2019 ANNUAL REPORT

MRS OIL NIGERIA PLC

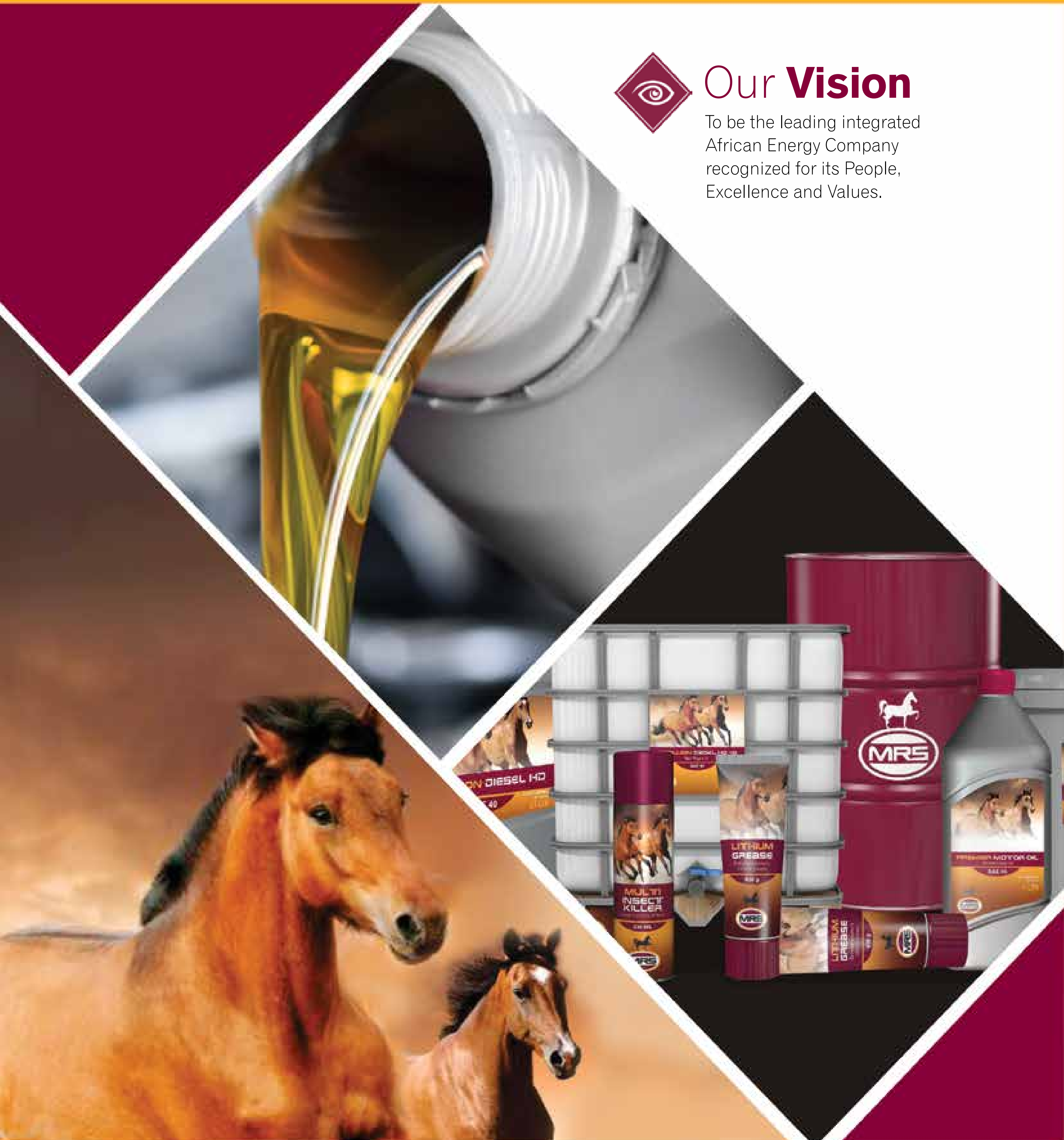
mrsoilnigeriaplc

MRS OIL NIGERIA PLC


THE STRENGTH OF THE STALLION

Our **Vision**

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



Our **Mission**

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

Our **Values**

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

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.

CORPORATE PROFILE

“MRS Oil Nigeria Plc has great passion and commitment to Africa and its people.”

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 233 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, and Benin. 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’.

CONTENTS

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifty–first Annual General Meeting of MRS Oil Nigeria Plc will hold at The Panoramic Hall, Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria, on **Wednesday, August 5th , 2020 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 2019 and the Report of the Directors together with the Audit Committee and Auditors Report thereon.
2. To re-elect Directors under Articles 90 and 91 of the Company's Articles of Association.

SPECIAL NOTICE:

Notice is hereby given that pursuant to Section 256 of the Companies and Allied Matters Act 2004, Mr. Matthew Akinlade who is retiring as Director and offering himself for re-election at the meeting, has attained the age of 70 years.

3. To appoint External Auditors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect the Members of the Audit Committee.

SPECIAL BUSINESS:

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

NOTES:

i. Compliance with Government Directives on COVID-19 and Related Guidelines:

In line with the guidelines of the Corporate Affairs Commission on the conduct of The Annual General Meeting (AGM) of Public Companies by Proxies and the need to comply with the directives and regulations of the Federal Government of Nigeria, Lagos State Government, the Nigerian Centre for Disease Control (NCDC) on safety and health measures against COVID-19 pandemic, the gathering of more than 25 people has been prohibited. The Company has obtained the approval of the Corporate Affairs Commission (CAC) to hold the AGM, taking advantage of S.230 of the Companies and Allied Matters Act on the use of proxies, with attendance by proxies. The number of people to attend the AGM, will be as approved by Lagos State Government for social/public gatherings as at the day of the meeting.

ii. Proxy:

A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. All instruments of proxy should be duly stamped by the Commissioner of Stamp Duties and deposited at the Registrar's Office, First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos, not later than 48 hours before the time for holding the Meeting. A corporate body being a member of the Company is required to execute a proxy under seal. A blank proxy form is attached to the Annual Report and Accounts and may also be downloaded from the Company's website at (http://mrsoilnigplc.net/investor/index.html).

iii. Attendance by Proxy:

In accordance with CAC's Guidelines, attendance at the AGM shall be by proxy only. The proceedings of the Annual General Meeting shall also be streamed live. Members entitled to attend and vote at the AGM may wish to select any of the persons listed below, as their proxies to attend and vote in their stead:

- Chief Timothy Adesiyan
- Mr. Adebayo Adeleke
- Mrs. Adebisi Bakare
- Mr. Nornah Awoh
- Mr. Gbenga Idowu
- Prince Anthony Omojola

iv. Stamping of Proxy Forms:

The Company has made arrangements for the stamping of duly completed and signed proxy forms at its cost, to be submitted to the Company's Registrars within the time stipulated above.

v. 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 2019, Annual Report and Accounts, in writing and during the Annual General Meeting. Provided that, the questions in writing shall be submitted to the Company via email at inquiries@mrsholdings.com, not later than July 22, 2020. The 2019, Annual Report and Accounts of the Company is available on the Company's website at www.mrsoilnigplc.net

vi. Register of Members and Transfer Books:
The Register of Members and Transfer Books of the Company will be closed from July 7, 2020 through July 10, 2020 (both dates inclusive) to enable the preparation of the Annual General Meeting.

vii. 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.

viii. 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 payment. A list of members in the unclaimed dividend booklet for the year ended 31 December, 2019 was published in the Newspapers on May 11, 2020. We therefore urge all Shareholders who are yet to update their contact details to kindly contact the Company's Registrar or the Company Secretary.

ix. E-Dividend Mandate:
Shareholders are hereby advised to update their records and notify the Company's Registrar of their updated records and relevant bank accounts in respect of dividend payments. A detachable e-dividend mandate form, is attached to the Annual Report for your convenience. The aforementioned form can also be downloaded from the Company or Registrars website at www.mrsoilnigplc.net or www. firstregistrarsnigeria.com/download-forms.

Duly completed forms should be returned to First Registrars & Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos or via email at firstregistrars-nigeria.com.

x. Closure of Dividend 35:
In accordance with Section 285 of the Companies and Allied Matters Act, 2004 regarding dividends that are unclaimed for over twelve years, the Board at its meeting of May 27, 2020 approved the recall of Dividend 35 into the Company's account effective August 5, 2020. No further Dividend will be paid to Shareholders from this Dividend.

xi. SEC Rule on Complaints Management Framework:
Please note that the Securities and Exchange Commission rule No. 10 (a) enjoins shareholders who have complaints to use the electronic complaints register on the website of the Company at www.mrsoilnigplc.net to register their complaints. This will enable the Company handle complaints from shareholders' in a timely, effective, fair and consistent manner.

xii. Biographical Details of Directors for Re-election:
Biographical details of Directors standing for re-election are provided in the Annual Report on page 28-30.

xiii. Website:
A copy of this Notice and other information relating to the Annual General Meeting can be found on the Company's website www.mrsoilnigplc.net.

xiv. Live Streaming of the Annual General Meeting:
The AGM will be streamed live via the Company's website. This will enable Shareholders and other Stakeholders who will not be attending the meeting physically to be part of the proceedings. The link for live streaming would be made available on the Company's website in due course.

(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: May 27, 2020

Results at a Glance

YEAR ENDED 31 DECEMBER 2019

	2019 NGN'000	2018 NGN'000	% Variance
Revenue	**64,909,370**	**89,522, 819**	**(27.5)**
Loss Before Minimum and Income Tax	**(1,983,126)**	**(1,427,448)**	**(38.9)**
Income Tax	**603,663**	**(162,507)**	**(471.5)**
Minimum Tax	**(324,547)**	**-**	**(100.0)**
Loss for the Year	**(1,704,010)**	**(1,264,941)**	**(35%)**
Loss Per 50k Share (Naira)	**(5.59)**	**(4.15)**	**(35)**
Declared Dividend per 50k Share (Kobo)	**-**	**-**	**-**
Net Assets per 50k Share	**6,269**	**6,798**	**(9%)**

CORPORATE INFORMATION : RC6442

Board of Directors

Mr. Patrice Alberti	Chairman
Mrs. Priscilla Thorpe Monclus*	Managing Director (Ag.)
Mr. Andrew Gbodume**	Non Executive Director
Dr. Paul Bissohong***	Non Executive Director
Ms. Amina Maina	Non Executive Director
Mr. Matthew Akinlade	Independent Director
Sir. Sunday Nnamdi Nwosu	Non Executive Director
Dr. 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 Port Road
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

*Appointed January 10, 2019
**Resigned January 10, 2019
***Resigned April 30, 2019
****Appointed February 28, 2019
*****Appointed March 28, 2019

LEADERSHIP TEAM

Priscilla Thorpe Monclus[1]
Managing Director

Oluwakemi M. Jafojo
Company Secretary

Charles O. Agutu[2]
Kamil Bello*
Chief Finance Officer

Moruf Sobowale[3]
Sales & Marketing Manager

Daniel Chukwuazawom
Chief Internal Auditor

Mr. Oluwole Ojetunde[4]
Mr. Kunle Okunowo**
Account Manager

Col. Adebisi Adesanya
Chief Security Officer

Micheal Ayewah***
Health, Safety and Environment Manager

Sam Itodo[5]
Treasury Manager

Olanrewaju Johnson[6]
Logistics Manager

Nnenna Enumah[7]
Sales Administrative Manager

Stanley Duru[8]
Supply Manager

Mr. Franklin Ugwueke[9]
Engineering Manager

Alex Tiamiyu
LPG Manager

Olatunji Sanusi[10]
Oluwole Oderinde****
Information Technology Manager

Gbenga Dairo[11]
Consumer and Industrial Manager

*Resigned January 31, 2020
**Resigned January 17, 2020
***Ceased January 31, 2020
****Resigned September 6, 2019

1	Appointed	January 10, 2019
2	Appointed	January 31, 2020
3	Appointed	August 1, 2019
4	Assigned Role	December 23, 2019
5	Assigned Role	December 23, 2019
6	Assigned Role	August 1, 2019
7	Assigned Role	August 1, 2019
8	Appointed	August 1, 2019
9	Appointed	March 1, 2019
10	Appointed	September 9 ,2019
11	Appointed	August 1, 2019

2019 BOARD OF DIRECTORS

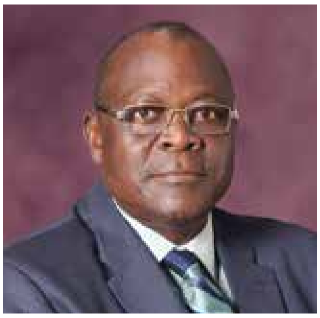
Mr. Patrice Alberti
Chairman

Mrs. Priscilla Thorpe Monclus
Managing Director (Ag.)

Mr. Andrew Gbodume
Independent Director

Dr. Paul Bissohong
Non Executive Director

Ms. Amina Maina
Non Executive Director



Mr. Matthew Akinlade
Independent Director

Sir. Sunday Nnamdi Nwosu
Non Executive Director

Dr. Amobi Daniel Nwokafor
Non Executive Director

Mrs. Priscilla Ogwemoh
Non Executive Director

Mr. Christopher O. Okorie
Non Executive Director

CHAIRMAN'S STATEMENT

"As a Company, we are keen on ensuring that the MRS workforce and operations environment remain healthy and safe."

INTRODUCTION

I would like to begin by recognizing internal as well as public stakeholders whose investments and confidence have made this organization a leading brand in the Nigerian Oil and Gas Downstream sector. Welcome esteemed investors, board members, the Press, Ladies and Gentlemen to the 51st Annual General Meeting of MRS Oil Nigeria Plc.

I am honored to present the Annual Report and Accounts of the Company for the financial year ended 31st December 2019. Nevertheless, before this report, it is imperative to take a retrospective look at a cross-section of environmental concerns that have impacted business operations vis-à-vis performance of the year under review.

THE 2019 OPERATING ENVIRONMENT

In 2019, Nigeria ranked 131 out of 190 selected countries on the World Bank Doing Business Index. The assessment placed the country among the top 10 countries with the most notable improvements in setting up and scaling small business units during the period under review. This development was attributed to the unwavering efforts of the Presidential Enabling Business Environment Council (PEBEC) led by the honorable Vice President of the Federal Republic of Nigeria, Dr. Oluyemi Oluleke Osinbajo. He is recognized as a major driver of business reforms in Nigeria in line with the Federal Government's Economic Recovery and Growth Plan (ERGP 2017 to 2020). This is a Federal Government initiative with the primary responsibility of ensuring that Nigeria takes her place among the first 70 countries recognized by the World Bank Doing Business Index, 2023.

Despite several reforms of the Presidential Enabling Business Environment Council (PEBEC) in the last 12 months, Nigeria did not, again, join the list of the top 100 economies. The Country's rank remained below its fellow MINT countries (Mexico, Indonesia, Nigeria, and Turkey). The MINTs were classified based on population size, favorable demographics and emerging economies. Turkey in 33rd position topped the MINT, followed by Mexico falling six places below (from 54th to 60th position) and Indonesia placed on 73rd position. Also in the interim, there were various Sub-Saharan African countries, ranked within the top 100 economies that provided better and more responsive policies which galvanized their business economy in contrast to Nigeria. Two of such nations included Mauritius (which moved up seven places from 20th in 2018 to 13th position in 2019). Kenya also experienced economic growth from 61st in 2018 to 56th 2019.

Others which experienced a dive in ranking included - Rwanda whose economy fell nine places from 29th in 2018 to 38th in 2019, and South Africa plunged two places down from 82nd in 2018 to 84th in 2019. Furthermore, lower-middle-income economies such as Lesotho (122), Ghana (118), Egypt (114) and Uganda (116), remained in the leading position when compared to the Nigerian economy.

The prominent question is what were the elements of development separating these thriving economies from Nigeria? Economies that were rated highest on the ease of doing business share several common features, including the widespread and consistent use of electricity and electronically-driven systems such as online incorporation processes, electronic tax filing platforms, and online procedures related to property transfers. These developments entice the startup of new businesses, the expansion of existing ones across different sectors of the economy, and consequently boost the output of these sectors and the economy's total output.

The primary blockades to our economic growth in 2019 could be summarized as follows:

- With a total population of an estimated 200 million, the country requires estimated energy generation of 10,000 – 12,000 Megawatts per day. However, the country given its deficiencies generates average of 3,500 – 4,000 Megawatts daily while leaving a deficit of 6,500 – 8,000 Megawatts despite the potential generating capacity of her plants up to 12,522 Megawatts as was originally intended. Only about 40per cent of the population is confirmed to be connected to the energy grid and about 80 million homes left without access to power, this deficit makes access to electricity supply increasingly expensive. By extension, this also means that businesses spend more in acquiring power to begin and continue operations. This problem places Nigeria in the 172nd position out of 190 economies considering the duration and cost required to get connected to the electricity grid including the reliability of supply.
- The second major blockade is the high cost of credit acquisition when considering interest rates which by description are exorbitant. In 2019, the interest rate was pegged at 13.5per cent with an inflationary rate of 12.2per cent. What this means is that the cost of living and access to credit facility will continue to get even more expensive. However, without the ease of access to credit, the ability to raise start-up capital, cater to recurring operational cost and guarantee continued market growth, continues to be stunted. A low interest rate environment is required to adequately support individuals within the private sector and by extension, a healthy economy.
- A third deterrent that has threatened the growth and sustainability of our economy is social unrest; an outcome that results from the lack of high-end security measures, processes and personnel management programs. With the growing number of cases surrounding the terrorist attacks, public harassment, assault and kidnaping of both indigenous and foreign personnel including various organizational expatriates. These occurrences continue to hinder the ease of doing business and further explain the reluctance to invest in new activities or expand the business operations.

At this point, stating the obvious is not enough. We must look pragmatically at what the solutions are and to what extent they mitigate these problems to guarantee that the business environment is re-vitalized once more. The following measures should be given the desired attention to enable suitable environment for thriving business operations:

- Improving infrastructural efficiency as a key to building an enabling business environment. South Korea, once regarded as a third world country, is currently recognized as a first world country as a result of its efforts at infrastructural investment. China, whose economy was no different from ours in terms of the developed-developing spectrum of the world, is also a huge investor in infrastructure. The country's investment rose from 42.2per cent to 59.5per cent per annum in 2019 with focus on transportation, social sector, education, culture, sports and entertainment. Consequently, the operating environment continues to remain business friendly. This means that Nigeria's budgetary expenditure must increasingly address infrastructural development to accommodate a healthy business environment.
- Financial regulators and monetary authorities in Nigeria need to create contingencies that lower interest rate margins in order to encourage real sector growth that further results to the expansion of value adding activities. Again, without efficient-easy-to-access credit facilitation, it rarely becomes possible to leverage economic opportunities; particularly where such openings are quite glaring.
- Finally, the need for Public-to-Private Sector Dialogue cannot be overemphasized. In a mixed economy such as ours, no one sector is singularly capable of driving solutions in isolation of others. There must be a series of planned and intelligent conciliations guided by a big-picture view of the perspectives and needs of each player, to reach clear understanding. In turn, these sessions of discourse would likely influence the policies concerned as well as the means of executing what is necessary to build a more favorable environment.

Going by these resolutions, I appreciate the recent commitment of the Federal Government to ease constraints impeding business operations by launching certain initiatives which will be discussed in details at the later part of this Statement. Again, the importance of a business-friendly environment cannot be overemphasized in the pursuit of economic expansion. Nigeria's economy is currently far from being a competitive business setting. Therefore, if the government fails to address the underlying deficiencies, investments will remain stifled and so would key economic sectors. Invariably the efforts of government authorities would be undermined.

THE ECONOMIC ENVIRONMENT

THE GLOBAL ECONOMIC ENVIRONMENT

In 2017, economic activities were estimated to continue accelerating in almost all regions of the world and the global economy was projected to grow at 3.9per cent in 2018 and 2019. However, at the beginning of 2018 much had changed with the escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. All these contributed significantly to weaken global expansion, particularly in the last six months of 2018.

This weakness continued to persist into the first half of 2019, beckoned by escalating events such as uncertainties in trade policies, geopolitical tensions, and peculiar stress in key emerging market economies which continued to weigh on global economic activities. Furthermore, there were occasions of intensified social unrest in several countries, weather-related disasters (hurricanes in the Caribbean to drought and bushfires in Australia), floods in eastern Africa, and drought in southern Africa. The impact was a global economic dip of 2.9per cent at the beginning of 2019.

The main considerations for the global growth forecast of 2020 originate from the backdrop of recent developments including a carryover from weaker-than anticipated second half outturns for 2019 among key emerging market economies. There were positive signs of tentative stabilization in manufacturing, accommodative financial conditions in the fourth quarter; but some dwindling in service sector activities, uncertain prospects regarding tariffs, social unrest, and geopolitical tensions.

THE DOMESTIC ECONOMIC ENVIRONMENT

While Nigeria has made some progress in socio-economic terms in recent years, its human capital development remains weak due to under-investment. The country still ranks 152 of 157 countries according to the World Bank's Human Capital Index. Furthermore, the country continues to face massive developmental challenges, which include the need to reduce the dependency on oil through economic diversification, address insufficient infrastructure, and build strong and effective institutions, as well as improve public financial management systems. Inequality in terms of income and opportunities has been growing rapidly and has adversely affected poverty reduction. Large pockets of Nigeria's population still live in poverty, without adequate access to basic services, and could benefit from more inclusive development policies. The lack of job opportunities is majorly responsible for the high poverty levels, regional inequality, and social and political unrest in the country.

Real GDP growth was estimated at 2.3per cent in 2019, marginally higher than 1.9per cent in 2018. Growth was mainly in transport, an improved oil sector, and information and communications technology. Agriculture was hurt by sporadic flooding and by conflicts between herdsmen and local farmers. Manufacturing continues to suffer from a lack of adequate investment in infrastructure. Final household consumption was the key driver of growth in 2019, reinforcing its 1.1per cent contribution to real GDP growth in 2018.

We have continued to invest in training and development programs to enhance both management and employees' competence and performance.

The effort to decrease the inflation rate to the 6per cent to 9per cent range faced structural and macroeconomic constraints, including rising food prices and arrears in bank payments and as such inflation reached 11.3per cent in 2019.

The exchange rate at the inter-bank market remained relatively stable in 2019 as a result of intervention from Central Bank Nigeria (CBN) using foreign reserves with a total of $8.29 billion expended at the first half of this year in order to sustain exchange rate stability. At $40.79 billion, Nigeria had experienced the largest decline in its foreign reserves in 2 years. At the inter-bank segment, the exchange rate opened at ₦363.07/US$ on the 1st of January, 2019 and closed at ₦363.33/US$, 31st December 2019. The highest exchange rate was capped at ₦365.37/US$, January 9, 2019 and the lowest rate was capped at ₦306.45/US$, June 8, 2019. The average exchange rate was recorded at ₦360.06/US$.

Nigerian exports of crude and petroleum products to the United States plunged from 36.4 million barrels in July 2010 to 5.6 million barrels in January 2019, according to the U.S. Energy Information Administration. The US, however, has boosted exports from her shale oil deposit in the Permian basin to Nigeria's traditional markets in Western Europe, and India. Europe imports about 46per cent of Nigerian oil, and India 18per cent. This is a major event because the Nigerian budget is essentially funded by fiscal receipts from oil and gas exports. Oil price volatility in 2019 continued to influence Nigeria's growth performance.

On the production side, growth in 2019 was primarily driven by services, particularly telecommunications. Agricultural growth remained below potential due to continued insurgency in the Northeast as well as ongoing farmer-herdsmen conflicts. Power sector performance fell drastically. Food and drink output were expected to increase, likely in response to import restrictions. Construction continued to perform positively, supported by ongoing megaprojects, higher public investment in the first half of the year, and import restrictions.

This government has the opportunity to accelerate the pace of structural reforms, to build an institutional and policy framework capable of managing the volatility of the oil sector and to support the sustained growth of the non-oil economy by utilizing bold reforms that impact on the country's trajectory. Some of these reforms which must include the removal of subsidies, the elimination of FOREX and trade restrictions, greater transparency and predictability of monetary policy and increased domestic revenue mobilization. Such reforms would help raise living standards of low-income groups while increasing spending on much needed public services. The signing of the Africa Continental Trade Agreement, after extended deliberations, may also provide some positive momentum over the medium-term.

These conditions, ladies and gentlemen, although not within the purview of the Management's control strategies went further to influence not only the global market but also our domestic economic variables; and by extension, shaped the operations of our Company.

THE POLITICAL ENVIRONMENT

Comparable to 2018, 2019 was a year filled with the uproar of political maneuvering and conspiracies which preceded the general elections. It was also a year dominated by party defections and shifting party affiliations.

The outcome of the elections in 2019 saw the second term inauguration of the Buhari Government into the presidency. As usual the elections were riddled with political violence, in some quarters. One of the major events that contributed in shaping the year 2019 was the signing into law of the 2020 budget by President Buhari. The budget tagged "Budget of Sustaining Growth and Job Creation" is Nigeria's biggest budget ever, summing up to ₦10.59 trillion. Key assumptions and parameters upon which the 2020 budget was based include crude oil production of 2.18mbpd while the benchmark oil price is $57. The budget assumes a deficit of 1.52 percent of the estimated gross domestic product representing about 2.18 trillion naira to be financed through foreign and domestic borrowing. The National Assembly had on December 5 passed and raised the total estimates from the proposed budget from ₦10.33tn to ₦10.59tn. The spending plan includes a value-added tax increase from five percent to 7.5 percent. According to the budget document, the GDP growth rate is projected at 2.93 per cent while inflation rate is put at 10.81 per cent. The budget is also based on an exchange rate of N305 per US dollar.

THE INDUSTRY

THE INDUSTRY FROM A GLOBAL PERSPECTIVE

Global oil supply decreased month-on-month by 60,000 barrels per day (bpd) in December 2019. The Organization of Petroleum Exporting Countries (OPEC) and 10-members of non-OPEC, including Russia, agreed on December 6, 2019 to cut their total oil production level by an additional 500,000 bpd starting from January, 2020. This agreement follows after an already existing curb of 1.2 million bpd that had begun in January, 2019. Both cuts will be managed until the end of March 2020, after which OPEC and its allies would meet to assess the global oil market and crude prices to decide whether deeper cuts or a longer period of implementation are needed.

There were a number of oil discoveries during the middle of the year; estimated at a monthly average of up to 35per cent when matched to the discovered volumes in the same period of 2018. These discoveries were recorded in Russia, Guyana, Cyprus, South Africa and Malaysia. However, one of the biggest discoveries, of more than 100 million barrels of oil equivalent, was made in the United Kingdom Continental Shelf. It was further estimated that the Shelf held recoverable resources close to 250 million barrels of oil equivalent as the largest discovery in the UK North Sea in a decade.

In addition, natural gas production continued to boom this year in the United States; which led to lower gas prices in the country. Several new liquefied natural gas (LNG) export facilities begun operations in 2019, adding more LNG on the global market at a time when plants in Australia were also ramping up. This increased world supply, coupled with softened demand growth in key LNG importers in Asia, most notably China and Japan. This abundance in availability culminated in weakening the prices of natural gas globally.

THE INDUSTRY FROM A DOMESTIC PERSPECTIVE

In 2019, Nigeria increased its oil production to 2.3 million bpd again as opposed to a recorded 1.6 million bpd produced about three years ago when insurgents indulged in damaging pipelines and production facilities across the Niger Delta. However, security remains a challenge due to the theft of crude oil and vandalism of oil and gas facilities. Illegal activities resulted in the loss of an estimated 11,000 barrels of crude oil daily representing monetarily between $7 billion and $12 billion to theft and vandalism annually.

The price of gasoline, N145 per liter in Nigeria, is the lowest in the West Africa sub-region, where the average cost is N350 per liter. This "cheap gas" policy is leading to more smuggling and insufficient revenue for the Nigerian National Petroleum Corporation.

Also in 2019, Nigeria still remained the largest oil producer in Africa. However, the Oil and Gas industry continued to be the mainstay of the Nigerian economy despite Government's best efforts at diversification into Agriculture and Mining. Notwithstanding the sector is less than 10per cent of the country's GDP, it contributes about 65per cent of the Government's total revenue and 88per cent of Nigeria's foreign exchange earnings. It is no longer a surprise that happenings in the oil and gas industry tend to have an impact on the other sectors of the economy. Consequently, it is still necessary for players across other sectors within the Nigerian economy to continue being aware of developments in the industry as well as monitor the happenings therein.

A new law was passed in November 2019 that amended upstream royalty rates in offshore and certain inland areas, increasing the royalties due from deep water production. It also established an oil price linked royalty; an issue that had been previously raised by the Government as a historic right. Thus, for flat offshore royalty rates, a 10per cent royalty will apply on production from fields with a water depth of greater than 200 meters. Reduced rate for frontier and inland basins will be subjected to a 7.5 per cent royalty as against the existing Act which required participants to pay 10 per cent. Oil price royalty is now payable on the basis of the oil price with an additional 2.5 per cent for an oil price between US$20 to US$60 per barrel, 4 per cent for oil prices of US$61 to US$100 per barrel, 8 per cent for oil prices of US$ 101 to US$150 per barrel and 10 per cent on prices above US$ 150 as against the existing Act which stated that the royalties were subject to review when the price of crude oil exceeded $20 per barrel. Right of review of Production Sharing Contracts (PSC) terms empowers the Minister of Petroleum to call for a review of production sharing contracts every eight years and impose new penalties of a fine not below ₦500 million or five years imprisonment for non-compliance.

Ladies and gentlemen, I am thrilled, about the following developments in 2019. My hope is that these welcome developments in the sub-sector, which will encourage existing players and attract new investors into the sector will be sustained:

The Federal Government of Nigeria (FGN), through the Nigerian National Petroleum Corporation (NNPC) owns majority stakes in all the Joint Venture (JV) arrangements with the international oil companies (IOCs) operating in the country. However, the FGN owed the IOCs about USD$6.8 billion in unpaid counterpart funding (cash calls) as at 2016. This had impacted the ability of the IOCs to continue to invest in oil field development in the country. In December 2016, the FGN commenced negotiations with the IOCs and was subsequently able to obtain a discount of USD$1.7 billion from the outstanding amount. The Nigerian Government in July 2019, stated that USD$2.3 billion (about 47per cent) of the re-negotiated debt had been settled by using cash obtained from incremental oil production. The NNPC also re-iterated plans to introduce the Incorporated Joint Venture (IJV) model in conjunction with the IOCs; which will operate as independent entities with the ability to raise capital through equity or debt to finance obligations.

The Department of Petroleum Resources (DPR) in 2019 launched the National Production Monitoring System (NPMS) which was intended to facilitate the tracking of oil production from the various oil terminals in the country and the movement of oil export and import vessels. The objectives of the NPMS are to ensure timely and accurate reporting of oil production and export data, improve consistency and quality of the database and facilitate seamless transfers of oil and gas data to the National Data Repository (NDR).

The NPMS, which replaces the current paper-based reports, intends to simplify production reporting to the relevant government agencies such as Federal Inland Revenue Service (FIRS) and Nigeria Extractive Industries Transparency Initiative (EITI). The initiative has led the DPR to impose strict sanctions on companies that failed to submit the required daily production and export reports via NPMS platform.

In 2018, the Federal Government issued Approval-to-Conduct licenses to facilitate the construction and operation of 38 modular refineries which were designed to address perennial shortage of domestic supply of petroleum products, create jobs, put a stop to illegal refining of crude oil and attend to the disastrous impact of spillage on the environment, among others. The modular refineries were projected to bridge a supply gap of 53,000 bpd i.e. approximately 8.5 million litres daily. This intended increase in production, if met, would place Nigeria at the heart of West Africa's refining hub by 2020-2021 thereby supplying the region with at least 37,000 bpd approximately 6 million litres daily.

To fulfill its 2020 650,000 bpd production refinery, the Dangote Oil Refinery Company crude oil distillation column (recognized as the largest in the world) set sail for Lagos, Nigeria from Ningbo, China in 2019 and was received later the same year. The integrated refinery and petrochemical plant is slated to be Africa's biggest oil refinery and the world's single-train facility and expected to generate 9,500 direct jobs and 25,000 indirect jobs.

Additionally, the company reportedly installed the biggest Residual Fluid Catalytic Cracker (RFCC) to confirm its desire to make Nigeria a top refining hub for petroleum products in Africa. Again in 2019, the Dangote refinery stated its decision to go all the way in procuring and implementing the latest processing, analytical, automation, and environmental technologies at the plant.

In 2019, the Direct Sale Direct Purchase (DSDP) agreement was introduced to replace the controversial nature of swap contracts by NNPC in 2016 to ensure the nationwide availability of petrol. The awardees were expected to possess the capacity to transport about 14 billion litres of products under the scheme. Furthermore, between 2016 and 2019 about 29.5 million metric tons (39.6 billion litres) of petroleum products have been supplied as a result of the agreement. This figure represents over 90 per cent of the national requirement with an 84 per cent reduction in demurrage cost and cost savings up to $2.2 billion (N673.2 billion).

In August 2019, NNPC lifted 12 million barrels of crude oil from the daily allocation for domestic utilization translating to an average volume of 372,812 barrels of oil per day in terms of performance. In order to meet domestic product supply requirement for the month of August 2019 the 12 million barrels in its entirety were processed under the Direct-Sales-Direct Purchase (DSDP) scheme while no deliveries to the domestic refineries for processing. In September 2019, 2 million litres of PMS were supplied into the country through the DSDP arrangement as against the 1.6 million litres of PMS supplied in the month of August 2019.

THE COMPANY

Ladies and gentlemen, our Company MRS Oil Nigeria Plc is a company completely integrated and competent as a downstream player with various leading positions in the Nigerian Oil industry. We are a major player in the indigenous petroleum product marketing industry as well as a first-choice manufacturer of superior lubricating oils and greases. Our distribution channels dedicated specifically to the sales of petroleum products are efficiently spread across indigenous retail outlets within the Nigerian market. We boast a brand that serves as the foundation of all engagements; both now and in the future. We believe in operational excellence targeted at resource optimization for the sake of guaranteeing the highest quality energy products and related services on which our clientele; locally and across the globe, can sustainably rely.

As a Company, we are keen on making our workforce and operations environment remains healthy and safe. This means the employment of first-rate standards and procedures that consistently remain communicated to all employees, partners and contractors. In view of this, we closely monitor the design, construction, operation, maintenance and decommissioning of assets in a manner that protects people, property and the broad-spectrum work environment. We ensure that employees are not just informed but remain actively engaged in contributing to support the development of a non-toxic work setting - especially by recognizing all efforts geared towards that objective.

The Company as in previous years organized the Sixth Edition of the Under-12 Kids Soccer Competition in Nigeria. Your Company is committed to the sponsorship of tournaments as 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. Haulage 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

The Company incurred losses amounting to NGN1.70 billion in the year under review due to the huge decline in receipts from Premium Motor Spirit (Petrol) and Dual Purpose Kerosene which substantially weighed down on bottom-line. Proceeds from petroleum products, which accounted for about 72 per cent of the oil firm's total top-line, plummeted to NGN46.6 billion, from NGN62.08 billion recorded in 2018. This pushed the turnover to dip 28 per cent from NGN89.6 billion in the previous comparable period (2018) to NGN64.9 billion in the year under review. The significant dip in sales volumes across all product lines with particular reference to PMS and DPK further impacted on gross margins as it declined from NGN4.30 billion in 2018 to NGN3.75 billion in 2019 accounting for the 13% decline in gross margin. Additionally, the firm incurred a NGN2.11 billion operating loss compared to an operating profit of NGN1.48 billion realized in 2018. This was fundamentally due to the tangible decline in gross profit as well as impairment losses on financial assets recorded for the year (an increase of NGN345.70 million when compared to 2018).

As result of the introduction of the new Finance Act 2019, the Company became liable to a minimum tax of NGN324.5 million (which was not the case in 2018). These factors contributed to the weakened profitability as the after tax loss plummeted to NGN1.70 billion and a loss per share of NGN5.59 as against loss per share of NGN4.15 in 2018.

2020 OUTLOOK IN THE GLOBAL MARKET

The global fuel consumption has grown and will continue to grow at a rapid pace. However, due to the outbreak of ravaging virus (COVID 19) in China 2019 which currently has global spread, there is slowdown in global economic growth, oil market fundamentals in 2020 will be affected drastically.

My fellow shareholders, it will be a futile effort to continue the discussion of the 2020 Outlook without first elucidating on the outbreak of COVID19 and the allied economic concerns.

IMPACT OF THE PANDEMIC ON THE OIL AND GAS INDUSTRY

The 2019 outbreak of the new coronavirus strain (or more commonly referred to as COVID-19) has added a major layer of uncertainty to the oil market outlook. In 2020, global oil demand is expected to experience a notable contraction for the first time since the global recession of 2009. However, the situation remains very fluid, and thus, makes it extremely difficult to assess the full impact of the virus on the industry.

In this base case, it may be assumed that although the spread of the virus is brought under control in China by the end of the first quarter, the number of cases in the world continues to rise. The effect of this spread is that containment measures imposed in North America, Europe and elsewhere are expected to have a relatively smaller impact on oil demand than those in China.

These containment protocols will also impact negatively on the demand of aviation-based fuels due to a drastic decrease in global air travels; also in response to curbing the spread of the disease. Moreover, the oil demand in China is expected to hurt the most in the first quarter, with an estimated year-on-year fall of 1.8 million bpd. Global demand also is expected to drop by 2.5mbd. In the second quarter, an improving situation in China offsets deteriorating demand elsewhere.

Ultimately, the outlook for the oil market will depend on how quickly governments and health institutions contain the coronavirus outbreak, how successful their efforts are, and what lingering impact the global health crisis has on economic activity. While a more pessimistic assumption holds that global measures are less successful in containing the virus, and thus will continue to gravely impact industry prices while causing a fall in demand. An optimistic viewpoint assumes that containment will be quick and effective.

IN NIGERIA

The coronavirus pandemic, lockdown measures put in place in major economic hubs by Nigerian Government and depressed global crude prices have completely derailed the economy's already-fragile recovery from its 2016 recession. On the heels of the oil price crash in March, the private sector Purchasing Management Index (PMI) plunged to a survey record low in April as evaporated demand crushed output and new orders. Notably, disruptions to supply chains and tighter FX liquidity are also likely to stoke inflationary pressures.

This, coupled with authorities' indication of abiding to the OPEC+ agreement struck in April to cut output in May and June, will be pummelling the economy in Q2. In a bid to ease the economic pain, authorities started to gradually lift the lockdown in early May. Although this should enable an improvement in activity in the vast informal sector, possible retightening due to continued health concerns could exacerbate the economic impact.

Ladies and gentlemen, I have been pondering on this question since the advent of this desolating virus in Nigeria, "What are the ways forward for the Nigerian economy?

The following are what Nigeria must do to revamp the economy:

1. Prioritizing revenue mobilisation to limit the humanitarian and economic cost of the crisis to protect the people's health and boost health spending.
2. Apart from targeted cash transfers and similar measures to support people whose livelihoods have been significantly distorted, government must consider giving temporary and targeted support for hard-hit small and medium scale enterprises.
3. On the fiscal policies, I propose a monetary exchange rate policy framework by the Central Bank of Nigeria (CBN) to support other measures to be adopted by the government to contain the crisis.

I acknowledge the fact that the country's economy was already grappling with the impact of declining crude oil prices since 2015; the current global pandemic has worsened the situation. I am excited that this has swiftly triggered the significant adjustments to the fiscal and budgetary estimates to accommodate the new realities in the government's economic growth and recovery plan.

SUBSIDY ABANDONMENT AND THE IMPACT ON THE OIL AND GAS INDUSTRY

In 2019, subsidies were estimated at the sum of NGN60 billion according to the Petroleum Product Pricing Regulatory Agency (PPPRA). This means that an average of NGN39.59 was spent subsidizing every litre of petrol imported into the country. Furthermore, given that daily consumption rests between 55 million and 60 million litres of petrol, about N750.81 billion will be spent on subsidizing petroleum products (PMS) by 2020.

The removal of the subsidy is a critical step to achieving a free-market reform by correcting market distortions especially at a time when the industry continues currently, to grapple with low demand and a subsequent price slump. However; its removal has put a lot of pressure on suppliers and consumers of petroleum products. The decision to abandon and finally end the fuel subsidy regime was taken by the Federal Government of Nigeria to best serve the interest of ordinary Nigerians – due to the fact that it could free up funds for the various tiers of government to develop critical infrastructure in education, health, transport and other sectors for their benefit.

Opponents of the subsidy scheme view it as a corrupt scheme that enriches oil marketers and believe the scheme has little or no impact on the welfare of the masses, as was originally intended. In comparison with neighbouring countries, the regulated pump price of petrol at N145/litre is significantly lower, creating an arbitrage opportunity for smugglers who divert petrol meant for the local market to neighbouring countries

THE IMPACT OF AN EXTENDED DEREGULATION

The Nigerian downstream sector broadly categorized into the refining and marketing segments of petroleum products have continued to underperform despite opportunities for growth. Nigeria's inability to refine adequate petroleum products domestically in order to meet local demand has continued to render the downstream sector vulnerable to foreign exchange volatility particularly for petroleum independent marketers.

By implication, the deregulation of the downstream sector of the Nigeria oil and Gas industry was expected to have thrown the market open for differential in petroleum prices as marketers were expected to be free to offer products in a competitive atmosphere in order to gain the attention of the market. However, delays by the Federal Government of Nigeria have continued to hurt the business of marketers; especially, since recent efforts to revive the local refineries have failed.

Although, there has reportedly being struggles to refine up to 30.0% of their installed capacities despite the huge amount (US$1.6bn) reportedly spent on repairs and maintenance over the past 19 years. The tough business operating landscape in the marketing segment however slightly improved in 2016 as petroleum importers enjoyed relative higher margins due to the special exchange rate of N285.00/US$1.00 provided by the government. This was however short-lived as oil prices began to increase in the fourth quarter of 2016.

In 2019, this increase has continued to imply higher landing costs for marketers; meaning that their financial capability to import has worsened. With the delay in executing an adequate deregulation program, the supply of fuel to retail stations, particularly during periods of expected high demand will continue to dwindle. And thus, the operations of the downstream sector will experience even greater loss and reduced foreign investment into the sector – which is still at its lowest ebb as inflow is estimated to hit a low of $38.66 million in third-quarter 2019, a sharp decline compared to $171.63 million recorded in the third quarter of 2016.

CONCLUSION

In conclusion, the year under review remained challenging especially because there were various macroeconomic factors that eluded 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.

Patrice Alberti
Chairman

CEO'S STATEMENT

> **"We have not swayed from our goal to remain the customers first-choice in developing and delivering new and exciting products; growth in business and increased operational efficiency"**

INTRODUCTION

It is a very rare honor to welcome you to this occasion because it reminds us that we have invested 51 wonderful years making our Company (MRS Oil Nigeria Plc.) great. With today being the 51st Annual General Meeting (AGM), I have the privilege of presenting to you the 2019 Annual Report and Accounts. Nevertheless, before articulating Company performance indexes for the 2019 fiscal year, I would like to appreciate the Chairman of the Board of Directors Mr. Patrice Alberti, Board Members, Shareholders, Management Staff and employees for their unwavering commitment, diligence and much needed support in navigating various challenges and leading this Company to several successes.

Our Company in 2019 continued with dedicated strategies with a view of achieving targeted growth. These strategies, included although not limited to, the commissioning and efficient operations of various upgraded fuelling stations within the country; the coordination of mechanic meetings across all indigenous regions; the development of optimized marketing programs leveraging channel dynamics and market positioning to execute successful advert campaigns and promotions as well as mini road shows.

Echoed throughout our investments in communications, manpower development, increased market outreach, infrastructure as well as Research & Development – our strategies at achieving market growth remained quite aggressive. We believe that these investments will further sustain operational excellence, superior products and brand reputation to substantially improve customer satisfaction. This invariably will create opportunities for stronger financial results in years following. Although in 2019, our financial strength appeared to dwindle.

We remain assured and thus, reassure you that the future is indeed brighter. As a result, we are currently undergoing a chain of strategic deployment involving capital assets to intelligently re-position low performing products and business units in realizing significant growth by employing intense and innovative marketing communications techniques.

OUR COMPANY

At this point, it is important to illuminate on "Who we are" and "What we do". Nevertheless, I can tell you first-off that we are a customer centric brand that boasts of a management enabled by an unrivalled commitment to improve outcome as well as employees who give one hundred and one percent to ensuring long-term growth and development.

Who we are

We are MRS Oil Nigeria PLC - a fully integrated, efficient industry player with leading positions in the Nigeria downstream Oil and Gas Industry. We endure as the first-choice provider of petroleum related products to our esteemed customers. Our commitment to product reliability and excellent service offering is the thrust of our value proposition as a major player in the market.

We are an organization focused on improving end-to-end operational efficiencies in all areas of the downstream sector, which is our core functional area. With in-depth knowledge and an excellent track record of the Nigeria downstream sector, we have a Vision "To Be The Leading Integrated African Energy Company, recognized for its People, Excellence and Values".

What we do

We are a foremost premium fuel marketing enterprise in the Nigerian downstream industry. And as such, one of the largest, leading marketers of refined products, including quality gasoline, marine and aviation fuels – marketed under the MRS brand across a total number of 233 retail service stations positioned strategically across all regions in Nigeria including third-party sub-contracted vendor outlets.

We offer a wide range of lubricants and industry expertise including premium lubricant brands such as Stallion and Premier Motor Oil. Our lubricants sold nationwide, in MRS Service Stations and through dedicated distribution channels have, over several decades, been trusted to keep engines running smoothly and reliably.

OUR BUSINESS UNITS

Our operations can be deconstructed into three (3) component Business Units (BUs): Retail, Commercial and Industrial (C&I) and Aviation. Integrating and streamlining the operations of these units is a huge value addition to the Company's competitive advantage by allowing for process optimization and resource development across the MRS Portfolio.

RETAIL

The Retail BU coordinates all marketing and direct sales activities of white products including Premium Motor Spirit (PMS), Dual Purpose Kerosene (DPK), Automotive Gas Oil (AGO), Liquefied Petroleum Gas (LPG) as well as numerous lubricating oils and greases through the 233 retail service stations expediently located State-wise across Nigeria. The unit is a collation of distinctive competencies and specialized capabilities that ensure growth in sales through network optimization of retail centered activities as well as the lube blending capacity of the Company.

Our commitment to prioritizing the development and execution of brand building programs which include but not constrained to, Promotions, Advertising and at Point of Purchase is aimed at maintaining 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 is engaged with the end-to-end distribution of bulk based products i.e. white products and lubricants; to a wide range of industrial consumers throughout Nigeria. MRS Oil Nigeria Plc is not only engaged in the sales of petroleum based products; but through the activities of this unit, the Company is dedicated to providing fuel based solutions. We participate in conducting operational studies to identify customer-specific fuel requirements for the purpose of delivering ground-breaking enterprise solutions which are targeted at optimizing the process of fuel management. As a result, these customers are able to concentrate and attend to their core business activities without uneasiness regarding such concerns.

The key areas of these solutions include:

i. **Vendor Managed Inventory**
   This is an arrangement where adequate stock of fuel at customer location is managed by our company where the customer only pays month-end for what is consumed. This procedure ensures optimal stock as well as eases the ordering process.
ii. **Fuel Facilities Management**
   Through this service facility, we maintain and manage customer-owned fuel facilities.
iii. **Fuel Management Solution**
   Our Fuel Management Solution provides better-quality fuel security, authorization and report management on behalf of the client.
iv. **Health, Safety and Environment**
   This solution is designed to certify that all environmentally friendly precaution-

ary measures are properly communicated and adhered to with regards to safety and well-being of all involved parties engaged in maintaining storage facilities.

AVIATION

The Aviation Business Unit oversees the distribution of Automotive Turbine Kerosene. Our state-of-art distribution infrastructure and adequately located facilities continue to provide the Company an aggregated advantage over industry competition within the downstream sector.

2019 FISCAL YEAR REVIEW
THE MARKETING OPERATIONS REVIEW

Part of the Company's drive in 2019 was the implementation of strategic programs targeted at maximizing Shareholder investment. These programs included various capital expenditure spread across various regions in the country, including; the construction of new Service Stations in Gaduwa, the acquisition of various landed properties and buildings in Abuja and Plateau State for the purpose of constructing Service Stations, the acquisition of modern and efficient computer-based equipment, the purchase of Bulk Cylinders as well as the supply and installation of Pumps at Ojota, Alaka Power Generating Plants.

SALES REVIEW

In 2019, sales saw positive growth in three (3) out of six (6) of the product lines (including Aviation Turbine Kerosene, Lubricants and Greases as well as Liquefied Petroleum Gas (LPG) when compared with 2018 sales results. This was largely due to stiff market competitive activities amidst continuous industry glut, series of downtimes leading to cancelled orders and the inability to service client orders timely. However, we have noted this with strong concern and believe that our strategic investment and deployment of Capital Assets in the year under review will spur organic growth across all products.

We maintained a leading market position in the marketing of Aviation Turbine Kerosene (ATK), Lubricant and Greases as well as Liquefied Petroleum Gas (LPG) as depicted in the table below.

Sales Analysis By Products
Year

Product	2019 NGN'000	2018 NGN'000	Absolute Variance	% Variance
PREMIUM MOTOR SPIRIT (PMS)	46,608,909	62,085,483	-15,476,574	(25)
AVIATION TURBINE KEROSINE (ATK)	8,252,334	6,492,154	1,760,180	27
AUTOMOTIVE GAS OIL (AGO)	5,874,762	9,412,379	-3,537,617	(38)
LUBRICANTS AND GREASES	3,925,301	3,494,736	430,565	12
DUAL PURPOSE KEROSENE (DPK)	84,810	8,026,188	-7,941,378	(99)
LIQUEFIED PETROLEUM GAS (LPG)	163,254	41,879	121,375	290
Total	**64,909,370**	**89,552,819**	**-24,643,449**	**28%**

Premium Motor Spirit (PMS)

PMS recorded revenue from sales of NGN46.6 billion in 2019 in contrast to the NGN62.1 billion for 2018. This accounted for the marginal decrease of 25% estimated at NGN15.5 billion.

Aviation Turbine Kerosene (ATK)

Revenue from business sales in ATK significantly increased to NGN8.3 billion in 2019 from NGN6.5 billion in 2018. This reflected a 27% growth translating to NGN1.8 billion appreciation. While having identified the factors responsible for the decline in 2018, we initiated a number of internal remedial actions to compensate for the inadequacies.

Automotive Gas Oil (AGO)
There was a decrease in revenue from our AGO business by approximately NGN3.5 billion which translates to 38% decline as against the performance of 2018. This was due to a relatively poor consistency of product supply from the nation's refineries; also importation of the product was also deeply threatened by high foreign exchange rates.

Lubricant and Greases
The 2019 revenue from Lubricant and Greases recorded a notable increase of 12% or NGN430 million (at conversion) when contrasted with the 2018 revenue benchmark. Despite the loss in volume, the margins improved significantly in the Lubes segment during this year. The yield of the strategic investment made in this segment impacted positively on revenue.

Dual Purpose Kerosene
DPK witnessed significant decline in revenue to NGN84 million in 2019 from NGN8.0 billion in 2018 translating to a loss of approximately NGN7.9 billion. With the Nigerian National Petroleum Corporation (NNPC) assuming the role of being the sole importer of petroleum products, there were experiences of supply challenges and products shortages.

FINANCIAL REVIEW

ANALYSIS OF PRODUCT REVENUE TO TOTAL REVENUE

Product	REVENUE 2019 NGN'000	REVENUE 2018 NGN'000	RATIOS (%) 2019	RATIOS (%) 2018
Premium Motor Spirit (PMS)	46,608,909	62,085,483	71.806	69.328
Aviation Turbine Kerosene (ATK)	8,252,334	6,492,154	12.714	7.250
Automotive Gas Oil (AGO)	5,874,762	9,412,379	9.051	10.510
Lubricants and Greases	3,925,301	3,494,736	6.047	3.902
Dual Purpose Kerosene (DPK)	84,810	8,026,188	0.131	8.963
Liquefied Petroleum Gas (LPG)	163,254	41,879	0.252	0.047
Total	**64,909,370**	**89,552,819**	100.0	100.0

The year on year negative variance cuts across all products. This was due to higher landing costs over the pump price and the capacity of oil traders to import products also greatly diminished with the advent of Covid-19 in later part of 2019.

GROSS PROFIT RATIO ANALYSIS

	2019 NGN'000	2018 NGN'000	ABSOLUTE VARIANCE	% VARIANCE
REVENUE	64,909,370	89,552,819	(24,643,449)	(28)
COST OF SALES	61,160,282	85,256,239	(24,095,957)	(28)
GROSS PROFIT	3,749,088	4,296,580	(547,492)	(13)
GROSS PROFIT RATIO	**5.78%**	**4.80%**		

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 approximately 6kobo per naira sale in 2019 as against 5kobo in 2018 showing a significant increase. The increase was occasioned by the increase in sales of Liquefied Petroleum Gas.

OPERATING LOSS ANALYSIS

	2019 NGN'000	2018 NGN'000	ABSOLUTE VARIANCE	% VARIANCE
GROSS PROFIT	3,749,088	4,296,580	(547,492)	(12.74)
OTHER INCOME	334,456	375,218	(40,762)	(10.86)
SELLING AND DISTRIBUTION EXPENSES	(796,798)	(1,048,167)	251,369	(23.98)
ADMINISTRATIVE EXPENSES	(5,164,844)	(5,217,518)	(57,280)	1.01
IMPAIRMENT LOSS	(235,748)	109,954	(345,702)	(314.41)
OPERATING LOSS	(2,113,846)	(1,483,933)	(629,913)	(42.45)

There was a sharp increase in operating loss from NGN1.5 billion in 2018 to NGN2.1 billion in 2019, which accounted for a 42% variance.

LOSS FOR THE YEAR ANALYSIS

PRODUCT	2019 NGN'000	2018 NGN'000	ABSOLUTE VARIANCE	% VARIANCE
OPERATING LOSS	(2,113,846)	(1,483,933)	(629,913)	42
FINANCE INCOME	748,394	274,601	473,793	173
FINANCE COST	(617,674)	(218,116)	(399,558)	183
MINIMUM TAX	(324,547)	-	(324,547)	100
INCOME TAX CREDIT	603,663	162,507	441,156	271
LOSS FOR THE YEAR	(1,704,010)	(1,264,941)	(439,069)	35

2019 Managerial decisions and the factors leading to the financial outcome for the year ended:

i. Revenue from ATK significantly increased in 2019. This was due to initiating a number of internal remedial actions to compensate for the inadequacies. Such as cutting back on open credit sales to focus on collateral-based credit sales and cash sales, to keep receivables exposure within an acceptable limit. This form of marketing was adopted due to a large demand for credit sales which dominated business environment as well as the strengthening of new credit policies.

ii. The introduction of the new price regime impacted the volumes, as major distributors of the Company reacted to the price change.

iii. The sum of NGN648.33 million was spent on capital expenditure. This was made up of:

AMOUNT (in millions)	**DESCRIPTION OF EXPENDITURE**
N17.1	• Leasehold land
N234.42	• Building
N102.54	• Plant and Machinery
N7.92	• Automotive Equipment
N13.53	• Computer and office Equipment
N5.9	• Furniture and Fittings
N266.92	• Capital Work-In-Progress

iv. The completion of stations undergoing upgrades, proper training of the usage of the new ERPs, mini road shows, mechanic meets across all the regions, aggressive adverts as well as marketing programs also impacted on the improvement in the sales of Aviation Turbine Kerosene (ATK), Lubricant and Greases as well as Liquefied Petroleum Gas (LPG).

v. The key factors that accounted for our financial outcome in 2019 were:
a. The effect of the 2019 Finance Act following the introduction of the Minimum tax of 0.5% on Turnover.

b. The low margin on gasoline in a fairly inflexible price controlled regime.
c. The effect of application of IFRS 9 on Impairments of receivables and the additional depreciation expenses arising from the introduction of a new accounting standard-IFRS 16 Leases.
d. Losses on our foreign exchange denominated obligations due to the devaluation of naira against dollar.
e. Foreign exchange scarcity which hindered the importation of petroleum products

FORWARD LOOKING STATEMENT

We will embark on various ambitious plans for the year aimed at aggressively growing earnings by volume growth in our white products and lubricants. Thus, this quest has informed the identification of the following expansion strategies for the Lubes and Retail businesses in 2020:

i. Launch the economy (fighting grade) of lubricants.
ii. Engage third party to manage and operate lube bay.
iii. Aggressive advertisement and sales promotion.
iv. Reactivation of dormant warehouses and retail stations.
v. Acquisition of new stations.
vi. Rebranding of the stations in phases.
vii. The introduction of incentive scheme for customers.
viii. The introduction of e-fuel.

While we were all trying to adjust to our 2020 expansion strategies, the entire world was stunned by the outbreak of Coronavirus (COVID-19) pandemic. There is hardly any part of the world that has not been affected by the pandemic which has so far, resulted to hundreds of thousand death and millions of people being infected. The impact of the virus being felt in different aspect of human race including international and local businesses as well as Governments and World bodies to the extent that staying alive has become the number one goal for the year 2020.

Already, the international crude oil price has been severely hit with the Federal Government having to drastically revise downward the 2020 budget. COVID-19 has impacted the earnings and profitability of companies. Going by the increasing number of infected persons and death coupled with restriction of movements across the country, the remaining part of the year looks set to be more challenging.

Due to COVID-19 and the need to deal with the crisis that came with it, tough measures have been taken by the Federal and State Governments, including restriction of movements especially inter-state and air travels. These necessary actions have substantially impacted on our sector and would continue to impact it until the crisis is put unde control. At this moment, the health and safety of our employees remain paramount.

Despite the challenges elicited by COVID-19, I still believe that exciting growth opportunities abound in 2020. However, this implies that we must continue in the spirit of leveraging our competitive advantages; improve our value propositions; maintaining our downward pressure on costs; and adapting quickly to both local and international changes in the market. Finally, the need to improve on the quality of operations must be underscored by accepting and implementing innovative and tested technologies.

CONCLUSION

This year was challenging and like most companies within the industry, we faced stiff competition.. As a result, in 2019 the weight on margins was obvious. Nevertheless, we have not been swayed from our goal to remain the customer first-choice in developing and delivering new and exciting products; grow our business and increase operational efficiency. Consequently, I harbor no doubts or reservations because we possess the brand, the products, the people and the passion to sustain and improve our value delivery.

I extend my heartfelt appreciation to everyone who has played a critical part in ensuring our success despite the difficulties the Company was faced with – this includes our employees, customers, as well as the Board who have displayed unrelenting commitment and passion in advancing our cause. I continue finding inspiration in your expressions of support; and hence, guarantee that we will keep moving forward intentionally and aggressively. Yet again, work remains to be done with strong focus and energy; given that there are clear opportunities for improvement even in the midst of covid19 pandemic. I firmly believe that we are well positioned to deliver great value.

I appreciate 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

BOARD OF DIRECTORS

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

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'Investitsment, 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 Masters degree in Oil Operation and Supply Chain Management from Liverpool University, United Kingdom and 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 and She has attended several courses locally and internationally including courses at the INSEAD Business School, Singapore.

*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

****Managing 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 and as a Director on the 31st of December, 2018.

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, he resigned as Managing Director and was redeployed to take on a key project at the MRS Group.

***On the 30th of April, 2019, Dr. Bissohong resigned as a Director of the Company.

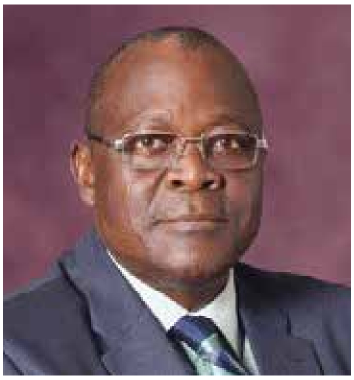
MS. AMINA MAINA

Director

Ms. Maina holds a degree in Business Administration from the Ahmadu Bello University, Zaria. She is currently the Group Chief Operating Officer (GCOO) of MRS Holdings Limited, and 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. MATTHEW AKINLADE

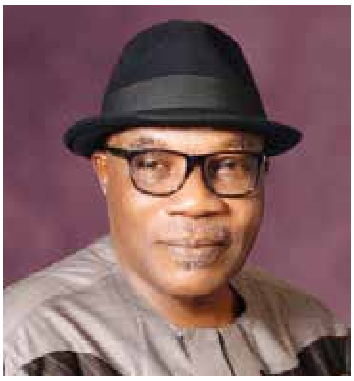
Independent Director

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 redesignated as Independent Director on 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 Nigeria Limited He is also on the Committees' of several listed Companies in Nigeria.

Sir Nwosu (KSS) was appointed on April 27, 2017.

DR. AMOBI DANIEL NWOKAFOR Ph.

Director

Dr. Amobi Daniel Nwokafor (FCA) is a seasoned professional accountant with over 31 years work experience in the accounting profession. 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

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.

DIRECTORS' REPORT

For The Year Ended 31 December 2019

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.

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 2019

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 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 are held by about 24,604 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 116 active company owned operating outlets and about 117 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, manufacturing of greases and sale of same.

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

	2019	2018
	NGN'000	NGN'000
Revenue	64,909,370	89,552,819
Loss Before Minimum and Income Tax	(1,983,126)	(1,427,448)
Income Tax	603,663	162,507
Minimum Tax	(324,547)	-
Loss for the year	(1,704,010)	(1,264,941)
Loss per 50k Share (Naira)	(5.59)	(4.15)
Declared Dividend per 50k Share (Kobo)	-	-
Net Assets per 50k Share	6,269	6,798

Board Changes:

- 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 the 10th of January, 2019.
- The Board announced the appointment of Mrs. Priscilla Ogwemoh and Mr. Christopher O. Okorie as Directors of the Company, on the 28th of February, 2019 and the 28th of March, 2019 respectively.
- Also, the Board approved the resignation of Dr. Paul Bissohong and Mr. Andrew O. Gbodume as Directors of the Company on the 30th of April, 2019 and the 31st of December, 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. On the 19th of June, 2019, three (3) Directors were inducted to the Board on their fiduciary duties and responsibilities to the Company.

Election/Re-election of Directors:
In accordance with Articles 90/91 of the Company's Article of Association, Mr. Matthew Akinlade, Sir Sunday Nnamdi Nwosu, retire by rotation 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 2019:

Name	Nationality	Designation	Appointments /Resignations (A/R)
Mr. P. Alberti	French	Chairman	March 20, 2009 (A)
***Mrs. P. Thorpe-Monclus**		Managing Director (Ag.)	January 10, 2019 (A)
****Mr. A.O. Gbodume**		Non-Executive Director	December 31, 2019 (R)
*****Dr. P. Bissohong**	Cameroonian	Non Executive Director	April 30, 2019 (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)
Dr. A. D. Nwokafor		Non Executive Director	April 27, 2017 (A)
******Mrs. P. Ogwemoh**		Non Executive Director	February 28, 2019 (A)
*******Mr. C. O. Okorie**		Non Executive Director	March 28, 2019 (A)

* Appointed as Managing Director(Ag.), on January 10, 2019.
**Resigned as Managing Director on December 31, 2018 and Director on January 10, 2019.
***Ceased to be Non-Executive Director, on April 30, 2019
****Appointed as Non-Executive Director, on February 28, 2019.
*****Appointed as Non-Executive Director, on March 28, 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:

Ms. Amina Maina, Mr. Matthew Akinlade and Sir Sunday N. Nwosu directly own shares in the Company as follows;

Name	2019	2018
Ms. Amina Maina	33,136	33,136
Sir Sunday N. Nwosu	6, 301	6,301
Mr. Matthew Akinlade	571	571

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 2019, the following shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company:

	2019		2018	
Name	**Unit**	**Percentage %**	**Unit**	**Percentage %**
MRS Africa Holdings Limited	182,871,828	60%	182,871,828	60%
First Pen Cust/Asset Management Corporation of Nigeria MAI	31,919,838	10.47%	31,919,838	10.47%

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.

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:

Number of holding			Number of shareholders	Number of shares held	Percentage of shareholding
1	-	1,000	12,523	4,442,651	1%
1,001	-	5,000	9,416	22,973,144	8%
5,001	-	10,000	1,296	9,024,497	3%
10,001	-	50,000	1,180	21,813,825	7%
50,001	-	100,000	98	6,560,638	2%
100,001	-	500,000	79	14,587,691	5%
500,001	-	1,000,000	8	5,514,127	2%
1,000,001	-	5,000,000	3	5,078,167	2%
10,000,001	-	50,000,000	1	31,919,838	10%
100,000,001	-	304,786,406	1	182,871,828	60%
Total			**24,605**	**304,786,406**	**100%**

	No of Shareholders	Number of shares held	Percentage of shareholding
Local shareholders	24,604	121,914,578	40%
Foreign shareholder	1	182,871,828	60%
	24,605	**304,786,406**	**100%**

According to the register of Members at 31 December 2019, the spread of shareholding in the Company is presented below:

Acquisition of its Own Shares:
The Company did not acquire its own shares during the year. (2018: Nil)

ISO Certification:
The Company is committed to the continued regulation of its quality management system by the International Standards Organization ISO: 9001 2008.

The Managing Director/CEO is responsibility for the conduct of the Company's activities in the safest and most efficient manner and to deliver value to its stakeholders.

Employment Policy
MRS Oil Nigeria Plc. recognizes that its employees are its most important assets and the effectiveness

of the employment process (i.e. selection, recruitment, employee experience, retention, learning and development) is fundamental to the Company's long-term success. The Company is committed to adopting best practices that will guide the successful engagement of the human capital, to meet its strategic and operational objectives.

Over the years, the Company has built a brand reputation to create an employee value proposition that attracts the right talent to the Company at all levels. The Company has also taken into cognizance its values, the present and strategic needs of the business and the cultural existence of the organization, which are reviewed from time to time to meet the business objectives.

The Company also provides an avenue where employees fill vacant or new positions in the Company before external recruiting who meet the criteria for any of such positions.

There is strategy on recruiting internal and external to ensure the right balance in terms of ensuring a continued blend in placement and engagements of qualified and competent candidates to promote the long term competitiveness and attainment of the Company's corporate goals.

The Company pays special attention to the individual profile of its employees and balances their individual profile with the Company's values to ensure that they are a culture-fit, and possess the requisite professionalism, leadership and people relationship skills.

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

i. The Company is an equal opportunity employer.
ii. The recruitments, selection, procedures and processes are on the basis of an objective and merit-based assessment process of competence, relevant experience and/or potential, as well as general medical, physical, behavioural and mental fitness to perform the role being resourced.
iii. There is no discrimination between applicants for employment on the basis of age, race, gender, ethnic origin, nationality or religion
iv. The Company adheres 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 needs of employees are met, to enhance their working experience and create a positive impact that leads to a significant increase in their engagement, cohesiveness and overall productivity.

Employees are encouraged to engage in programs focused on improving healthy lifestyle with a positive impact on their mental, emotional, physical and social well-being.

Some of the wellness initiatives implemented during the year include the *On-Site Physical Health checks, which encompass Health Awareness Sessions: Healthier Living and maintaining a good Work Life Balance*

Employee 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 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 2019, the Company's workforce was 103 (2018:117), which represents a 10% reduction in the workforce of the Company. The number excludes employees on secondment from MRS Holdings Limited.

Health, Safety, And Environment (HSE) Performance in 2019:

MRS Oil Nigeria Plc. takes the Health and Safety of its employees, contractors, customers, visitors and any other category of persons who may be affected by its activities seriously and considers it as an integral part of its business operation. The Company is committed to the protection of its people, equipment, property and the environment, in all its activities. The Company's Health, Safety and Environment (HSE) Policy is robust and it is developed in accordance with ISO 45001:2018 Occupational Health and Safety (OHS) requirements.

At MRS Oil Nigeria Plc., we believe that "accidents are preventable". As such, the Company continues to commit resources to address the causes of workplace accidents, such as: Unsafe Acts and Unsafe Conditions. To this end, a Safety Awareness Program is conducted monthly, for all employees. The Program is targeted at improving the safety culture and increasing the level of safety awareness among employees. Also, workplace inspections and assessments are conducted periodically to identify and address unsafe conditions and practice. This way, the Company proactively addresses and significantly reduces the risk of workplace accidents.

The Company recognizes that the Health of its employees is critical to the business and it has a direct impact on productivity. Hence, at MRS Oil Nigeria Plc., the Health of employees is considered paramount. The Company provides health insurance cover for its employees through the Health Maintenance Organizations (HMOs) and provides regular advisory and health talks which proffer health information to employees. The Company ensures that the workplace is free from Health hazards and it ensures the continuous provision of resources that create a conducive and ergonomic workplace.

MRS Oil Nigeria Plc, remains committed to the protection of its operating environment. It demonstrates this by minimizing the impact of its activities, products and services on the environment and its operations comply with the applicable laws and regulation of its operating environment.

In 2019, the HSE indicators of MRS Oil Nigeria Plc improved. This positive performance could be attributed to improved risk management measures, increased employee participation in HSE activities, training and close monitoring of critical metrics, amongst others. Notwithstanding this positive performance, the Company acknowledges that there is a lot more to be done. We remain unwavering in our commitment to the continual improvement of HSE standards and it is our resolve is that no one gets hurt while working for "MRS".

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 and charity organizations– year 2019

S/N	NAME OF BENEFICIARY		AMOUNT (NGN)
1.	Youth Empowerment Foundation, Lagos Sponsoring three Students in School	Sponsorship	510,000
2.	Society For Orphan Welfare, Ikoyi, Lagos	Donation	100,000
3.	Parcelli School For The Blind & Partially Sighted Children Surulere, Lagos	Donation	100,000
4.	The Zamarr Institute (School For Autism), 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
	TOTAL		**1,710,000**

Donations made in 2019 financial year amounted to NGN1,710,000.00 (2018: NGN4,178,542)

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 year under review.

Internal Audit Function and Internal Controls:

The Directors are committed to an effective risk-based Internal Audit Function that provides assurance on the effectiveness of the internal processes and procedures and that risk management and controls are effective. The Internal Audit regularly reviews the Internal Controls, evaluate their adequacy, effectiveness and efficiency and submits routine reports to the Audit Committee of the Company. The Head of Internal Audit of the Company is an experienced Chartered Accountant who reviews the management of the inherent risks in the business operations of the Company.

The Company's structured risk management framework, guides the risk assessment of all arms of the business. The risk assessment captures all areas of business risks and identifies measures to mitigate risk. The Directors are responsible for the Risk Management Process and assertions on the process effectiveness. The risk management process is integrated into the day to day activities of the Company and identifies key risks in the operational, financial, reputational, procedural and compliance process 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 ten (10) years tenure in office have indicated their ineligibility to continue in office as auditor to the Company. In accordance with Section 357 (1) of the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and SEC Code of Corporate Governance, the Board will propose at the next Annual General Meeting (AGM) of the Company, the appointment of another firm as Independent Auditors, effective at the conclusion of the AGM.

By Order of the Board

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

May 27, 2020

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, the Managing Director, Five (5) Non Executive Directors and an Independent Director. The Managing Director 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 Composition. 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 appointment of Mrs. Priscilla Thorpe Monclus as Managing Director (Ag.) following the resignation of Mr. Andrew Oghenevo Gbodume as Director of the Company, on the 10th of January, 2019. On the 28th of February, 2019 and 28th of March 2019, the Board appointed Mrs. Priscilla Ogwemoh and Mr. Christopher O. Okorie, respectively, as Directors of the Company. Furthermore, the Board approved the resignation of Dr. Paul Bissohong and Mr. Andrew O. Gbodume as Director(s) of the Company on the 30th of April, 2019 and the 31st of December, 2019 respectively.

Currently, there are 8 (Eight) Directors on the Board, each Director bringing their wealth of experience to bear on deliberations at Board Meetings.

MRS Oil Nigeria Plc has established a Complaints Management Policy which stipulates guidelines, on responses to feedback from investors, clients and other stakeholders.

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.

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

MRS Oil Nigeria Plc – 2019 Board Meetings

DIRECTORS	Designation	28 Feb '19	28 Mar '19	30 Apr '19	30 July '19	7 Aug '19	30 Oct '19
Mr. Patrice Alberti	Chairman	√	√	√	√	√	√
*Mrs. Priscilla Thorpe Monclus	Managing Director(Ag.)	√	√	√	√	√	√
**Mr. Andrew O. Gbodume	Member	√	√	x	x	x	x
***Dr. Paul Bissohong	Member	√	√	N/A	N/A	N/A	N/A
Ms. Amina Maina	Member	x	√	x	√	√	√
Mr. Matthew Akinlade	Member	√	√	√	√	√	√
Sir. Sunday N. Nwosu	Member	√	√	√	√	√	√
Dr. Amobi D. Nwokafor	Member	√	√	√	√	√	√
****Mrs. Priscilla Ogwemoh	Member	N/A	√	√	√	√	√
*****Mr. Christopher O. Okorie	Member	N/A	N/A	x	√	√	√

*Appointed January 10, 2019
**Resigned December 31, 2019
***Resigned April 30, 2019

****Appointed February 28, 2019
*****Appointed March 28, 2019

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

Board Meetings:
The Board meets at least four (4) times a year for regular scheduled meetings to review the Company's operations and trading performance, to set and monitor strategies as well as consider new business options. The Board also meets for unscheduled meetings, to attend to specific matters that require its attention.

Board Performance Appraisal:
The Board took a formal evaluation of its performance in the year under review. A follow up process exists for all matters of concern or potential improvement which may arise, when an evaluation process is carried out. The annual performance appraisal of the Board was carried out on May 27, 2020.

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:

Audit Committee Members	Designation	27 Feb '19	27 Mar '19	25 Apr '19	24 Jul '19	29 Oct '19
Dr. Amobi D. Nwokafor	Chairman	√	√	√	√	√
*Baale Isiaka Saliu	Member	√	√	√	√	N/A
Mr. Babajide A. Adetunji	Member	√	√	√	√	√
*Mr. Oluyinka Oniwinde	Member	√	√	√	√	N/A
Ms. Amina Maina	Member	x	x	x	x	√
**Mrs. Priscilla Ogwemoh	Member	N/A	√	√	√	√
*Mr. Emmanuel N. Okafor	Member	N/A	N/A	N/A	N/A	√
*Mr. Oladimeji B. Adeleke	Member	N/A	N/A	N/A	N/A	√

*Baale Isiaka Saliu and Mr. Oluyinka Oniwinde ceased to be members of the Audit Committee on 7 August 2019, following the appointment of Mr. Emmanuel O. Okafor and Mr. Oladimeji B. Adeleke in their stead on 7 August 2019.

**Appointed 28 February, 2019
√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

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

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

2. The Board Nominations and Corporate Governance Committee

Board Nominations and Corporate Governance Committee Members	Designation	10 Jan '19	27 Mar '19	29 Apr '19
*Dr. Paul Bissohong	Chairman	√	√	x
**Mr. Andrew O. Gbodume	Member	√	√	x
Mr. Matthew Akinlade	Member	√	√	√
Sir Sunday N. Nwosu	Member	√	√	√
Dr. Amobi D. Nwokafor	Member	√	√	√
Mrs. Priscilla Ogwemoh	Member	N/A	N/A	N/A
Mr. Christopher O. Okorie	Member	N/A	N/A	N/A

In line with the provisions of the SEC Code, the appointment of Mrs. Priscilla Ogwemoh and Mr. Christopher Okorie was reviewed on 29 October, 2019

*Resigned 30 April, 2019
**Resigned 31 December, 2019
√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

The Board Nominations and Corporate Governance Committee (BNCGC) is responsible for the nomination of candidates for appointment to the Board, bearing in mind the balance and structure of the Board. The Committee also considers corporate governance issues and ensures strict compliance with best practices. The BNCGC makes recommendation to the Board on issues regarding but not limited to the membership of the Audit, the Risk, Strategic and 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.

3. The Risk, Strategic and Finance Planning Committee:

Risk, Strategic Planning and Finance Planning Committee Members	Designation	29 July '19	29 Oct '19
Ms. Amina Maina	Chairman	√	√
Mrs. Priscilla Thorpe-Monclus	Member	√	√
*Mr. Andrew O. Gbodume	Member	x	x
Mr. Matthew Akinlade	Member	√	√
Sir Sunday N. Nwosu	Member	√	√
Dr. Amobi D. Nwokafor	Member	√	√
Mr. Christopher O. Okorie	Member	N/A	√

*Resigned 31 December, 2019
√= 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 twice.

4. The Human Resources Committee:

Human Resources Committee Members	Designation	29 Apr '19	4 Oct '19
Mr. Matthew Akinlade	Chairman	√	√
Mrs. Priscilla Thorpe-Monclus	Member	√	√
*Mr. Andrew O. Gbodume	Member	x	x
Dr. Paul Bissohong	Member	x	N/A
Ms. Amina Maina	Member	x	x
Sir Sunday N. Nwosu	Member	√	√
Mrs. Priscilla Ogwemoh	Member	N/A	√

*Resigned 31 December, 2019
√= 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 Executive Directors and Senior Management of the Company. The Committee also reviews the reports of external consultants for services rendered, that assists the Committee in the execution of its duties.

The Chairman and other Directors may be invited to attend meetings of the Committee, but do not take part in decision making that directly affects their 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 twice.

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

E Dividend:
Our records show that several dividends and share certificates remain unclaimed despite publications in the Newspapers on May 11, 2020 to the shareholders of the Company 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 117 for your necessary and urgent attention.

Statement of Compliance:
The Company has a Securities Trading Policy, which guides 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 operations in line with 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 efficiently and effectively responds to feedback, 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 requirements 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 exists, 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

May 27, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors accept responsibility for the preparation of the Annual Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

May 27, 2020

Signature
Dr. Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/00000002770

May 27, 2020

Report Of The Audit Committee

For the year ended 31 December, 2019

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, 2019 and based on the documents and information available to us, report as follows:

(a) We ascertain that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
(b) We have reviewed the scope and planning of the audit requirements;
(c) We have reviewed the findings on management matters in conjunction with the external auditor and departmental responses thereon;
(d) We have kept under review the effectiveness of the Company's system of accounting and internal control.

Members of the Audit Committee in 2019.

1.	Dr. Amobi D. Nwokafor	-	Chairman
2.	*Baale I. Saliu	-	Member
3.	Ms. Amina Maina	-	Member
4.	***Mrs. Priscilla Ogwemoh	-	Member
5.	*Mr. Oluyinka Oniwinde	-	Member
6.	*Mr. Emmanuel N. Okafor	-	Member
7.	Mr. Babajide A. Adetunji	-	Member
8.	*Mr. Oladimeji B. Adeleke	-	Member

*Baale I. Saliu and Mr. Oluyinka Oniwinde ceased to be member of the Audit Committee on August 7, 2019, following the appointment of Mr. Emmanuel N. Okafor and Mr. Oladimeji B. Adeleke in their stead on August 7, 2019.

**Appointed – February 28, 2019

Signature:

DR. AMOBI D. NWOKAFOR
Chairman, Audit Committee
FRC NO/2013/ICAN/00000002770

May 27, 2020

FINANCIAL STATEMENTS

MRS OIL NIGERIA PLC
2019

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

Telephone 234 (1) 271 8955
234 (1) 271 8599

Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MRS Oil Nigeria Plc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MRS Oil Nigeria Plc ("the Company"), which comprise the statement of financial position as at 31 December 2019, 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 50 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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 A*uditor'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 matter below to be key audit matter to be communicated in our report.

KPMG

Revenue recognition

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

The key audit matter	How the matter was addressed
Revenue has a significant impact on the net results of the Company, given the nature of the business. The company's profitability is dependent on their ability to sell large volumes as margins in the downstream sector are low. The continuous reduction in volume and value of sales in the current year made existence and accuracy of revenue an area of significance focus during our audit.	We evaluated the Company's accounting policy with respect to revenue recognition to determine its appropriateness and compliance with the recognition and measurement principles of IFRS 15. We evaluated the design and operating effectiveness of key controls over authorization of discounts, appropriate recording of price changes and customer billing process. We tested the operating effectiveness of controls over customer registration process in order to check that sales were not made to fictitious customers. A statistical sampling tool was applied to test sales transactions on a sample basis by agreeing selected revenue transactions to relevant supporting documents such as proof of delivery. Trend analysis was performed on the gross margin and outliers were investigated. We analytically tested revenue by developing an expectation of the revenue for the year. This was done by multiplying actual volumes to approved price list to validate total revenue recorded. We assessed the accuracy of sales volume by recomputing the product volume reconciliation across the product types. Manual journal entries recorded in the respective revenue accounts were evaluated by checking that they represented valid adjustments to revenue recognised. We verified that revenue 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. We reconciled the sales report to the sales general ledger and investigated reconciling items for appropriateness.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Results at a glance, 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 which we obtained prior to the date of this auditor's report but does not include the financial statements and our audit report thereon. Other information also includes: Company profile, Notice of Annual General Meeting, Chairman's statement, CEO's statement, Brief profile of Board of Directors, Shareholders information, Share price movement and Corporate directory, together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 have 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 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 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
27 May 2020
Lagos, Nigeria

STATEMENT OF **FINANCIAL POSITION**

AS AT 31 DECEMBER

	Notes	2019 NGN'000	2018 NGN'000
ASSETS			
Property, plant and equipment	12(a)	17,355,467	16,788,788
Intangible assets	13	2,359	3,662
Prepayments	26	-	775,010
Total non-current assets		**17,357,826**	**17,567,460**
Inventories	18	6,180,329	4,473,289
Withholding tax receivables	17	83,374	79,846
Prepayments	26	118,602	294,664
Trade and other receivables	15	17,999,700	25,238,284
Promissory note	16	172,085	4,535,573
Cash and cash equivalents	19	2,297,732	2,094,086
Total current assets		**26,851,822**	**36,715,742**
Total assets		**44,209,648**	**54,283,202**
Equity			
Share capital	20	152,393	152,393
Retained earnings		18,955,223	20,568,305
Total equity		**19,107,616**	**20,720,698**
Liablities			
Employee benefits obligations	21(a)	16,491	13,361
Provisions	27	56,322	-
Lease liabilities	28	632,536	-
Deferred tax liabilities	11(f)	712,346	1,316,009
Total non-current liabilities		**1,417,695**	**1,329,370**
Security deposits	22	1,902,623	2,174,393
Dividend payable	23(b)	285,486	375,577
Trade and other payables	24	18,408,455	18,089,739
Short term borrowings	25	2,558,191	11,326,921
Provisions	27	46,139	46,139
Current tax liability	11(e)	483,443	220,365
Total current liabilities		**23,684,337**	**32,233,134**
Total liabilities		**25,102,032**	**33,562,504**
Total equity and liabilities		**44,209,648**	**54,283,202**

Approved by the Board of Directors on May 27, 2020 and signed on its behalf by :

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

Dr. Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/00000002770

Charles Agutu
(Chief Financial Officer)*

**The Company obtained a waiver from the Financial Reporting Council of Nigeria (FRC) dated 19 March 2020 which allows the Chief Financial Officer (CFO) to sign the 2019 financial statements irrespective of the fact that the CFO is not a professional member of an accounting body established by an Act of National Assembly in Nigeria, according to FRC Rule 2*

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

STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019 NGN'000	2018 NGN'000
Revenue	5	64,909,370	89,552,819
Cost of sales	7	(61,160,282)	(85,256,239)
Gross profit		**3,749,088**	**4,296,580**
Other income	6	334,456	375,218
Selling and distribution expenses	7	(796,798)	(1,048,167)
Administrative expenses	7	(5,164,844)	(5,217,518)
Impairment (loss)/ reversal of financial assets	29(a)	(235,748)	109,954
Operating loss		**(2,113,846)**	**(1,483,933)**
Finance income	8(a)	748,394	274,601
Finance costs	8(a)	(617,674)	(218,116)
Net finance income	8(a)	**130,720**	**56,485**
Loss before minimum tax and income tax		**(1,983,126)**	**(1,427,448)**
Minimum tax	11(b)	(324,547)	**-**
Loss before income tax	9	**(2,307,673)**	**(1,427,448)**
Income tax credit	11(c)	603,663	162,507
Loss for the year		**(1,704,010)**	**(1,264,941)**
Other comprehensive income, net of income tax		-	-
Total Comprehensive loss for the year		**(1,704,010)**	**(1,264,941)**
Loss per share			
Basic and diluted loss per share (Naira)	10	(5.59)	(4.15)

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

STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER

	Notes	Share capital	Retained earnings*	Total equity
		NGN'000	NGN'000	NGN'000
Balance as at 1 January 2018				
Total comprehensive income:		**126,994**	**21,784,608**	**21,911,602**
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 unclaimed dividend	23(b)	-	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 1 January 2019		**152,393**	**20,568,305**	**20,720,698**
Total comprehensive income:				
Loss for the year		-	(1,704,010)	(1,704,010)
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**(1,704,010)**	**(1,704,010)**
Transactions with owners of the Company				
Contributions and distributions				
Write-back of statute barred unclaimed dividend	23(b)	-	90,928	90,928
Total transactions with owners of the Company		-	**90,928**	**90,928**
Balance as at 31 December 2019		**152,393**	**18,955,223**	**19,107,616**

* Included in retained earnings is NGN14.40 billion (2018: 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.

STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 NGN'000	2018 NGN'000
Cash flows from operating activities			
Loss after tax		(1,704,010)	(1,264,941)
Adjustments for:			
Depreciation	12(a)	1,567,083	1,449,956
Amortisation of intangible assets	13	3,885	16,446
Finance income	8(a)	(748,394)	(274,601)
Finance costs	8(a)	617,674	218,116
Loss on sale of property, plant and equipment	7(a)	39,450	-
Gain on sale of property, plant and equipment	6	-	(9,565)
Provision for long-term service award	21(c)	3,901	1,649
Impairment loss/ (reversal) on trade receivables	7(a)	430,242	(161,776)
Reversal of impairment on truck loan receivable	14(b)	(198,436)	(39,959)
Recovery of loss on employee receivables	7(a)	-	(627)
Impairment of Petroleum Equalization Fund receivables	29(a)	28,260	30,591
(Reversal)/ impairment of Petroleum Product Pricing Regulatory Agency receivables	29(a)	(24,318)	14,697
Impairment of related party receivables	29(a)	-	46,494
Write-off of inventory	7(a)	105,600	688,233
(Write back)/deduction on settlement of PPPRA receivables	7(a)	(172,085)	172,085
Reversal of inventory write down	18(a)	(874)	(24,238)
Minimum tax	11(b)	324,547	-
Income tax credit	11(c)	(603,663)	(162,507)
		(331,138)	**700,053**
Changes in:			
Inventories		(1,811,766)	1,094,483
Trade, other receivables and prepayments		7,228,258	192,678
Security deposits		(271,770)	250,024
Promissory note		4,363,488	-
Interest on loan capitalized		-	1,197,331
Trade and other payables		432,920	(4,334,168)
Cash generated from/ (used in) operating activities		**9,609,992**	**(899,599)**
Income taxes paid	11(e)	(46,832)	(450,580)
Withholding tax credit notes utilised	11(e),17	(14,637)	(50,883)
Long term service award paid	21(c)	(771)	(187)
Net cash generated from/ (used in) operating activities		**9,547,752**	**(1,401,249)**

Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		13,560	32,825
Purchase of property, plant and equipment	12(a)	(648,259)	(923,842)
Purchase of intangible assets	13	(2,582)	-
Principal received on amounts advanced to transporters	14	198,436	39,934
Interest received	8(a)	22,966	31,732
Net cash used in investing activities		**(415,879)**	**(819,351)**
Cash flows from financing activities			
Proceeds from short term borrowing	25	-	3,700,000
Repayment of short term borrowing	25	(9,011,084)	-
Refund of interest	25	(299,753)	-
Net dividends paid	23(b)	(40,238)	(12,055)
Interest paid	8(b)	(141,323)	(50,408)
Net cash (used in)/ generated from financing activities		**(9,492,398)**	**3,637,537**
Net change in cash and cash equivalents		(360,525)	1,416,937
Cash and cash equivalent at 1 January		1,424,272	20,344
Effect of movement in exchange rates on cash held		(10,867)	(13,009)
Cash and cash equivalents at 31 December	19	**1,052,880**	**1,424,272**

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

INDEX TO **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

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

On 20 March 2009, there was an acquisition of Chevron Africa Holdings Limited, (a 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 27 May 2020.

This is the first set of the Company's annual financial statements in which IFRS 16 Leases 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

In preparing the financial statements, Management has made judgements and estimates 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 risk of resulting in a material adjustment in the year ending 31 December 2020 are included in the notes below:

a. 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 NGN14.9 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 has carried out a fair value less cost to sell valuation of their assets. Management has made an assessment of the amount that the Company could obtain at the end of the reporting period from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting cost of disposal. In determining this amount, the Company has considered variants of market approach. For developed properties, the Company has adopted the Depreciated Replacement Cost Approach while for undeveloped plots, the Direct Market Comparison Method was adopted.

Based on the above, the directors have determined that the recoverable amount as at 31 December 2019 of the CGU is higher than the carrying amount, and accordingly no impairment of the CGU is required as at that date.

b. Recognition of Petroleum Products Pricing Regulatory Agency (PPPRA) receivables

The Company has recognized receivables from a government agency - PPPRA relating 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.

As at the year ended 31 December 2019, the receivable due from PPPRA was NGN4.12 billion (NGN6.94 billion). The directors have assessed the recoverability of the carrying amount in accordance with IFRS 9 and have recognised an impairment of NGN44.56 million as at 31 December 2019 (2018: NGN68.88 million). (See Note 15(b)).

Following the reconciliation of the first tranche with the Debt Management Office (DMO) of the Federal Ministry of Finance, the Company received promissory notes in settlement of the PPPRA receivable in the prior year. (See Note 16).

The reconciliation process for the second tranche of payments is yet to be completed as at the date of approval of these financial statements. Based on the above, along with the historical collection patterns of this receivable, the directors are of the view that the unimpaired balance of the PPPRA receivable as at 31 December 2019 is the amount that the Company expects to be fully recoverable.

c. Recognition of contingencies:

Key assumptions about the likelihood and magnitude of an outflow/ inflow of economic resources. See Note 33 (a) and 33 (c).

Other areas of judgments, assumptions and estimation uncertainties include:

- 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

- Determination of outflow of economic resources: provisions. See Note 27.
- Lease term- whether the Company is reasonably certain to exercise extension options. See Note 28(iii).

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 initially applied IFRS 16 Leases from 1 January 2019.

The Company applied IFRS 16 using the modified retrospective approach. Under this approach the Company elects to measure its right of use assets at 1 January 2019 at an amount equal to the lease liability, adjusted as appropriate. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(e).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

i. Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured at:
— an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all their leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:
— did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
— did not recognise right-of-use assets and liabilities for leases of low value , that is below NGN 1 million;
— excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
— used hindsight when determining the lease term.

C. Impact on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and lease liabilities. The impact on transition is shown below:

	1 January 2019
	NGN'000
Right-of-use assets – property, plant and equipment	1,538,512
Lease liabilities	(536,047)
Prepayment	(851,289)

	1 January 2019
	NGN'000
Operating lease commitments at 31 December 2018	-
Extension options reasonably certain to be exercised	536,047
Lease liabilities recognised at 1 January 2019	536,047

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

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

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' 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

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. nonrecourse 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

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 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.

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.

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

- 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.

(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

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

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately. Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019. i. As a lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (i.e below NGN 1 million) and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification. Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

– fulfilment of the arrangement was dependent on the use of a specific asset or assets; and – the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of the lease.

Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii. As a lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(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	Weighted average cost
b) Packaging materials, lubricants and greases	Weighted average cost
Inventories-in-transit	Purchase cost incurred to date

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

(g) Impairment

i Non-derivative Financial Assets

Financial 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.

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 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, contingent liabilities and assets

Provisions

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

Contingent assets

A contingent asset is a possible asset 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. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the company.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, the company is required to disclose a brief description of the nature of the contingent assets at the reporting date. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

(j) Revenue

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.

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.

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

The Company is subject to the Companies Income Tax Act (CITA). Income tax expense comprises current tax (company income tax, tertiary education tax, and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

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

(ii) Deferred tax

Deferred tax is recognised in 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) Minimum tax

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely, Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined as 0.5% of the qualifying company's turnover less franked investment income).

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) Operating expenses

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 asset 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. (x) 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.

(y) 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(a) Standards and interpretations not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 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.

Effective for the financial year commencing 1 January 2020

i. Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The Company is yet to carry out an assessment to determine the impact of this amendment on its financial statements.

ii. Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

The Company is yet to carry out an assessment to determine the impact of this amendment on its financial statements.

The following amended standards and interpretation are not expected to have a significant impact on the Company's financial statements.

- *Definition of a Business (Amendments to IFRS 3)*
- *Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)*
- *IFRS 17 Insurance contracts*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).*

5. Revenue

	2019	2018
	NGN'000	NGN'000
Premium Motor Spirit (PMS)	46,608,909	62,085,483
Aviation Turbine Kerosene (ATK)	8,252,334	6,492,154
Automotive Gas Oil (AGO)	5,874,762	9,412,379
Lubricants and Greases	3,925,301	3,494,736
Dual Purpose Kerosene (DPK)	84,810	8,026,188
Liquefied Petroleum Gas (LPG)	163,254	41,879
	64,909,370	**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 31.

6. Other income

	2019	2018
	NGN'000	NGN'000
Rental and lease income (Note 6((a))	27,277	26,533
Sundry income (Note 6(b))	39,637	84,425
Gain on sale of property, plant and equipment	-	9,565
Income on storage services	267,542	254,695
	334,456	**375,218**

(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

	2019	2018
	NGN'000	NGN'000
Depreciation (Note 12(a))	1,567,083	1,449,956
Amortisation of intangible assets (Note 13)	3,885	16,446
Changes in inventories of lubes, greases and refined products	61,072,725	84,697,670
Rental of service stations, buildings and equipment	90,343	245,721
Advertising expense	59,979	42,220
Consultancy expense	181,800	333,307
Maintenance expense	786,567	591,816
Throughput expense	51,914	14,096
Freight expense	499,943	355,216
Management fees (Note 30(c))	382,329	360,065
Director's remuneration (Note 9(b)iv)	27,378	28,950
Employee benefit expense (Note 9(b)i)	570,848	685,373
Auditor's remuneration	38,000	35,000
Reversal of impairment on truck loan receivables (Note 29(a))	(198,436)	(39,959)
Impairment loss/ (reversal) on trade receivables (Note 29(a))	430,242	(161,776)
Recovery of employee receivables	-	(627)
Impairment of Petroleum Equalization Fund receivables (Note 29(a))	28,260	30,591
(Reversal)/ impairment of Petroleum Product Pricing Regulatory Agency receivables (Note 29(a))	(24,318)	14,697
Impairment of related party receivables (Note 29(a))	-	46,494
Write-off of inventory	105,600	688,233
Reversal of inventory write down (Note 18(a))	(874)	(24,238)
(Write back)/ deduction on settlement of PPPRA receivables (Note 16)	(172,085)	172,085
Loss on sale of property, plant and equipment	39,450	-
Local and international travel	125,468	81,420
Office expenses and supplies	340,575	363,114
Communication and postage	300,350	254,675
Fines and penalties	31	10
Insurance premium	231,740	192,987
Contract labour	566,770	563,278
Sponsorships and donations	2,369	29,741
Licenses and Levies	17,040	23,176
Utilities	8,681	44,477
Subscriptions	9,858	71,905
Board meetings and AGM expenses	85,314	47,541
Security	42,118	52,292
Other office running expenses	86,725	106,018
Total cost of sales, selling and distribution, administrative expenses and impairment loss/(reversal)	**67,357,672**	**91,411,970**

(b) Fees paid to the statutory auditors for non-audit services Non-audit fees paid to the statutory auditors comprise:

Non-audit fees paid to the statutory auditors comprise:

	2019	2018
	NGN'000	NGN'000
Filing of transfer pricing returns	1,500	3,600
Tax regulatory compliance services	25,000	29,500
	26,500	**33,100**

8 (a) Finance income and finance costs

Interest income under the effective interest rate method

	2019	2018
	NGN'000	NGN'000
Interest income on short- term bank deposits	22,966	31,707
Interest income on loans to transporter (Note 14)	-	25
Total interest income arising from financial assets at amortised cost	22,966	31,732
Net foreign exchange gain (Note 8(b))	-	242,869
*Reversal of overaccrual of NNPC charges	725,428	-
Total finance income	**748,394**	**274,601**
Finance costs arising from financial liabilities measured at amortized cost		
Interest expense (Note 24(a))	103,997	167,708
Finance costs - other		
Bank charges	141,323	50,408
Unwind of discount on site restoration provision (Note 27)	8,591	-
Interest on lease liability (Note 28)	96,489	-
Net foreign exchange loss	267,274	-
Total finance costs	**617,674**	**218,116**
Net finance income recognised in profit or loss	**(130,720)**	**(56,485)**

*During the year, the Company performed a detailed reconciliation with Pipelines and Product Marketing Company (PPMC) on the amount of outstanding interest on overdue payments from 2014 to 2019 financial years. Based on the reconciliations performed, the Company had over accrued a total of NGN 725 million as interest charges. This resulted to a reversal of the over accrued charges in current year.

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

	2019 NGN'000	2018 NGN'000
Interest expense (Note 24(a))	103,997	167,708
Bank charges	141,323	50,408
Unwind of discount on site restoration provision	8,591	-
Interest on lease liability	96,489	-
Effects of movements in exchange rates on cash held	10,866	13,009
Foreign exchange movements in trade and other payables	515,370	186,600
Foreign exchange movements in trade and other receivables	(281,928)	(442,478)
	594,708	**(24,753)**

Analyzed as follows:

	2019 NGN'000	2018 NGN'000
Interest income included in finance income (Note 8(a))	(22,966)	(242,869)
Finance cost shown on the Statement of Cash flows	617,674	218,116
	594,708	**(24,753)**

9. Loss before minimum and income tax

	2019 NGN'000	2018 NGN'000
(a) Loss before minimum and income tax is stated after charging/(crediting):		
Depreciation (Note 12)	1,567,083	1,449,956
Amortisation of intangible assets (Note 13)	3,885	16,446
Management fees (Note 30 (c))	382,329	360,065
Directors' remuneration (Note 9(b)iv)	27,378	28,950
Employee benefit expense (Note 9(b)i)	570,848	685,373
Auditor remuneration	38,000	35,000
Loss on sale of property, plant and equipment (Note 7(a))	39,450	-
Gain on sale of property, plant and equipment (Note 6)	-	(9,565)
Reversal of impairment on truck loan receivables (Note 14b)	(198,436)	(39,959)
Impairment of Petroleum Equalization Fund receivables (Note 29(a))	28,260	30,591
(Reversal)/ impairment of Petroleum Product Pricing Regulatory Agency receivables (Note 29(a))	(24,318)	14,697
Impairment of related party receivables (Note 29(a))	-	46,494
Write-off of inventory	105,600	688,234
Reversal of inventory write down (Note 18(a)	(874)	(24,238)
Reversal of overaccrual of NNPC charges	725,428	-
(Write back)/ deduction on settlement of PPPRA receivables (Note 16)	(172,085)	172,085
Impairment loss/(Reversal) on trade receivables (Note 29(a))	430,242	(161,776)
Recovery of employee and other receivables	-	(627)
Net foreign exchange loss/(gain) (Note 8)	267,274	(242,869)

(b) Directors and employees

i. Employee costs during the year comprise:

	2019	2018
	NGN'000	NGN'000
Salaries and wages	400,263	463,706
Other employee benefits	128,512	175,967
Employer's pension contribution	38,172	44,051
Other long term employee benefit charge (Note 21(c))	3,901	1,649
Employee benefit expense (Note 9(b)i)	**570,848**	**685,373**

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

	Number	Number
	2019	2018
Administration	35	45
Technical and production	20	24
Operations and distribution	14	16
Sales and marketing	35	32
	104	**117**

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:

			2019	2018
NGN		NGN		
2,000,001	-	3,000,000	5	1
3,000,001	-	4,000,000	33	7
4,000,001	-	5,000,000	45	44
5,000,001	-	6,000,000	3	35
6,000,001	-	7,000,000	8	8
7,000,001	-	8,000,000	4	5
8,000,001	-	9,000,000	3	7
9,000,001	-	10,000,000	-	3
Above		10,000,000	3	7
			104	**117**

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

	2019	2018
	NGN'000	NGN'000
Fees	5,500	5,000
Other emoluments	21,878	23,950
	27,378	**28,950**
The directors' remuneration shown above includes:		
Chairman	-	-
Highest paid director	7,674	8,445
Other directors received emoluments in the following ranges:		

			Number	Number
			2019	2018
NGN		NGN		
Nil	-	2,000,000	5	3
2,000,001	-	3,000,000	1	-
3,000,001	-	4,000,000	-	4
4,000,001	-	5,000,000	-	4
5,000,001	-	6,000,000	1	1
6,000,001	-	7,000,000	-	-
7,000,001	-	8,000,000	3	-

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

(a) Basic loss per share

Basic loss per share of NGN5.59 (2018: NGN4.15) is based on loss attributable to ordinary shareholders of NGN1,704,010,000 (2018: loss of NGN1,264,941,000) and on the weighted average number of ordinary shares in issue during the year (2018: 304,786,406).

	2019	2018
Loss for the year attributable to shareholders (expressed in Naira)	(1,704,010,000)	(1,264,941,000)
Weighted average number of ordinary shares in issue	304,786,406	304,786,406
Basic loss per share (expressed in Naira per share)	(5.59)	(4.15)

(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

No dividends were declared during the year (2018: Nil) on 304,786,406 ordinary shares of 50 kobo each, being the ordinary shares in issue during the year (2018: Nil).

11. Taxation

(a) Applicability of the Finance Act, 2019

The Finance Act 2019 became effective on 13 January 2020 and introduced significant changes to some sections of the Companies Income Tax Act (CITA). The Company has applied the CITA related provisions of the Finance Act in these financial statements, in line with the Federal Inland Revenue Service (FIRS) information circular number NO:2020/04 published on 29 April 2020.

(b) Minimum tax

The Company has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a qualifying taxpayer does not have a taxable profit which would generate an eventual tax liability when assessed to tax. The Company's assessment based on the minimum tax legislation for the year ended 31 December 2019 is NGN 325 million (2018: nil).

(c) Income tax expense

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

Amounts recognized in profit or loss

	2019	2018
	NGN'000	NGN'000
Current tax expense:		
Income tax	-	57,291
Tertiary education tax	-	11,108
Capital gains tax	-	-
Nigeria police trust fund levy	-	-
	-	**68,399**
Deferred tax credit:		
Origination and reversal of temporary differences	(603,663)	(230,906)
Income tax credit	**(603,663)**	**(162,507)**

(d) Reconciliation of effective tax rates

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

	2019		2018	
	%	NGN'000	%	NGN'000
Loss before minimum tax and income tax		(1,983,126)		(1,427,448)
Income tax using statutory tax rate	30	(594,938)	30	(428,234)
Impact of tertiary education tax	2	(39,663)	2	(28,549)
Capital gains tax	-	-		-
Effects of tax incentives	-	(5,546)	-	(5,069)
Non deductible expenses	-	1,218	(19)	270,286
Changes in estimates relating to prior year	1	(11,865)	-	-
Differences in CIT rate and TET rate	(2)	47,131	(2)	28,999
Other differences	-	-	-	60
Total income tax expense in income statement	**31**	**(603,663)**	**11**	**(162,507)**

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

(e) Movement in current tax liability

	2019	2018
	NGN'000	NGN'000
Balance at beginning of the year	220,365	653,429
Payments during the year	(46,832)	(450,580)
Net charge for the year (Note 11(c))	-	68,399
Minimum tax	324,547	-
Withholding tax credit notes utilised (Note 17)	(14,637)	(50,883)
	483,443	**220,365**

(f) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31- Dec-19	31-Dec-18	31- Dec-19	31-Dec-18	31- Dec-19	31-Dec-18
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant & equipment	-	-	(1,723,491)	(2,179,708)	(1,723,491)	(2,179,708)
Employee benefits	5,277	4,275	-	-	5,277	4,275
Trade receivables	836,719	546,056		-	836,719	546,056
Truck loan receivables	-	76,603	(19,705)	-	(19,705)	76,603
Other receivables	37,274	37,274	-	-	37,274	37,274
Inventories	1,800	2,080	-	-	1,800	2,080
PPPRA receivables	-	22,041	(3,079)	-	(3,079)	22,041
PEF receivables	18,832	19,971	-	-	18,832	19,971
Related party receivable	14,878	61,382	-	-	14,878	61,382
Net unrealised exchange differences	-	94,017	(192,330)	-	(192,330)	94,017
Leases	30,876	-	-	-	30,876	-
Provisions-ARO	2,749	-	-	-	2,749	-
Right of use assets	9,688	-	-	-	9,688	-
Unrelieved losses	268,166	-	-	-	268,166	-
	1,226,259	**863,699**	**(1,938,605)**	**(2,179,708)**	**(712,346)**	**(1,316,009)**

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The Company does not have any unrecognized deferred tax assets or liabilities. The unrelieved losses do not expire and the directors have recognised a deferred asset on it as they consider it probable that future taxable profits would be available against which the unrelieved losses can be recovered and, therefore, the related deferred tax asset can be realised.

(g) Movement in temporary differences during the year

	1-Jan-18	Recognised in profit or loss	Balance 31-Dec-18	Recognised in profit or loss	Balance 31-Dec-19
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Property, plant & equipment	(2,507,312)	327,604	(2,179,708)	456,217	(1,723,491)
Employee benefits	3,807	468	4,275	1,002	5,277
Trade receivables	647,483	(101,427)	546,056	290,663	836,719
Truck loan receivables	89,390	(12,787)	76,603	(96,308)	(19,705)
Other receivables	37,274	-	37,274	-	37,274
Inventories	9,836	(7,756)	2,080	(280)	1,800
PPPRA receivables	17,338	4,703	22,041	(25,120)	(3,079)
PEF receivables	10,182	9,789	19,971	(1,139)	18,832
Related party receivable	46,504	14,878	61,382	(46,504)	14,878
Net unrealised exchange differences	98,583	(4,566)	94,017	(286,347)	(192,330)
Leases	-	-	-	30,876	30,876
Provisions-ARO	-	-	-	2,749	2,749
Right of use assets	-	-	-	9,688	9,688
Unrelieved losses	-	-	-	268,166	268,166
	(1,546,915)	**230,906**	**(1,316,009)**	**603,663**	**(712,346)**

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12. Property, plant and equipment

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

Cost	Leasehold	Building	Plant & Machinery	Automotive	Computer & office equipment	Furniture & Fittings	Capital work-in-progress	Total
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
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
Addition	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)	
Disposal	-	(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**
Balance as at 1 January 2019	**8,518,397**	**6,216,280**	**10,834,070**	**1,317,909**	**959,050**	**219,493**	**568,673**	**28,633,872**
Recognition of right of use asset on initial application of IFRS 16	1,538,512	-	-	-	-	-	-	1,538,512
Addition	17,050	234,419	102, 542	7,921	13,528	5,878	266,921	648,259
Transfers	23,000	244,712	52, 507	1,844	25,730	-	(347,793)	-
Disposal	-	-	(275,561)	(5,798)	(29,477)	(12,945)	-	(323,781)
Balance as at 31 December 2019	**10,096,959**	**6,695,411**	**10,713,558**	**1,321,876**	**968,831**	**212,426**	**487,801**	**30,496,862**
Accumulated depreciation and impairment								
	-	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 January 2019	-	2,212,814	7,666,101	913,960	853,352	198,857	-	11,845,084
Charge for the year	154,984	241,526	1,030,634	108,680	26,013	5,246	-	1,567,083
Disposals	-	-	(224,916)	(5,509)	(27,986)	(12,361)	-	(270,772)
Balance as at 31 December 2019	**154,984**	**2,454,340**	**8,471,819**	**1,017,131**	**851,379**	**191,742**	**-**	**13,141,395**
Carrying Amounts								
Balance as at 31 December 2019	**9,941,975**	**4,241,071**	**2,241,739**	**304,745**	**117,452**	**20,684**	**487,801**	**17,355,467**
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 1 January 2018	**8,472,302**	**4,115,723**	**4,045,514**	**500,349**	**121,066**	**24,993**	**58,215**	**17,338,162**

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(b) Capital commitments

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

	2019	2018
	NGN'000	NGN'000
Capital commitments	21,589	282,884

(c) No property, plant and equipment has been pledged as collateral in respect of any facility (2018: Nil).

(d) 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:

	2019	2018
	NGN'000	NGN'000
Cost		
Balance as at 1 January	280,678	280,678
Additions	2,582	-
Balance as at 31 December	283,260	280,678
Accumulated amortization		
Balance as at 1 January	277,016	260,570
Charge for the year (Note 7(a))	3,885	16,446
Balance as at 31 December	280,901	277,016
Carrying amount	**2,359**	**3,662**

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

14. Truck loan receivables

	2019	2018
	NGN'000	NGN'000
Balance as at 1 January	-	246,193
Adjustment on initial application of IFRS 9	-	(246,760)
Restated Opening balance at 1 January 2018	-	-
Insurance	-	-
Interest accrued	-	-
Principal received during the year	(198,436)	(39,934)
Interest received during the year (Note 8(a))	-	(25)
	(198,436)	(39,959)
Impairment recognised	-	-
Impairment loss reversal (Note 29(a)(iv), Note 14(b))	198,436	39,959
Net reversal of impairment loss recognised	198,436	39,959
Balance as at 31 December	-	-

(a) In prior year, interest income received with respect to these loans was NGN0.025 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 (2018: NIL).

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 believed that the outstanding truck loans were doubtful of recovery. During the year, based on recovery efforts, the Company recovered NGN 198.44 million (2018: NGN 39.96 million) of previously impaired truck loan receivables. Consequently the Company recorded a reversal of impairment in respect of these recoveries.

(c) Truck loan receivable

	2019	2018
	NGN'000	NGN'000
Gross truck loan receivble	102,530	300,966
Impairment allowance (Note 29(a)(iv))	(102,530)	(300,966)
Net truck loan receivable	-	-

The Company's exposure to credit risks related to truck loan receivables are disclosed in Note 29(a).

15. Trade and other receivables

	2019	2018
	NGN'000	NGN'000
Trade receivables (Note 15(a))	2,666,249	2,683,943
DMO holdback (Note 15(d))	1,600,000	8,111,679
Bridging claims (Note 15(c))	8,396,068	6,215,722
Petroleum Support Fund (PSF) (Note 15(b))	4,126,155	6,937,004
Receivables from related parties (Note 15(e))	616,446	675,038
Employee receivables	46,204	67,851
Due from joint arrangement partners	90,254	97,059
Receivables from registrar (Note 23(c))	41,780	53,350
Sundry receivables	156,058	145,789
Total financial assets	**17,739,214**	**24,987,435**
Non financial assets		
Advances paid to suppliers	260,486	250,849
	17,999,700	**25,238,284**

Non-current portion	-	-
Current portion	17,999,700	25,238,284

(a) Trade receivables	**2019**	**2018**
	NGN'000	**NGN'000**
Gross trade receivables	5,307,319	4,894,771
Impairment allowance (Note 29(a)(iv))	(2,641,070)	(2,210,828)
Net trade receivables	**2,666,249**	**2,683,943**

(b) Petroleum Support Fund (PSF)	**2019**	**2018**
	NGN'000	**NGN'000**
Gross PSF receivable	4,170,713	7,005,880
Impairment allowance (Note 29(a)(iv))	(44,558)	(68,876)
Net PSF receivable	**4,126,155**	**6,937,004**

PSF receivables relates to receivables from a government agency-Petroleum Pricing Regulatory Agency (PPPRA). The receivable comprises;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 PPRA, foreign exchange losses and interest accrued arising from delayed payments by PPPRA on behalf of the Federal Government of Nigeria. The PSF receivables are reduced by means of promissory notes issued by Debt Management Office.

(c) Bridging claims	**2019**	**2018**
	NGN'000	**NGN'000**
Gross bridging claims	8,486,737	6,278,130
Impairment allowance (Note 29(a)(iv))	(90,669)	(62,408)
Net bridging claims	**8,396,068**	**6,215,722**

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:	**2019**	**2018**
	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	1,600,000	5,264,941
	1,600,000	**8,111,679**

In the the 2018 financial year, prior to the settlement of outstanding PSF receivables to the company, the Debt Management Office (DMO), held back the amounts owed to government agencies and financial institutions 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 direct settlement to the affected financial institutions and agencies. These liabilities relate to financing provided by those financial institutions to the Company for product importation in previous 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). The DMO holdback is reduced by actual settlements by the DMO to the respective institutions.

(e) Due from related parties	**2019**	**2018**
	NGN'000	**NGN'000**
Gross receivable from related parties (Note 30(e))	808,264	866,856
Impairment allowance (Note 29(a)(iv))	(191,818)	(191,818)
Net receivable from related parties	**616,446**	**675,038**

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 29(a).

16. Promissory note

	2019	**2018**
	NGN'000	**NGN'000**
Promissory note from DMO (Note 16(a))	172,085	4,535,573

(a) In the 2018 financial year, 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 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)). In current year, NGN 1.6 billion was held back for the settlement of liabilities owed to a financial institution. The promissory note as at year end was issued by the Debt Management Office (DMO) on 23 August 2019 as a refund for the 1.5% palliative deduction made in prior year.

The Company's exposure to credit risk and currency risks related to the promissory notes are disclosed in Note 29(a).

17. Withholding tax receivables

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

	2019	**2018**
	NGN'000	**NGN'000**
Balance at 1 January	79,846	70,542
Additions	18,165	60,187
Withholding tax credit note utilised (Note 11(e))	(14,637)	(50,883)
Balance at 31 December	**83,374**	**79,846**

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 actual tax liabilities. Based on the current tax laws, these withholding tax assets do not expire.

18. Inventories

	2019	2018
	NGN'000	NGN'000
Premium Motor Spirit (PMS)	1,969,061	1,273,759
Lubricants and Greases	1,835,667	1,765,615
Aviation Turbine Kerosene (ATK)	2,116,698	1,336,121
Automotive Gas Oil (AGO)	225,973	20,751
Dual Purpose Kerosene (DPK)	-	-
Packaging materials and other sundry items	7,558	77,043
Liquified Petroleum Gas (LPG)	21,253	-
Low Pour Fuel Oil	4,119	-
	6,180,329	**4,473,289**

No inventory (2018: NGN3.79 million) are stored at facilities owned by MRS Oil and Gas Limited (Note 30(a)).

The value of changes in products, packaging materials and work-in-progress included in cost of sales amounted to NGN61.07 billion (2018: NGN84.70 billion).

An assessment for impairment was carried out on inventory at year end, which resulted in a reversal of impairment allowance by NGN0.87 million (2018: impairment loss of NGN24.24 million). Impairment allowances for the year and reversals of impairment allowances are included in the cost of sales on the Statement of Profit or Loss and Other Comprehensive Income.

	2019	2018
	NGN'000	NGN'000
Gross inventory	6,203,591	4,497,425
Inventory write down (Note 18(a))	(23,262)	(24,136)
Net inventory	**6,180,329**	**4,473,289**

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

	2019	2018
	NGN'000	NGN'000
Balance as at 1 January	24,136	48,374
Net reversal of inventory write down (Note 7(a))	(874)	(24,238)
Balance as at 31 December	**23,262**	**24,136**

19. Cash and cash equivalents

	2019	2018
	NGN'000	NGN'000
	NGN'000	**NGN'000**
Cash at bank and on hand	1,881,094	1,685,695
Short term deposits with banks	416,638	408,391
Cash and cash equivalents in the statement of financial position	2,297,732	2,094,086

Bank overdraft (Note 25)	(1,244,852)	(669,814)
Cash and cash equivalents in the statement of cash flows	**1,052,880**	**1,424,272**

The Company's exposure to credit risk and currency risks are disclosed in Note 29(a).

20. Share capital

	2019	2018
	NGN'000	NGN'000
Authorised:		
322,454,964 (2018: 322,454,964) Ordinary shares of 50k each	161,227	161,227
Issued and fully paid:		
304,786,406 (2018: 304,786,406) Ordinary shares of 50k each	152,393	152,393
Issued and fully allotted:		
304,786,406 (2018: 304,786,406) Ordinary shares of 50k each	152,393	152,393

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:

	2019	2018
	NGN'000	NGN'000
Other long term employee benefits	16,491	13,361
Total employee benefits liabilities	**16,491**	**13,361**

(b) Other long term employee benefits comprise long service awards and it is funded on a pay-asyou-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 (2018: Brian Karidza FRC/2017/NAS/00000016625, of Alexander Forbes). The method of valuation used is the projected unit credit method and the last valuation was as at 31 December 2019.

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

	2019	2018
	NGN'000	NGN'000
Balance as at 1 January	13,361	11,899
Included in profit or loss		
Current service cost	3,147	4,512
Interest cost	2,596	2,284
Remeasurement gains (net)	(1,842)	(5,147)
Net charge to profit or loss (Note 9(b)(i))	3,901	1,649
Benefits paid by the employer	(771)	(187)
Balance as at 31 December	**16,491**	**13,361**

(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):

	2019	2018
	NGN'000	NGN'000
Long-term average discount rate (p.a)	13%	16.1 %
Future average pay increase (p.a)	12%	12.0 %
Average rate of inflation (p.a)	12%	12.0 %
Average Duration in years (Long Service Awards)	5	5

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 **Number of deaths in year out of 10,000 lives**

	2019	2018
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service

Age band	2019	2018
	Rates	Rates
<34	3.0%	3.0 %
34-44	5.0%	10.0 %
45-55	3.0%	8.0 %
56-59	2.0%	2.0 %
60	100%	2.0 %

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2018: 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%	17,403
	+1%	15,699
Salary increase rate	-1%	15,927
	+1%	17,103
Inflation rate	-1%	16,134
	+1%	16,886
Mortality rate		
Aged rated up by 1 year		17,059
Age rated down by 1 year		15,962

22. Security deposits

	2019 NGN'000	2018 NGN'000
Security deposits	1,902,623	2,174,393

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 29(a)(ii).

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.

23. Dividends

(a) Declared dividends

No dividends were declared by the Company during the year (2018: Nil). No bonus shares were also proposed (2018: a bonus issue of 1 (one) new share of 50 kobo each for every 5 (five) existing shares, representing 50,797,734 ordinary shares fully paid up amounting to NGN25.40 million).

(b) Dividend Payable

	2019 NGN'000	2018 NGN'000
Balance as at 1 January	375,577	461,669
Declared dividend	-	-
Payments	(40,238)	(12,055)
Unclaimed dividend returned by registrar	41,075	-
Unclaimed dividend written back to retained earnings (Note 23(d))	(90,928)	(74,037)
Balance as at 31 December	**285,486**	**375,577**

(c) Included in the dividend payable balance at year end is an amount of NGN 41.78 million (2018: NGN53.35 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 NGN 90.9 million (2018; NGN74.04 million) back into retained earnings. This represents the value of dividends 34 which became statutes barred after remaining unclaimed for 12 years after declaration.

24. Trade and other payables

	2019	2018
	NGN'000	NGN'000
Trade payables (Note 24(a))	10,735,917	7,990,887
Accrued expenses	771,014	591,405
Amount due to joint arrangement partners (Note 24(b))	196,918	241,049
Bridging allowance (Note 24(c))	3,247,358	6,258,734
Amounts due to related parties (Note 30(e))	1,597,923	1,538,145
Total financial liabilities	16,549,130	16,620,220
Non financial liabilities		
Statutory deductions (Note 24(d))	230,062	255,195
Advances received from customers (Note 24(e))	1,629,263	1,214,324
	1,859,325	**1,469,519**
	18,408,455	**18,089,739**

(a) Included in trade payables is an amount of NGN7.70 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company (2018: NGN6.49 billion). The interest charged is included in interest expense. (Note 8(a)).
(b) Amount relates to cash received from other parties of the Joint Aviation Facility for the running of the facility by the Company.
(c) Bridging allowance represents amount due to the Petroleum Equalisation Fund Management Board as the Company's contribution to the Fund.
(d) 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.
(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 is disclosed in Note 29(b).

25. Short term borrowings

	2019	2018
	NGN'000	NGN'000
Bank overdraft (Note 19, Note 25(a))	1,244,852	669,814
Bank borrowing (Import Finance and other short term facilities (Note 25(b))	1,313,339	10,657,107
Balance as at 31 December	**2,558,191**	**11,326,921**

(a). The interest rate on this overdraft was 18% per annum (2018: interest rates was 20%). 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 NGN10.35 million (2018: NGN0.79 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 (2018: Nil).

During the year, 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:

	2019	2018
	NGN'000	NGN'000
Opening balance Additions:	10,657,107	5,679,324
- Principal	-	3,700,000
- Interest capitalised	-	1,197,331
Repayments	(9,011,084)	-
Refund of interest	(299,753)	-
Exchange loss on borrowings	(32,932)	80,452
Balance as at 31 December	**1,313,338**	**10,657,107**

The Company's exposure to liquidity risk and currency risks are disclosed in Note 29(b) and 29 (c) respectively.

26. Prepayments

	2019	2018
	NGN'000	NGN'000
Operating leases	-	851,289
Other prepayments	118,602	218,385
	118,602	**1,069,674**

The Company leases a number of offices and service stations under both cancellable and noncancellable leases. In current year, leases previously classified as operating leases have been reclassified as right of use assets in line with IFRS 16.

	2019	2018
	NGN'000	NGN'000
Non current portion	-	775,010
Current portion	118,602	294,664
	118,602	**1,069,674**

Movement in prepayment	**2019**	**2018**
	NGN'000	**NGN'000**
Opening balance	1,069,674	1,009,511
Additions	490,681	741,717
Reclassification to right of use assets	(830,025)	-
Release to profit or loss	(611,728)	(681,554)
	118,602	**1,069,674**

27. Provisions	**2019**	**2018**
	NGN'000	**NGN'000**
Balance at 1 January	46,139	46,139
Unwind of discount on site restoration provision	8,591	-
Provisions made during the year	47,731	**-**
Balance as at 31 December	**102,461**	**46,139**
Non-current	56,322	-
Current	46,139	46,139
	102,461	**46,139**
Legal	46,139	46,139
Asset retirement obligation	56,322	-
	102,461	**46,139**

Legal 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.

Asset retirement obligation relates to the estimate of costs to be incured by the Company in dismantling and removing the underground tank and other structures on the leased land after the expiration of the lease.

28. Lease liabilities

The Company leases land and thereafer constructs its fuelling stations. The leases typically run for an average period of 10 years, with an option to renew the lease after that date. Lease payments are usually renegotiated close to the expiration of the lease term to reflect market rentals. Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Company is a lessee is presented below:

i. Right of use assets

Right of use assets related to leased land that do not meet the definition of investment property are presented as property, plant and equipement (see Note 12(a)).

	Leasehold land 2019 NGN'000
Balance at 1 January (Note 12(a)).	1,538,512
Depreciation charge for the year (Note 12(a))	(154,984)
Balance at 31 December	**1,383,528**

ii. Amounts recognised in profit or loss

Leases under IFRS 16	
Interest on lease liabilities (Note 8(a))	96,489

iii. Lease liability

Balance at 1 January	536,047
Interest on lease liabilities (Note 8(a))	96,489
Balance at 31 December	**632,536**

The Company's exposure to liquidity risk is disclosed in Note 29(b). iii

Extension options

Some leases contain extension options exercisable by the Company at the expiration of the noncancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

29. 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	2019	2018
Impairment loss/(Reversal) on trade receivables arising from contracts with customers (Note 29(a)(iv))	430,242	(161,776)
Reversal of impairment loss on truck loan receivable (Note 29(a)(iv))	(198,436)	(39,959)
Impairment of Petroleum Equalization Fund receivables (Note 29(a)(iv))	28,260	30,591
(Reversal)/ impairment of Petroleum Product Pricing Regulatory Agency receivables (Note 29(a)(iv))	(24,318)	14,697
Impairment of related party receivables (Note 29(a)(iv))	-	46,494
	235,748	**(109,953)**

i) Maximum credit exposure

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

	2019	2018
	NGN'000	NGN'000
Trade receivables		
- Major customers	4,633,257	4,361,904
- Other customers	674,062	532,867
Gross total receivables	5,307,319	4,894,771
- Impairment allowance	(2,641,070)	(2,210,828)
Net total receivables	2,666,249	2,683,943
- Due from related parties	616,446	675,038
- Due from regulators (Government entities)		
- Petroleum Equalisation Fund (PEF)	8,396,068	6,215,722
- Petroleum Support Fund (PSF)	4,126,155	6,937,004
- DMO holdback	1,600,000	8,111,679
- Other receivables*	334,296	364,049
	17,739,214	**24,987,435**

**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 2019, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

In thousands of Naira	2019	2018
Retail customers	2,334,691	2,491,927
Commercial and industrial	1,247,530	898,969
Aviation	1,725,098	1,503,875
	5,307,319	**4,894,771**

iii) Expected credit loss assessment as at 31 December 2019

Expected credit loss assessment for government and related party receivables as at 31 December 2019

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 as at 31 December 2019

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 2019.

Aviation customers 31 December 2019	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira				
Current (not past due)	7.69%	566,450	43,560	No
1–30 days past due	46.68%	14,507	6,772	No
31–60 days past due	55.48%	17,113	9,494	No
61–180 days past due	60.47%	38,713	23,410	No
181-365 days past due	75.00%	2,287	1,715	No
More than 365 days past due	100.00%	1,086,028	1,086,028	Yes
		1,725,098	**1,170,979**	

Retail customers 31 December 2019	Weighted average loss rate	Gross carrying amount*	Loss allowance	Credit impaired
In thousands of Naira				
Current (not past due)	13.14%	90,848	11,937	No
1–30 days past due	26.59%	56,512	15,027	No
31–60 days past due	34.56%	85,620	29,590	No
61–180 days past due	42.20%	123,575	52,149	No
181-365 days past due	68.64%	63,653	43,691	No
More than 365 days past due	100.00%	733,527	733,527	Yes
		1,153,735	**885,921**	

Commercial/industrial customers 31 December 2019	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira				
Current (not past due)	17.94%	258,342	46,347	No
1–30 days past due	23.38%	217,474	50,845	No
31–60 days past due	32.36%	129,210	41,812	No
61–180 days past due	40.77%	237,114	96,671	No
181-365 days past due	64.60%	160,719	103,824	No
More than 365 days past due	100.00%	244,671	244,671	Yes
		1,247,530	**584,170**	

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2018:

Aviation customers **31 December 2018**	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
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***	**Credit impaired**
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**	

Commercial/industrial customers **31 December 2018**	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
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**	

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

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.

iv) 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.

In thousands of Naira	1-Jan -18	Net remeasurement of loss allowance (Note 7(a)	Balance 31-Dec-18	Reconised in profit or loss	Balance 31- Dec -19
Truck loan receivables	340,925	(39,959)	300,966	(198,436)	102,530
Trade receivables	2,372,604	(161,776)	2,210,828	430,242	2,641,070
Bridging claim receivable	31,818	30,591	62,409	28,260	90,669
PSF Receivables	54,179	14,697	68,876	(24,318)	44,558
Related Party Receivables	145,324	46,494	191,818	-	191,818
	2,944,850	**(109,953)**	**2,834,897**	**235,748**	**3,070,645**

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, the unimpaired balances are recoverable and accordingly, no further impairment is therefore recorded.

v) 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 NGN8.40 billion (2018: NGN6.22 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 NGN3.25 billion (2018: NGN6.26 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 29(a)(iv).

vi) 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 29(a)(iv).

vii) 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. (2018: Nil).

viii) Cash and cash equivalents

The Company held cash and cash equivalents of NGN2.30 billion as at 31 December 2019 (2018: NGN2.09 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.

ix) Promissory note

The Company held promissory note issued by the Debt Management Office (DMO) of NGN0.17 billion as at 31 December 2019 (2018: 4.54 billion) 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.

	Notes	Carrying amount	Contractual cash flows	6 months or less
Non- derivative financial liabilities				
31 December 2019				
Overdraft and other short term borrowing	25	2,558,191	2,558,191	2,558,191
Dividend payable	23	285,486	285,486	285,486
Trade and other payables*	24	16,549,130	16,549,130	16,549,130
Lease liability	28	632,536	632,536	632,536
		20,025,343	**20,025,343**	**20,025,343**
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
Lease liability	28	-	-	-
		28,322,718	**28,322,718**	**28,322,718**

** Excludes advances received from customers and statutory liabilities.*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

Currency risk
The Company is exposed to 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). 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:

	December 2019	December 2018
In thousands		
Financial assets		
Trade and other receivables		
USD	189	517
Cash and cash equivalents		
USD	1,425	333
Financial liabilities		
Short term borrowings		
USD	(2,744)	(6,264)
Trade and other payables		
USD	(4,335)	(6,436)
Net statement of financial position exposure		
USD	**(5,465)**	**(11,850)**

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.

31 December 2019	Decrease in profit or loss NGN'000
USD (10 percent strengthening)	(199,309)
31 December 2018	
USD (10 percent strengthening)	(425,166)

	Dec 2019	Dec 2018	Dec 2019	Dec 2018
	NGN	NGN	NGN	NGN
US Dollar	361.66	347.12	364.70	358.79

The following significant exchange rates were applied during the year

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:

	Dec 2019	Dec 2018
	NGN'000	NGN'000
Fixed rate instruments		
Bank overdraft and borrowings (Note 25)	2,558,191	11,326,921
Trade payables*	7,697,811	6,818,909

*Included in trade payables is an amount of NGN7.70 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company (2018: NGN6.82 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:

	Dec 2019	Dec 2018
	NGN'000	NGN'000
Total borrowings (Note 25)	2,558,191	11,326,921
Less: Cash and cash equivalents (Note 19)	(2,297,732)	(2,094,086)
Adjusted net debt	260,459	9,232,835
Total equity	19,107,616	20,720,698
Total capital employed	**19,368,075**	**29,953,533**
Adjusted net debt to equity ratio	0.014	0.45

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 2019	**Financial assets at amortised cost NGN'000**	**Other financial liabilities NGN'000**	**Total**
Financial assets not measured at fair value			
Trade and other receivables (Note 15)	17,739,214	-	17,739,214
Promissory note (Note 16)	172,085	-	172,085
Cash and cash equivalents (Note 19)	2,297,732	-	2,297,732
	20,209,031	**-**	**20,209,031**
Financial liabilities not measured at fair value			
Short term borrowings (Note 25)	-	2,558,191	2,558,191
Trade and other payables* (Note 24)	-	16,549,130	16,549,130
Dividend payable (Note 23)	-	285,486	285,486
Lease liability (Note 28)	-	632,536	632,536
	-	**20,025,343**	**20,025,343**

	Carrying amount		
31 December 2018	**Financial assets at amortised cost NGN'000**	**Other financial liabilities NGN'000**	**Total**
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)	2,094,086	-	2,094,086
	31,617,094	**-**	**31,617,094**
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
Lease liability (Note 28)	-	-	-
	-	**28,322,718**	**28,322,718**

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.

*Excludes advances received from customers and statutory liabilities.

30. Related party transactions

(i) Parent and ultimate controlling entity

As at the year ended 31 December 2019, 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	2019	2018
	NGN'000	NGN'000
Sales of goods	225,044	-
Staff secondment	(80,047)	(189,501)
Product purchase	(6,614,411)	(2,961,634)
Reimbursements for expenses	415,962	28,578

In current year, no product was stored by MRS Oil and Gas Limited for the Company (2018: NGN3.79 million). The total transactions with MOG during the year was NGN 6.05 billion (2018: NGN2.1billion).

Net balance due from MRS Oil and Gas Limited was NGN739.17 million (2018: NGN153.09 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 NGN1.46 billion (2018: NGN1.44 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	2019	2018
	NGN'000	NGN'000
Management fees	(382,329)	(360,065)
Sale of goods	59,780	79,163
Reimbursable	232,168	6,223
Shared services	(598,455)	-
Staff secondment	9,132	-

Net balance due to MRS Holdings Limited was NGN35 million (2018: due from NGN646.57 million).

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

	2019 NGN'000	2018 NGN'000
MRS Benin S.A	55,077	54,071
Corlay Togo S.A.	227	239
Corlay Benin S.A.	759	112
Corlay Cote D'lvoire	(99,426)	(98,092)
Corlay Cameroun S.A.	13,037	12,772
	(30,326)	**(30,898)**

	Nature of transaction	2019 NGN'000	2018 NGN'000
MRS Benin S.A.	Reimbursements for expenses	107	226
Corlay Togo S.A.	Reimbursements for expenses	15,006	8,964
Corlay Benin S.A.	Reimbursements for expenses	7,726	5,486
Corlay Cote D'Ivoire	Reimbursements for expenses	282	1,490
Corlay Cameroun S.A.	Reimbursements for expenses	54	44

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:

	Receivables NGN'000	December 2019 Payables NGN'000	Receivables NGN'000	December 2018 Payables NGN'000
MRS Oil and Gas Limited (MOG)	739,165	-	153,093	-
MRS Holdings Limited	-	(35,004)	646,569	-
Petrowest SA	-	(1,463,493)	-	(1,440,053)
MRS Benin S.A.	55,077	-	54,071	-
Corlay Togo S.A.	227	-	239	-
Corlay Benin S.A.	759	-	112	-
Corlay Cote D'lvoire	-	(99,426)	-	(98,092)
Corlay Cameroun S.A.	13,036	-	12,772	-
	808,264	**(1,597,923)**	**866,856**	**(1,538,145)**

(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 2019			December 2018		
	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	
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
MOG	1,742,378	(1,003,213)	**739,165**	1,114,917	(961,824)	**153,093**
MRSH	851,112	(886,116)	**(35,004)**	874,973	(228,404)	**646,569**

(ii) Key management personnel compensation

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

	2019	2018
	NGN'000	NGN'000
Short term employee benefits	27,378	28,950

Other remuneration to key management personnel were as follows:

	2019	2018
	NGN'000	NGN'000
Short term employee benefits	55,697	68,374
Other long term benefits	3,725	3,736
	59,422	72,110

(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 NGN23.54 billion and the 5% disclosure limit is NGN1.18 billion. During the year, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited. Refer to Note 30(i)(a) for details of these transactions.

31. 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

2019	Revenue		Cost of sales		Gross profit	
	NGN'000	% of Total	NGN'000	% of Total	NGN'000	% of Total
Retail/C&I	52,731,736	81	50,713,866	83	2,017,870	47
Aviation	8,252,334	13	7,921,702	13	330,632	17
Lubes	3,925,300	6	2,524,714	4	1,400,586	36
Total	**64,909,370**	**100**	**61,160,282**	**100**	**3,749,088**	**100**

2018	Revenue		Cost of sales		Gross profit	
	NGN'000	% of Total	NGN'000	% of Total	NGN'000	% of Total
Retail/C&I	79,565,340	89	77,226,530	90	2,338,810	55
Aviation	6,492,155	7	5,669,138	7	823,016	19
Lubes	3,495,324	4	2,360,571	3	1,134,753	26
Total	**89,552,819**	**100**	**85,256,239**	**100**	**4,296,579**	**100**

32. Subsequent events

On 11 March 2020, the World Health Organization declared the coronavirus (COVID – 19) outbreak a pandemic and most governments have taken restrictive measures to contain its further spread by introducing lockdowns, closures of borders and travel restrictions which has affected the free movement of people and goods. The Nigerian Centre for Disease Control (NCDC) has confirmed COVID -19 cases in Nigeria and this has resulted in lock down in certain states. The pandemic has caused a significant reduction in social interactions, disruption in economic activities while some public facilities have been shut down in a bid to reduce the spread of the virus.

The Company considers this outbreak to be a non-adjusting subsequent event. As the situation is fluid and rapidly evolving, the Directors do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak and will continue to evaluate the impact of COVID-19 on the Company's operations, financial position and operating results.
As at the date these financial statements were authorised for issue, the Directors were not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

There were no other events after the reporting date that could have had a material effect on the financial statements of the Company that have not been provided for or disclosed in these financial statements.

33. 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 2019 is NGN 1.29 billion (2018:NGN7.42 billion). A total provision of NGN46.14 million (2018: NGN 46.14 million) (Note 27) 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.

(c) Contingent assets

As at the date of these financial statements, the Company is expecting potential promissory notes from the Debt Management Office (DMO) of the Federal Ministry of Finance in respect of outstanding PPPRA subsidies. The existence and amount of these promissory notes will be confirmed upon the finalization of the reconciliation process with the DMO at which point, the details of the promissory notes will be agreed and the reconciled amount will be recognized as additional PPPRA receivables in the Company's financial statements. The directors estimate the promissory notes to be approximately NGN 3 billion in excess of the PPPRA receivables currently recorded as at year end, however, this will be subject to further reconciliations with the relevant government authorities.

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31

	December 2019	%	December 2018	%
Revenue				
Bought in materials and services:	(64,909,370)		(89,552,819)	
- Imported	-		127,009	
- Local	66,768,584		91,011,739	
	1,859,214		1,585,929	
Other income	(334,456)		(375,218)	
Finance income	(748,394)		(242,869)	
Value added by operating activities	**776,364**	**100**	**967,842**	**100**
Distribution of value Added To Government as:				
Minimum tax	324,547	42	-	-
Taxes and duties	(603,663)	(78)	(162,507)	(18)
To Employees:				
Salaries, wages, fringe and end of service benefits	570,848	73	685,373	71
To providers of Finance:				
- Finance cost	617,674	80	218,116	23
Retained in the business To maintain and replace:				
- Property, plant and equipment	1,567,083	202	1,449,956	150
- Intangible assets	3,885	-	16,446	2
Bonus dividend	-	-	25,399	3
To deplete retained earnings	(1,704,010)	(219)	(1,264,941)	(131)
Value added	**776,364**	**100**	**967,842**	**100**

Five year financial summary

Statement of comprehensive income

	2019 NGN'000	2018 NGN'000	2017 NGN'000	2016 NGN'000	2015 NGN'000
Revenue	64,909,370	89,552,819	107,088,347	109,635,054	87,099,216
Results from operating activities	(2,113,846)	(1,483,933)	101,216	3,289,530	1,610,521
(Loss)/profit before taxation	(2,307,673)	(1,427,448)	(996,609)	2,287,347	1,460,843
(Loss)/profit for the year	(1,704,010)	(1,264,941)	1,385,056	1,465,905	935,625
Comprehensive (loss)/income for the year	(1,704,010)	(1,264,941)	1,385,056	1,465,905	935,625
Ratios					
(Loss)/earnings per share (Kobo)	(559)	(415)	454	577	368
Declared dividend per share (Kobo)	-	-	173	110	88
Net assets per share (Kobo)	6,269	6,798	9,099	8,726	8,259

Statement of financial position

	2019 NGN'000	2018 NGN'000	2017 NGN'000	2016 NGN'000	2015 NGN'000
Employment of Funds Non-current assets:					
Property,plant and equipment	17,355,467	16,788,788	17,338,162	18,402,454	19,053,705
Provision	-	-	-	-	-
Intangible assets	2,359	3,662	20,108	29,920	1,144
Trade and other receivables	-	-	-	347,922	1,211
Prepayments	-	775,010	699,649	578,073	354,303
Net current assets	3,167,485	4,482,608	7,218,255	7,936,267	6,891,678
Non-current liabilities:					
Employee benefit obligation	(16,491)	(13,361)	(11,899)	(13,891)	(12,618)
Provisions	(56,322)	-	(44,147)	-	-
Finance lease liabilities	(632,536)	-	-	-	-
Deferred tax liability	(712,346)	(1,316,009)	(2,110,631)	(5,116,904)	(5,312,099)
Net assets	**19,107,616**	**20,720,698**	**23,109,497**	**22,163,841**	**20,977,324**
Fund Employed					
Share capital	152,393	152,393	126,994	126,994	126,994
Retained earnings	18,955,223	20,568,305	22,982,503	22,036,847	20,850,330
	19,107,616	**20,720,698**	**23,109,497**	**22,163,841**	**20,977,324**

Shareholder Information

Share Capital History:

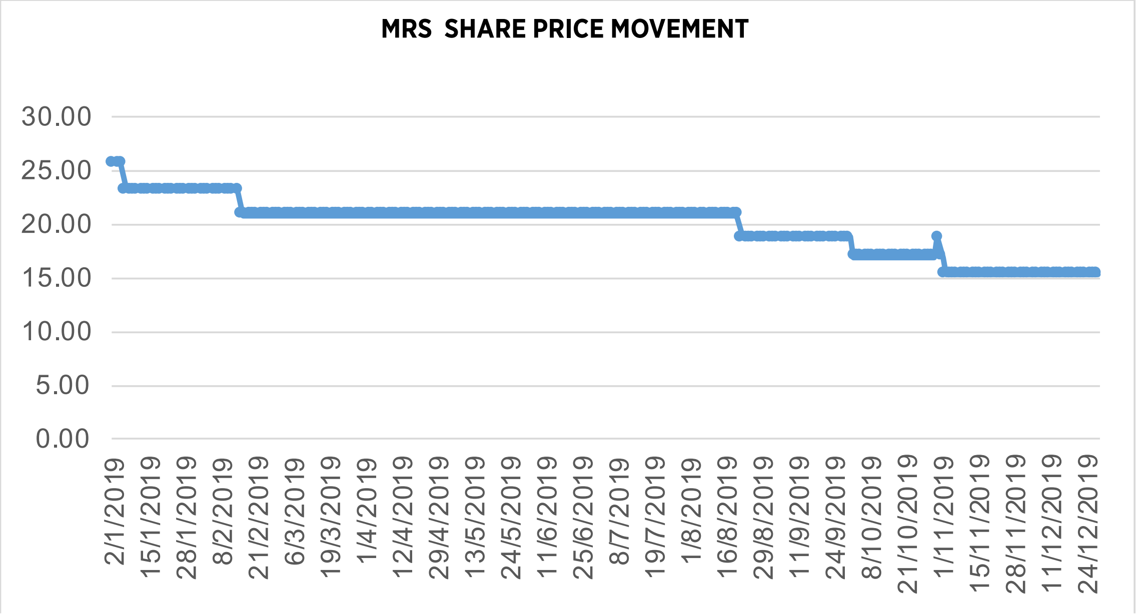
Year	Share Capital	Mode of Acquisition
1978 - 1979	13,606,536	Initial Share Capital
1980-1982	27,213,072	Bonus 1980 (1:1) – 13,606,536 shares
1983-1985	45,355,120	Bonus 1983 (2:3) – 18,141,048 shares
1986-1988	68,032,680	Bonus 1986(1:2) – 22,677,560 shares
1989	90,710,240	Bonus 1989(1:3) – 22,677,560 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 2008 and 2016.

DIVIDEND		DATE DECLARED	AMOUNT
Dividend 35	(Final)	July 1, 2008	126,376,476.75
Dividend 36	(Final)	July 28, 2010	28,514,886.13
Dividend 37	(Final)	July 27, 2011	34,497,267.40
Dividend 38	(Final)	July 10, 2012	15,114,523.53
Dividend 39	(Final)	August 14, 2013	5,349,872.35
Dividend 40	(Final)	August 7, 2014	32,401,221.12
Dividend 41	(Final)	August 4, 2015	17,946,815.74
Dividend 42	(Final)	August 4, 2016	31,988,963.49
Dividend 43	(Final)	August 7, 2017	48,506,482.78

For further information on the unclaimed dividend, please contact the Company's Registrar at First Registrars and Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos or send an email to "MRS OIL NIGERIA PLC", through the Company's website, inquiries@mrsholdings.com.

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), through the Company's website (www.mrsoilnigplc.net).

LIST OF **DISTRIBUTORS**

S/N	Distributor Name	Address
1	HAMISU DAN TINKI MOTORS	275 NAIBAWA MOTOR PARK ZARIA ROAD KANO
2	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. Ndubuisi	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	ONUORAH JOSEPHINE MRS	B6/4 New Spare Parts Nkpor
28	R. N. IWOBI	24 Zungeu Road Kano
29	DIVINE TOUCH AUTO	35 bank Road, New Garage Park, Benue
30	EUGENE OPARA	110 Muritala Mohammed Highway Calabar.
31	CHUNIZ AUTO CARE	61 Jubilee Road Aba
32	CHUKEN GLOBAL	39 Item Road Aba Abia
33	LORION VENTURES LTD	770 Festac Link Bridge Road Amuwo Odofin
34.	MRS JOY ADAMMA CHIDI	E8/9 New Spare Part Nkpor, Anambra
35.	DIAPER ARENA	Akure, Ondo State
36	SIMITAL NIGERIA LTD	Challenge, Ibadan, Oyo State
37	CEERO ALLIANCE LTD	25, Labake Road, Off Stadium Road, PHC
38	MASID MULTIPURPOSE SERVICES LTD	5,200 Road, Kano
39	EZEANOCHIE FELIX CHIEF	Rukuba Road, Jos, Plateau State

CORPORATE DIRECTORY

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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, 2019 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. Charles Agutu*
(Chief Finance Officer)

Dr. Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/00000002770

May 27, 2020

**The Company obtained a waiver from the Financial Reporting Council of Nigeria (FRC) dated 19 March 2020 which allows the Chief Financial Officer (CFO) to sign the 2019 financial statements irrespective of the fact that the CFO is not a professional member of an accounting body established by an Act of National Assembly in Nigeria, according to FRC Rule 2 .*

Leading Through Research and Development

The MRS Lubricants are formulated from selected premium base oils and additives to help achieve the most performance out of every mile: maximizing machines and vehicles uptime and minimizing operating costs.

The MRS lubricants are recommended in a wide range of applications in the commercial, consumer, industrial and marine sectors.

These lubricants are blended following the newest lubricants technology in the MRS state-of-the-art Lubricants plant in Tin-Can Apapa: Lagos-Nigeria by a team of highly experienced professionals: some accumulating over 30years experience in the manufacturing of finished lubricants.

From Quality line products like the MRS Multi-Insecticide killer through motor oils, Radiator coolants, Brake fluids for the family cars and lubricants for commercial cars, Generators, boats, motorcycles and heavy industrial equipment, customers across Nigeria and Africa will trust the MRS family of products to deliver excellent and reliable performance in a wide range of operating conditions and applications.

Our product line

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 shareholding in MRS Oil Nigeria Plc be paid directly to my/our Bank named below:

NAME OF BANK ____________ **BRANCH** ____________

BANK ADDRESS ____________

BANK ACCOUNT NO ____________

SORT CODE ____________ **BVN NO** ____________

CSCS NO ____________

SHAREHOLDERS SURNAME ____________ **TITLE** ____________

____

OTHER NAMES

FULL ADDRESS: ____________

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

EMAIL ____________ **FAX** ____________

SHAREHOLDER'S SIGNATURE(S)

1. ____________

2. ____________

BANK'S AUTHORISED SIGNATURES/STAMP

3. ____________

4. ____________

5. ____________

Company Seal

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

Proxy Card

THE ANNUAL GENERAL MEETING OF MRS OIL NIGERIA PLC (THE COMPANY) WILL BE HELD AT THE PANORAMIC HALL, CIVIC CENTRE, OZUMBA MBADIWE AVENUE, VICTORIA ISLAND, LAGOS, NIGERIA THE ON WEDNESDAY, AUGUST 5TH 2020 AT 11.00 A.M.

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 __________, ______, 2020 and adjournment thereof.

Dated this ____________________ day of ____________ 2020.

Signature ______________________________

NUMBER OF SHARES ____

PROPOSED RESOLUTIONS		FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31 December, 2019 and the Report of the Directors, Audit Committee and Auditors Report thereon.		
2.	To re-elect Directors under Articles 90 and 91 of the Company's Articles of Association: 1. Mr. Matthew Akinlade 2. Sir Sunday Nnamdi Nwosu **Special Notice:** Notice is hereby given that pursuant to Section 256 of the Companies and Allied Matters Act 2004, Mr. Matthew Akinlade who is retiring as Director and offering himself for re-election at the meeting, has attained the age of 70 years.		
3.	To appoint External Auditors		
4.	To authorize the Directors to fix the remuneration of Auditors.		
5.	To elect members of the Audit Committee.		
6.	To consider and if thought fit, pass the following resolution as an Ordinary Resolution: To fix the Director's Fees.		

ADMISSION CARD
MRS OIL NIGERIA PLC

ANNUAL GENERAL MEETING TO BE HELD.. 2020 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 of the company.

NOTE:
A member who is unable to attend an Annual General Meeting is entitled by law to vote by proxy.

A proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form should not be completed if you will be attending the Meeting.
If you are unable to attend the Meeting, read the following instructions carefully:
(a) Write your name in **BLOCK CAPITALS** on the proxy form where marked *
(b) Write the name of your proxy **, and ensure you date and time the proxy form. The common seal should be affixed on the proxy form if executed by a corporation.
The proxy form must be posted and must reach the address below not later than 48 hours before the time for holding the Meeting.

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

NIGERIA

2 Tincan Island Port Road,
Apapa,
Lagos-Nigeria

REPUBLIC OF BENIN

Avenue Jean-Paul II,
face Ministere des Finances
Cotonou-Benin

TOGO

5000 Boulevard de la
Paix, Tokoin Aeroport
Lome - Togo

CAMEROON

114, Boulevard de la
Liberte, Douala,
Littoral 214, CM