MRS OIL NIGERIA PLC

COMPANY PROFILE

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

MRS New Packaging

OUR COMPANY

Currently, MRS Oil Nigeria PLC (MRS) has a lube blending plant that is ISO 9001:2008 certified with a 23.9 million litre annual capacity, 1.3 million kilograms annual capacity grease plant, 7.3 million litres annual capacities tank farm storage and Finished- Goods warehouses located in various parts of Nigeria.

As a growing company, MRS Oil Nigeria Plc has great passion and is committed to Africa and its people. We are an African Company with an eye to put Africa on the global listing of world class companies…

VISION

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

MISSION

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

OUR VALUES

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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fiftieth 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 7th August, 2019 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 2018 and the Report of the Directors together with the Audit Committee and Auditors Report thereon.

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

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

4. To elect the Members of the Audit Committee.

SPECIAL BUSINESS:

5. "To fix the remuneration of the Directors".

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

6. "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".

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

NOTES: -

1. Proxy:
   A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. All instruments of proxy should be duly stamped by the Commissioner of Stamp Duties and deposited at the Registrar's Office, First Registrars & Investor Services, 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. **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 2018, Annual Reports and Accounts, in writing and during the Annual Meeting. Provided, that the questions in writing shall be submitted to the Company, not later than July 24, 2019. The 2018 Annual Report and Accounts of the Company is available on the Company's website at www.mrsoilnigplc.net

3. **Register of Members and Transfer Books:**
The Register of Members and Transfer Books of the Company will be closed from July 9, 2019 through July 12, 2019 (both dates inclusive) to enable the preparation of the Annual General Meeting.

4. **Nomination for the Audit Committee:**
In accordance with section 359(5) of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 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.

5. **Unclaimed Dividend Warrants and Share Certificates:**
Several dividend warrants and share certificates which remain unclaimed are yet to be presented for payment or returned to the Company for revalidation. A list of members in the unclaimed dividend booklet and the Annual Reports for the year ended 31 December, 2018 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.

6. **Closure of Dividends 34:**
In accordance with section 285 of Companies and allied Matters Act, 2004 regarding dividends that are unclaimed for over twelve years, the Board at its meeting of March 28, 2019 approved the recall of Dividend 34 into the Company's account effective June 27, 2019. No further Dividend will be paid to Shareholders from this Dividend.

BY ORDER OF THE BOARD

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

Registered Office
2, Tincan Island Port Road,
Apapa,Lagos, Nigeria.

Dated: March 28, 2019

RESULTS AT A GLANCE

Year ended 31 December	2018	2017
	NGN'000	NGN'000
Revenue	89,552,819	107,088,347
Profit Before Income Tax	(1,427,448)	(996,609)
Taxation	162,507	2,381,665
(Loss)/profit for the year	(1,264,941)	1,385,056
(Loss)/earnings per 50k Share (Naira)	(4.15)	4.54
Declared Dividend per 50k Share (Kobo)	-	173
Net Assets per 50k Share	6,798	9,099

CORPORATE INFORMATION: RC 6442

Board of Directors

Mr. Patrice Alberti	Chairman
Mrs. Priscilla Thorpe-Monclus	Managing Director (Ag.)
Dr. Paul Bissohong	Non Executive Director
Dr Samaila M. Kewa*	Non Executive Director
Mr. Andrew O. Gbodume	Non Executive Director
Ms. Amina Maina	Non Executive Director
Mr. Matthew Akinlade	Independent Director
Sir. Sunday Nnamdi Nwosu	Non Executive Director
Chief. Sir Amobi Daniel Nwokafor	Non Executive Director
Mrs. Priscilla Ogwemoh	Non Executive Director
Mr. Christopher O. Okorie	Non-Executive Director

REGISTERED OFFICE
2, Tin Can Island
Apapa, Lagos

COMPANY SECRETARY
Mrs. O. M. Jafojo
2, Tin Can Island Port Road
Apapa, Lagos

REGISTRAR
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos
PMB 12692 Marina, Lagos

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

PRINCIPAL BANKERS
Access Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Polaris Bank Limited
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Union Bank of Nigeria Limited
Unity Bank Plc
Zenith Bank Plc

*Resigned 14th December 2018

LEADERSHIP TEAM

PRISCILLA THORPE-MONCLUS[1]
Managing Director (Ag.)

ANDREW O. GBODUME*
Managing Director

OLUWAKEMI M. JAFOJO
Company Secretary

KAMIL BELLO
Chief Finance Officer

ADEWOLE ABEGUNDE[2]
PETER Z. DIA**
Aviation Manager

TARA AJIBULU***
Sales & Marketing Manager

MICHEAL AYEWAH
Health, Safety and Environment Manager

JUBRIL HASSAN
Treasury Manager

DANIEL CHUKWUAZAWOM
Chief Internal Auditor

OLUWOLE ODERINDE[3]
Information Technology Manager

TIMIPIRI ODU
Human Resources Manager

UCHE AMANAMBU
Chief Legal Counsel (Ag.)

ABDULLAHI MASANAWA
Operations Manager

MORUF SOBOWALE
Consumer & Industrial Manager

ADEBAYO OLUSODO
Engineering / Marketing Support Manager

JAH'SWILL OMOLU
Procurement Manager

ISMAIL ALABI
Lubes Operation Manager

* Resigned 10th January 2019
**Resigned 8th June 2018
***Reassigned 1st August 2018

1 Assigned role 10th January 2019
2 Assigned role 8th June 2018
3 Assigned role 1st April 2018

Lubricants Information

2019 catalogue: Lubricant Guide

2018 BOARD OF DIRECTORS

Mr. Patrice Alberti
Chairman

Mrs. Priscilla Thorpe-Monclus*
Managing Director (Ag.)

Dr. Paul Bissohong
Non Executive Director

Dr. Samaila M. Kewa**
Non Executive Director

Mr. Andrew O. Gbodume
Non Executive Director

Ms. Amina Maina
Non Executive Director

Mr. Matthew Akinlade
Independent Director

Sir. Sunday Nnamdi Nwosu
Non Executive Director

Chief Sir Amobi Daniel Nwokafor
Non Executive Director

Mrs. Priscilla Ogwemoh***
Non Executive Director

Mr. Christopher O. Okorie****
Non Executive Director










*Appointed 10th January 2019.
**Resigned 14th December 2018
***Appointed 28th February 2019
****Appointed 28th March 2019

CHAIRMAN'S STATEMENT

INTRODUCTION

Distinguished Shareholders, my fellow Board Members, gentlemen of the press, ladies and gentlemen, I am delighted to welcome you to the 50th Annual General Meeting of our Company, MRS Oil Nigeria Plc. Today, I would present to you, the Annual Report and Accounts of the Company for the financial year ended 31st December 2018. Before doing so, please permit me to highlight a few aspects of the business environment that significantly affected the Company's performance in the year under review.

THE OPERATING ENVIRONMENT IN 2018

In 2018, Nigeria's ranking fell from 145 to 146 on the World Bank's Ease of Doing Business ranking, although the country improved its rank in five parameters. Paying of taxes and business startup, recorded the highest improvement. Despite several reforms of the Presidential Enabling Business Environment Council (PEBEC) in the last 12 months, Nigeria did not join the list of the top 100 economies. The Country's rank fell below its fellow MINT countries (Mexico, Indonesia, Nigeria, and Turkey). The MINTs were classified based on population size, favourable demographics and emerging economies; Turkey (43) topped the MINT, followed by Mexico (54) and Indonesia (73). Meanwhile, there were a host of Sub-Saharan Africa countries that provided friendlier business policies when compared to Nigeria. Mauritius (20), Rwanda (29), Kenya (61), South Africa (82) are Countries which featured in the top 100 spots. Other lower-middle-income economies like Lesotho (106), Ghana (114), Egypt (120) and Uganda (127), outranked Nigeria.

The key challenges holding Nigeria back are its infrastructure deficit, high interest rates and social unrest. A more favourable business environment would most likely entice the startup of new businesses and the expansion of existing ones across different sectors of the economy. This, would in turn, boost the output of these sectors and the economy's total output. Growth in the economy, driven by a friendly business operating environment, is likely to further entice new businesses; the confidence of investors and business owners are oftentimes strengthened by a thriving economy.

The challenges which faced the general operating environment in 2018 could be summarized as follows:

- The infrastructure deficit in the power sector is quite challenging; given the country's total population of 200 million, the energy required is estimated at 10,000 – 12,000 Megawatts per day. 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 the total operating expenses. Nigeria is currently ranked 172nd amongst 190 economies in the ease of accessing electricity rank category. 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 is social unrest within Nigeria. There has been several instances of citizens and expatriates working for various organizations in the country, who have been taken hostage for huge ransoms. Some parts of the Country also experience terrorist attacks. These

unpleasant conditions contribute to unease in the business community and a reluctance to invest in new activities or expand the business operations.

Having highlighted the major challenges which inhibited business activities in 2018, it is important to state some of the measures that should be in place, to enable a suitable environment for thriving business operations:

- Improvement in infrastructure is key to building an enabling business environment. China, leads the world in infrastructure investment and has a friendly business operating environment because of infrastructure development; roads, rails, electricity and telecommunications, have been top priority for the Chinese government. Between 2001 and 2004, investment in rural roads grew by 51% per annum. Nigeria's budgetary spending on infrastructure should be increased significantly, to improve the business environment.
- Monetary authorities in Nigeria need to lower the bench-mark on interest rate, to encourage lending to the real sector and to stimulate economic activities. There is a strong correlation between low interest environments and business growth.
- Strategy should be in place to enable government have constant dialogue with the private sector, to determine its perspectives and needs. This, will give government a clear understanding of the specific needs and challenges, that entrepreneurs face, to enable government create a more favourable business environment.

"A more favourable business environment is likely to entice the startup of new businesses and the expansion of existing ones across different sectors of the economy."

I unreservedly welcome the recent commitment of the Federal Government to ease constraints in the business environment and establish certain initiatives, which will be discussed in details in the 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 a competitive business operating environment. If government fails to address the deficiencies, they will continue to impede investments and growth in key sectors of the economy. Invariably, this will threaten Government's efforts for economic diversification.

THE ECONOMIC ENVIRONMENT

Global Economic Environment

At the global scene, economic conditions differ across economies due to the normalization of interest rates in some advanced economies, sentiment shifts on account of escalating trade tensions between the United States of America (US) and the People's Republic of China (PRC), volatile oil prices and political uncertainties in Europe and Brexit negotiations. Though the rate of expansion appeared to have peaked in some major economies, Countries with weaker fundamentals were the most affected. Growth became less synchronized, with implications for global capital inflow, higher financing costs and exchange rate pressures, particularly in emerging and developing economies. Consequently, global growth in 2018 was downgraded to 3.7 per cent from an earlier projection of 3.9 per cent.

Growth in the advanced economies declined to 2.3 per cent, from 2.4 per cent in 2017, a reflection of negative developments in 2018. There was also a downwards review on growth, for emerging markets and developing economies to 4.6 per cent, compared with 4.7 per cent in 2017. This was largely in anticipation of a slowdown in China, as the Country was confronted with an adverse external trade environment.

Most advanced economies, particularly the US, continued on a path of normalization in view of strong wage growth and declining unemployment. Economic activity in the US increased at a solid pace in 2018, with the strengthening of the labor market. US GDP grew at 2.9 per cent, compared with 2.2 per cent in 2017, which was higher than the estimated 2 per cent potential output growth. The growth outcome in the US economy was bolstered by tax cuts that formed part of the fiscal stimulus and boosted consumer spending.

In the United Kingdom, growth remained weak, hampered by uncertainties around Brexit negotiations and ensuing agreements. Thus, growth in the UK was 1.4 per cent in 2018, relative to the 1.8 per cent recorded in 2017. Japan's economy continued its moderate expansion, mainly against the background of highly accommodative financial conditions and the underpinnings through government spending. However, the momentum towards economic expansion weakened from the effects of natural disasters, as well as trade conflicts between the United States and the People's Republic of China. Thus, GDP growth in Japan declined to 0.9 per cent in 2018, from 1.9 per cent in 2017. Growth in the Euro Area was subdued by low domestic aggregate demand amidst relatively high unemployment and reduced global trade. In Italy, GDP growth decreased to 1.0 per cent, while it declined to 1.5 per cent apiece in France and Germany in 2018, from 1.6 per cent, 2.3 per cent and 2.5 per cent in 2017, respectively.

The Chinese economy declined to 6.6 per cent in 2018, compared with 6.9 per cent in 2017. The country faced increasing headwinds from an intensifying reciprocal trade dispute with the United States, rising corporate borrowing costs and a sharp fall in the value of Chinese stocks. In addition, the Yuan weakened against the Dollar as accentuated by steep economic slowdown.
The Sub-Saharan African region maintained its growth at 2.9 per cent for 2018, and is projected to rise further to 3.5 per cent in 2019. In South Africa, growth remained weak, with a recorded growth of 0.8 per cent in 2018 against 1.3 per cent in 2017.

Domestic Economic Environment
Notwithstanding the global downside risks, growth outcomes in Nigeria, in real terms, though modest, were higher than in 2017. The series of policy measures implemented by both the monetary and fiscal authorities to ensure price stability and restore growth paths midwifed the rebound. Although the Monetary Policy Rate (MPR) remained at 14.00 per cent, the Cash Reserve Requirement (CRR) at 22.50 per cent in line with the Bank's tight monetary policy stance. Furthermore, the Bank sustained its policies in the foreign exchange market alongside further initiatives to boost supply in the market and support economic activities.

The Nigerian economy maintained its growth trajectory in 2018, with the annual GDP at 1.9 per cent, up from 0.8 per cent in 2017. The growth outcome was attributed to the stability in the foreign exchange market, implementation of the 2018 capital budget and the real and other sector interventions by the Central Bank of Nigeria (CBN).

Headline inflation (year-on-year) trended downwards for most of 2018. The year-on-year inflation rate in January 2018, which was 15.13 per cent closed the year at 11.44 per cent. However, near-term upside risks to inflation remained, including the disruption to agricultural production and distribution arising from flooding, insurgency and security concerns; seasonal spending associated with festivities as well as campaign-related expenditure towards the 2019 general elections.

During the review period, total domestic debt outstanding at the end of December 2018 was ₦12,443.13 billion, representing a decrease of ₦146.35 billion or 1.16 per cent when compared with ₦12,589.49 billion in 2017. The decline was due to the Federal Government's preference for foreign borrowing to finance its fiscal deficit at attractive rates. Nevertheless, the cost of servicing the debt grew by 23.65 per cent to ₦1,799.74 billion, compared with ₦1,455.53 billion at the end of 2017. The increase in the cost of debt servicing in 2018 was attributable to the coupon payments of new instruments (such as FGN Sukuk, Green bonds and FGN Savings bonds) that were issued late in 2017.

The exchange rate at the inter-bank market remained relatively stable in 2018 due to improved liquidity in the market. At the inter-bank segment, the rate opened at ₦306.00/US$ on January 2, 2018 and closed at ₦307.00/US$ at the end of December 2018. The monthly average exchange rate opened at ₦305.78/US$ in January and marginally appreciated to ₦305.61/US$ in April and depreciated to ₦306.92/US$ in December, 2018. In 2017, the rate opened at ₦305.00/US$ in January and closed at ₦306.00/US$ at the end of December 2017. The monthly average exchange rate opened at ₦305.20/US$ in January, depreciated to ₦306.40/US$ in March and appreciated to ₦305.71/US$ in June. However, the rate depreciated to ₦305.89/US$ and ₦306.31/US$ in September and December 2018, respectively.

Ladies and gentlemen, the aforementioned prevalent major global and domestic economic variables in 2018 shaped the operations of our Company. These factors were not within the purview of Managements' control strategies.

THE POLITICAL ENVIRONMENT
2018 was an interesting year, full of political scheming and maneuverings. Apart from being the year that preceded the 2019 general elections, it was a year dominated by key issues of defections across political parties and the emergence of President Muhammadu Buhari, Atiku Abubakar, Oby Ezekwesili, Gbenga Olawepo-Hashim, Kingsley Moghalu, Fela Durotoye and others as the presidential candidates of the major political parties.

In the Presidents' New Year message on January 1, 2018, he charged Politicians to be careful, as the year will be dominated by political activities. He noted that for Nigeria to remain united, Politicians must play the game with decorum; linking ethnicity with religion and religion with politics should be avoided at all costs, for citizens to live in peace and harmony.

Another major event in the political arena was the signing into Law by President Muhammadu Buhari of the 'Not Too Young to Run' Bill. The Bill generated varied support from civil society, organizations and the youths in Nigeria became a boost on the saying that Nigeria youths are the leaders of tomorrow.

One of the major political highlights in 2018 was President Buhari's declaration that the Nation's Democracy Day will now hold on June 12, every year, instead of May 29, currently observed as Democracy Day. The President also honoured Chief Moshood Kashimawo Olawale (MKO) Abiola, with the highest national honour, Grand Commander of the Federal Republic (GCFR), posthumously and approved a national honour for MKO's running mate, Alhaji Babagana Kingibeand the late human rights activist, Chief Gani Fawehinmi. They were

both given the second highest national honour, the Grand Commander of the Niger and their investiture took place on June 12, 2018.

Notwithstanding governments economic interventions and policy reforms, 2018 was characterized by threats to security of lives and properties. There has been a recent resurgence of Boko haram attacks on army officers and suicide bombing attacks on soft targets, in spite of continuous reports that the Nigerian Army had dismantled the Sect. The growing sense of insecurity in the Country was also aggravated by the continued sporadic attacks by suspected Fulani Herdsmen on local communities, the mistaken bombing of Internally Displaced Persons (IDP) camp in the North, the strong agitations for restructuring of Nigeria, the recurrent threats by the Niger Delta militants.

THE INDUSTRY

The Industry from a Global Perspective

At the global scene, crude oil production declined from 32,013,000 barrels per day (bpd) to 31,591,000 bpd in 2018. There is no doubt that if the political problems in Libya, Iran and Venezuela were nonexistent, OPEC production would exceed the 2016 peak. Iran's problems will likely be resolved in the next couple of years and will likely recover quite quickly. Libya will take a bit longer to recover to full production when their problems are settled. Global demand for crude oil (including biofuels) in 2018 amounted to 99.2 million bpd and it is projected to increase to 100.6 million bpd in 2019. When compared to the daily oil demand of 86.4 million barrels in 2010, the increasing demand trajectory is clear. A strong world economy is expected to support solid increases in oil demand. The International Monetary Fund sees global economic growth at 3.9% in the early part of our forecast period (2019-2023). Strong economies will, in turn, use more oil and we expect demand to grow at an average annual rate of 1.2 mb/d. By 2023, oil demand will reach 104.7 mb/d, up 6.9 mb/d from 2018. As has been the case for some years, China and India together will contribute nearly 50% of the global oil demand. As China's economy becomes more consumer-oriented, the rate of growth in oil demand will slow down to 2023, compared with the 2010-17 period. In contrast however, the pace of oil demand growth, will improve slightly in India.

The global downstream sector will experience major changes during our forecast period. Excess global refining capacity is set to increase due to the slowdown in refined product demand growth. Global refining capacity additions in 2023 forecast to amount 7.7 mb/d. At the same time, the rate of growth of refined product demand is slowing to 5 mb/d. The growing excess refining capacity will eventually put pressure on margins. The Middle East sees the biggest growth in capacity and national Companies in the region, venturing into international markets and targeting joint ventures, particularly in Asia.

The Industry from the Domestic Viewpoint At the local front, I will elucidate on some major events that transpired

in 2018, which impacted on our business operations:

a. **Total deregulation of petrol prices**

Clarion calls have been made by some oil and gas experts for the full deregulation of the price of petroleum products, in view of the rising prices of crude oil at the international market. Experts reaffirm that total deregulation would liberalize the sector and enable sale at deregulated prices. Full deregulation would curb the huge amount Government spends on subsidy, which can be invested in the development of other sectors. There has been a passionate and consistent appeal to Government to embrace deregulation, so that marketers can be allowed to import petrol and sell products at competitive prices.

Alhaji Debo Ahmed, the Chairman of Western Zone of Independent Petroleum Marketers Association of Nigeria (IPMAN), in his statement reiterated that full deregulation would curb incessant pipeline vandalism. Alhaji Ahmed said that if the downstream was fully deregulated, no marketers would allow products to be stolen by vandals.

Mr. Obafemi Olawore, the former Executive Secretary of Major Oil Marketers Association of Nigeria (MOMAN), in his contribution asserted that full deregulation of the downstream sector remains the best option for economic growth. Mr. Olawore said that only deregulation would encourage the establishment of private refineries in the Country.

b. **Crude-for-Products Swap**

Nigeria's State oil firm, Nigerian National Petroleum Corporation (NNPC) extended its crude-for-product swap contracts, the Country's main avenue to meet the bulk of its fuel needs, until June, 2019. Nigeria's petrol consumption is roughly 40 million litres per day in the nation of almost 200 million people. The West African Country became increasingly reliant on NNPC for fuel imports via swaps after a currency devaluation and recession in the last few years. This situation, certainly priced independent importers out of the spot market.

NNPC's swap contracts currently account for about 70 percent of the Country's imports, while 30 percent is done through the spot market. The swap contracts, known as Direct Sale Direct Purchase, came into effect in July last year and were due to end after one year. They were already extended once earlier this year to December. NNPC paired up foreign trading firms with local partners to do the swaps.

c. **Petrol landing cost at NGN205**

The landing cost of the Premium Motor Spirit (PMS) rose to at least N205 per litre, on the back of the recent increase in global oil prices, putting more pressure on the Nigerian National Petroleum Corporation.

The NNPC has been the sole importer of petrol into the Country for more than a year, as private oil marketers stopped importation due to shortage of foreign exchange and increase in crude prices. These factors reportedly made it unprofitable for marketers to import and sell at the official pump price of N145 per litre.

d. DPR to limit the supply of petrol to Nigeria's border areas.

The Department of Petroleum Resources (DPR) in Adamawa limited the supply of petroleum products to border areas, to control the illegal exportation of products. Mr. Ibrahim Chiroma, the Controller of Field Operations of DPR in Adamawa, made this known in an interview in Yola. Chiroma said that smuggling of petroleum products outside the country was a major challenge to adequate distribution of the products in the area.

e. 5,000-barrel Ikwe-Onna Refinery for completion in 2019

The Federal Government, through the Department of Petroleum Resources (DPR), approved the construction of Ikwe-Onna Refinery to be located in Ikwe, Onna Local Government Area of Akwa Ibom State. A copy of the approval letter and the refinery project schedule shows the refinery capacity to be 5,000 barrels per day. The project, which is estimated at $60m, is expected to be commissioned in November, 2019.

Ladies and gentlemen, I am thrilled, about the following developments in our downstream sub-sector that took place in 2018. These are welcome developments in the sub-sector, which will encourage existing players and attract new investors into the sector:

The Federal Government issued Approval-To-Construct (ATC) licenses for the construction of 38 modular refineries, which were at different stages of completion as at the end of 2018. Government is very interested in constructing modular refineries. Their development would help to address the perennial shortage of domestic supply of petroleum products, create jobs and stop illegal refining of crude oil and the attendant deleterious impact on the environment.

Dangote Oil Refinery Company (DORC) has stated that the 650,000 barrels per day refinery has been designed to process a variety of light and medium grades of crude and produce extremely clean fuels that meet Euro V specification. This refinery has been tagged as the game-changer for the entire African downstream industry. The continuous importation of dirty fuel into the country should be condemned. Emission is the highest killer in Nigeria today and the decision of the Management of Dangote Refinery to produce Euro V specification of gasoline is well commended.

To guarantee petrol availability nationwide and all-year-round, Nigerian National Petroleum Corporation (NNPC) has signed a six-month Direct Sale-Direct Purchase (DSDP) agreement with the British Petroleum's (BP) trading arm, BP Oil International Limited, for the supply of Premium Motor Spirit, also known as petrol. This latest agreement will represent 20 per cent of NNPC's total PMS supply under the DSDP arrangement, which basically allows the corporation to exchange crude oil with international oil traders for imported petroleum products over a period of time. As the nation's products supplier of last resort, NNPC was committed to products availability by inviting new and old players to play in the Nigerian oil sector. BP had demonstrated the capacity and robustness to augment the forecasted shortfall by NNPC.

THE COMPANY

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

As a Company a healthy workforce and environment is of utmost importance. To ensure a safe working environment, safety standards and procedures for our operations are established 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. We also involve all employees in promoting a safe and healthy work environment and provide recognition for superior safe work performance.

The Company as in previous years organized the Sixth Edition of the Under-12 Kids Soccer Competition in Nigeria. The Company is committed to the sponsorship of tournaments is its way of contributing 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. In the course of the year, our Company also embarked on the following promotional activities:

1. A six months' social media campaign on Facebook, Twitter and Instagram.
2. The mechanic meets/workshops nationwide.
3. Participation in exhibitions that showcase MRS

lubricants:

a. Haulmace Exhibition (City Hall, Lagos).

b. Lagos State Petroleum Marketers Safety Conference (Federal Palace Hotel).

c. Courage Education Foundation- Make Music Lagos (Lavenida, Ajah).

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

FINANCIAL RESULTS

Year on year performance comparison shows that the overall sales for twelve months are significantly down by 16.0% from NGN107.09 billion in 2017, to NGN89.6billion in 2018. This downward trend cuts across all product lines. Total comprehensive income for the year grossly dropped from NGN1.4 billion in 2017 to a loss position of NGN1.3 billion in 2018 accounting for a decrease of 191%.

CAPITAL EXPENDITURE

Capital investment was NGN923.8 million in 2018 compared with NGN554.1 million in 2017. The additions in 2018 cut across land and building, plant and machinery, computer and office equipment, furniture and fittings and automotive equipment.

2019 Outlook

Global economic growth is moderating as the recovery in trade and manufacturing activities loses steam and trade tension among major economies remained elevated. Trade dispute combined with concerns about weakening global growth prospects weigh on investors' confidence and contributed to global equity decline. Therefore, global economic growth was estimated at 3.7% in 2018 with 3.5% projected for 2019. The risk to the global economic outlook is rising trade tension and policy uncertainty, particularly over Brexit negotiation, geopolitical risk and the direction of the commodity prices.

The recovery in sub-Saharan Africa continues, although at a slow pace. The sluggish recovery was due to weaknesses in the region's largest economies – Nigeria, South Africa and Angola. The region faced a more difficult external environment in 2018 as the global growth moderated and financing conditions tightened. Commodity prices diverged, while oil prices were higher and the prices of metals and agricultural products dampened by weakening global demand.

In Nigeria, oil production fell partly due to pipeline closure, while the non-oil sector was affected by weak consumer demand and the security challenges in the Northern part of the Country.

In Angola, oil production contracted due to under-investment and maturing oil fields. The region is estimated to grow at 2.9% in 2018; this is expected to strengthen to 3.5% in 2019. The risks to the outlook for the region are both external and domestic. On the external front are; slow growth in China and Euro Area, elevated trade tensions, normalization of monetary policy in advance economies, negative commodities price shock and high sovereign debt. On the domestic front, the risks to the outlook are; political uncertainty in Countries holding elections in 2019; Nigeria, Malawi, Mozambique and South Africa. Other downside risks are insurgencies and armed conflict, adverse weather condition and rising financial sector stress.

Furthermore, the price of crude oil was volatile in 2018 due to supply concerns, which saw Brent Crude Oil traded at an average price of US$69.54 with the highest and the lowest price of US$84.82 and US$51.02 per barrel in the year under review respectively. Also, global demand and supply averaged 98.8mbpd and 98.3mbpd accordingly. The supply concerns that affected the prices of crude oil in 2018 are; the U.S. sanctions against Iran, OPEC actions and reactions, the collapse of production in Venezuela and unexpected outages in Canada and disruptions in Libya. From the foregoing, crude oil price is projected to average US$60 per barrel in 2019.

The Nigerian economy recorded real GDP growth rate of 2.38% in the fourth quarter of 2018 and 1.93% for the full year, driven by both the oil sector and the non-oil sector. Real growth rate of 2.2% is projected for 2019 to be driven by both the oil and the non-oil sector with estimated average crude oil production of 2.00 mbpd. The downside risk to the outlook are; unsuccessful election, crude oil price shock and production shock, banking sector vulnerability, elevated trade tension, security challenges and weak consumer spending.

The expected policy responses to the downside risk are; increased borrowing, subsidy removal – partially or fully, increase in VAT on some items, renewed interest in privatization, concessioning and further devaluation.

The policies and events that are expected to shape 2019 are classified into external and domestic factors. External factors are; the direction of the U.S. interest rates, trade tension, projected low prices of crude oil. While domestic factors are; the outcome of the 2019 general election and post-election agitations, probability of change in the leadership of the CBN, the relationship between the Executive and the Legislature post-election, expected delay in the passage of the 2019 budget, review of minimum wage, banking sector vulnerability and the review of items that cannot access foreign exchange.

Gentlemen, despite all the challenges ahead, I am confident in the prospects of our Company in 2019 and the years ahead considering our revitalized innovation, improved cost position and the persistent growth drives. In 2019, we have resolved to do all we can to improve safety, our cash performance, drive operational efficiency agendas 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 our control. However, we achieved many milestones in all areas of our business. On this note, I would like to thank all our employees for their energy and commitment, our customers for their loyalty and our Shareholders for their on-going support and confidence in MRS Oil Nigeria Plc. Once more, thank you all and I wish you all fruitful deliberations in the course of this meeting.

Sincerely,

PATRICE ALBERTI
Chairman

CEO'S STATEMENT

INTRODUCTION

It is with great pleasure that I welcome you to this meeting to lay before the meeting, the 2018 Annual Report and Accounts on this occasion of the 50th Annual General Meeting (AGM) of the Company. Before elucidating on the Company's performance in the 2018 fiscal year, I would like to thank the Chairman of the Board of Directors Mr. Patrice Alberti, Board Members, Shareholders, Management Staff and employees for their commitment and continuous support.

In 2018, our Company continued with specific strategies with the view of returning to growth. These strategies are reflected by investments in Property, Plant and Equipment. This investment, will further sustain quality, reputation and substantially improve customer satisfaction which invariably will pave the way for strong financial results in the coming years. While 2018 financial year exhibited negative results, we remain confident about the future because the strategic deployment of capital assets will position the low performing products and business units to a remarkable growth path.

OUR COMPANY

It is important to illuminate on "Who we are" and "What we do" at this point.

Who We Are

MRS Oil Nigeria Plc is a fully integrated and efficient downstream player with leading positions in the Nigeria downstream Oil and Gas Industry. We are the supplier of choice to our esteemed customers, thus strengthening the Company's commitment to 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 ***"To Be The Leading Integrated African Energy Company, recognized for 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 361 retail service stations strategically spread all over Nigeria. 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, allows the Company to supply premium quality products to our esteemed customers.

Our lubricants have been trusted to keep engines running smoothly and reliably and are sold nationwide, in MRS service stations and through selected distributors.

Our Business Units

Our operations comprise of three reportable Business Units (BUs): Retail, Commercial and Industrial (C&I) and Aviation. The integration of these business units is one of the Company's competitive advantage and it allows for optimization across the MRS portfolio.

Retail

The Retail BU retails the white products Premium Motor Spirit (PMS), Dual Purpose Kerosene (DPK), Automotive Gas Oil (AGO), Liquefied Petroleum Gas (LPG) and numerous lubricating oils and greases through the 361 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 priorities is to develop and execute brand building programs (Promotions, Advertising, Point of Purchase, etc) to maintain our existing market presence. 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, but we provide fuel solutions after conducting operational studies to determine customers' specific fuel requirements. MRS offers innovative business solutions to its industrial consumers, which also allows 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 customers' own fuel facilities.
3. Fuel Management Solution – We provide improved fuel security, authorization and report management.
4. Health, Safety and Environment – We focus on fuel storage facilities and the environment.

Aviation

The Aviation Business Unit takes charge of the distribution of Automotive Turbine Kerosene through our state-of-art distribution facilities which has given MRS a competitive advantage over competition.

FISCAL YEAR 2018 REVIEW

Marketing Operations Review

As part of the Company's strategic program to maximize the wealth of Shareholders' in 2018, two additional retail outlets were leased for operations and major constructions commenced at Gaduwa in Abuja Municipal. The two station were in Agbani Town in Enugu State and Makurdi in Benue State, while Aba road in Umuahia was closed down to allow for the redeployment of the Company's resources to high volume retail outlets.

There was a complete knock down and rebuild of the service station at Ahmadu Bello, Victoria Island, Lagos, to attract and retain retail customers.

Also in 2018, the lube manufacturing plant witnessed the installation of the OCME LUBES FILLING for 4L and 1L, with an output capacity of 3,200 liters and 8,400 liters per day, respectively. This capital investment in this Business Unit (BU), increased production output and eliminated leakages, reduced downtime and maintenance cost. This was in line with the strategic deployment of funds to guarantee improved financial conditions and results in future.

SALES REVIEW

In 2018, sales witnessed negative deviations in all the product lines when compared with 2017 sales results. However, we have noted this with strong concern and believe that our strategic investment in Capital Assets in the year under review will spur organic growth across all products.

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	2018	2017	Absolute Variance	% Variance
Products	**NGN'000**	**NGN'000**	**NGN'000**	**%**
Premium Motor Spirit (PMS)	62,085,483	62,646,631	(561,148)	(0.90%)
Aviation Turbine Kerosene (ATK)	6,492,154	9,392,397	(2,900,243)	(30.88%)
Automotive Gas Oil (AGO)	9,412,379	16,855,509	(7,443,130)	(44.16%)
Lube and Greases	3,494,736	4,203,875	(709,139)	(16.87%)
Dual Purpose Kerosene (DPK)	8,026,188	13,989,935	(5,963,747)	(42.63%)
Liquefied Petroleum Gas (LPG)	41,879		(41,879)	0.00%
TOTAL	**89,552,819**	**107,088,347**		

Premium Motor Spirit

PMS recorded a revenue of NGN62.1 billion and NGN62.6 billion for 2018 and 2017 respectively accounting for marginal decrease of 0.90% or NGN561.1 million. This marginal decline was as a result of management decision to stop the bulk segment and refocus on core retail segment of the business. This decision was informed by the company's quest to deploy more resources on the core business area for better future performance.

Aviation Turbine Kerosene

Revenue from the ATK business significantly dropped from NGN 9,412,379,000.00 in 2017 to NGN 6,492,154,000.00 in 2018 reflecting 30.88% or NGN 2,900,243,000.00 decrease. Internally, we have identified the factors responsible for this decline and appropriate remedial action has been structured to address it.

Automotive Gas Oil

We recorded a gross decrease in revenue from our AGO business by approximately NGN7.4 billion or 44.16% as against the performance of 2017. This was due to epileptic supply of products from the nation's refineries and importation of the product was virtually impossible because of high foreign exchange rates.

Lubricant and Greases

The revenue from Lubricant and Greases recorded a decrease of 16.87% or NGN709.1 million when matched with 2017 revenue. The new price regime introduced in the year received negative reactions from the major distributors of the Company and was directly responsible for the volume loss in the year. Despite the loss in volume, the margins improved significantly in the Lubes segment during the year. The yield of the strategic investment made in this segment in the year under review, will positively impact the revenue for 2019.

Dual Purpose Kerosene

DPK witnessed significant decline in revenue by approximately NGN5.96 billion or 42.63% as against the performance of 2017. For most of 2018, Nigerian National Petroleum Corporation (NNPC) assumed the role of sole importer of petroleum products. This led to supply challenges and products shortages.

FINANCIAL REVIEW

Analysis of Product Revenue to Total Revenue	Revenue		Ratios	
Products	**2018**	**2017**	**2018**	**2017**
	NGN'000	**NGN'000**	**NGN'000**	**NGN'000**
Premium Motor Spirit (PMS)	62,085,483	62,646,631	69.33%	58.50%
Aviation Turbine Kerosene (ATK)	6,492,154	9,392,397	7.25%	8.77%
Automotive Gas Oil (AGO)	9,412,379	16,855,509	10.51%	15.74%
Lube and Greases	3,494,736	4,203,875	3.90%	3.93%
Dual Purpose Kerosene (DPK)	8,026,188	13,989,935	8.96%	13.06%
Liquefied Petroleum Gas (LPG)	41,879	0	0.05%	0.00%
Total	**89,552,819**	**107,088,347**		

The year on year negative variance cut across all products. The critical factor responsible for this trend was the high landing cost of petroleum products which made the importation of these products difficult. The landing cost was higher than the pump price and the capacity of oil traders to import products, was greatly diminished.

Gross Profit Ratio Analysis	2018	2017	Absolute Variance	% Variance
	NGN'000	NGN'000	NGN'000	%
Revenue	89,552,819	107,088,347	(17,535,528)	(16%)
Cost of Sales	(85,256,239)	(99,393,668)	14,137,429	(14%)
Gross Profit	4,296,580	7,694,679	(3,398,099)	(44%)
Gross Profit Ratio	**5%**	**7%**		

The gross profit ratio reflects the efficiency of Management, to deliver 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 5kobo per every Naira sale in 2018 as against 7kobo in 2017 showing a significant decline. The decline was occasioned by the decrease in all the product revenue due to inadequate supply of products in 2018.

Operating Profit Analysis	2018	2017	Absolute Variance	% Variance
	NGN'000	NGN'000	NGN'000	%
Gross Profit	4,296,580	7,694,679	(3,398,099)	(44%)
Other Income	375,218	150,973	224,245	149%
Selling and Distribution Expenses	(1,048,167)	(1,463,063)	414,896	(28%)
Administrative Expenses	(5,107,564)	(6,281,373)	1,173,809	(19%)
Operating Profit	**(1,483,933)**	**101,216**	**(1,585,149)**	**(1566%)**

The sharp drop from an operating profit of NGN0.10 billion in 2017 to an operating loss of NGN1.5 billion in 2018, account for a 1566% negative variance.

Major factors responsible for this decline are:

- The quantity of PMS available to Marketers was significantly curtailed because supplies were solely made by NNPC.
- Foreign exchange scarcity which hindered the importation of petroleum products.
- High financial costs due to increase in bank lending interest rates and reduction of the Company's credit terms for products purchases.

We adopted some cost reduction strategies in 2019, to boost revenue lines in the face of the aforementioned factors which were not within the control of Management.

Profit for the Year Analysis	2018	2017	Absolute Variance	% Variance
	NGN'000	NGN'000	NGN'000	%
Operating Profit	(1,483,933)	101,216	(1,585,149)	(1566%)
Finance income	274,601	112,438	162,163	144%)
Finance Cost	(218,116)	(1,210,263)	992,147	(82%)
Income Tax credit/(expense)	162,507	2,381,665	(2,219,158)	(93%)
Operating Profit	**(1,264,941)**	**1,385,056**	**(2,649,997)**	**(191%)**

Management took the following internal decisions in 2018 on some product lines which temporarily affected the financial results to power long-term growth:

- During the third quarter of the year, Management decided to refocus on its core retail segment of the business, hence the need to immediately stop the bulk segment of the business.
- The huge drop on ATK sales volume was as a result of huge credit exposures in the Aviation segment. Consequently, Management decided in the year under review, to cut back on open credit sales and focus on collaterized credit sales and cash sales, to keep receivables exposure within an acceptable limit. The strategy for this segment of

business, being a credit sales dominated business environment, has been strengthened, through a review of the credit policies. This would enable the Company play prominently in that segment of the industry.

- The Company lost about 16.9% sales volume from its lube business in 2018, when compared with 2017. The introduction of the new price regime impacted the volumes, as major distributors of the Company reacted to the price change. Despite the loss in volume, the margins improved significantly in the lubes segment during the year.

FORWARD LOOKING STATEMENT

We have set ambitious plans for the year and we have to deliver on them. We have promised to grow earnings by volume growth in our white products and lubricants. This quest has informed the identification of the following expansion strategies for the Lubes and Retail businesses in 2019:

1. Launch the economy (fighting grade) of lubricants.
2. Engage third party to manage and operate lube bay.
3. Aggressive advertisement and sales promotion.
4. Reactivation of dormant warehouses and retail stations.
5. Acquisition of new stations.
6. Rebranding of the stations in phases.
7. The introduction of incentive scheme for customers.
8. The introduction of e-fuel.

I see exciting growth opportunities in 2019 and this means we must be competitive and adapt fast quickly to change. To achieve this, we must modernize our work methods, embrace new advanced technologies and maintain our downward pressure on costs.

CONCLUSION

Like most companies, we faced stiff competition. Like most industries, we feel the pressure on margins. However, we have not lost focus and we will continue to deliver to our customers, develop new and exciting products, grow the business and increase operational efficiency. There is no doubt in my mind that, we have the brand, the products, the people – and the passion – to deliver.

I would like to extend my heartfelt appreciation to our employees, customers, and the Board for their commitment and passion, to advance this Company forward. I have found inspiration in their expressions of support and offer to move the business forward. We have work to do. Clear opportunities for improvement have been identified and are being addressed with focus and energy. I firmly believe that we are well positioned to deliver great value.

I thank you immensely for your time and audience and wish you fruitful deliberations in the course of this meeting.

MRS. PRISCILLA THORPE-MONCLUS
MANAGING DIRECTOR (Ag).
FRC/2019/IODN/00000019287

BRIEF PROFILE
OF BOARD OF DIRECTORS

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

MRS. PRISCILLA THORPE-MONCLUS - *Managing Director (Ag.)

Mrs. Priscilla Thorpe-Monclus holds a Bachelors of Arts degree in International Studies and Business from University of Coventry, United Kingdom. She has over 17 years' experience in the Oil and Gas sector and has held high-level positions in reputable organizations; such as Executive Director, Operations at Energy Solutions Integrated Services, Senior Manager, Business Development at OANDO Plc, Head of Marketing/ Customer Service Unit, Retail Manager, South West and Sales and Marketing Manager, all at MRS Oil Nigeria Plc. She is a member of the Institute of Directors.

*On the 10th of January, 2019, Mrs. Thorpe-Monclus was appointed as a Director and Managing Director (Acting), she was the Group Sales and Marketing Manager of MRS Oil and Gas Limited before her appointment.

MR. ANDREW OGHENEVO GBODUME - **Director

Mr. Gbodume holds a Master's Degree in Business Administration, 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 and he was appointed the Chairman of the Major Oil Marketers Association of Nigeria (MOMAN) on July 5, 2018.

**On the 10th of January 2019, he resigned as the Managing Director/CEO of the Company.

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.

***On the 14th of December, 2018, Dr. Kewa resigned as a Director of the Company.

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.

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. He is also a member of the Institute of Directors.

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 Ph. D - Director

Chief Dr. Amobi Daniel Nwokafor (FCA) is a seasoned professional accountant with over 31 years work experience in the accounting profession. Chief Dr. 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 Dr. Nwokafor (FCA) was appointed on April 27, 2017.

MRS. PRISCILLA OGWEMOH - ****Director

Mrs. Ogwemoh, currently the Managing Partner of the law firm of Kevin Martin Ogwemoh Legal, she is a graduate of Law and holds a Master Degree in Law. She is a fellow of Nigeria Institute of Chartered Arbitrators of Nigeria, a CEDR-UK Accredited Mediator, a Member of the Panel of Neutrals, Lagos Multi Door Court House(LMDC), a Member of the Panel of Neutral Lagos Court of Arbitration (LCA), a Council Member, Nigerian Bar Association-Section on Business Law (NBA-SBL), the Chairperson of the Chartered Institute of Arbitrators (Nigeria) Maritime Committee and until very recently the Managing Partner of Olisa Agbakoba Legal.

With over 26 years' experience in Legal Practice, Mrs. Ogwemoh serves on the board of a few Companies and she carries out multilevel tasks in branding, marketing, management and professional services.

****Mrs. Ogwemoh was appointed on February 28, 2019.

MR. CHRISTOPHER O. OKORIE - Director

Mr. Christopher Okechukwu Okorie is currently the Group Executive Director of MRS Holdings Limited. Prior to joining MRS Holdings Limited, he was the Strategy Manager/AAA Project Leader, Head Office at Total Nigeria Plc., where he worked for over 16years in different capacities.

He holds an MBA in Marketing from University of Nigeria, Nsukka and has over 30 years of experience in the Oil and Gas downstream sector.

He was appointed on the Board of MRS Oil Nigeria Plc on March 28, 2019.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018

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 Nigerian Indigenization Decree in 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 Chevron Texaco 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 304,786,406 shares (2017: 253,988,672) 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:

Year ended 31 December	2018	2017
	NGN'000	NGN'000
Revenue	89,552,819	107,088,347
Loss Before Tax	(1,427,448)	(996,609)
Taxation	162,507	2,381,665
(Loss)/profit for the year	(1,264,941)	1,385,056
(Loss)/eamings per 50k Share (Naira)	(4.15)	4.54
Declared Dividend per 50k Share (Kobo)	-	173
Net Assets per 50k Share	6,798	9,099

Board Changes:

- On the 14th of December 2018, the Board approved the resignation of Dr Samaila M. Kewa as a Director of MRS Oil Nigeria Plc.
- Also, on the 10th of January, 2019, Mrs. Priscilla Thorpe-Monclus was appointed as a Director and the Managing Director (Ag.) of MRS Oil Nigeria Plc following the resignation of Mr. Andrew Oghenevo Gbodume as Managing Director/CEO on 10th of January, 2019.
- The Board announced the appointment of Mrs. Priscilla Ogwemoh and Mr. Christopher O. Okorie as a Director of the Company on the 28th of February, 2019 and the 28th of March, 2019 respectively.

Board Induction:

The Company carries out an induction program to familiarize new directors appointed on the Board, with the Company's operation, the business environment and the Management of the Company. In the year under review, there was no board induction. (2017: 3 board members were inducted).

Election/Re-election of Directors:

In accordance with Articles 90/91 of the Company's Article of Association, Chief Dr. Amobi Daniel Nwokafor, and Mr. Andrew Gbodume, retire by rotation and being eligible, offer themselves for re election.

In accordance with Articles 95 of the Company's Articles of Association, Mrs. Priscilla Thorpe-Monclus, Mrs. Priscilla Ogwemoh, and Mr. Christopher O. Okorie, being the only Directors appointed since the last Annual General Meeting retire 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 2018:

Name	Nationality	Designation	Appointments/ Resignations (A/R)
Mr P. Alberti	French	Chairman	March 20, 2009 (A)
*Mrs Priscilla Thorpe- Monclus		Managing Director (Ag)	May 20 2011 (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	December 14 2018 (R)
Ms. A. Maina		Non- Executive Director	November 6, 2013 (A)
Mr. M. Akinlade		Independent Director	April 27, 2017 (A)
Sir S. N. Nwosu		Non- Executive Director	April 27, 2017 (A)
Chief Sir A. D. Nwokafor		Non- Executive Director	April 27, 2017 (A)
****Mrs. Priscilla Ogwemoh		Non- Executive Director	February 28, 2019 (A)
*****Mr. Christopher O. Okorie		Non- Executive Director	March 28, 2019 (A)

*Appointed as Managing Director(Ag.) effective 10th January 2019.
**Ceased to be Managing Director/CEO, effective 10 January 2019. He is however still a Director of the Company.
***Ceased to be a Non Executive Director, effective 14 December 2018.
****Appointed, effective 28th February 2019.
*****Appointed, effective 28th March 2019.

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 follows;

Name	2018	2017
Dr. Samaila M. Kewa	2,386	1,989
Ms. Amina Maina	33,136	27,614
Sir Sunday N. Nwosu	6,301	5,251
Mr Matthew Akinlade	571	476

2. 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 2018, the following shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company:

	2018		2017	
Name	Unit	Percentage %	Unit	Percentage %
MRS Africa Holdings Limited	182,871,828	60%	152,393,190	60%
First Pen Cust/Asset Management Corporation of Nigeria-MAI	31,919,838	10.47%	26,599,865	10.47%

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

Analysis of Shareholding:

According to the register of Members at 31 December 2018, the spread of shareholding in the Company is presented below:

Number of holding			Number of shareholders	Number of shares held	Percentage of shareholding
1	-	501	12,282	4,415,557	2%
501	-	1,000	9,467	23,115,855	8%
1,001	-	5,000	1,311	9,117,302	4%
5,001	-	50,000	1,195	22,108,865	6%
50,001	-	100,000	103	6,954,670	2%
100,001	-	500,000	77	13,899,371	5%
500,001	-	1,000,000	8	5,514,127	2%
1,000,001	-	50,000,000	3	4,958,993	1%
50,000,001	-	100,000,000	1	31,919,838	10%
100,000,001	-	304,786,406	1	182,871,828	60%
Total			**24,448**	**304,786,406**	**100%**

Name	No of Shareholders	Number of shares held	Percentage shareholding
Local shareholders	24,447	121,914,578	40%
Foreign shareholders	1	182,871,828	60%
	24,448	**304,786,406**	**100%**

Acquisition of its Own Shares:
The Company did not acquire its own shares during the year. (2017: 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:
MRS Oil Nigeria Plc. recognizes its employees as an important assets and the effectiveness of the employment process (i.e. attraction, recruitment, onboarding, development, retention, and separation) is fundamental to the Company's long term success. The Company is committed to adopting best processes, procedures and practices that will enable and guide the engagement of the Human Resource Department to meet required strategic and operational objectives.

We build brand reputation and create employee value proposition that attract talents to join the Company at all levels, taking into cognizance the values of the Company, the strategic needs of the business and other policies that exist within the organization.

The Company also gives opportunities to employees to fill vacant or new positions through promotions or lateral moves, before looking externally. There is a balance of the internal and external recruitment strategy, for the placement of qualified and competent candidates. This helps to promote long term competitiveness and the attainment of the Company's corporate goals.

Managers involved in the employment process pay special attention to the individuals' profile by balancing the individuals' and Company's values while considering professionalism, leadership and people relations skills.

The recruitment, selection and placement of employees are guided by the following principles:

- The Company shall be an equal opportunities employer.
- The recruitment and selection procedures and processes will be on the basis of an objective and merit based process of assessment; on competence, relevant experience, general medical, physical, behavioural and mental fitness to perform the role being resourced.
- There will be no discrimination between applicants for employment on the basis of age, race, gender, ethnic origin, nationality or religion.

The Company will adhere to all applicable laws regarding the employment of labour, as well as international best practice.

Employee Wellness and Wellbeing
The Company provides opportunities, initiatives and interventions to improve the health and wellbeing of its employees. The Company ensures holistic health and the wellbeing of employees enhance their working experience and create a positive impact that leads to significant increase in employee engagement, cohesiveness and overall productivity.
Employees are encouraged to engage in programmes that focus on improving healthy behaviours. Some of the wellness initiatives implemented during the year are:

On-Site Fitness Programme: This includes guided monthly physical fitness classes for employees at the head office.

Stress Management Session: Dedicated session on stress management and healthy life lifestyles was implemented.

Health Awareness Sessions: Significant health awareness days were marked through scheduled health awareness sessions to keep employees up to date on health trends. Some of the health sessions focused on hypertension, cancer, malaria, hepatitis, etc.

Health Checks: All employees were scheduled for comprehensive health checks to provide insight on employee health state and the opportunity to detect possible health risks, early.

Encourage Healthier Living: The Company provides information support that promotes healthy living within and outside the workplace through regular notice, in our business locations.

Football Competition: The first edition of employee football competition, was the curtain raiser at the u12 football competition. The competition focused on fun creation amongst employees and the promotion of employee participation in sporting activities.

Leave Utilization: As part of the Company's policy to continue to promote work life balance, there were consistent drives on compliance of leave utilization.
Emotional Intelligence Developmental Session: An emotional balanced workforce heightens employees'

performance, increase productivity and reduces stress. A lecture on Emotional Intelligence was delivered during one of the Company's Town Hall Meetings.

Employee-Community Participation: This is an initiative that gives employees the opportunity to live a fulfilled life; full of purpose and opportunities. Employees visited and donated gifts to children, at the Heart of God Children's Hospice.

Workplace Benefits: The Company sustained its effort in promoting a healthy work environment in` field locations (e.g. depots, production plant, terminals, etc.) and provided location based benefits.

Employee Involvement and Engagement
Quarterly town hall meetings and Strategy Sessions were held as part of employee involvement in the decision making process. Feedback from these sessions provided valuable input to the decision making process.

As part of the employee engagement drive, the Company celebrated the International Day of Charity where employees were encouraged to give gift items during the visitation to Heart of Gold Children Hospice. This initiative involved all employees; the response and commitment was impressive.

The Company also launched the use of yammer among employees through the social networking platforms, for employee involvement in project discussions and Company events.

Employee Learning and Development
As part of our corporate values to continually train our employees to become the best professionals, we deployed various trainings in different categories:

Foreign Trainings: Senior Managers attended foreign trainings during the year under review. The trainings covered key areas of Strategic Marketing, Business Analytics, and Legal Strategy. The trainings combined both technical and people development training objectives which aligned with employees' needs.

The post training feedback indicated a positive Return On Investment (ROI) based on the initiatives shared by employees. In addition, knowledge sharing sessions were organized to ensure that teams, take good advantage of the learnings.

In-Country Trainings: 66% of the current workforce were trained on various technical and soft skills. The emphasis was to skill up the workforce and equip them with future skills, for increased job performance. Some training areas include Finance for non Finance Managers, Emotional intelligence, Retail Site Strategy, First and CPR application, Forensic Auditing, Product Knowledge, Business Process, Labour and Employment Law, International Financial Reporting Standards, Coaching, among others.

The trainings were monitored and evaluated with mandatory knowledge sharing sessions implemented across the teams. The ROI was positive based on the application of the lessons gained at the International Financial Reporting Standards (IFRS) training to the financial process.

Professional Membership: In line with the Company's drive to promote professional development in career roles, professional membership subscriptions were processed for qualified employees. The Mandatory Continuing Professional Education (MCPE) were implemented as part of the requirements for member employees of professional bodies such as; the Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountant of Nigeria (ANAN), Nigeria Bar Association (NBA), Chartered Institute of Personnel Management (CIPM), Chartered Institute of Treasury Management (CITM), Council of Registered Engineers of Nigeria (COREN), among others.

In-House Training: This category of training is facilitated by trained employees. The primary focus is to train employees on technical skills to improve job competencies. The training areas in the year under review were defensive driving, Fire Prevention and CPR application, and Lubricants Sales Technics.

The assessment of the training and its likely impact on the job indicated improved personal safety awareness and culture (HSE), increased efficiency in processes (Sales), increased capacity to adapt to new technologies and methods (Lubes), etc.

Internship Management
The internship programme is an oriented initiative, designed to develop and create a talent pool. It seeks to provide learning opportunities and practical work experience for career development in young undergraduates (SIWES/ Industrial Attachment). The interns acquire technical and soft skills, whilst being exposed to business practices through various learnings methods with periodic assessments.

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 (2017: 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 wellbeing of its employees in the year under review, the Company continued to provide prompt and personalized quality health and medicare services for employees and their families through its preferred Health Management Organizations (HMOs) at different locations nationwide as well as annual medical checks for all employees. The operation of in house clinics at Apapa Lube Plant/Fuel terminal and the Head Office were also sustained.

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

Employees involvement, 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 2018, the Company's workforce was 117 (2017: 130), which represents a 10% reduction in the workforce of the Company. This number excludes employees on secondment from MRS Holdings Limited.

Employees health, safety and environment:
MRS Oil Nigeria plc is committed to helping its employers, contractors and stakeholders stay safe and healthy. We have a proactive safety policy, we consistently train our workforce, contractors and relevant stakeholder and they are empowered with the authority and responsibility to stop any unsafe work. The health and safety of our workforce and stakeholders and protection of assets and environment takes the place of highest priority in our HSE programs. We believe zero incident is attainable.

In 2018, we matched the record for our Days Away from Work Rate and set new records for our Total Recordable Incident Rate and Motor vehicle crashes rate. These incident remind us if the inherent risk in our workplace and our commitment to never be satisfied until everyone in our workforce goes home safely every day. Building on our ongoing efforts to prevent level 3 incidents which is a measure for more serious incidents, we recently completed a comprehensive review of critical workforce safety processes and safeguards. A series of verification tools were deployed to reduce the rate of human error during high risk operations.

We manage the safety of our personal through the varied processes put in place, preventing fatalities and serious incidents is our top priority, and we strive to eliminate or mitigate the risks throughout our operations by hazards identifications. As a company our goal is to cause no ill health to anyone or damage to the environment but to strive towards these goals realistically we set ourselves continually improving targets. In 2018 we set ourselves a very challenging targets to reduce critical safety key performance index. We require our contractors to meet these safety principles make our expectation clear and verify compliance with safe work practice requirements
The health of our employees is important to MRS Oil Nigeria Plc. We recognize that healthy employees are better able to do their jobs and that health and well being impact safe operations.

We work to address some of the health risks our employees face. We work to help protect our workforce from infectious, contagious and lifestyle diseases that are prevalent in the country through the monthly fitness and quarterly health talk program which assist employee with health information. We provide support programs and services to help our employees live healthier lives.

MRS is increasingly concerned with achieving and demonstrating sound environmental performance by controlling the impacts of our activities, products and services on the environment, consistent with our HSE policy and objectives. Environmental care and performance is an integral part of MRS operations. The environmental regulatory requirements are strict adhered to. The company had developed processes and procedures to provide an organization with the assurance that the environmental performance meets or exceed the regulatory environmental standards. Hence, the plan of MRS to implement and to certify to the environmental management system standard ISO 14001:2015 before the end of 2019 The implementation of the environmental management system specified by these international standards is intended to result in improved environmental performance
Health, Safety and Environment is the driving force behind MRS Oil Nigeria Plc commitment to improving its sustainability and environmental awareness.

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 organizations and schools – year 2018

S/N	NAME OF BENEFICIARY		AMOUNT (NGN)
1.	Ovie Brume Foundation, Lagos Sponsoring a Child - Maria Enejo	Sponsorship	298,792
2.	Society For Orphan Welfare, Ikoyi, Lagos	Donation	100,000
3.	Pacelli School For The Blind & Partially Sighted Children Surulere, Lagos	Donation	200,000
4.	The Zamarr Institute (School For Austim), Abuja	Donation	100,000
5.	Hope Orphanage, Ilorin	Donation	100,000
6.	Infant Jesus Orphanage Home, Calabar	Donation	100,000
7.	Green Pasture and Initiative	Donation	100,000
8.	Motherless Babies Home, Total Garden, Ibadan	Donation	100,000
9.	Cerebral Palsy Centre	Donation	100,000
10.	HSFN St. Joseph Orphanage, Owerri	Donation	100,000
11.	Edo Orphanage Home	Donation	100,000
12.	Easterbrook Foundation	Donation	100,000
13.	Port Harcourt Children's Home	Donation	100,000
14.	Construction of Borehole at Kwararafa Univeristy, Wukari Local Government, Taraba State	Donation	2,379,750
15.	Health Emergency Initiative	Donation	100,000
16.	Lawyers Oil & Gas Conference	Donation	100,000
	Total		**4,178,542**

Donations made in 2018 financial year amounted to NGN4,178,542 (2017: NGN9,689,563)

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. In 2018, there was an upgrade of our Antivirus Endpoint Protection from Version 6 to version 7. The list below contains information about some of the important new features in the released version:

- New Design of Graphical Interface — a new Interface allows for easy administration since all connected users have the full details of their system in one plFlexible Install — ESET Security Management Center can be installed on Windows, Linux or via Virtual Appliance. After installation, all management is done via a web console, allowing easy access and management from any device or operating system.
- New type of Logging — There is now an advanced type of logging that will allow for deeper troubleshooting and system audit purpose.
- Name and User Interface (UI) updates — ESMC is the new name for the ESET remote management and will replace ESET Remote Administrator version 6. Many changes were made both functionally and visually, including a number of important updates to the UI.
- Completely Multi Tenant — multiple users and permission groups can be created to allow access to a limited portion of the ESMC instance. This allows full streamlining of responsibilities across large enterprise teams.
- Network Attack Protection — Unlike the version 6, another new included feature is the protection of the network from attacks like spamming, malware, spyware etc.
- Hardware and Software Inventory — Not only does ESMC report on all installed software applications across an organization, it also reports on installed hardware. This allows you to do more from a single location by dynamically grouping computers based on make model, OS, processor, ram, HD and many more items.
- Device and Web control rules —Time slots can be created and then assigned to rules. This setting allows the antivirus to do a particular task like full computer scanning, within the specified time slot as configured in the rules.
- Fully customizable Report and Notification System —The notification system features a full WYSIWYG (what you see is what you get) editor where you can fully configure notifications to be alerted on the exact information you want to be notified about. Reports include over 170+ built in reports, and custom reports can be created easily.
- Fully Automated VDI Support — A comprehensive hardware detection algorithm is used to determine the identity of the machine based on its hardware. This allows automated re imaging and cloning of non persistent hardware environments. Therefore, ESET support for VDI requires no manual interaction and is fully automated.

The Directors are responsible for the Risk Management Process and asserts the effectiveness of the process. The Risk Management Process is integrated into the day to day activities of the Company, for the identification of key risks in the operational, financial, reputational, procedural, and compliances processes of the business.

Internal audit function and internal controls:

The Directors are of the opinion that effective Internal Audit Function exists in the Company to provides oversight functions on the effectiveness of the internal processes and procedures and give assurance that risk management and controls operate efficiently. The Internal Audit Head of the Company is a seasoned Chartered Accountant, who manages the inherent risks in the business operations of the Company. The Internal Audit reviews internal controls of the Company routinely, including assessments to determine its adequacy, effectiveness and efficiency. It submits regularly reports to the Audit Committee of the Company.

The Company has a structured Risk Management Framework to guide its risk assessment of all aspects of the business. The risk assessment aims to capture areas of business risks and to identify measures to mitigate/address these risks.

The Directors are responsible for the Risk Management Process and asserts the effectiveness of the process. The Risk Management Process is integrated into the day to day activities of the Company, for the identification of key risks in the operational, financial, reputational, procedural, and compliances processes of the business.

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 inform them, that the Company will not remain a going concern in the next twelve months.

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 NO: 2013/NBA/00000002311
28 March 2019

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, the Board approved the resignation of Dr. Samaila Musa Kewa as a Director on 14th of December, 2018. Furthermore, Mrs. Priscilla Thorpe-Monclus was appointed as Managing Director (Ag.) following the resignation of Mr. Andrew Oghenevo Gbodume as Managing Director/CEO of the Company, on the 10th of January, 2019. On the 28th of February, 2019 Mrs. Priscilla Ogwemoh was appointed Director zon the Board of the Company.

Currently, there are 9 Directors on the Board, 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 – 2018 Board Meetings							
Directors	**Designation**	**22 Feb '18**	**22 Mar '18**	**25 Apr '18**	**25 July '18**	**1 Aug '18**	**24 Oct '18**
Mr. Patrice Alberti	Chairman	✓	✓	✓	✓	✓	✓
*Mrs. Priscilla Thorpe-Monclus	Managing Director(Ag.)	N/A	N/A	N/A	N/A	N/A	N/A
**Mr. Andrew O. Gbodume	Managing Director	✓	✓	✓	✓	✓	✓
Dr. Paul Bissohong	Member	✓	✓	✓	✓	✓	✓
***Dr. Samaila M. Kewa	Member	✓	✓	✓	✓	✓	✓
Ms. Amina Maina	Member	x	✓	x	✓	✓	✓
Mr. Matthew Akinlade	Member	✓	✓	✓	✓	✓	✓
Sir. Sunday N. Nwosu	Member	✓	✓	x	✓	✓	✓
Chief. Amobi D. Nwokafor	Member	✓	✓	✓	✓	✓	✓
****Mrs. Priscilla Ogwemoh	Member	N/A	N/A	N/A	N/A	N/A	N/A

* Appointed as Managing Director(Ag.) - 10 January 2019

** Resigned as Managing Director/CEO - 10 January 2019

*** Resigned - 14 December 2018

**** Appointed - 28 February 2019

✓ = Present

x = 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: -

The Audit Committee						
The Audit Committee Members	**Designation**	**21 Feb '18**	**21 Mar '18**	**24 Apr '18**	**24 July '18**	**24 Oct '18**
Chief Amobi D. Nwokafor	Chairman	✓	✓	✓	✓	✓
*Engr. Tunji Ijaiya	Member	✓	✓	✓	✓	N/A
Baale Isiaka Saliu	Member	✓	✓	✓	✓	✓
*Chief Vincent Barrah	Member	✓	✓	✓	✓	N/A
**Dr. Samaila M. Kewa	Member	✓	✓	✓	✓	✓
Ms. Amina Maina	Member	x	✓	x	✓	✓
Mr. Oluyinka Oniwinde	Member	N/A	N/A	N/A	N/A	✓
Mr. B. A. Adetunji	Member	N/A	N/A	N/A	N/A	✓

*Engr. Tunji Ijaiya and Chief Vincent Barrah ceased to be members of the Audit Committee effective 1 August 2018, following the appointment of Mr. Oluyinka Oniwinde and Mr. Babajide A. Adetunji in their stead on 1 August 2018.

**Resigned – 14 December 2018.

✓ = Present

x = 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.

Board Nominations and Corporate Governance Committee				
Members	**Designation**	**21 Feb '18**	**21 Mar '18**	**24 Apr '18**
Dr. Paul Bissohong	Chairman	✓	✓	✓
Mr. Andrew O. Gbodume	Member	✓	✓	✓
*Dr. Samalia M. Kewa	Member	✓	✓	✓
Ms. Amina Maina	Member	✓	✓	✓
Mr. Matthew Akinlade	Member	✓	✓	✓
Sir. Sunday N. Nwosu	Member	✓	✓	✓
Chief. Amobi D. Nwokafor	Member	✓	✓	✓

In line with the provisions of the SEC Code, the appointment of Mr Andrew Gbodume was reviewed on 24 October 2018

*Resigned - 14 December 2018
✓ = Present
x = Absent
N/A = Not Applicable: Not a member at the stated date.

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 three (3) times.

The Risk, Strategic and Finance Planning Committee				
Members	**Designation**	**23 Oct '18**	**6 Nov '18**	**28 Nov '18**
Ms. Amina Maina	Chairman	✓	✓	✓
Mr. Andrew O. Gbodume	Member	✓	✓	✓
Mr. Matthew Akinlade	Member	✓	✓	✓
Sir. Sunday N. Nwosu	Member	✓	✓	✓
Chief. Amobi D. Nwokafor	Member	✓	✓	✓

✓ = Present
x = 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 three (3) times.

Human Resources Committee		
Human Resources Committee Members	**Designation**	**21 Feb '18**
Dr. Samaila M. Kewa	Chairman	✓
Mr. Andrew O. Gbodume	Member	✓
Dr. Paul Bissohong	Member	✓
Ms. Amina Maina	Member	x
Mr. Matthew Akinlade	Member	✓
Sir. Sunday N. Nwosu	Member	✓

✓ = Present
x = 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 once.

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 107 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 NO: 2013/NBA/00000002311

28 March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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:

Mrs. Priscilla Thorpe-Monclus
(Managing Director, Ag.)
FRC/2019/IODN/00000019287

28, March, 2019

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

28, March, 2019

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2018

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, 2018 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 letters in conjunction with the external auditor and management 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 2018.

1.	Chief Amobi D. Nwokafor	-	Chairman
2.	*Alhaji. Tunji Ijaiya	-	Member
3.	*Oluyinka Oniwinde	-	Member
4.	Baale I. Saliu	-	Member
5.	**Chief Vincent Barrah	-	Member
6.	**Babajide A. Adetunji	-	Member
7.	***Dr. S.M. Kewa	-	Member
8.	Ms. Amina Maina	-	Member

*Alhaji. Tunji Ijaiya and Chief Vincent Barrah ceased to be members of the Audit Committee effective August 1, 2018, following the appointment of Mr. Oluyinka Oniwinde and Mr. Babajide A. Adetunji in their stead on August 1, 2018.

***Resigned – December 14, 2018.

Chief Sir. Amobi D. Nwokafor
Chairman, Audit Committee
FRC NO/2013/ICAN/00000002770

28, March , 2019

KPMG Professional Services
KPMGTower
Bishop Aboyade Cole Street
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Lagos

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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 2018, 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 notes, comprising significant accounting policies and other explanatory information, as set out on pages 48 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2018, 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. We have determined the matters below to be key audit matters to be communicated in our report.

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 has a significant impact on the net results of the Company, given the nature of the business. The reduction in 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 with respect to revenue recognition to determine appropriateness and compliance with the recognition and measurement principles of IFRS 15. Based on our understanding of the processes, we evaluated whether any adjustment was required on the transition date of IFRS 15. We evaluated the design and operating effectiveness of key controls over authorization, appropriate recording of price changes; and the delivery and invoicing process in order to determine whether revenue was appropriately recognized on the basis of transfer of control of the relevant products at a point in time. We applied our statistical sampling tool to test sales transactions on a sample basis by agreeing selected revenue transactions to relevant supporting documents such as proof of delivery. We analytically tested revenue by multiplying actual volumes to approved price list to validate total revenue recorded. We also reviewed the product volume reconciliation across the various product types in order to assess the accuracy of sales. In addition to our evaluation of some manual journal entries recorded in the revenue accounts to ascertain that they represented valid and approved transactions in the revenue account; we 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 receivables from Petroleum Product Pricing Regulatory Agency (PPPRA)

Refer to Note 3(g)ii (Accounting policy) and Note 15(b) to the financial statements

The key audit matter	How the matter was addressed
The Company has recognized receivables from Petroleum Product Pricing Regulatory Agency ('PPPRA' or 'Regulator'), which includes difference between the landing cost for petroleum products imported by the company in prior years and the ex-depot price approved for the products by PPPRA; 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; and 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. Although the Company received promissory notes in partial settlement of the receivables (See Note 15(b)), the judgement applied in determining extent of recoverability of the remaining receivables makes this an area of focus for our audit.	• We evaluated the Company's internal monitoring and evaluation process for the receivables including the review of minutes of board meetings. • We reviewed the basis of the calculation of the receivable balance by checking that it is based on the existing guideline issued by the regulator and that it is consistent with industry practice. We have also verified that the computation is consistent with previous calculations which the Federal Government of Nigeria (FGN) through the PPPRA had honoured in the past. • In addition, we challenged the directors' assessment of the recoverability of the outstanding balance by comparing their assessment with the requirement of the applicable accounting standard and our knowledge of the industry. We checked publicly available information regarding settlement by the relevant government agency and also reviewed the promissory notes received by the Company from the Debt Management Office on behalf of the Federal Government of Nigeria. • We assessed the reasonability of the judgements applied by the directors in the determination of the amount of impairment recognised by comparing the key inputs and assumptions contained in the impairment allowance computation to information from rating agencies. • Furthermore, we performed reviews of industry developments subsequent to year end that may impact the assessment of the recoverability of the balance by management at year end.

Impairment assessment of the Cash Generating Unit

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

The key audit matter	How the matter was addressed
As determined by the directors, the Company has a single Cash Generating Unit (CGU). As at 31 December 2018, the net assets of the Company (which is the carrying amount of the Company's CGU) exceeded its market capitalisation by ₦13.66 billion and therefore indicated that the CGU may be impaired. The Company therefore performed an evaluation of impairment by applying relevant estimation methods to determine the recoverable amount of the net assets of the Company based on its value in use. The significant judgements and estimations required in the determination of key assumptions for the calculation of the recoverable amount of net assets makes this matter an area of significance to our audit. The key inputs include the terminal growth rate, future cash flows (which are based on growth rate assumptions) and the discount rate.	We made enquiries with management in order to gain more insight into the potential reasons for the higher net assets position and also performed a comparative analysis of the information of other entities in the same sector as the Company. We also evaluated the mathematical accuracy of the value in use (VIU) calculation of the CGU performed by the Company. The cashflow forecast considered in the computation were compared with budgeted and actual results subsequent to year end to assess their reasonableness. We used our valuation specialists to: • evaluate the Company's VIU calculation 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. We compared the recoverable amount determined in the VIU computation to the carrying amount of the CGU and considered whether management bias may have been involved in the impairment considerations applied by the Directors.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

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
29 March 2019
Lagos, Nigeria

FINANCIALS

	Notes	2018	2017
ASSETS		**NGN'000**	**NGN'000**
Property,plant and equipment	12	16,788,788	17,338,162
Intangible assets	13	3,662	20,108
Prepayments	26	775,010	699,649
Total non-current assets		**17,567,460**	**18,057,919**
Inventories	18	4,473,289	5,289,372
Truck loan receivables	14	-	246,760
Withholding tax receivables	17	79,846	70,542
Prepayments	26	294,664	309,862
Trade and other receivables	15	25,238,284	30,580,939
Promissory note	16	4,535,573	-
Cash and cash equivalents	19	2,094,086	3,980,872
Total current assets		**36,715,742**	**40,478,347**
Total assets		**54,283,202**	**58,536,266**
Equity			
Share capital	20	152,393	126,994
Retained earnings		20,568,305	22,982,503
Total equity		**20,720,698**	**23,109,497**
Liabilities			
Employee benefits obligations	21	13,361	11,899
Provisions	27	-	44,147
Deferred tax liabilities	11(d)	1,316,009	2,110,631
Total non-current liabilities		**1,329,370**	**2,166,677**
Security deposits	22	2,174,393	1,924,369
Dividend payable	23(b)	375,577	461,669
Trade and other payables	24	18,089,739	20,578,781
Short term borrowings	25	11,326,921	9,639,852
Provisions	27	46,139	1,992
Tax payable	11(c)	220,365	653,429
Total current liabilities		32,233,134	33,260,092
Total liabilities		33,562,504	35,426,769
Total equity and liabilities		**54,283,202**	**58,536,266**

Approved by the Board of Directors on 28 March 2019 and signed on its behalf by:

Mrs Priscilla Thorpe-Monclus	Dr. Paul Bissohong	Mr. Kamil Bello
(Managing Director, Ag.)	(Director)	(Chief Financial Officer)
FRC/2019/IODN/00000019287	FRC/2013/IOD/00000003841	FRC/2013/ICAN/00000000951

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

	Notes	2018 NGN'000	2017 Restated* NGN'000
Revenue	5	89,552,819	107,088,347
Cost of sales	7(b)	(85,256,239)	(99,393,668)
Gross profit		**4,296,580**	**7,694,679**
Other income	6	375,218	150,973
Selling and distribution expenses	7(b)	(1,048,167)	(1,463,063)
Administrative expenses	7(b)	(5,217,518)	(5,549,651)
Reversal of/(impairment loss) on financial assets	28(a)	109,954	(731,722)
Operating (loss)/profit		**(1,483,933)**	**101,216**
Finance income	8(a)	274,601	112,438
Finance costs	8(a)	(218,116)	(1,210,263)
Net finance income/(costs)	**8(a)**	**56,485**	**(1,097,825)**
Loss before income tax	9	**(1,427,448)**	**(996,609)**
Income tax credit	11(a)	162,507	2,381,665
(Loss)/profit for the year		**(1,264,941)**	**1,385,056**
Other comprehensive income, net of income tax		-	-
Total comprehensive (loss)/income for the year		**(1,264,941)**	**1,385,056**
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share (Naira)	10	(4.15)	4.54

* See Note 2(e)(A) and 2(e)(B)

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated except for presenting impairment losses on financial assets.

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

	Notes	Share capital	Retained earnings*	Total equity
		NGN'000	NGN'000	NGN'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 for the year			**1,385,056**	**1,385,056**
Transactions with owners of the Company				
Contributions and distributions				
Dividends declared	23(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**
Adjustment on initial application of IFRS 9, net of tax (Note 2(e)(B))		-	(1,197,895)	(1,197,895)
Adjusted balance as at 1 January 2018		**126,994**	**21,784,608**	**21,911,602**
Total comprehensive income:				
Loss for the year		-	(1,264,941)	(1,264,941)
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**(1,264,941)**	**(1,264,941)**
Transactions with owners of the Company				
Contributions and distributions				
Write-back of statute barred dividend	23(b),(d)	-	74,037	74,037
Bonus shares issued	23(a)	25,399	(25,399)	-
Total transactions with owners of the Company		25,399	48,638	74,037
Balance as at 31 December 2018		**152,393**	**20,568,305**	**20,720,698**

*Included in retained earnings is NGN14.40 billion (2017: NGN14.40 billion) which represents revaluation surplus on property, plant and equipment transferred at IFRS transition date on 1 January 2011. The Company has opted not to distribute this amount.

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

	Note	2018 NGN'000	2017 Restated* NGN'000
Cash flows from operating activities			
(Loss)/Profit after tax		(1,264,941)	1,385,056
Adjustments for:			
Depreciation	12(a)	1,449,956	1,454,066
Amortisation of intangibles assets	13	16,446	13,807
Finance income	8(a)	(274,601)	(112,438)
Finance costs	8(b)	218,116	1,210,263
Gain on sale of property, plant and equipment	6	(9,565)	(8,528)
Write off of property, plant and equipment	12(a)	-	163,419
Provision for long- term service award	21(c)	1,649	364
(Reversal of)/impairment loss on trade receivables	7(a)	(161,776)	699,137
(Reversal of)/impairment loss on truck loan receivable	14	(39,959)	32,585
(Recovery)/write off of loss on employee receivables	7(a)	(627)	25,941
Impairment of Petroleum Equalization Fund receivables	28(a)	30,591	-
Impairment of Petroleum Product Pricing Regulatory Agency receivables	28(a)	14,697	-
Impairment of related party receivables	28(a)	46,494	-
Write-off of inventory	7(a)	688,233	81,773
Deduction on settlement of PPPRA receivables	7(a)	172,085	-
Reversal of impairment on inventory	18(a)	(24,238)	(29,831)
Income tax credit	11(a)	(162,507)	(2,381,665)
		700,053	**2,533,949**
Changes in:			
Inventories		1,094,483	1,662,859
Trade,other receivables and prepayments		192,678	10,763,262
Security deposits		250,024	157,402
Provisions		-	46,139
Interest on loan capitalized		1,197,331	210,151
Trade and other payables		(4,334,168)	(8,721,145)
Cash (used in)/generated from operating activities		**(899,599)**	**6,652,617**
Income taxes paid	11(c)	(450,580)	(1,125,628)
Withholding tax credit notes utilised	11(c),17	(50,883)	(54,051)
Long term service award paid	21(c)	(187)	(2,356)
Net cash (used in)/generated from operating activities		**(1,401,249)**	**5,470,582**
Cash flows from investing activities			
Proceeds from sale of property,plant and equipment		32,825	9,469
Purchase of property,plant and equipment	12(a)	(923,842)	(554,134)
Purchase of intangible assets	13	-	(3,995)
Amounts paid on behalf of transporters	14	-	(44,050)
Principal received on amounts advanced to transporters	14	39,934	209,898
Interest received	8(a)	31,732	112,438
Net cash used in investing activities		**(819,351)**	**(270,374)**
Cash flows from financing activities			
Additional short term borrowing	25(c)	3,700,000	3,236,552
Short term borrowing repayment	25(c)	-	(18,056,744)
Dividends paid	23(b)	(12,055)	(389,049)
Interest paid	8(b)	(50,408)	(63,799)
Net cash generated from/(used in) financing activities		**3,637,537**	**(15,273,040)**
Net change in cash and cash equivalents		1,416,937	(10,072,832)
Cash and cash equivalent at 1 January		20,344	10,910,784
Effect of movement in exchange rates on cash held		(13,009)	(817,608)
Cash and cash equivalents at 31 December	19	**1,424,272**	**20,344**

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

INDEX TO NOTES

THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 Bermudan 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: 2, Tin Can Island Apapa Lagos Nigeria

The Company is principally engaged in the business of marketing and distribution of refined petroleum products, liquefied petroleum gas, 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 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 28 March 2019.
This is the first set of the Company's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Details of the Company's accounting policies and changes to significant accounting policies are described in Notes 3 and 2(e).

(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 2019 are included in the notes below:

a. Impairment of Petroleum Products Pricing Regulatory Agency (PPPRA) receivable

The Company applied significant judgment in determining the recoverability of receivables from a government agency - PPPRA (Note 15(b)). The PPPRA receivable relate to:

(a) difference between the landing cost for petroleum products imported by the company in prior years and the ex-depot price approved for the products by PPPRA;

(b) 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; and

(c) interest incurred arising from delayed payments by PPPRA on behalf of the Federal Government of Nigeria.
The Company received a promissory note of NGN4.54 billion dated 14 December 2018 from the Debt Management Office (DMO) of the

Federal Ministry of Finance in respect of amounts reconciled to date. The total amount payable to the Company after the first tranche of the reconciliation amounted to NGN12.82 billion. NGN8.11 billion of these amounts was held back by the DMO in respect of liabilities owed to government agencies and financial institutions. Although in the past, the government had settled some of the PPPRA receivables, the collection pattern of these balances has been irregular. The directors applied judgement in assessing the recoverablity of the remaining outstanding amount in accordance with IFRS 9 and have recognised an impairment of NGN68.88 million as at 31 December 2018 (2017: Nil). See Note 15(b).

The Directors believe that the unimpaired amount is recoverable because it comprises valid claims from the government and the amount recorded is determined in accordance with the approved pricing template issued by the PPPRA, a representative agency of the Federal Government of Nigeria.

b. 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 NGN13.66 billion. This triggered an impairment test 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 estimation of future growth rates, considering historical performance and external macroeconomic variables, the determination of an appropriate discount rate and other internal and 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 2018 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 estimation uncertainties include:

- Note 2(e)B – measurement of ECL allowance for trade receivables and other receivables; including government and related party receivables: key assumptions in determining the weighted-average loss rate

- Recognition of contingencies: key assumptions about the likelihood and magnitude of an outflow of economic resources. See Note 32(a).

- Determination of outflow of economic resources: provisions. See Note 27.

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 where such are made by the Company. 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 initially applied IFRS 15 (see A) and IFRS 9 (see B) from 1 January 2018 including any consequential amendments to other standards with initial date of application of 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on financial assets as a line item in the Statement of Profit or Loss and Other Comprehensive Income (SOCI) (see B(ii)).

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets (see B(ii)).

A IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The Company has not presented the impact of transition to IFRS 15 on retained earnings as at 1 January 2018 as the impact is not material.

B IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of financial assets in administrative expenses. Consequently, the Company reclassified impairment losses on financial assets amounting to NGN731.72 million, recognised under IAS 39, from 'administrative expenses' to 'impairment loss on financial assets in the statement of profit or loss and OCI for the year ended 31 December 2017.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings (for a description of the transition method, see (iii) below).

Retained earnings In thousands of Naira	Notes	Impact of adopting IFRS 9 on opening balance
Recognition of expected credit losses under IFRS 9 (Note 11(e)	(ii)	1,761,611
Related tax (Note 11(e)		(563,716)
Impact at 1 January 2018		**1,197,895**

i Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

For an explanation of how the Company classifies and measures financial instruments under IFRS 9, see Note 3(b)(i).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

In thousands of Naira	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	26,639,046	25,124,195
Cash and cash equivalents		Loans and receivables	Amortised cost	3,980,872	3,980,872
Truck loan receivables	(a)	Loans and receivables	Amortised cost	246,760	-
Total financial assets				**30,866,678**	**29,105,067**

In thousands of Naira	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabilities				
Short term borrowings	Other financial liabilities	Other financial liabilities	9,639,852	9,639,852
Trade and other payables	Other financial liabilities	Other financial liabilities	18,538,786	18,538,786
Security deposits	Other financial liabilities	Other financial liabilities	1,924,369	1,924,369
Dividend payable	Other financial liabilities	Other financial liabilities	461,669	461,669
Total financial liabilities			**30,564,676**	**30,564,676**

(a) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of NGN1.76 billion in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

In thousands of Naira	IAS 39 carrying amount at 31 December 2017	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets			
Amortised cost			
Cash and cash equivalents:			
Brought forward: Loans and receivables	3,980,872		
Remeasurement		-	
Carried forward: amortised cost			3,980,872
Trade and other receivables:			
Brought forward: Loans and receivables	26,639,046		
Remeasurement		(1,514,851)	
Carried forward: amortised cost			25,124,195
Truck loan receivables:			
Brought forward: Loans and receivables	246,760		
Remeasurement		(246,760)	
Carried forward: amortised cost			-
Total amortised cost	**30,866,678**	**(1,761,611)**	**29,105,067**

ii Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 3(g)(i).

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

loss allowance at 31 December 2017 under IAS 39	NGN'000
Trade receivables	1,089,075
Truck loan receivables	94,165
Total loss allowance at 31 December 2017 under IAS 39	**1,183,240**
Additional impairment recognised at 1 January 2018 on:	
Trade receivables	1,283,529
Petroleum Equalization Fund (PEF) receivable	31,818
Petroleum Product Pricing Regulatory Agency (PPPRA) receivable	54,180
Related party receivables	145,324
Total additional impairment on trade and other receivables	**1,514,851**
Truck loan receivables	246,760
Cash and cash equivalents	-
Total additional impairment recognised	**1,761,611**
Total loss allowance at 1 January 2018 under IFRS 9	**2,944,851**

Additional information about how the Company measures the allowance for impairment is described in Note 28(a)(v).

iii Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as described below:

— The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

— The determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(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

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018 On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to directors. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the directors's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the directors
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable-rate features;
– prepayment and extension features; and
– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

Financial assets – Classification: Policy applicable before 1 January 2018

The Company classified its financial assets into the loans and receivables category as it only had financial assets in that category e.g. trade and other receivables and loan receivable.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables

Measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition
Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to
set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(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.

In prior 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 has been 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 reimbursable 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.

The basis of costing inventories are as follows:

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

Policy applicable from 1 January 2018

Financial instruments

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12 month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
– the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the period within which the debt can be legally enforced has expired or the debtor is deceased, leaving no asset.

The Company expects no significant recovery from the amounts written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

– 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 would enter bankruptcy;
– adverse changes in the payment status of borrowers or issuers;
– the disappearance of an active market for a security because of financial difficulties; or
– observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

The Company considered evidence of impairment for these assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively

assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.
In assessing collective impairment, the Company used historical information on timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was 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

The Company has initially applied IFRS 15 from 1 January 2018. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over its products to a customer.

Under IFRS 15, revenue recognition depends on whether the customer took delivery of the products directly using their own delivery vehicles or whether the Company delivered to the customer using the third party transporters. For the former, revenue was recognised when the customer took delivery directly from the Company's depot and for the latter, when products are delivered at the customers' premises or designated point and accepted by the customer or the customer's designate.

Under IAS 18, revenue was recognized when persuasive evidence existed that the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards also varied depending on whether the customer collected the products himself or the Company delivered to the customer using the third party transporters. For the former, revenue was recognized when the customer picked up the products from the Company's depots and the latter, when delivery was made and accepted by the customer or the customer's designate. 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.

If it is probable that discounts will be granted and the amount could be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue for regulated products is presented at the regulated price of the products (transaction price) net of standard transport cost directly recoverable from the prices of regulated products.

(k) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;

- the net gain or loss on financial assets at FVTPL
- the foreign currency gain or loss on financial assets and financial liabilities
- 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.
- Unwinding of the discount on provisions.

Interest income or expenses are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. 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;

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 in profit or loss for the year in which the Company makes the determination that all conditions have been met and the amount will be recovered. Any deduction by the PPPRA or other government agencies on settlement of the recognised subsidy claims is written off to profit or loss as administrative expense.

(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, 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 and 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 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements and plans to adopt them as relevant on their respective effective date.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Company's financial statements in the period of initial application.

(a) IFRS 16 Leases

The Company is required to adopt IFRS 16 Leases from 1 January 2019. The Company has commenced an assessment of the estimated input that initial application of IFRS 16 will have on its financial statements and the preliminary outcome is described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

– the Company has not finalised the testing and assessment of controls over its new IT systems; and

– the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including 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.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of rental accommodation (see Note 26). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. No significant impact is expected for the Company's finance leases.

ii. Leases in which the Company is a lessor
Based on current assessment, no significant impact is expected for other leases in which the Company is a lessor.

iii. Transition
The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

(b) Other standards (with corresponding effective dates)
The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

i. IFRIC 23 Uncertainty over Tax Treatments.
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- Judgments made;
- Assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

ii) Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards - 1 January 2019
This relates to cyclical improvements to certain standards to provide clarifications necessary for the application of the relevant standards and to bridge gap in application. The amendment in this cycle covers a number of standards such as IFRS 3, IFRS 11, IAS 12 and IAS 23.

The following standards are not applicable to the business of the Company and will therefore have no impact on future financial statements

- Prepayment Features with Negative Compensation (Amendments to IFRS 9) - 1 January 2019
- Long term interests in Associates and Joint Ventures (Amendment to IAS 28) - 1 January 2019
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). 1 January 2019
- IFRS 17 Insurance Contracts. - 1 May 2021

5. REVENUE

	NGN'000 2018	NGN'000 2017
Premium Motor Spirit (PMS)	62,085,483	62,646,631
Aviation Turbine Kerosene (ATK)	6,492,154	9,392,397
Automotive Gas Oil (AGO)	9,412,379	16,855,509
Lubricants and greases	3,494,736	4,203,875
Dual Purpose Kerosene (DPK)	8,026,188	13,989,935
Liquefied Petroleum Gas (LPG)	41,879	-
	89,552,819	

Revenue is recognised at a point in time and sales are mostly made to customers in Nigeria. Information on analysis of revenue by category is shown in Note 30.

Revenues from one customer of the Company's Retail/Commercial & Industrial segment represented approximately NGN14 billion (2017: NGN23 billion) of the Company's total revenue.

6. OTHER INCOME

	2018 NGN'000	2017 NGN'000
Rental and lease income (Note 6((a))	26,533	20,205
Sundry income (Note 6(b))	84,425	47,192
Gain on sale of property,plant and equipment	9,565	8,528
Income on storage services	254,695	75,048
	375,218	**150,973**

(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.

7. (a) EXPENSES BY NATURE

	2018 NGN'000	2017* NGN'000
Depreciation (Note 12(a))	1,449,956	1,454,066
Amortisation of intangible assets (Note 13)	16,446	13,807
Changes in inventories of lubes, greases and refined products	84,697,670	99,356,705
Rental of service stations, buildings and equipment	245,721	223,750
Advertising expense	42,220	528,342
Consultancy expense	333,307	485,474
Maintenance expense	591,816	581,358
Throughput expense	14,096	50,764
Freight expense	355,216	394,006
Management fees (Note 29(c))	360,065	323,197
Director's remuneration (Note 9(b)iv)	28,950	20,692
Employee benefit expense (Note 9(b)i)	685,373	713,023
Auditor's remuneration	35,000	35,000
(Reversal of)/impairment loss on truck loan receivables (Note 28(a)(v))	(39,959)	32,585
(Reversal of)/impairment loss on trade receivables (Note 28(a)(v))	(161,776)	699,137
(Recovery of)/write off of employee receivables	(627)	25,941
Impairment of Petroleum Equalization Fund receivables (Note 28(a)(v))	30,591	-
Impairment of Petroleum Product Pricing Regulatory Agency receivables (Note 28(a)(v))	14,697	-
Impairment of related party receivables (Note 28(a)(v))	46,494	-
Write-off of inventory**	688,233	81,773
Reversal of impairment of inventory (Note 18)	(24,238)	(29,831)
Deduction on settlement of PPPRA receivables (Note 15(b))	172,085	-
Write off of property, plant & equipment	-	163,419
Local and international travel	81,420	140,745
Office expenses and supplies	363,114	352,429
Communication and postage	254,675	300,710
Fines and penalties	10	6,274
Insurance premium	192,987	178,794
Contract labour	563,278	569,156
Sponsorships and donations	29,741	35,065
Licenses and Levies	23,176	58,308
Utilities	44,477	38,411
Subscriptions	71,905	4,707
Board meetings and AGM expenses	47,541	90,629
Security	52,292	51,638
Other office running expenses	106,018	158,030
Total cost of sales, selling and distribution and administrative expenses	**91,411,970**	**107,138,104**

* An impairment loss on financial assets of NGN731.72 million in the year ended 2017 was reclassified from other expenses to a separate line item (See Note 2(e)B).
**Amount includes a write-off of inventory held with MRS Oil and Gas of NGN424 million (Note 29(i)(a) during the year (2017: Nil).

(b) Expenses by function

	2018 NGN'000	2017 NGN'000
Cost of sales	85,256,239	99,393,668
Selling and distribution expenses	1,048,167	1,463,063
Administrative expenses (including impairment of financial assets)	5,107,564	6,281,373
	91,411,970	**107,138,104**

(c) Fees paid to the statutory auditors for non-audit services

Non-audit fees paid to the statutory auditors comprise:

	2018 NGN'000	2017 NGN'000
Filing of transfer pricing returns	3,600	3,600
Tax regulatory compliance services	29,500	29,500
Recruitment services	-	3,000
Accounting training	-	3,500
	33,100	**39,600**

8(a) FINANCE INCOME AND FINANCE COSTS

	2018 NGN'000	2017 NGN'000
Interest income under the effective interest rate method		
Interest income on short- term bank deposits	31,707	92,391
Interest income on loans to transporter (Note 14)	25	20,047
Total interest income arising from financial assets at amortised cost	31,732	112,438
Net foreign exchange gain (Note 8(b)	242,869	-
Total finance income	**274,601**	**112,438**
Finance costs arising from financial liabilities measured at amortized cost		
Interest expense (Note 24(a)	167,708	361,807
Finance costs - other		
Bank charges	50,408	63,799
Net foreign exchange loss	-	784,657
Total finance costs	218,116	1,210,263
Net finance (income)/costs recognised in profit or loss	**(56,485)**	**1,097,825**

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

	2018 NGN'000	2017 NGN'000
Interest expense (Note 24(a)	167,708	361,807
Bank charges	50,408	63,799
Effects of movements in exchange rates on cash held	13,009	817,608
Foreign exchange movements in trade and other payables	186,600	435,333
Foreign exchange movements in trade and other receivables	(442,478)	(468,284)
	(24,753)	**1,210,263**
Analyzed as follows:		
Net forex gain included in finance income (Note 8(a)	(242,869)	-
Finance cost shown on the Statement of Cash flows	218,116	1,210,263
	(24,753)	**1,210,263**

9. LOSS BEFORE INCOME TAX

(a) Loss before income tax is stated after charging/(crediting):

	2018 NGN'000	2017 NGN'000
Depreciation (Note 12)	1,449,956	1,454,066
Amortisation of intangible assets (Note 13)	16,446	13,807
Management fees (Note 29 (c)	360,065	323,197
Directors' remuneration (Note 9(b)iv)	28,950	20,692
Employee benefit expense (Note 9(b)i)	685,373	713,023
Auditor remuneration	35,000	35,000
Gain on sale of property, plant and equipment (Note 6)	(9,565)	(8,528)
Write off of property, plant & equipment (Note 12(a)	-	163,419
(Reversal of)/impairment loss on truck loan receivables (Note 14(a)	(39,959)	32,585
Impairment of Petroleum Equalization Fund receivables (Note 28(a)(v)	30,591	-
Impairment of Petroleum Product Pricing Regulatory Agency receivables (Note 28(a)(v)	14,697	-
Impairment of related party receivables (Note 29(e)	46,494	-
Write-off of inventory	688,233	-
Reversal of impairment of inventory (Note 18)	(24,238)	-
Deduction on settlement of PPPRA receivables	172,085	-
(Reversal of)/impairment loss on trade receivables (Note 28(a)	(161,776)	699,137
(Recovery of)/write off of employee and other receivables	(627)	25,941
Net foreign exchange (gain)/loss (Note 8)	(242,869)	784,657

(b) Directors and employees

i Employee costs during the year comprise:

	2018 NGN'000	2017 NGN'000
Salaries and wages	463,706	517,599
Other employee benefits	175,967	146,335
Employer's pension contribution	44,051	48,725
Other long term employee benefit charge (Note 21(c)	1,649	364
	685,373	**713,023**

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

	Number 2018	2017
Administration	45	47
Technical and production	24	27
Operations and distribution	16	20
Sales and marketing	32	36
	117	**130**

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 NGN2,000,000 (excluding pension contributions) in the following ranges:

NGN'000		NGN'000	2018	2017
2,000,001	-	3,000,000	1	1
3,000,001	-	4,000,000	7	33
4,000,001	-	5,000,000	44	48
5,000,001	-	6,000,000	35	12
6,000,001	-	7,000,000	8	7
7,000,001	-	8,000,000	5	8
8,000,001	-	9,000,000	7	9
9,000,001	-	10,000,000	3	3
Above		10,000,000	7	9
			117	**130**

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

	2018 NGN'000	2017 NGN'000
Fees	5,000	1,250
Other emoluments	23,950	19,442
	28,950	20,692
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	**8,445**	**7,767**
Other directors received emoluments in the following ranges:		

NGN'000		NGN'000	Number	
Nil			3	3
3,000,001	-	4,000,000	4	4
4,000,001	-	5,000,000	4	-
5,000,001	-	6,000,000	1	-
7,000,001	-	8,000,000	**-**	**1**

10. (LOSS)/EARNINGS PER SHARE (EPS) AND DIVIDEND DECLARED PER SHARE

(a) Basic (loss)/earnings per share

Basic loss per share of NGN4.15 (2017: earnings per share of NGN5.45) is based on loss attributable to ordinary shareholders of NGN1,264,941,000 (2017: profit of NGN1,385,056,000) and on the weighted average number of ordinary shares in issue during the year (2017: 253,988,672).

	2018	2017
(Loss)/profit for the year attributable to shareholders (expressed in Naira)	(1,264,941,000)	1,385,056,000*
Weighted average number of ordinary shares in issue	304,786,406	304,786,406*
Basic (loss)/earnings per share (expressed in Naira per share)	**(4.15)**	**4.54**

* Adjusted for comparability due to bonus issue in current year

(b) Diluted earnings per share

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

(c) Dividend declared per share

During the year the Directors proposed a bonus issue of 1 (one) new share of 50 kobo each for every 5 (five) existing shares. This represents 50,797,734 ordinary shares fully paid up. No dividends were declared during the year (2017: NGN439.40 million at 173 kobo per share) on 304,786,406 ordinary shares of 50 kobo each, being the ordinary shares in issue during the year (2017: 253,988,672).

11. INCOME TAXES

(a) Income tax expense and income which are not deductible or chargeable for tax purposes and comprises:

Amounts recognized in profit or loss

	2018	2017
	NGN'000	NGN'000
Current tax expense:		
Income tax	57,291	460,222
Tertiary education tax	11,108	41,307
Capital gains tax	-	33
Changes in estimate related to prior years	-	123,046
	68,399	624,608
Deferred tax credit:		
Origination and reversal of temporary differences	(230,906)	(3,006,273)
Income tax credit	**(162,507)**	**(2,381,665)**

(b) Reconciliation of effective tax rates The tax on the Company's profit before tax differs from the theoretical amount as follows:

		2018		2017
	%	NGN'000	%	NGN'000
Loss before income tax		(1,427,448)		(996,609)
Income tax using statutory tax rate	30	(428,234)	30	(298,983)
Impact of tertiary education tax	2	(28,549)	2	(19,932)
Capital gains tax	-	-	-	33
Effects of tax incentives	-	(5,069)	7	(64,829)
Non deductible expenses	(19)	270,286	(25)	251,966
Tax exempt income	-	-	-	-
Differences in CIT rate and TET rate	(2)	28,999	-	4,289
Derecognition of previously recognised taxable difference	-	-	239	(2,380,475)
Changes in estimates related to prior years	-	-		123,046
Other differences	-	60	-	3,221
Total income tax expense in income statement	**11**	**(162,507)**	**239**	**(2,381,665)**

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

(c) Movement in current tax liability

	2018	2017
	NGN'000	NGN'000
Balance at begininning of the year	653,429	1,208,500
Payments during the year	(450,580)	(1,125,628)
Net charge for the year (Note 11(a))	68,399	624,608
Withholding tax credit notes utilised (Note 17)	(50,883)	(54,051)
	220,365	653,429

(d) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31- Dec-18	31-Dec-17	31- Dec-18	31-Dec-17	31- Dec-18	31-Dec-17
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant & equipment	-	-	(2,179,708)	(2,507,312)	(2,179,708)	(2,507,312)
Employee benefits	4,275	3,807	-	-	4,275	3,807
Trade receivables	546,056	236,754	-	-	546,056	236,754
Truck loan receivables	-	10,427	76,603	-	76,603	10,427
Other receivables	37,274	37,274	-	-	37,274	37,274
Inventories	2,080	9,836	-	-	2,080	9,836
PPPRA receivables	22,041	-	-	-	22,041	-
PEF receivables	19,971	-	-	-	19,971	-
Related party receivable	61,382	-	-	-	61,382	-
Net unrealised exchange differences	94,017	98,583	-	-	94,017	98,583
	787,096	**396,681**	**(2,103,105)**	**(2,507,312)**	**(1,316,009)**	**(2,110,631)**

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

(e) Movement in temporary differences during the year

	1-Jan-17	Recognised in profit or loss	Balance 31-Dec-17	Effect of transitioning to IFRS 9	Balance 1-Jan-2018	Recognised in profit or loss	Balance 31-Dec-18
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant & equipment	(5,188,135)	2,680,823	(2,507,312)	-	(2,507,312)	327,604	(2,179,708)
Employee benefits	4,445	(638)	3,807	-	3,807	468	4,275
Trade receivables	93,995	142,759	236,754	410,729	647,483	(101,427)	546,056
Truck loan receivables	-	10,427	10,427	78,963	89,390	(12,787)	76,603
Other receivables	37,274	-	37,274	-	37,274	-	37,274
Inventories	19,382	(9,546)	9,836	-	9,836	(7,756)	2,080
PPPRA receivables	-	-	-	17,338	17,338	4,703	22,041
PEF receivables	-	-	-	10,182	10,182	9,789	19,971
Related party receivable	-	-	-	46,504	46,504	14,878	61,382
Net unrealised exchange differences	(83,865)	182,448	98,583	-	98,583	(4,566)	94,017
	(5,116,904)	3,006,273	(2,110,631)	563,716	(1,546,915)	230,906	(1,316,009)

12. PROPERTY, PLANT AND EQUIPMENT

(a) The movement in property, plant & equipment were as follows:

	Leasehold land	Building	Plant & machinery	Automotive equipment	Computer & office equipment	Furniture & Fittings	Capital work-in progress	Total
Cost	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
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(b))	(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**
Balance as at 1 January 2018	8,472,302	6,093,879	10,674,724	1,295,340	936,157	218,213	58,215	27,748,830
Additions	46,095	86,221	140,691	60,249	18,849	1,280	570,457	923,842
Transfers	-	37,300	18,655	-	4,044	-	(59,999)	-
Disposals	-	(1,120)	-	(37,680)	-	-	-	(38,800)
Balance as at 31 December 2018	**8,518,397**	**6,216,280**	**10,834,070**	**1,317,909**	**959,050**	**219,493**	**568,673**	**28,633,872**
Accumulated depreciation and impairment								
Balance as at 1 January 2017 as previously reported	526,284	1,875,266	5,762,811	667,992	772,543	187,471	-	9,792,367
Reclassification*	96,179	(96,179)	-	-	-	-	-	-
Adjusted 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)
Disposals	-	-	(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**
Balance as at 1 January 2018	-	1,978,156	6,629,210	794,991	815,091	193,220	-	10,410,668
Charge for the year	-	235,181	1,036,891	133,986	38,261	5,637	-	1,449,956
Disposals	-	(523)	-	(15,017)	-	-	-	(15,540)
Balance as at 31 December 2018	**-**	**2,212,814**	**7,666,101**	**913,960**	**853,352**	**198,857**	**-**	**11,845,084**
Balance as at 31 December 2018	**8,518,397**	**4,003,466**	**3,167,969**	**403,949**	**105,698**	**20,636**	**568,673**	**16,788,788**
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 1 January 2017	**8,539,458**	**4,222,345**	**5,022,013**	**362,130**	**105,815**	**26,465**	**124,228**	**18,402,454**

*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) In 2017, 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 was consequently reversed against cost of the land in the prior year. Accordingly, no depreciation is charged on land (2017: Nil).

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

	2018	2017
	NGN'000	NGN'000
Capital commitments	282,884	-

(d) No property, plant and equipment has been pledged as collateral in respect of any facility (2017: Nil).

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

13. INTANGIBLE ASSETS

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

	2018	2017
Cost	NGN'000	NGN'000
Balance as at 1 January	280,678	276,683
Additions	-	3,995
Balance as at 31 December	280,678	280,678
Accumulated amortization		
Balance as at 1 January	260,570	246,763
Charge for the year (Note7(a))	16,446	13,807
Balance as at 31 December	277,016	260,570
Carrying amount	**3,662**	**20,108**

The amortization of accounting software is included in administrative expenses (Note 7(a))

14. TRUCK LOAN RECEIVABLES

	2018	2017
	NGN'000	NGN'000
Balance as at 1 January	246,760	445,193
Adjustment on initial application of IFRS 9 (Note 28(a)(v))	(246,760)	-
Restated Opening balance at 1 January 2018	-	-
Insurance	-	44,050
Interest accrued (Note 14(a))	-	20,047
Principal received during the year	(39,934)	(209,898)
Interest received during the year (Note 8(a))	(25)	(20,047)
	(39,959)	(165,848)
Impairment recognised	-	(60,495)
Impairment loss reversal (Note 28(a), Note 14(b)))	39,959	27,910
Net (reversal of)/impairment loss recognised	39,959	(32,585)
Balance as at 31 December	**-**	**246,760**

(a) Interest income received with respect to these loans was NGN0.025 million (2017: NGN20.05 million) and has been included as part of finance income in profit or loss (Note 8). The Company did not incur additional cost during the year (2017: Insurance cost of NGN44.05 million was incurred). Truck loan arose from an arrangement which the Company entered into with some of its transporters to provide tankers to these transporters. The transporters made a 20% contribution at the commencement of the arrangement and are to repay the Company's contribution to the cost of the tankers plus an interest of 17% per annum. The transporters are 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 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 2015, the arrangement was revised and the interest on outstanding payments was increased to 20% per annum with an extension of tenure for another 12 months.

(b) The Company had recorded full impairment of the loan receivables on transition to IFRS 9 on 1 January 2018 as the Company believes that the outstanding truck loans are doubtful of recovery. However, during the year, based on recoveries made, the Company recorded a reversal of impairments of NGN39.96 million (2017: charge NGN32.59 million).

(c) Truck loan receivable

	2018 NGN'000	2017 NGN'000
Gross truck loan receivble	300,966	340,925
Impairment allowance (Note 28(a)(v))	(300,966)	(94,165)
Net truck loan receivable	**-**	**246,760**

The Company's exposure to credit risks related to truck loan receivables are disclosed in Note 28(a).

15. TRADE AND OTHER RECEIVABLES

	2018 NGN'000	2017 NGN'000
Trade receivables (Note 15(a))	2,683,943	4,262,400
DMO holdback (Note 15(e))	8,111,679	-
Bridging claims (Note 15(c))	6,215,722	3,200,776
Petroleum Support Fund (PSF) (Note 15(b))	6,937,004	18,097,601
Receivables from related parties (Note 15(e))	675,038	656,786
Employee receivables	67,851	50,108
Due from joint arrangement partners	97,059	27,888
Receivables from registrar	53,350	26,093
Sundry receivables	145,789	317,394
Total financial assets	24,987,435	26,639,046
Non financial assets		
Advances paid to suppliers	250,849	3,941,893
	25,238,284	30,580,939
Non- current portion	-	-
Current portion	25,238,284	30,580,939

(a) Trade receivables

	2018 NGN'000	2017 NGN'000
Gross trade receivables	4,894,771	5,351,475
Impairment allowance (Note 28(a)(v))	(2,210,828)	(1,089,075)
Net trade receivables	**2,683,943**	**4,262,400**

(b) Petroleum Support Fund (PSF)

	2018	2017
	NGN'000	NGN'000
Gross PSF receivable	7,005,880	18,097,601
Impairment allowance (Note 28(a)(v))	(68,876)	-
Net PSF receivable	**6,937,004**	**18,097,601**

The Company received a Promissory Note of NGN4.54 billion dated 14 December 2018 from the Debt Management Office (DMO) of the Federal Ministry of Finance in respect of amounts reconciled to date totalling NGN12.82 billion. The DMO held back an amount of NGN8.11 billion (Note 15(d)) for the settlement of liabilities owed by the Company to certain government agencies and to financial institutions based on a court order. In executing the settlement, DMO deducted an amount of NGN172.09 million as a palliative deduction (Note 7(a))

(c) Bridging claims

	2018	2017
	NGN'000	NGN'000
Gross bridging claims	6,278,130	3,200,776
Impairment allowance (Note 28(a)(v))	(62,408)	-
Net bridging claims	**6,215,722**	**3,200,776**

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.

(d) DMO holdback

DMO holdback is comprised of:

	2018	2017
	NGN'000	NGN'000
Amount set aside for liabilities owed to government agencies	2,846,738	-
Amount set aside for liabilities owed to financial institutions	5,264,941	-
	8,111,679	**-**

The DMO held back the amounts owed to government agencies by the Company for direct settlement of those liabilities. The amount held back in respect of financial institutions was based on court orders issued by the Federal High Court in Abuja requiring that the amount be withheld by the DMO for settlement of certain liabilities owed to certain financial institutions. These liabilities relate to financing provided by those financial institutions to the Company for product importation in prior years. The relevant liabilities in respect of government agencies and financial institutions are included in trade and other payables (See Note 24(d)) and short term borrowings (Note 25)

(e) Due from related parties

	2018	2017
	NGN'000	NGN'000
Gross receivable from related parties (Note 29(e))	866,856	656,786
Impairment allowance (Note 28(a)(v))	(191,818)	-
Net receivable from related parties	**675,038**	**656,786**

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 28(a).

16. PROMISSORY NOTE

	2018	2017
	NGN'000	NGN'000
Promissory note from DMO (Note 16(a))	4,535,573	-

(a) The promissory note (PN) was issued by the Debt Management Office (DMO) on 14 December 2018, in part settlement of the amount owed to the Company by the PPPRA. The unconditional and irrevocable promissory note has a maturity date of 14 December 2019 and is backed by the full faith and credit of the Federal Government of Nigeria and charged upon the general assets of Nigeria. The PN is to be submitted to the Central Bank of Nigeria for payment.

17. WITHHOLDING TAX RECEIVABLES

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

	2018	2017
	NGN'000	NGN'000
Balance at 1 January	70,542	68,288
Additions	60,187	56,305
Withholding tax credit note utilised (Note 11(c))	(50,883)	(54,051)
Balance at 31 December	**79,846**	**70,542**

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.

18. INVENTORIES

	2018	2017
	NGN'000	NGN'000
Premium Motor Spirit (PMS)	1,273,759	1,136,587
Lubricants and greases		2,218,615
	1,765,615	
Aviation Turbine Kerosene (ATK)	1,336,121	1,297,952
Automotive Gas Oil (AGO)	20,751	188,444
Dual Purpose Kerosene (DPK)	-	423,133
Packaging materials and other sundry items	77,043	24,641
	4,473,289	**5,289,372**

Inventory amounting to NGN3.79 million (2017: NGN485.22 million) was held in a facility owned by MRS Oil and Gas Limited, a related party (Note 29(a)). Refer to Note 29(i)(a) for write offs related to inventory balances held by a related party. The value of changes in products, packaging materials and work-in-progress included in cost of sales amounted to NGN84.70 billion (2017: NGN99.44 billion). In 2018, there was an assessment of inventory for impairment which resulted in a reversal of impairment allowance by NGN24.24 million (2017: NGN29.83 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.

	2018	2017
	NGN'000	NGN'000
Gross inventory	4,497,425	5,337,746
Impairment allowance (Note 18(a))	(24,136)	(48,374)
Net inventory	**4,473,289**	**5,289,372**

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

	2018	2017
	NGN'000	NGN'000
Balance as at 1 January	48,374	78,205
Net reversal of impairment allowance (Note 7(a))	(24,238)	(29,831)
Balance as at 31 December	**24,136**	**48,374**

19. CASH AND CASH EQUIVALENTS`

	2018	2017
	NGN'000	NGN'000
Cash at bank and on hand	1,685,695	3,133,945
Short term deposits with banks	408,391	846,927
Cash and cash equivalents in the statement of financial position	2,094,086	3,980,872
Bank overdraft (Note 25)	(669,814)	(3,960,528)
Cash and cash equivalents in the statement of cash flows	**1,424,272**	**20,344**

The Company's exposure to credit risk and currency risks are disclosed in Note 28(a).

20. SHARE CAPITAL

	2018	2017
Authorised:	NGN'000	NGN'000
322,454,964 (2017: 271,657,230) Ordinary shares of 50k each	161,227	135,829
Issued and fully paid:		
304,786,406 (2017:253,988,672) Ordinary shares of 50k each	152,393	126,994
Issued and fully allotted:		
304,786,406 (2017: 253,988,672) Ordinary shares of 50k each	152,393	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.

21. EMPLOYEES BENEFIT OBLIGATIONS

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

	2018	2017
	NGN'000	NGN'000
Other long term employee benefits	13,361	11,899
Total employee benefits liabilities	**13,361**	**11,899**

(b) Other long term employee benefits comprise long service awards and it is funded on a pay as-you go basis by the Company. The provision was based on an independent actuarial valuation performed by Brian Karidza FRC/2017/NAS/00000016625, of Alexander Forbes Financial Services (2017: 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 2018.

(c) The movement in other long term employee benefits is as follows:

	2018	2017
	NGN'000	NGN'000
Balance as at 1 January	11,899	13,891
Included in profit or loss		
Current service cost	4,512	6,273
Interest cost	2,284	1,919
Remeasurement gains (net)	(5,147)	(7,828)
Net charge to profit or loss (Note 9(b)(i))	1,649	364
Benefits paid by the employer	(187)	(2,356)
Balance as at 31 December	**13,361**	**11,899**

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions.

These assumptions are not considered to have a material effect on the financial statements for the year ending 31 December 2019 as the balance is not material to the financial statements.

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

	2018	2017
	NGN'000	NGN'000
Long-term average discount rate (p.a)	16.1%	14.0%
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)	5	8

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	2018	2017
	Number of deaths in year out of 10,000 lives	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	2018	2017
	Rates	
<31	3.0%	3.0%
31-39	5.0%	2.0%
40-44	5.0%	2.0%
45-54	3.0%	1.0%
55-59	2.0%	0.0%

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2017: age 60).

Sensitivity Analysis

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

		Long Service Award (NGN'000)
Discount rate	-1%	14,015
	+1%	12,655
Salary increase rate	-1%	12,812
	+1%	13,832
Inflation rate	-1%	13,055
	+1%	13,575
Mortality rate		
Aged rated up by 1 year		13,271
Age rated down by 1 year		13,329

22. SECURITY DEPOSITS

	2018	2017
	NGN'000	NGN'000
Security deposits	2,174,393	1,924,369

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. See Note 28(a)(iv).

These deposits do not bear interest and are refundable to the dealers at anytime they or the Company terminates the business arrangements in the event that the amount is in excess of the outstanding receivable.

The Company's exposure to liquidity risks related to security deposits is disclosed in Note 28(b).

23. DIVIDENDS AND BONUS SHARES

(a) Declared dividends

During the year the Directors proposed a bonus issue of 1 (one) new share of 50 kobo each for every 5 (five) existing shares. This represents 50,797,734 ordinary shares fully paid up amounting to NGN25.40 million. No dividends were declared by the Company during the year.

	2018	2017
	NGN'000	NGN'000
No dividend declared and paid per qualifying ordinary share during the year (2017: N1.73 kobo)	-	439,400

(b) Dividend Payable

	2018	2017
	NGN'000	NGN'000
Balance as at 1 January	461,669	411,318
Declared dividend	-	439,400
Payments	(12,055)	(389,049)
Unclaimed dividend written back to retained earnings (Note 23(d))	(74,037)	-
Balance as at 31 December	**375,577**	**461,669**

(c) Included in the dividend payable balance at year end is an amount of NGN53.35 million (2017: NGN53.28 million), which is held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at year end does not attract interest.

(d) The Company reversed unclaimed dividends of NGN74.04 million back into retained earnings. This represents the value of dividends 32 and 33 which became statutes barred after remaining unclaimed for 12 years after declaration.

24. TRADE AND OTHER PAYABLES

	2018	2017
	NGN'000	NGN'000
Trade payables (Note 24(a))	7,990,887	11,629,422
Accrued expenses	591,405	569,261
Amount due to joint arrangement partners (Note 24(c))	241,049	252,913
Bridging allowance (Note 24(d))	6,258,734	4,457,911
Amounts due to related parties (Note 29(e))	1,538,145	1,629,279
Total financial liabilities	**16,620,220**	**18,538,786**
Non financial liabilities		
Statutory deductions (Note 24(b))	255,195	331,853
Advances received from customers (Note 24(e))	1,214,324	1,708,142
	1,469,519	2,039,995
	18,089,739	**20,578,781**

(a) Included in trade payables is an amount of NGN6.49 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company (2017: NGN9.10 billion). The interest charged is included in interest expense (Note 8(a)).

(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 the Company's contribution to the Fund.

(e) Amount relates to cash received from customers in advance for sale of products. These amounts are utilised for the purpose of supplies of products at any point in time when the customer decides to take delivery of the relevant products.

The Company's exposure to liquidity risk and currency risks are disclosed in Note 28(b).

25. SHORT TERM BORROWINGS

	2018	2017
	NGN'000	NGN'000
Bank overdraft (Note 19, Note 25(a))	669,814	3,960,528
Bank borrowing (Import Finance and other short term facilities) (Note 25(b))	10,657,107	5,679,324
Balance as at 31 December	**11,326,921**	**9,639,852**

(a) The interest rate on this overdraft was 20% per annum (2017: interest rates ranged between 19% to 23.5%). 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 NGN0.79 million (2017: NGN0.34 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 19).

(b) Import finance facilities represents short term borrowings, including unpaid interest and expenses 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. There was no balance in the sinking fund account as at year end (2017: Nil).

Subsequent to year end, as part of negotiations to close out on the outstanding subsidy claims, the Central Bank of Nigeria issued a letter dated 18 January 2019 requiring banks to take a 100% haircut on interest accrued on these import finance facilities (IFF) from 1 July 2017 to date. Promissory notes expected to be issued by the Federal Government to the petroleum marketers (such as the Company) will be used to settle the remaining balance of the IFF. Settlement of the import finance facility has been outstanding mainly due to the delay in settlement of the Company's subsidy claims by the Federal Government.

(c) Movement of short term borrowings received to statement of cash flows is as follows:

	2018	2017
	NGN'000	NGN'000
Opening balance	5,679,324	18,526,556
Additions:		
- Principal	3,700,000	3,236,552
- Interest capitalised	1,197,331	210,151
Repayments	-	(18,056,744)
Exchange loss on borrowings	80,452	1,762,809
Balance as at 31 December	**10,657,107**	**5,679,324**

The Company's exposure to liquidity risk and currency risks are disclosed in Note 28(b).

26. PREPAYMENTS

	2018 NGN'000	2017 NGN'000
Operating leases	851,289	808,659
Other prepayments	218,385	200,852
	1,069,674	**1,009,511**

The Company leases a number of offices and service stations under both cancellable and noncancellable leases. During the year, an amount of NGN245.72 million (2017: NGN223.75 million) was recognized as an expense in profit or loss in respect of operating leases. Lease rentals are paid upfront and included in pre-payments (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.

	2018 NGN'000	2017 NGN'000
Non current portion	775,010	699,649
Current portion	294,664	309,862
	1,069,674	**1,009,511**

Movement in prepayment

	2018 NGN'000	2017 NGN'000
Opening balance	1,009,511	911,203
Additions	741,717	673,859
Release to profit or loss	(681,554)	(575,551)
	1,069,674	**1,009,511**

27. PROVISIONS

	2018 NGN'000	2017 NGN'000
Balance at 1 January	46,139	-
Provisions made during the year	-	46,139
Balance as at 31 December	**46,139**	**46,139**
Non -current	-	44,147
Current	**46,139**	**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.

28. FINANCIAL RISK MANAGEMENT

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 investments in debt securities.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

In thousands of Naira	2018	2017
(Reversal of)/impairment loss on trade receivables arising from contracts with customers	(161,776)	699,137
(Reversal of)/impairment loss on truck loan receivable	(39,959)	32,585
Impairment of Petroleum Equalization Fund receivables	30,591	-
Impairment of Petroleum Product Pricing Regulatory Agency receivables	14,697	-
Impairment of related party receivables	46,494	-
	(109,953)	**731,722**

i) Maximum credit exposure

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

	2018	2017
	NGN'000	NGN'000
Trade receivables		
- Major customers	4,361,904	4,736,832
- Other customers	532,867	614,643
- Impairment allowance	(2,210,828)	(2,467,556)
	2,683,943	2,883,919
- Due from related parties	675,038	1,638,118
- Due from regulators (Government entities)		
- Petroleum Equalisation Fund (PEF)	6,215,722	2,880,698
- Petroleum Support Fund (PSF)	6,937,004	18,097,601
- Other receivables*	364,049	421,483
	16,875,756	**25,921,819**

* Excludes advances paid to suppliers and withholding tax receivables.

ii) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness 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 22). 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. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 to 45 days for retail and commercial customers respectively.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, which are: retail, aviation and commercial/industrial.

The Company is taking actions to limit its exposure to customers in general. In 2018, the Company made certain changes to its credit policy; reducing the credit exposure to aviation customers by dealing with them on a cash and carry basis as the Company's experience is that these customers have a higher risk of payment default than others.
The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivable for which no loss allowance is recognised because of collateral. At 31 December 2018, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

In thousands of Naira	2018	2017
Retail customers	2,491,927	2,856,811
Commercial and industrial	898,969	748,157
Aviation	1,503,875	1,746,507
	4,894,771	**5,351,475**

iii) Comparative information under IAS 39

An analysis of the credit quality of trade and other receivables that neither past due nor impaired; and the ageing of trade and other receivables that were past due but not impaired as at 31 December 2017 is as follows: As at year end, the aging of trade and other receivables that were not impaired was as follows:

	2017
	NGN'000
Neither past due nor impaired	2,388,697
Past due 0-30 days	154,063
Past due 31-60 days	198,468
Past due 61-180 days	742,384
Past due 181 days and above	27,056,246
	30,539,858

The movement in allowance for impairment in respect of trade receivables in 2017 was as follows:

	2017
	NGN'000
Balance as at 1 January	581,073
Impairment loss recognised	746,154
Reversal of impairment allowance	(47,017)
Net impairment allowance (Note 7(a))	699,137
Bad debt written off	(191,135)
Balance as at 31 December	**1,089,075**

The movement in allowance for impairment in respect of truck loans receivables in 2017 was as follows:

	2017
	NGN'000
Balance as at 1 January	61,580
Adjustment on initial application of IFRS 9	-
Adjusted balance at 1 January	61,580
Impairment allowance for the year	60,495
Reversal of impairment allowance	(27,910)
Net impairment allowance (Note 7(a))	32,585
Balance as at 31 December	**94,165**

iv) Expected credit loss assessment as at 1 January and 31 December 2018

Expected credit loss assessment for government and related party receivables at 1 January and 31 December 2018

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements and management accounts of customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies (Moody's and Standard and Poors) Exposures within each credit risk grade are segmented by counterparty type (PEF, PPPRA and related parties) and an ECL rate is calculated for each segment based on the probability of default and a consideration of forward looking information.

Expected credit loss assessment for trade receivables at 1 January and 31 December 2018

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a large number of small to medium balances.

Loss rates are calculated using a 'single default' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Single default rates are calculated separately for exposures in different segments based on common credit risk characteristics - mainly customer type. The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

Aviation customers 31 December 2018	Weighted average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
In thousands of Naira				
Current (not past due)	8.93%	299,043	26,705	No
1–30 days past due	53.34%	74,035	39,490	No
31–60 days past due	63.56%	13,803	8,773	No
61–180 days past due	67.57%	48	32	No
181-365 days past due	69.31%	36,443	25,259	No
More than 365 days past due	100.00%	1,080,503	1,080,503	Yes
		1,503,875	**1,180,762**	

Retail customers 31 December 2018	Weighted average loss rate	Gross carrying amount*	Loss allowance	Creditimpaired
In thousands of Naira				
Current (not past due)	11.11%	74,723	8,302	No
1–30 days past due	22.05%	51,566	11,370	No
31–60 days past due	30.50%	24,307	7,414	No
61–180 days past due	37.97%	59,860	22,729	No
181-365 days past due	65.22%	530,983	346,311	No
More than 365 days past due	100.00%	236,077	236,077	Yes
		977,516	**632,203**	

* This has been adjusted with security deposits. (See Note 22).

Commercial/industrial customers	Weighted average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
In thousands of Naira				
Current (not past due)	17.38%	219,974	38,232	No
1–30 days past due	22.93%	159,041	36,468	No
31–60 days past due	32.57%	109,973	35,823	No
61–180 days past due	41.66%	167,618	69,837	No
181-365 days past due	66.01%	73,150	48,289	No
More than 365 days past due	100.00%	169,212	169,212	Yes
		898,968	**397,861**	

Loss rates are based on actual credit loss experience over the past two to three years. These rates are adjusted to reflect economic conditions for the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables (forward looking information). Forward looking information is re-evaluated at every reporting date.

For instance, the Company determined that the Gross Domestic Product (GPD) has the most significant impact on the ability of the counterparties to settle receivables. Therefore, if GDP growth rate is expected to significantly deteriorate, over the next year, which can result in increased default, the historical default rate is adjusted.

v) Movements in the allowance for impairment of financial assets

The movement in the allowance for impairment in respect of financial assets during the year was as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39. There was no collective impairment in 2017.

	Truck loan receivables	Trade receivables	PEF Receiva-bles	PPPRA Receiva-bles	Related Party Re-ceivables	Total
Balance at 1 January under IAS 39	94,165	1,089,075	-	-	-	**1,183,240**
Adjustment on initial application of IFRS 9 (Note 2(e)B)	246,760	1,283,529	31,818	54,180	145,324	**1,761,611**
Balance at 1 January 2018 under IFRS 9	**340,925**	**2,372,604**	**31,818**	**54,180**	**145,324**	**2,944,851**
Net remeasurement of loss allowance (Note 7(a)	(39,959)	(161,776)	30,591	14,697	46,494	**(109,953)**
Balance at 31 December 2018	**300,966**	**2,210,828**	**62,409**	**68,877**	**191,818**	**2,834,898**

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, sufficient impairment has been recognised in respect of the trade and other receivables.

vi) Due from Government entities

This comprises amount due from the Petroleum Product Pricing Regulatory Agency (PPPRA) with respect to subsidies/Petroleum Support Fund (PSF) receivable on imported products as well as amounts receivable from the Petroleum Equalisation Fund (PEF) with respect to bridging claims.

Determination of amounts due are based on existing regulations/guidelines. For bridging claims amounting to NGN6.22 billion (2017: NGN3.20 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 NGN6.26 billion (2017: NGN4.46 billion) recorded as a liability (Note 24). However, as the right of set off does not exist, the amounts have been presented gross in these financial statements. Refer to Note 2(d)(i) for judgements and assumptions relating to PPPRA receivables. The directors have assessed government receivables for impairment in accordance with IFRS 9. See Note 28(a)(v).

vii) 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 contractually settled on a net basis. Related party receivable balances were assessed for impairment in accordance with IFRS 9. See Note 28(a)(v).

viii) 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 was no impairment loss recognised in this category of receivables during the year. (2017: Nil).

ix) Truck loan receivables

Loans receivable comprise amounts loaned to some of the Company's transporters. See Note 14. The balances due from these transporters have been fully impaired.

x) Cash and cash equivalents

The Company held cash and cash equivalents of NGN2.09 billion as at 31 December 2018 (2017: NGN3.98 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash reside with banks that have good credit ratings issued by reputable international rating agencies.

xi) Promissory note

The Company held promissory note issued by the Debt Management Office (DMO) of NGN4.54 billion as at 31 December 2018 (2017: Nil) which represents its maximum credit exposure on these assets. The credit risk on this is not significant as the promissory note is backed by the full faith and credit of the Federal Government of Nigeria.

(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.

	Note	Carrying amount	Contractual cash flows	6months or less
Non- derivative financial liabilities				
31 December 2018				
Overdraft and other short term borrowing	25	11,326,921	11,326,921	11,326,921
Dividend payable	23	375,577	375,577	375,577
Trade and other payables*	24	16,620,220	16,620,220	16,620,220
Security deposits	22	2,174,393	2,174,393	2,174,393
		30,497,111	**30,497,111**	**30,497,111**
31 December 2017				
Overdraft and other short term borrowing	25	9,639,852	9,788,133	9,788,133
Dividend payable	23	461,669	461,669	461,669
Trade and other payables*	24	22,193,591	22,193,591	22,193,591
Security deposits	22	1,924,369	1,924,369	1,924,369
		34,219,481	**34,367,762**	**34,367,762**

* Excludes advances received from customers and statutory liabilities.

(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 transactional foreign risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables and borrowings are denominated and the respective functional currency of the Company, which is the Naira. The currency in which these foreign currency transactions primarily are denominated is US Dollars (USD) and Euro (EUR). 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 summary of quantitative data about the Company's exposure to currency risk is as follows:

In thousands	December 2018	December 2017
Financial assets		
Trade and other receivables		
USD	517	17,417
Cash and cash equivalents		
USD	333	251
Financial liabilities		
Short term borrowings	(6,264)	(4,990)
USD		
Trade and other payables		
USD	(6,436)	(16,539)
EUR	-	(54)
Net statement of financial position exposure		
USD	**(11,850)**	**(3,861)**
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.

	Decrease in profit or loss
31 December 2018	**NGN'000**
USD (10 percent strengthening)	(425,166)
EUR (10 percent strengthening)	-
31 December 2017	
USD (10 percent strengthening)	(127,871)
EUR (10 percent strengthening)	(2,127)

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 2018	Dec 2017	Dec 2018	Dec 2017
	NGN	NGN	NGN	NGN
US Dollar	347.12	323.34	358.79	331.16
Euro	412.46	366.33	410.56	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	
	2018	2017
	NGN'000	NGN'000
Fixed rate instruments		
Bank overdraft and borrowings	11,326,921	9,639,852
Truck loan receivable	-	246,760
Trade payables*	6,818,909	9,103,017

*Included in trade payables is an amount of NGN6.49 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company (2017: NGN9.10 billion).

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:

	2018	2017 Restated*
	NGN'000	NGN'000
Total borrowings (Note 24)	11,326,921	9,639,852
Less: Cash and cash equivalents (Note 18)	(2,094,086)	(3,980,872)
Adjusted net debt	9,232,835	5,658,980
Total equity	20,720,698	23,109,497
Total capital employed	29,953,533	28,768,477
Adjusted net debt to equity ratio	0.45	0.24

* See Note 2(e)(A) and 2(e)(B)

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

Accounting classifications and fair value

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:

	Carrying amount		
31 December 2018	**Financial assets at amortised cost**	**Other financial liabilities**	**Total**
	NGN'000	**NGN'000**	**NGN'000**
Financial assets not measured at fair value			
Trade and other receivables (Note 15)	24,987,435	-	24,987,435
Promissory note (Note 16)	4,535,573	-	4,535,573
Cash and cash equivalents (Note 19)	1,424,272	-	1,424,272
	30,947,280	-	30,947,280
Financial liabilities not measured at fair value			
Short term borrowings (Note 25)	-	11,326,921	11,326,921
Trade and other payables (Note 24)	-	16,620,220	16,620,220
Dividend payable (Note 23)	-	375,577	375,577
Security deposit (Note 22)	-	2,174,393	2,174,393
	-	30,497,111	30,497,111

	Carrying amount		
31 December 2017	**Loans and Receivables**	**Other financial liabilities**	**Total**
	NGN'000	**NGN'000**	**NGN'000**
Financial assets not measured at fair value			
Trade and other receivables (Note 15)	26,639,046	-	26,639,046
Truck loan receivables (Note 14)	246,760	-	246,760
Cash and cash equivalents (Note 19)	20,344	-	20,344
	26,906,150	-	26,906,150

Financial liabilities not measured at fair value

Short term borrowings (Note 25	-	9,639,852	9,639,852
Trade and other payables (Note 24)	-	18,538,786	18,538,786
Dividend payable (Note 23)	-	461,669	461,669
Security deposit (Note 22)	-	1,924,369	1,924,369
	-	30,564,676	30,564,676

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.

29. RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling entity

As at the year ended 31 December 2018, 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:

Nature of transactions	2018	2017
	NGN'000	NGN'000
Sales of goods	-	583
Staff secondment	(189,501)	(233,233)
Product purchase	(2,961,634)	(1,474,580)
Reimbursements for expenses	28,578	443,462

The value of products stored by MRS Oil and Gas Limited for the Company amounted to NGN3.79 million (2017: NGN485.22 million). The total transactions with MOG during year was NGN2.1 billion (2017: NGN1.26 billion).

During the year, the Company wrote off inventory of NGN424 million stored with MOG as the inventory balance was in dispute and the directors believe that the inventory was no longer recoverable. The amount has been included in cost of sales (Note 7(a).

Net balance due from MRS Oil and Gas Limited was NGN153.09 million (2017:NGN548.76 million).

(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 net balance due to Petrowest was NGN1.44 billion (2017: NGN1.54 billion)

(c) MRS Holdings Limited (MRSH)

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

Nature of transactions	2018	2017
	NGN'000	NGN'000
Management fees	(360,065)	(323,197)
Sale of goods	79,163	151,406
Reimbursable	6,223	-
Shared services	-	(146,851)

Net balance due from MRS Holdings Limited was NGN646.57 million (2017: NGN36.81 million).

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

	2018	2017
	NGN'000	NGN'000
MRS Benin S.A	54,071	49,666
Corlay Togo S.A.	239	111
Corlay Benin S.A.	112	(293)
Corlay Cote D'Ivoire	(98,092)	(92,155)
Corlay Cameroun S.A.	12,772	21,448
	(30,898)	(21,223)

		2018	2017
Nature of transaction		NGN'000	NGN'000
MRS Benin S.A.	Reimbursements for expenses	226	3,776
Corlay Togo S.A.	Reimbursements for expenses	8,964	7,875
Corlay Benin S.A.	Reimbursements for expenses	5,486	828
Corlay Cote D'Ivoire	Reimbursements for expenses	1,490	1,362
Corlay Cameroun S.A.	Reimbursements for expenses	44	46,376

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 (gross of impairment) and payables:

	December 2018		December 2017	
	Receivables	Payables	Receivables	Payables
	NGN'000	NGN'000	NGN'000	NGN'000
MRS Oil and Gas Limited (MOG)	153,093	-	548,756	-
MRS Holdings Limited	646,569	-	36,805	-
Petrowest	-	(1,440,053)	-	(1,536,831)
MRS Benin S.A.	54,071	-	49,666	-
Corlay Togo S.A.	239	-	111	-
Corlay Benin S.A.	112	-	-	(293)
Corlay Cote D'Ivoire	-	(98,092)	-	(92,155)
Corlay Cameroun S.A.	12,772	-	21,448	-
	866,856	**(1,538,145)**	**656,786**	**(1,629,279)**

(f) Netting arrangement

The Company has netting arrangements separately with MRS Oil and Gas (MOG) and MRS Holdings (MRSH), both related parties. Under these agreements, the amounts owed by, or payable to each entity is netted off periodically as a means of settlement of the balances.

The following table sets out the carrying amount of recognised financial instruments that are subject to the above agreements.

	December 2018			December 2017		
	Gross Amounts of recognised financial instruments		Net amount presented in the Statement of Financial Position	Gross Amounts of recognised financial instruments		Net amount presented in the Statement of Financial Position
	Receivables	Payables		Receivables	Payables	
MOG	1,114,917	(961,824)	**153,093**	1,321,137	(772,381)	**548,756**
MRSH	874,973	(228,404)	**646,569**	2,918,476	(2,881,671)	**36,805**

(ii) Key management personnel compensation

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

	2018	2017
	NGN'000	NGN'000
Short term employee benefits	28,950	20,692

Other remuneration to key management personnel were as follows:

	2018	2017
	NGN'000	NGN'000
Short term employee benefits	68,374	68,374
Other long term benefits	3,736	4,866
Other long term benefits	**72,110**	**73,240**

(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 NGN21.26 billion and the 5% disclosure limit is NGN1.06 billion. During the year, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited. Refer to Note 29(i)(a) for details of these transactions.

30. 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 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

2018	Revenue		Cost of sales		Gross profit	
	NGN'000	% of Total	NGN'000	% ofTotal	NGN'000	% of Total
Retail/C&I	79,565,340	89	77,226,530	90	2,338,810	55
Aviation	6,492,154	7	5,669,138	7	823,016	19
Lubes	3,495,324	4	2,360,571	3	1,134,753	26
Total	**89,552,818**	**100**	**85,256,239**	**100**	**4,296,579**	**100**

2017	Revenue		Cost of sales		Gross profit	
	NGN'000	% of Total	NGN'000	% ofTotal	NGN'000	% of Total
Retail/C&I	93,492,075	87	88,214,982	88	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**

31. SUBSEQUENT EVENTS

Subsequent to the year end, on 18 January 2019, the Central Bank of Nigeria issued an order mandating all banks to reverse all interest charged on importation facilities given to marketers between 1 July 2017 and 31 December 2018. This was due to the fact that liquidity status had been accorded to the promissory notes issued by the Federal Government of Nigeria in respect of subsidy payments to petroleum marketers on 30 June 2017.

Quantification of the haircut will be determined by the Company in conjunction with the banks in 2019.

32. 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 2018 is NGN7.42 billion (2017: NGN7.09 billion). A total provision of NGN46.14 million (2017: NGN46.14 million) (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.

33. PRIOR YEAR RECLASSIFICATIONS

Certain prior year balances within the trade and other payables and related party balances financial statement caption have been reclassified in order to conform with the current year presentation format

i. Trade and other payables (Note 24)

	31 Dec 2017		
	As previously stated	Reclassified	As re-stated
Bridging allowance	2,901,101	1,556,810	4,457,911
Trade payable	13,186,232	(1,556,810)	11,629,422

ii. Related party balances

	31 Dec 2017		
	As previously stated	Reclassified	As re-stated
Due to related parties (Note 15(e))	(5,283,331)	3,654,052	(1,629,279)
Due from related parties (Note 24)	4,310,838	(3,654,052)	656,786

OTHER NATIONAL DISCLOSURES

Value added statement
For the year ended 31

	December 2018	%	December 2017	%
Revenue	89,552,819		107,088,347	
Bought in materials and services:				
- Imported	(127,009)		(324,551)	
- Local	(89,076,055)		(104,632,657)	
	349,755		2,131,139	
Other income	375,218		150,973	
Finance income	242,869		112,438	
Value added by operating activities	**67,842**	**100**	**2,394,550**	**100**

Distribution of value Added				
To Government as:				
Taxes and duties	(162,507)	(18)	(2,381,665)	(99)
To Employees:				
Salaries, wages, fringe and end of service benefits	685,373	71	713,023	30
To providers of Finance:				
- Finance cost	218,116	23	1,210,263	51
Retained in the Business				
To maintain and replace:				
- Property,plant and equipment	1,449,956	150	1,454,066	60
- Intangible assets	16,446	2	13,807	1
Proposed dividend	-	-	-	-
Bonus dividend	25,399	3	-	-
To (deplete)/augment retained earnings	(1,264,941)	(131)	1,385,056	57
Value added	**967,842**	**100**	**2,394,550**	**100**

Five year financial summary
Statement of comprehensive income

	2018	2017	2016	2015	2014
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Revenue	89,552,819	107,088,347	109,635,054	87,099,216	92,325,405
Results from operating activities	(1,483,933)	101,216	3,289,530	1,610,521	2,431,918
(Loss)/profit before taxation	(1,427,448)	(996,609)	2,287,347	1,460,843	746,404
(Loss)/profit for the year	(1,264,941)	1,385,056	1,465,905	935,625	746,404
Comprehensive (loss)/income for the year	(1,264,941)	1,385,056	1,465,905	935,625	746,404
Ratios					
(Loss)/earnings per share (Kobo)	(415)	454	577	368	294
Declared dividend per share (Kobo)	-	173	110	88	74.93
Net assets per share (Kobo)	6,798	9,099	8,726	8,259	7,960

Statement of financial position

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Employment of Funds					
Non-current assets:					
Property,plant and equipment	16,788,788	17,338,162	18,402,454	19,053,705	20,212,384
Intangible assets	3,662	20,108	29,920	1,144	57,366
Trade and other receivables	-	-	347,922	1,211	2,044
Prepayments	775,010	699,649	578,073	354,303	297,014
Net current assets	4,482,608	7,218,255	7,936,267	6,891,678	5,187,530
Non-current liabilities:					
Employee benefit obligation	(13,361)	(11,899)	(13,891)	(12,618)	(16,307)
Provisions	-	(44,147)	-	-	-
Deferred tax liability	(1,316,009)	(2,110,631)	(5,116,904)	(5,312,099)	(5,521,910)
Net assets	**20,720,698**	**23,109,497**	**22,163,872**	**20,977,324**	**20,218,121**
Fund Employed					
Share capital	152,393	126,994	126,994	126,994	126,994
Retained earnings	20,568,305	22,982,503	22,036,847	20,850,330	20,091,127
	20,720,698	**23,109,497**	**22,163,841**	**20,977,324**	**20,218,121**

SHAREHOLDER INFORMATION

SHARE CAPITAL HISTORY:

Year	Share Capital	Mode of Acquisition
1978 - 1979	13,606,536	Initial Share Capital
1980 - 1982	27,213,072	Bonus 1980 (1:1) – 13,606,536 shares
1983 - 1985	45,355,120	Bonus 1983 (2:3) – 18,141,048 shares
1986 - 1988	68,032,680	Bonus 1986 (1:2) – 22,677,560 shares
1989	90,710,240	Bonus 1989 (1:3) – 22,677,560 shares
1990 - 1996	113,387,800	Bonus 1990 (1:4) – 22,677,560 shares
1997 - 2001	151,183,734	Bonus 1997 (1:3) – 37,795,934 shares
2002 - 2003	181,420,480	Bonus 2002 (1:5) – 30,236,746 shares
2004 - 2016	**253,988,672**	**Bonus 2004 (2:5) – 72,568,192 shares**
2017 till date	**322,454,964**	**Bonus 2017 (1:5) - 50,797,734 shares**

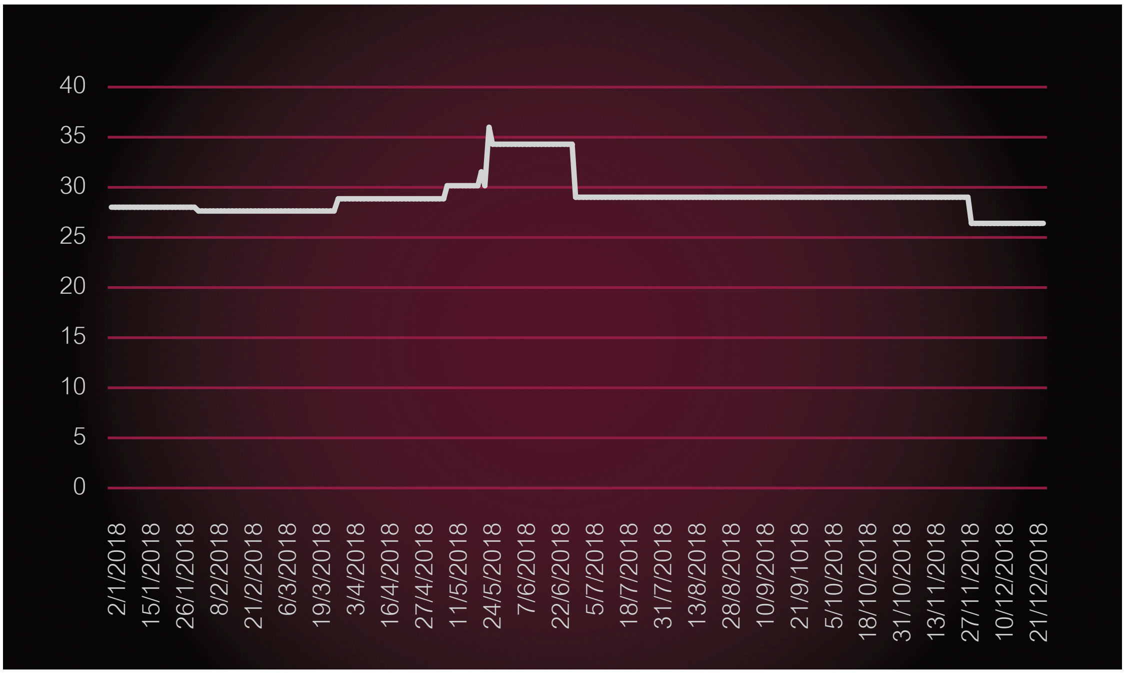
Dividend Declared:
The following dividends were declared by the Company between 2003 and 2016.

DIVIDEND	Share Capital	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 2017	48,506,482.78

For further information on the unclaimed dividend, please contact the Company's Registrar at First Registrars & Investor Services Limited plot 2, Abebe Village Road, Iganmu, Lagos or send a mail to "MRS" through the Company's website at inquiries@mrsholdings.com

SHARE PRICE MOVEMENT

MRS SHARE PRICE MOVEMENT



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

LIST OF DISTRIBUTORS

S/N	NAME	ADDRESS
1	HAMISU DAN TINKI MOTORS	275 NAIBAWA MOTOR PARK ZARIA ROAD KANO
2	CLEGEE 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 LTD	Asero Road Behind Asero Garage Abeokuta
14	A. A KARAYE MOTORS NIG LTD	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 Link, Amuwo 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 LTD	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 LTD	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.	ADOLF HYMAN NIG LTD	5,Red Cross Road P.O Box17688 Ogbete Enugu
39.	MRS JOY ADAMMA CHIDI	E8/9 New Spare Part Nkpor, Anambra
39.	DIAPER ARENA	Akure, Ondo State

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Maiduguri
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Email: inguiries@mrsholdings.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, 2018 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".

Mrs. Priscilla Thorpe-Monclus
(Managing Director, Ag.)
FRC/2019/IODN/00000019287

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

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

28 March, 2019

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 7th August, 2019 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____________, _______, 2019 and adjournment thereof.

Dated this ____________________ day of ________________ 2019.

Signature ________________________________

NUMBER OF SHARES

PROPOSED RESOLUTIONS	FOR	AGAINST
To lay the Audited Financial Statements for the year ended 31 December, 2018 and the Report of the Directors, Audit Committee and Auditors Report thereon.		
To re-elect and elect Directors under Articles 90/91 and 95 of the Company's Articles of Association. I. Chief Dr. Amobi Daniel Nwokafor II. Mr. Andrew Oghenovo Gbodume III. Mrs. Priscilla Thorpe-Monclus IV. Mrs. Priscilla Ogwemoh V. Mr. Christopher O. Okorie		
To authorize the Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee.		
To consider and if thought fit, pass the following resolution as an Ordinary Resolution: To fix the Directors fees of ₦1,000,000,000		
"Subject to the Nigerian Stock Exchange post listing rules, (The Rules Governing Transactions with Related Parties or Interested Persons), a General Mandate be and is hereby given to enable the Company enter into recurrent interested or related party transactions, provided that such transactions are of earnings, or a trading nature and are necessary for, or incidental to the Company's business operations."		

NOTE:

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

If you are unable to attend the Meeting, read the following instructions carefully:

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

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

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

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

ADMISSION CARD
MRS OIL NIGERIA PLC

ANNUAL GENERAL MEETING TO BE HELD………..……………………… 2019 at 11.00 a.m.

NAME OF SHAREHOLDER: ………………………...………………………………………………

SIGNATURE OF PERSON ATTENDING: …………………….......................................…………………………………………

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

e DIVIDEND FORM

The Registrar,
First Registrars & Investor services Limited
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