
	₦'000	₦'000
₦1. 73 kobo per qualifying ordinary share (Dec. 2016 1.10 kobo)	439,400	279,388

The following dividends were proposed by the Directors. The dividend has 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.

	2017	2016
	₦'000	₦'000
No dividend has been proposed per qualifying ordinary share (2016: 173 kobo)	—	439,400

The directors have decided to propose to the shareholders 1 share on every 5 share held as at close of members' register.

Dividend payable

	2017	2016
	N'000	N'000
Balance as at 1 January	411,318	399,889
Declared dividend	439,400	279,388
Payments	(389,049)	(267,959)
Balance as at 31 December	461,669	411,318

(ii) As at 31 December 2017, dividend payable held by the Company amounted to N461.67 million (2016: N340.51 million). A balance of N53.28 million (2016: N70.81 million) was held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at year end do not attract interest.

23 Trade and other payables

	2017	2016
	₦'000	₦'000
Trade payables	13,186,233	8,303,391
Accrued expenses	569,261	602,618
Amounts due to joint arrangement partners (Note 23(c))	252,913	134,381
Bridging allowance (Note 23(d))	2,901,101	4,023,064
Amounts due to related parties (Note 26(e))	5,283,331	18,029,888
Pension payable (Note 23(a))	752	9,903
Total financial liabilities	22,193,591	31,103,245
Non financial liabilities		
Statutory deductions (Note 23(b))	331,100	409,042
Advances received from customers	1,708,142	644,551
	2,039,242	**1,053,593**
	24,232,833	**32,156,838**

(a) The balance on the pension payable account represents the amounts 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:

	2017	2016
	₦'000	₦'000
Balance as at 1 January	9,903	752
Contributions during the year	88,217	73,736
Payments during the year	(97,368)	(64,585)
Balance as at 31 December	**752**	**9,903**

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

(c) Amount relates to cash received from other parties of the Joint Aviation Facility for the running of the facility by the Company.

(d) Bridging allowance represents amount due to the Petroleum Equalisation Fund Management Board as its contribution to the Fund. It is charged on every litre of product lifted from Pipelines and Product Marketing Company.

The Company's exposure to liquidity risk and currency risks are disclosed in Note 25.

24 Short term borrowings

	2017	2016
	₦'000	₦'000
Bank overdraft (Note 18 and Note 24(a))	3,960,528	-
Bank borrowings (Import Finance and other short term Facilities)	5,679,324	18,526,556
Total Borrowings	**9,639,852**	**18,526,556**

(a) Interest rates on this overdraft ranged between 19% to 23.5% per annum (2016: 18% to 20%). 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 overdraft and short term borrowings amounted to N0.34 million (2016: N315.70 million). The bank overdraft used for cash management purposes has been included as part of cash and cash equivalents in the statement of cash flows (Note 18).

(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 Nil as at period end (2016: N3.14 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 cash flows is as follows:

	2017	2016
	₦'000	₦'000
Opening balance	18,526,556	16,400,466
Additions	3,446,703	20,053,383
Repayments	(18,056,744)	(28,099,488)
Exchange loss on borrowings	1,762,809	10,172,195
	5,679,324	18,526,556

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 Company did not recognise collective impairment loss allowance during the year (2016: Nil).

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	2017	2016
	₦'000	₦'000
Trade receivables		
- Major customers	4,736,832	3,735,012
- Other customers	614,643	2,141,636
- Impairment allowance	(1,089,075)	(581,073)
	4,262,400	5,295,575
- Due from related parties	4,310,838	20,035,831
- Due from regulators (Government entities)		
Petroleum Equalisation Fund (PEF)	3,200,776	2,972,340
Petroleum Support Fund (PSF)	18,097,601	12,229,750
- Other receivables*	421,483	346,212
	30,293,098	**40,879,708**

* 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 and other receivables that were not impaired was as follows:

	2017	2016
	₦'000	₦'000
Neither past due nor impaired	2,388,697	3,232,553
Past due 0-30 days	154,063	838,520
Past due 31-60 days	198,468	18,924
Past due 61-180 days	742,384	20,390,413
Past due 181 days and above	27,056,246	16,844,491
	30,539,858	**41,324,901**

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

	2017	2016
	₦'000	₦'000
Balance as at 1 January	581,073	423,154
Impairment loss recognised	746,154	342,609
Reversal of impairment allowance	(47,017)	(184,690)
Net impairment allowance (Note 7(a))	699,137	157,919
Bad debt written-off	(191,135)	-
Balance as at 31 December	**1,089,075**	**581,073**

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

	2017	2016
	₦'000	₦'000
Balance as at 1 January	61,580	-
Impairment allowance for the year	60,495	61,580
Reversal of impairment allowance	(27,910)	-
Net impairment (Note 7(a))	32,585	61,580
Balance as at 31 December	94,165	61,580

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 cash flows and the timing of those cash flows. 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 that prohibit or limit recovery of previously recognized amounts. For bridging claims amounting to N3.20 billion (2016: N2.97 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 N2.90 billion (2016: N4.02 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 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 or other significant financial difficulty. In the directors view, all amounts are collectible. No impairment was recorded with respect to amounts due from related parties in the current year (2016: Nil).

Other receivables

Other receivables includes employee receivables 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 of receivables during the year. (2016: Nil)

Truck loan 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 year 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 N3.98 billion as at 31 December 2017 (2016: N10.91 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash equivalent reside with banks that have good credit ratings issued by reputable international rating agencies.

(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	Contractual cash flows	6 months or less
			₦'000	**₦'000**
Non-derivative financial liabilities				
31 December 2017				
Overdraft and other short-term borrowings	24	9,639,852	9,788,133	9,788,133
Dividend payable	22	461,669	461,669	461,669
Trade and other payables*	23	22,193,591	22,193,591	22,193,591
Security deposits	21	1,924,369	1,924,369	1,924,369
		34,219,481	**34,367,762**	**34,367,762**
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		1,766,967	1,766,967	1,766,967
		51,808,086	**51,808,086**	**51,808,086**

* Excludes advances received from customers, statutory liabilities and security deposit.

(c) 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, 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 foreign currency 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:

	December 2017	December 2016
In Thousands	₦'000	₦'000
Financial assets		
Trade and other receivables		
USD	17,417	80
Cash and cash equivalents		
USD	251	2,766
Financial liabilities		
Short- term borrowings	(4,990)	(60,843)
USD		
Trade and other payables		
USD	(16,539)	(36,624)
EUR	(54)	
Net statement of financial position exposure		
USD	(3,861)	(94,621)
EUR	(54)	-

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
31 December 2017	**₦'000**
USD (10 percent strengthening)	(127,871)
EUR (10 percent strengthening)	(2,127)
31 December 2016	
USD (20 percent strengthening)	5,762,432

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 Company used Interbank exchange rates for translation of foreign denominated balances. This represents the expected pattern of realisation and settlement.

The following significant exchange rates were applied during the year.

	Average rate		Reporting date spot rate	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016
	₦	₦	₦	₦
US Dollar	323.34	252.69	331.16	304.50
Euro	366.33	-	397.39	-

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	
	2017	2016
	₦'000	₦'000
Bank overdraft and borrowings	9,639,852	18,526,556
Truck loan receivables	246,760	445,193
Trade payables*	9,103,017	6,171,376

*Included in trade payables is an amount of N9.10 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company.

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 year would not affect profit or loss. The Company does not have variable rate instrument.

(d) 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:

	2017	2016
	₦'000	₦'000
Total borrowings (Note 24)	9,639,852	18,526,556
Less: Cash and cash equivalents (Note 18)	(3,980,872)	(10,910,784)
Adjusted net debt	5,658,980	7,615,772
Total equity	23,109,497	22,163,841
Total capital employed	28,768,477	29,779,613
Adjusted net debt to equity ratio	0.24	0.34

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

(e) Fair value disclosures

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 their fair values.

The Company's financial instruments are categorised as follows:

31 December 2017	Loans and receivables ₦'000	Carrying amount Other financial liabilities ₦'000	Total ₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 15)	30,293,098		30,293,098
Truck loan receivables (Note 14)	246,760		246,760
Cash and cash equivalents (Note 18)	20,344	-	20,344
	30,560,202	-	30,560,202
Financial liabilities not measured at fair value			
Short term borrowings (Note 24)	-	9,639,852	9,639,852
Trade and other payables (Note 23)	-	22,193,591	22,193,591
Dividend payable (Note 22)	-	461,669	461,669
Security deposit (Note 21)	-	1,924,369	1,924,369
	-	34,219,481	34,219,481

31 December 2016	Loans and receivables ₦'000	Carrying amount Other financial liabilities ₦'000	Total ₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 15)	40,879,708	-	40,879,708
Truck loan receivables (Note 14)	445,193	-	445,193
Cash and cash equivalents (Note 18)	10,910,784	-	10,910,784
	52,235,685	-	52,235,685
Financial liabilities not measured at fair value			
Short term borrowings (Note 24)	-	18,526,556	18,526,556
Trade and other payables (Note 23)	-	31,103,245	31,103,245
Dividend payable (Note 22)	-	422,746	422,746
Security deposit (Note 21)	-	1,766,967	1,766,967
	-	51,819,514	51,819,514

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 2017, 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 subsidiary 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:

	2017	2016
Nature of transactions	**₦'000**	**₦'000**
Sales of goods	583	18,464,238
Staff Secondment	(233,233)	(219,723)
Product purchase	(1,474,580)	-
Reimbursements for expenses	443,462	-

The value of products stored by MRS Oil and Gas Limited for the Company amounted to N485.22 million (2016: N315.99 million). The total transaction with MOG during year was N1.26 billion (2016: N18.24 billion).

Net balance due from MRS Oil and Gas Limited was N548.76 million (2016: N6.23 billion).

(b) Petrowest SA (Petrowest)

MRS Holdings Ltd which is a shareholder in Corlay Global S.A, the ultimate parent of MRS Oil Nigeria Plc; holds an indirect interest of 45% in Petrowest (through MOG). The following transactions occurred during the year:

	2017	2016
Nature of transactions	**₦'000**	**₦'000**
Purchase of goods	——	(17,140,228)

(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.

	2017	2016
Nature of transactions	**₦'000**	**₦'000**
Management fees	(323,197)	(275,500)
Sale of goods	151,406	111,607
Shared services	(16,837)	32,567

Net balance due from MRS Holdings Limited was N36.81 million (2016: N27.52 million)

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

	2017	2016
	₦'000	₦'000
MRS Benin S. A.	49,666	41,941
Corlay Togo S. A.	111	(3,921)
Corlay Benin S. A	(293)	344
Corlay Cote D'Ivoire	(92,155)	(86,164)
Corlay Cameroun S. A.	21,448	3,770
	(21,223)	(44,030)

Nature of transactions

	2017	2016
	₦'000	₦'000
MRS Benin S. A.		
Reimbursements for expenses	3,776	3,504
Corlay Togo S. A.		
Reimbursements for expenses	7,875	2,248
Corlay Benin S. A		
Reimbursements for expenses	828	49,799
Corlay Cote D'Ivoire		
Reimbursements for expenses	1,362	351
Corlay Cameroun S. A.		
Reimbursements for expenses	46,376	31,315

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

(e) Summary of intercompany receivables and payables:

	December 2017		December 2016	
	Receivables	Payables	Receivables	Payables
	₦'000	₦'000	₦'000	₦'000
MRS Oil and Gas Limited (MOG)	1,321,137	(772,381)	17,566,746	(11,338,953)
MRS Holdings Limited	2,918,476	(2,881,671)	2,423,030	(2,450,551)
Petrowest	–	(1,536,831)	–	(4,150,300)
MRS Benin S. A.	49,666	–	41,941	–
Corlay Togo S. A.	111	–	–	(3,921)
Corlay Benin S. A.	–	(293)	344	–
Corlay Cote D'Ivoire	–	(92,155)	–	(86,164)
Corlay Cameroun S. A.	21,448	–	3,770	–
	4,310,838	(5,283,331)	20,035,831	(18,029,889)

The right of set off does not exist except when agreed by the entities.

(ii) Key management personnel compensation

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

	2017	2016
	₦'000	₦'000
Short term employee benefits	20,692	7,795

The managing director is seconded from MRS Oil and Gas Limited to MRS Oil Nigeria Plc.

(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 N17.34 billion and the 5% disclosure limit is N867 million. During the year, the Company had entered into transactions above the 5% disclosure limit with the following related parties:

	2017	2016
	₦'000	₦'000
MRS Oil and Gas Limited (See Note 26(a) above)	(1,263,768)	18,244,515
Petrowest SA (See Note 26(b) above)	——	(17,140,228)
MRS Holdings Limited (See note 26 (c) above	——	——

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 in the sales 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

2017	Revenue		Cost of sales		Gross profit	
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total
Retail/C&I	93,492,075	87	88,214,982	89	5,277,093	69
Aviation	9,392,397	9	8,671,559	9	720,838	9
Lubes	4,203,875	4	2,507,127	3	1,696,748	22
Total	**107,088,347**	**100**	**99,393,668**	**100**	**7,694,679**	**100**

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**

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 2017 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*

There are certain lawsuits pending against the Company in various courts of law. The total contingent liabilities in respect of pending litigations as at 31 December 2017 is N7.09 billion (2016: N19 billion). A total provision of N46.14 million (2016: Nil) (Note 31) has been made in these financial statements. The actions are being contested and the directors are of the opinion that no significant liability will arise in excess of the provision that has been recorded in the 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

	2017	2016
	₦'000	₦'000
Operating leases	808,659	698,114
Other prepayments	200,852	213,089
	1,009,511	911,203

The Company leases a number of offices and service stations under both cancellable and non-cancellable leases. During the year, an amount of N171.15 million (2016: N223.84 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.

	2017	2016
	₦'000	₦'000
Non-current portion	699,649	578,073
Current portion	309,862	333,130
	1,009,511	911,203

Movement in prepayment	2017	2016
	₦'000	₦'000
Opening balance	911,203	643,494
Addition	673,859	706,747
Release to profit or loss	(575,551)	(439,038)
Closing balance	1,009,511	911,203

31 Provisions

	2017	2016
	₦'000	₦'000
Balance at 1 January 2016	—	—
Provisions made during the year (Note 29(a))	46,139	—
Balance at 31 December 2017	46,139	—
Non-current	44,147	—
Current	1,992	—

Provisions relate to legal claims which the Company has a present legal obligation for and it is probable that an outflow of economic benefits will be required to settle the obligations.

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT
For the year ended 31 December

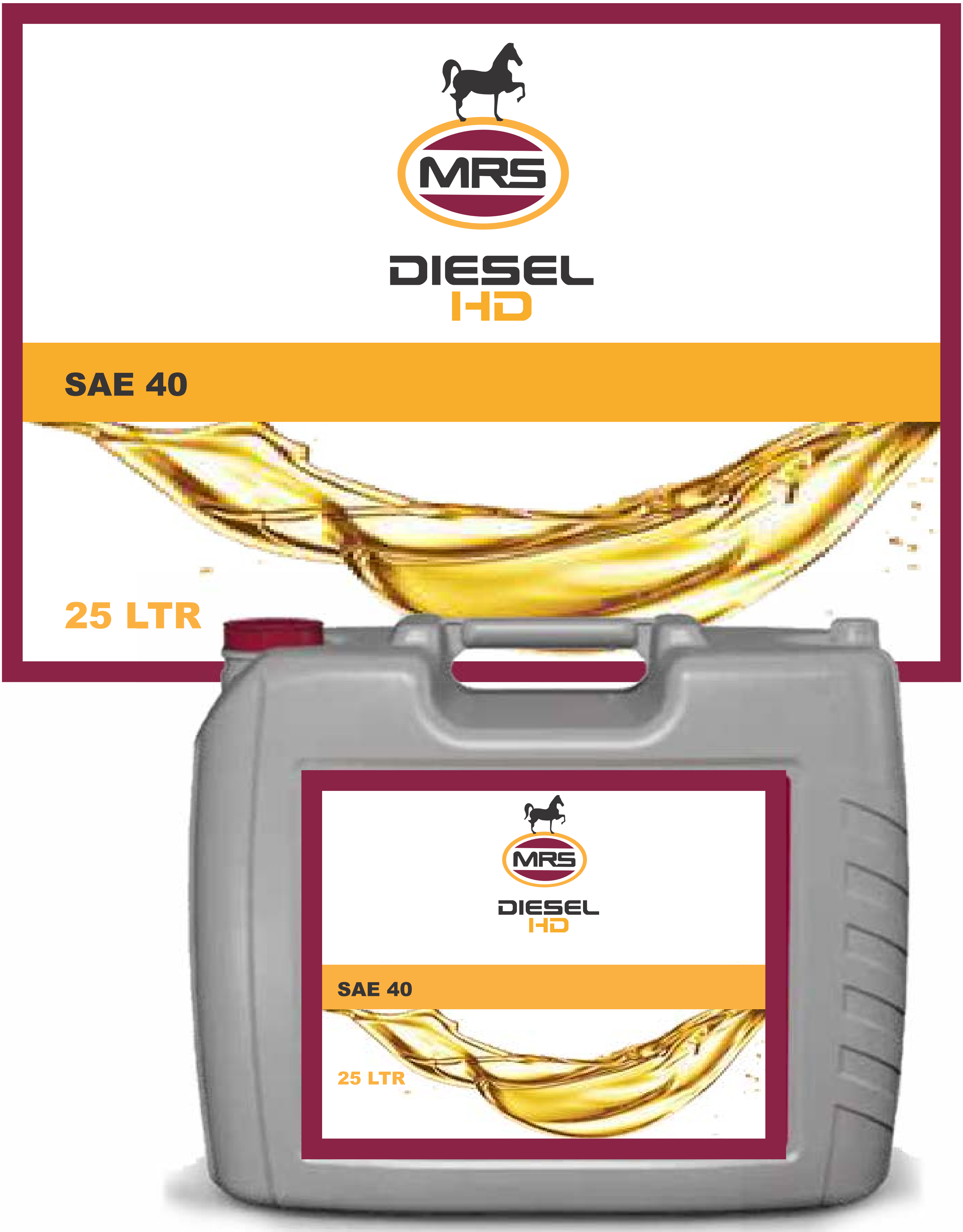
	December 2017	%	December 2016	%
	₦'000		₦'000	
Value added statement				
Revenue	107,088,347		109,635,054	
Bought in materials and services				
- Imported	(324,551)		(36,036,491	
- Local	(104,632,657)		(69,412,935)	
	2,131,139		4,185,628	
Other income	150,973		1,287,470	
Finance income	112,438		633,588	
Value added by operating activities	**2,394,550**	**100**	**6,106,686**	**100**
Distribution of Value Added				
To Government as:				
Taxes and duties	(2,381,665)	(99)	821,442	13
To Employees:				
Salaries, wages, fringe and end of service benefits	713,023	30	671,315	11
To Providers of Finance:				
- Finance cost	1,210,263	51	1,635,771	27
Retained in the Business				
To maintain and replace:				
- Property, plant and equipment	1,454,066	60	1,498,434	25
- Intangible assets	13,807	1	13,819	-
Proposed dividend	-	-	439,400	7
To augment retained earnings	1,385,056	57	1,026,505	17
Value added	2,394,550	**100**	**6,106,686**	**100**

FIVE-YEAR FINANCIAL SUMMARY
Statement of Comprehensive Income

Statement of comprehensive income	2017	2016	2015	2014	2013
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of comprehensive income					
Revenue	107,088,347	109,635,054	87,099,216	92,325,405	87,786,323
Results from operating activities	101,216	3,289,530	1,610,521	2,431,918	(1,092,618)
(Loss)/profit before taxation	(996,609)	2,287,347	1,460,843	1,282,053	1,407,143
Profit for the year	1,385,056	1,465,905	935,625	746,404	634,418
Comprehensive income of the year	1,385,056	1,465,905	935,625	746,404	634,418
Ratios					
Earnings per share (Kobo)	545	577	368	294	250
Declared dividend per share (Kobo)	173	110	88	74.93	23.34
Net assets per share (kobo)	9,099	8,726	8,259	7,960	7,728

FIVE YEAR FINANCIAL SUMMARY
Statement of Financial Position

	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	₦'000	₦'000	₦'000	₦'000	₦'000
Employment of Funds					
Property, plant and equipment	17,338,162	18,402,454	19,053,705	20,212,384	21,351,269
Intangible assets	20,108	29,920	1,144	57,366	81,320
Truck loan receivables	-	-	-	-	655,229
Trade and other receivables	-	347,922	1,211	2,044	5,361
Prepayment	699,649	578,073	354,303	297,014	303,594
Net current assets	7,218,255	7,936,267	6,891,678	5,187,530	3,229,534
Employee benefit obligation	(11,899)	(13,891)	(12,618)	(16,307)	(15,541)
Provisions	(44,147)	-	-	-	-
Deferred tax liability	(2,110,631)	(5,116,904)	(5,312,099)	(5,521,910)	(5,981,619)
Net assets	**23,109,497**	**22,163,841**	**20,977,324**	**20,218,121**	**19,629,147**
Funds Employed					
Share capital	126,994	126,994	126,994	126,994	126,994
Retained earnings	22,982,503	22,036,847	20,850,330	20,091,127	19,502,153
	23,109,497	**22,163,841**	**20,977,324**	**20,218,121**	**19,629,147**


MRS
DIESEL
HD
SAE 40
25 LTR
MRS
DIESEL
HD
SAE 40
25 LTR

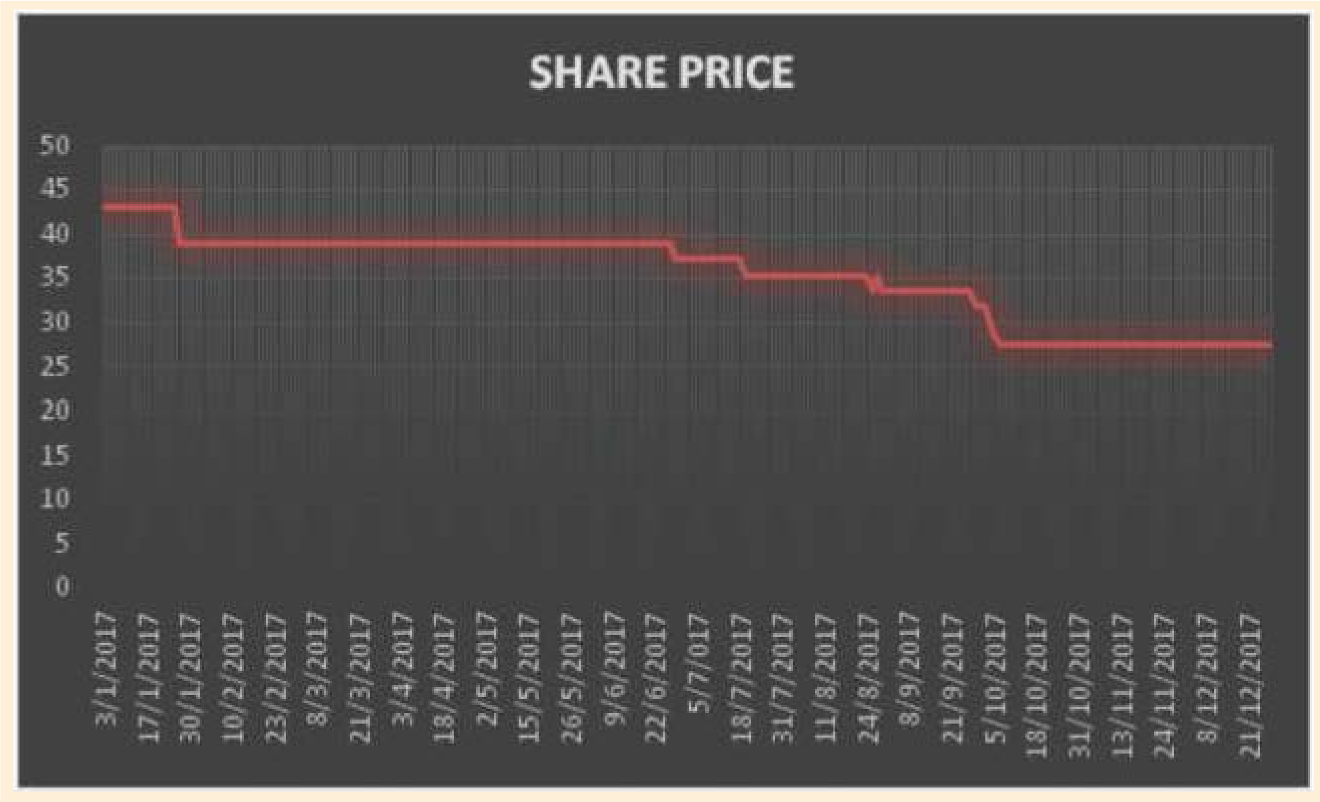
SHAREHOLDER INFORMATION

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

Unclaimed Dividend:

DIVIDEND			DATE DECLARED	AMOUNT
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	31,988,963.49
Dividend 43		(Final)	August 7, 2017	48,506,482.78

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	Distributor Name	Address
1	HAMISU DAN TINKI MOTORS	275 NAIBAWA MOTOR PARK ZARIA ROAD KANO
2	GEE NIGERIA LIMITED	D10 Shop 83 ASPAMDA Ojo Lagos
3	WOOPET OGBUS VENTURES LIMITED	Ajase Ipo Road Ilorin
4	ADE DE YOUNG AUTO AGENCY	ASPAMDA Ojo lagos
5	ADOLF HYMAN NIG LTD	5,Red Cross Road P.O Box17688 Ogbete Enugu
6	ONYEFEE EZE NIG LTD	Line D 3&4 Mechanic Village Ebonyi
7	AD OIL COMPANY LTD	1,Gaskiya Road, Zaria,Kaduna
8	MOHAMMED RAWA GANA	2 Kano motor park Makurdi
9	CHURCORL NIGERIA LIMITED	Shop 35,ASPAMDA Ojo lagos
10	S.C. DUBINSON NIG LTD; Mr Ndubisi	AREA 3 ABUJA
11	A.K HASKE MULTI TRADE VENTURES	SHOP 4 FARAWA MAIDUGURI ROAD KANO
12	TO EWEH & SONS LTD	17A Duke Town Drive
13	OSIKHENA COMPANY NIG	Asero Road Behind Asero Garage Abeokuta
14	A. A KARAYE MOTORS NIG	47 Ibrahim Taiwo by Layin Kasai T/wada Road Kaduna
15	BEDRUBO GROUP(CHUBA NIG VENTUR	128,Jakpa Road Effurun Delta State
16	DANBERTON INT NIG	Zone D3 Shop 2 ASPAMDA Ojo lagos
17	GREAT VIGLADIN INVESTMENT NIG	5, Silver Smith Coal Camp,Enugu
18	NOBIS & ASSOCIATES (NIG)	Block B Zone 3A Shop17,ASPAMDA Ojo Lagos
19	ANGOZ FRANK VENTURES LIMITED	MRS Filling Station Festac LinkAmuwo Odofin
20	ANGELA ADELOLA LTD	MRS Filling Station Ondo/Akure
21	MANNA BIZ VENTURES	Opp Word Assembly Church Ilorin
22	EDDY BRAZIL OIL NIG	5, Chigbo Lane Opp Dubiken Service Station Abubor Nnewi
23	ARONU MOTORS CO.(NIG) LTD	71 Jubilee Road Aba
24	BARHOK PETROLEUM LTD	Plot 932, Along 13 Road, Festac Town Lagos
25	CHINOCHUKS AUTO LTD	35, Bank Road, New Garage Park Makurdi
26	NORSKY GLOBAL BUSINESS	KM 2,Yandev Road Gboko Benue State
27	A.Y.M SHAFA LIMITED	Liji Deba Gombe
28	ONUORAH JOSEPHINE MRS	B6/4 New Spare Parts Nkpor
29	R. N. IWOBI	24 Zungeu Road Kano
30	DIVINE TOUCH AUTO	35 bank Road, New Garage Park, Benue
31	ETHICAL AUTO DYNAMIC	Aspamda Trade fair
32	EUGENE OPARA	110 Muritala Mohammed Highway Calabar.
33	CHUNIZ AUTO CARE	61 Jubilee Road Aba
34	CHUKEN GLOBAL	39 Item Road Aba Abia
35	DEVINE MERCY LOGISTICS	lagos road Uselu Benin Edo state
36	JEMOK PETROLEUM COMPANY LTD	Ikpoba hill Road Benin
37	LORION VENTURES LTD	770 Festac Link Bridge Road Amuwo Odofin
38.	MRS JOY ADAMMA CHIDI	E8/9 New Spare Part Nkpor, Anambra

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:

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

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, 2017 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/CEO
FRC/2012/ICAN/00000000534

Chief Finance Officer
FRC/2013/ICAN/00000000951

Director
FRC/2013/IOD/00000003841

22 March, 2018

PROXY CARD

THE ANNUAL GENERAL MEETING OF MRS OIL NIGERIA PLC (THE COMPANY) WILL BE HELD AT the **Federal Palace Hotel 6-8 Ahmadu Bello Way, Victoria Island,** Lagos, Nigeria, on **August 1**, 2018 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 ___________, _______, 2018 and adjournment thereof.

Dated this ____ day of _______________ 2018 .

Signature ____________________

NUMBER OF SHARES

	PROPOSED RESOLUTIONS	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December, 2017 and the Report of the Directors, Audit Committee and Auditors Report thereon.		
2.	To declare a Bonus		
3.	To re -elect Directors under Articles 90/91 of the Company's Articles of Association. I. Ms. Amina Maina II. Mr. Mathew Akinlade III. Sir Sunny Nnamdi Nwosu		
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.	To approve a general mandate		
8.	To authorize an increase in the share capital of the Company.		
9.	To authorize a bonus issue.		
10.	To approve the amendment of the Memorandum and Articles of Association of the Company.		

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.

ADMISSION CARD

MRS OIL NIGERIA PLC

ANNUAL GENERAL MEETING TO BE HELD...2018 at 11.00a.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.

The Registrars
First Registrar & Investors Services: Plot 2, Abebe Village Road Iganmu Lagos.

E-Dividend Form

The Registrar,
First Registrars & investor Services
Plot 2, Abebe Village Road
Iganmu
Lagos

P.O. Box 9117, Lagos
Tel: 01 279 9880
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.

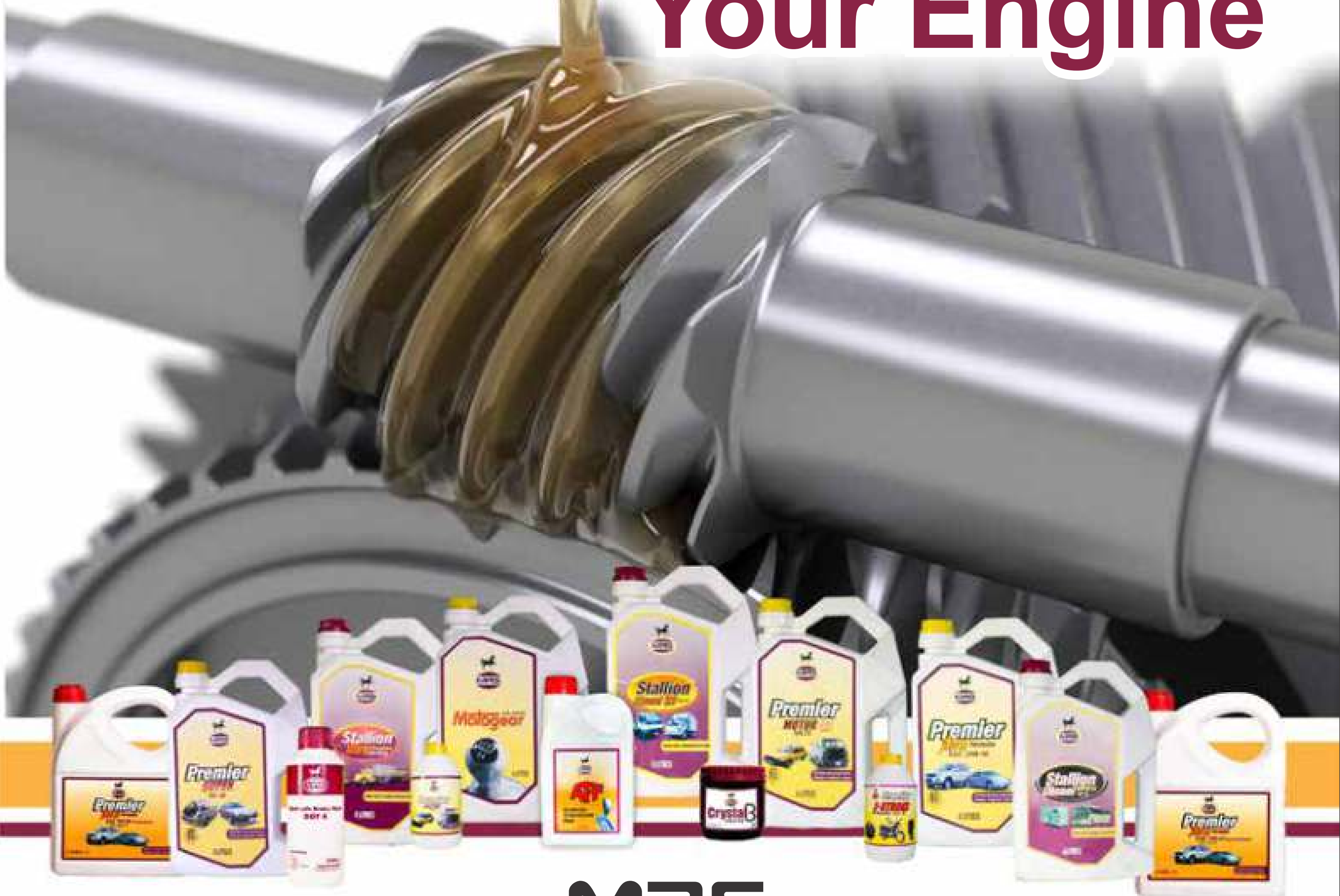
4.

5.

Company Seal

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

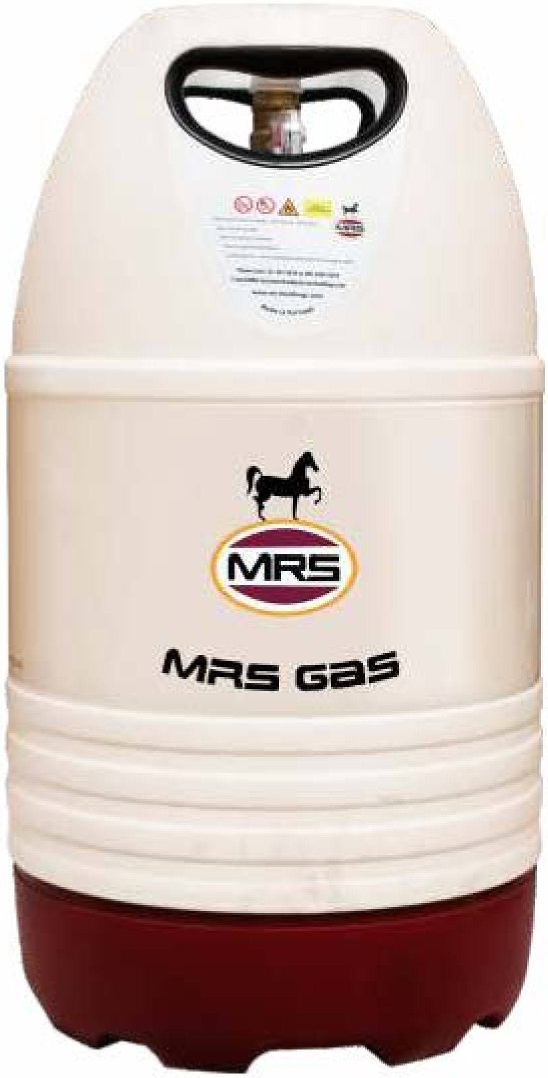
The Power That Drives Your Engine



MRS LUBRICANTS

MRS

Corporate Office: 8, Macarthy Street, Onikan, Lagos.
Tel: 01-461-4567, 01-461-4678, 070-531-03568
Web: www.mrsoilnigeriaplc.com



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