Energy For Life

Annual Report & Accounts 2019

IN THIS REPORT

FINANCIAL HIGHLIGHTS

	2019 N'000	2018 N'000	%Change
Turnover	229,274,785	251,877,933	(9)
Profit before taxation	111,440	1,989,899	(94)
Income tax expense	255,729	980,903	(74)
Retained profit for the year	(144,289)	1,008,996	(114)
Net Assets	12,407,879	12,878,205	(4)
Earnings per share	(0.11)	0.77	(114)
Proposed Dividend	Nil	0.25	N/A

DIRECTOR, PROFESSIONAL ADVISERS, ETC.

Directors:

Mr. Lamis Shehu Dikko	Chairman
Mr. Mahmud Tukur	Group Managing Director/CEO
Ms. Kudi Badmus	Group Executive Director/CFO
Mr. Nnamdi Obiagwu	Group Executive Director/COO
Mr. Adebode Adefioye	Independent Non-Executive Director
Chief (Dr) Michael Ade Ojo, OON	Non-Executive Director
Mr. Ibrahim Boyi	Non-Executive Director
Mrs. Afolake Lawal	Non-Executive Director
Mr. Oluwole Abegunde	Non-Executive Director

Company Secretary:
Bunmi Agagu

Registered Office:
5a, Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue)
Ikoyi
Lagos, Nigeria

Company Registrars:
GTL Registrars
274 Murtala Muhammed Road
Yaba
Lagos, Nigeria

Auditors:
Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria

Principal Solicitors:
Akabogu & Associates
Tayo Oyetibo & Co
Wole Olanipekun & Co

Principal Bankers:
FBNQuest Merchant Bank Limited
First Bank Nigeria Limited
Keystone Bank Limited
NOVA Merchant Bank Limited
United Bank for Africa Plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of Eterna Plc will be held on Tuesday 18th August 2020 at the Shell Hall, Muson Centre, Onikan, Lagos at 11.00am prompt to transact the following businesses:

Ordinary Business:

1. To lay the Report of the Directors, the Audited Financial Statements, the Reports of the Auditors and the Audit Committee for the year ended 31st December 2019 before the shareholders.

2. To re-elect retiring Directors.

3. To re-appoint the Auditors and authorize the Directors to fix the remuneration of the Auditors.

4. To elect members of the Audit Committee.

Special Business:

5. To fix the remuneration of the Directors.

6. That in compliance with the rules of the Nigerian Stock Exchange governing transactions with related parties or interested persons, the Company be and is hereby granted a general mandate in respect of all recurrent transactions entered into with a related party or interested person which are of a revenue or trading nature or are necessary for the Company's day to day operations.

Notes:

Proxy

Due to the COVID-19 pandemic and the attendant directives issued by relevant authorities on physical distancing and a limit on the maximum number of persons at a gathering (not more than 20 persons), Shareholders' attendance at this Annual General Meeting (AGM) shall be by Proxy only, in accordance with the Corporate Affairs Commission's Guidelines on Holding of Annual General Meetings (AGM) of Public Companies Using Proxies.

A Shareholder entitled to attend and vote at the Meeting can appoint a proxy to attend and vote in his/her/its stead. The proxy needs not be a shareholder. Consequently, Members are required to appoint a proxy of their choice from the following proxies to represent them at the Meeting:

(a) Mr. Lamis Shehu Dikko (Chairman)
(b) Mr. Mahmud Tukur (Managing Director/CEO)
(c) Mr. Ignatius Adegunle (Shareholders Representative, Audit Committee)
(d) Sir Sunny Nwosu (Minority Shareholder)
(e) Mr. Boniface Okezie (Minority Shareholder)
(f) Mrs. Bisi Bakare (Minority Shareholder)
(g) Engr. MOT Olayiwola Tobun (Minority Shareholder)

For the appointment to be valid for the purposes of the Meeting, the duly completed proxy forms must be deposited at the office of the Registrars, GTL Registrars 274 Murtala Muhammed Road, Yaba, Lagos, or sent by e-mail to info@gtlregistrars.com not later than 48 hours to the time scheduled for the meeting.

A blank Proxy Form is included in the 2019 Annual Report & Accounts, which will also be available on the Company's website: www.eternaplc.com and that of the Registrars, www.gtlregistrars.com. The Company has made arrangements at its cost, for stamp duty to be paid on the proxy forms.

A corporate body being a member of the Company is required to execute proxy instrument(s) under seal.

Closure of Register and Transfer Books

The Register of members and Transfer Books will be closed from the 30th to 31st July 2020 (both days inclusive) for the purpose of updating the Register of Members in accordance with section 89 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria 2004).

Audit Committee

In accordance with section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any member may nominate a shareholder as a member of the Audit Committee. All such nominations should reach the Company Secretary at least 21 days before the Annual General Meeting.

E-Annual Report

The electronic version of the Annual report is available at www.eternaplc.com. Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via email. Furthermore, shareholders who are interested in receiving the electronic version of the Annual report are kindly required to request via email: info@gtlregistrars.com

NOTICE OF ANNUAL GENERAL MEETING

Rights of Securities' Holders to ask Questions
Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting and such questions must be submitted to the Company on or before 11th August 2020.

Website
A copy of this notice and further information relating to the meeting are available on the Company's website at www.eternaplc.com

Live Streaming of the AGM
The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website: www.eternaplc.com and by the Registrar, in due course.

Dated the 20th day of July 2020

BY ORDER OF THE BOARD

Bunmi Agagu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000004342

eterna

SAFETY REMAINS OUR NUMBER ONE PRIORITY

We will always take adequate preventive measures in all our retail stations to serve YOU better.

#Safety#Retail #EternaCares

ETERNA PLC RC:124136

5a Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue) Ikoyi, Lagos
P.O. Box 5647, Marina, Lagos
T:: +234 01-2797630, 2797631
E: info@eternaplc.com
W: www.eternaplc.com

Castrol

Eterna Plc is the sole licencee for Castrol products in Nigeria

SON
NIS ISO 9001:2015
REGISTERED COMPANY
CERT. NO: 0000182

NIS
Nigerian Mark of Quality

Eterna ...energy for life

UPSTREAM | MIDSTREAM | DOWNSTREAM

CORPORATE PROFILE

Our Vision
To be Africa's preferred Energy Company.

Our Mission
To provide energy solutions in efficient and innovative ways.

Shared Values
Accountability
Innovation
Respect
Efficiency
Ethics

AIRE²

Our Logo
The three sails of our logo represent our planned integration in the oil sector – upstream, midstream and downstream

- Sails were chosen as our symbol because sailing is about harnessing natural resources for movement and the adventure of crossing borders. There is a sense of freedom and timelessness which comes with sailing and which reflects aspects of the Eterna spirit.

- The Boarder around the logo conveys stability that Eterna now has. It is a company which has had experiences from which it has drawn, resulting in a stronger, better grounded company.

- The colours of the logo are yellow, orange and green, a vibrant combination deliberately chosen to demonstrate the energy and vision of the company as well as its concern for the environment.

- The name is written using a type face which is attractive, yet simple. The use of small 'e' for Eterna shows the youthful, innovative and informal Company that it is.

CORPORATE PROFILE

Community Affairs, Safety, Health, Environment & Security (CASHES Policy)
We conduct our activity in a manner that safeguards, the health and safety of our employees, contractors & subcontractors and the communities or areas in which we work. We conduct our activities in line with our established Community Affairs, Safety, Health, Environment & Safety (CASHES) Policy.

We maintain an adequate insurance policy that covers occupational diseases and health impairment for our employees.

Our CASHES policy ensures that in every area of operation, the following objectives are achieved;

Community Affairs
We establish and maintain cordial relationships with all our stakeholders. We are ever sensitive to the needs and concerns of our host communities.

Safety
Our operations are executed in a safe manner that focuses on the protection of human lives, the avoidance of accidents and the prevention of all forms of disability.

Health
We plan and carry out our activity in a manner that preserves the health of our employees, sub-contractors and the general public.

Environment
We strive to eliminate or reduce adverse effect of our operations in the environment; we apply practical and reasonable measures to minimize the generation, management and disposal of all waste in an environmentally friendly manner.

Security
Our security policy and attitude ensures that personnel and property are secured during our operations.

QUALITY POLICY

Eterna Plc's strategic direction is to be Africa's preferred Energy company. Embedded in our strategic aspiration is our unwavering commitment to consistently provide high quality products and services that meet and exceed the needs, operational requirements and expectations of our customers, thereby ensuring an overall achievement of a sustained and profitable growth for the Company.

We shall continuously sustain the established qualities of our products and services and quality capability through the adoption of an effective Quality Management System (QMS) in accordance with the requirements of International Standard *NIS ISO* 9001:2015.

The Company's Top Management is responsible for leading and maintaining the integrity of the QMS with the provision of resources necessary to ensure its effectiveness. In addition, the Company's Top Management is committed to complying with all applicable statutory requirements in the process of producing its products and services and ensuring a continual improvement of its quality management system.

To sustain the effectiveness of the established QMS, Eterna Plc ensures quality objectives are set at corporate and departmental levels. These objectives are reviewed and updated as and when due.

To effectively achieve this policy, the Company requires all employees to contribute to, and be actively engaged in the implementation of the QMS. The Company expects positive participation in audits and reviews, as well as the submission of reports and proposals for continuous system improvements and refinement.

The Quality Policy is communicated to employees whose responsibility it is to ensure its assimilation and application.

Mahmud Tukur
Managing Director/CEO
22nd October, 2019

MR. LAMIS SHEHU DIKKO
Chairman

Distinguished Shareholders, fellow members of the Board, staff of Eterna Plc, our esteemed regulators, invited guests, members of the press, ladies and gentlemen. On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 27th Annual General Meeting of our Company, and to present to you the Group Annual Report and Audited Financial Statements for the year ended 31st December 2019.

Operating Environment
2019 was an election year in Nigeria with the attendant uncertainties that elections pose in a developing economy. Fortunately, the election was largely peaceful returning the incumbent to the highest office in the land, with a majority of the Senate and House of Representatives being members of the same political party. Thus, ensuring a measure of stability and the prospect of swift legislative action when required.

Our operating environment was affected by:

- The developments in the global oil market including declining oil prices and a sustained cut in Nigeria's oil production quota by the Organisation of Oil Exporting Countries (OPEC).

- Central Bank of Nigeria (CBN)'s intervention in lending and trade policy aimed at encouraging banks to lend to the real sector as well as its strict adherence to Foreign Exchange (FX) window access on allowable imports only.
- Introduction of a new Finance Act 2019, although this Act really took effect in 2020, it has introduced substantial changes to the Companies Income Tax Act (CITA), Value Added Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, Capital Gains Tax Act, Customs and Excise Tariff Etc. (Consolidation) Act and Stamp Duties Act. The changes heralded in the Finance Act is expected to diversify Government's earnings and harmonise tax laws & policies.

Operating Results

Our Company achieved a consolidated operating revenue of N229.2 billion down from N251.8 billion in 2018 and a gross profit of N4.9 billion up against N4.6 billion recorded in 2018.

Unfortunately, we were unable to retain the earnings as a result of 44% reduction in operating profit from N2.7 billion in 2018 to N1.5 billion in 2019 and almost 94% increase in finance costs from N869 million in 2018 to N1.6 billion in 2019.

Profit before Taxation declined to N111 million in 2019 from N1.9 billion in 2018. We have estimated our taxes for the year at N255 million (subject to review by the tax authorities), which would lead our Company to a Loss after tax position of N144 million.

These results fall short of our previous performances in the last 8 years as evidence of the challenges currently facing the downstream Oil and Gas industry. But I want to assure our esteemed Shareholders, that your Board and staff at all levels are working assiduously to turn the tide and return our Company to profitability.

Board Changes

In line with the Corporate Governance Framework adopted by your Board, 10 years was approved as maximum tenure for the Company's MD/CEO. Consequently, the tenure of our amiable MD/CEO – Mr. Mahmud Tukur would come to an end this year.

It is therefore with a mixture of gratitude for his service and sadness to see him depart that, I announce Mr. Tukur's imminent exit from the Company. We thank Mr. Tukur immensely for his service to the Company and we wish him all the best in his future endeavours

In preparation for this change in January 2020, your Board appointed Mr. Nnamdi Obiagwu as Executive Director/Chief Operating Officer (COO).

We subjected the CEO recruitment process through a rigorous structured procedure and at the end of the process, we appointed Mr. Nnamdi Obiagwu as the Managing Director/Chief Executive Officer designate.

Mr. Obiagwu brings a wealth of experience to the Chief Executive role, both from his time at Eterna Plc where he held the position of General Manager, Lubes for the last two and a half years, Executive Director/COO for the last 6 months and Mobil Oil Plc where he held several management positions for more than 15 years.

Mr. Obiagwu's detailed profile which shows an admirable work experience is attached to this report. His experience is a testament to his versatility, love of challenges and success in a wide range of business segments that span Telecoms, Lubricant Sales, Business Development, Financial & Business Data Analysis & Reporting, Distributor Network Development, Fuels Territory Management, Fuels Supply Chain Management, Oil & Gas Consulting, Financial Advisory, Co-operative Administration & Management, Marine Vessel Management, and Executive Management.

The Board strongly believes that these competencies make him an exceptional choice for the role of Chief Executive Officer.

Also, we are sad to see our erstwhile Managing Director and subsequent Non-Executive Director - Mr. Ibrahim Boyi exit the Board. Mr. Boyi has been called to a higher national assignment which conflicts with his continued stay on your Board. We will miss the wealth of experience and deep industry knowledge that he brings to the deliberations of the Board.

Strategic Plans

We are on course with our 5-year strategic plan. As part of executing the plan, we increased our operating retail outlet count by 17 to close the year with 32 retail outlets in the year under review. We are grateful to all the stakeholders that have helped us achieve our plans thus far. I assure you that your Board is providing the oversight to ensure that Management delivers on the plans.

Health, Safety, Security and Environment

The Health, Safety and Security of our employees, customers and stakeholders is of paramount importance to us. We comply with the Quality Management System (ISO 9001- 2015), Occupational Health and Safety Series (OHSAS 18001) and Environmental Management System (ISO 14001) Standards at all our operating sites. We have enshrined mandatory standards of conducting Community Affairs, Health, Safety, Environmental and Security (CASHES). Our CASHES policies are available and are adhered to, at all our locations. All staff and third-party personnel are properly inducted and participate in scheduled drills in Health, Safety, Security & Environmental (HSSE) practices to reinforce the need for adherence to our established HSSE practices. Our Employees undergo routine health assessments as part of our wellness programme to maintain a healthy work force. The Company also encourages bonding and wellness activities through sports and other recreational activities amongst employees.

Community Development

Our Company is committed to maintaining cordial relationships with all host communities including youth groups, women groups, community development groups and paramount rulers of the communities where we carry out our operations. We ensure that our operations positively impact the communities. Our operations are devoid of any form of community/youth restiveness and we continue to maintain a very peaceful and enabling work environment for our staff and contractors.

Risk Management

We continue to implement our Enterprise Risk Management (ERM) system in our daily operations. We have also deployed technology to accurately capture and monitor day-to-day processes and risks as they arise. Foreign Exchange Risk remains one of our foremost risks, your Board is taking adequate steps to ensure that this risk does not have material adverse effects on our performance.

Other risks include, fluctuation in petroleum prices, capital availability and Industry policy risk. Be assured, that your Management Team under the strategic direction of the Board, has the requisite skills to identify, evaluate and mitigate these risks.

Internal Controls

Our Internal Control and Audit Department (ICAD) has the mission to protect and enhance Shareholder's wealth through the provision of timely, independent and objective risk-based assurance reviews which ensure the appropriateness and effectiveness of the Company's systems and processes in achieving its strategic, operational and financial objectives. The Internal Control and Audit Manager reports functionally to the Company's Audit Committee of the Board and administratively to the Chief Executive Officer.

Quality Management System

At the last Annual General Meeting, we informed you of our certification under the NIS ISO 9001:2015 Quality Management Standard. Further to that, in late 2019 a recertification exercise was conducted by SON which the company passed thereby extending our certification to 2023

The recertification further validates our Company's adherence to global best practices in our processes and procedures. We shall continue to provide high-quality products and services that meet and exceed the expectations of our customers, thereby creating sustainable value to all our stakeholders.

The Internal Control and Audit Department is responsible for providing quality assurance to the Audit Committee on the extent of compliance with the Quality Management System (QMS). Our approach to QMS ensures that we provide consistent high-quality products and services that meet and exceed the expectations of customers, thereby creating sustainable value to all our stakeholders.

Employees

I would like to thank the entire Management Team and Staff for another year of hard work, loyalty and dedication. As at 31st December 2019, we had Eighty-Three permanent employees on our payroll. The Governance, Nomination and Remuneration Committee as empowered by the Board, has the mandate to review and make recommendations to the Board concerning the staffing and compensation structure as well as the Company's training and manpower development policies.

Future Outlook

We are currently in the middle of a pandemic brought on by the deadly Coronavirus (COVID – 19). COVID – 19 has already disrupted life as we know it, infecting more than seven million people globally as at the date of this report with close to thirteen thousand confirmed cases in Nigeria. The Coronavirus has led to the grounding of local and international travels, forcing us to maintain social distance and ensuring that we adhere to strict hygiene practices. Most of our employees (except staff providing core essential services) have been compelled to work remotely as part of our adherence to broader health guidelines and to prioritise their health and safety.

Despite the challenges posed by the pandemic, we are committed to achieving our set goals and delivering excellent service to our customers and returns to our Shareholders. We assure you, that we will pursue promising opportunities and make the most of our resources.

Conclusion

On behalf of the Board, I would like to thank all members of the Management team and staff for their commitment and hard work during the year. In particular, I would like to thank our staff who provide essential services for holding forth even as the pandemic raged, they represent our frontline workforce!

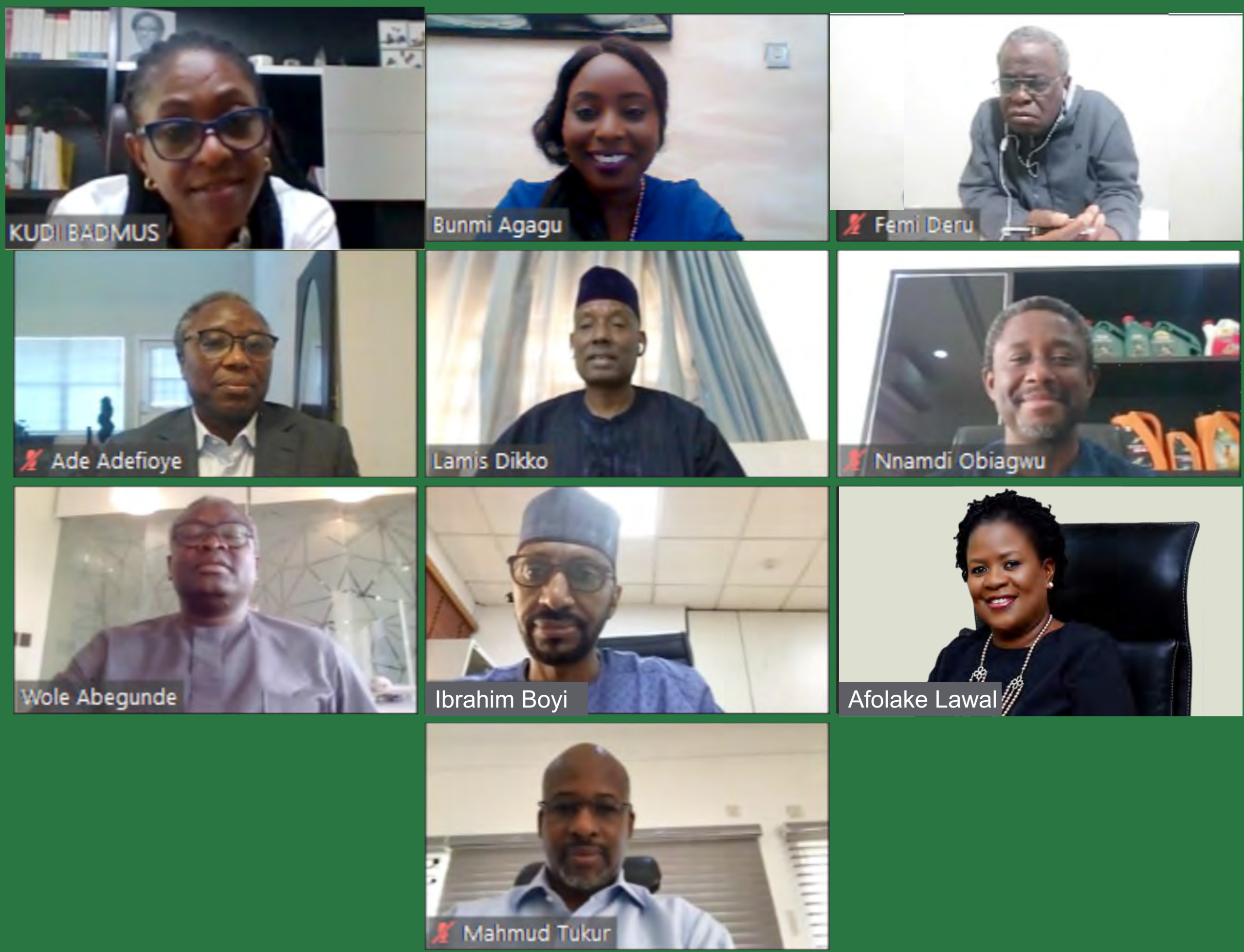
I would also like to thank our customers and business partners, whom we continue to place at the heart of our business, for their loyalty and support.

I am grateful to our shareholders for their confidence, commitment and for keeping faith with our Company as we look forward to returning our business to growth.

Finally, I would like to thank my colleagues on the Board, for their support at all times.

Lamis Shehu Dikko
Chairman
FRC/2013/IODN/00000004932

BOARD OF DIRECTORS



DIRECTORS PROFILE

MR. NNAMDI OBIAGWU

Mr. Obiagwu is a graduate of Mechanical Engineering from the Federal University of Technology Owerri. He has worked across several countries and industries during the course of his career whilst also attending numerous local and international trainings including; INSEAD Kenan-Flagler Business School, Enterprise Leadership Program, Achieve Global Professional Selling Skills and Acclivus Professional Negotiation to mention a few.

His work experience is a testament to his versatility, love of challenges and success in a wide range of business segments that span Telecoms, Lubricant Sales, Business Development, Financial & Business Data Analysis & Reporting, Distributor Network Development, Fuels Territory Management, Fuels Supply Chain Management, Oil & Gas Consulting, Financial Advisory, Co-operative Administration & Management, Marine Vessel Management, and Executive Management.

He commenced his career at Digital Computer Communication (a Computer Warehouse company) as a network engineer responsible for feasibility assessments, planning, and implementation of computer networks linking sites nationally. Where he found a flair for IT and developed an understanding of its importance and role in modern business.

In 2001, he moved to Mobil Oil Nigeria plc (an ExxonMobil subsidiary) as a Lubrication Sales Engineer responsible for lube sales across various channels. Driven by performance and innate ability, he rose through the ranks to Special Sales Projects and Business Development. This involved the development and implementation of key sales & marketing strategies along with relevant analysis.

To harness and further develop his competencies, he was deployed to the ExxonMobil Africa Mid- East Head office in Brussels, Belgium as an expatriate in 2004.

His assignment involved financial and business data collection, analysis, and presentation to both lubes and fuels top management. An experience that availed him the opportunity to understand the inner workings of Multi-national Corporations and expectations as a top executive.

On his return to Nigeria, he was responsible for technical sales of specialized lubricants and lubrication solutions to help customers optimize lube and plant performance across Nigeria and worked to bring the young distributorship model and network to maturity.

In 2009, he was immersed in the fuels side of the business as a Territory Manager, responsible for all fuel-related activity in Eastern Nigeria for almost 40 sites. His duties ranged from enforcement of retailing standards to resolution of ligation and legal issues.

Shortly after, he became the Fuels Supply Manager responsible for the National fuels supply chain operations from importation and local sourcing to ensuring product availability to over 250 sites and corporate customers.

He subsequently became the Fleet/Logistics Manager responsible for transportation and all logistics to move fuel on a National scale and in the management of all related relationships (unions, transporters, agencies, etc.).

In 2014, he left Mobil and established COMACO Advisory Ltd, a company that provides corporate advisory services to Oil & Gas, Marine, Financial, Cooperatives and other sectors of the economy and in addition took on the role as an Executive Director, Supervising- Marine for the HARPS group of companies to coordinate the activities of the Nigerian and Singaporean offices.

He joined Eterna Plc in July 2017 as GM head of Lubricants responsible for all lubricant's activities and was appointed to the Board of Eterna Plc in January 2020 as the Executive Director/Chief Operating Officer.

He has served on the Boards of several private companies, has all the requisite experience and the professional but calm personality that would allow steer Eterna despite the prevailing challenges currently facing the industry.

BOARD OF DIRECTORS' PROFILE

MR. LAMIS SHEHU DIKKO
Chairman

Mr. Lamis Shehu Dikko obtained his first Degree from Ahmadu Bello University, Zaria where he obtained a Bachelor of Science degree in Economics.

He is a Graduate of the Harvard Business School Leadership Programme and Queen Mary College, University of London where he obtained a Bachelor of Science degree in Economics.

Mr. Dikko started his career at the Kaduna State Radio as Producer of News and Current Affairs, from where he moved to the Nigerian Standard Newspaper as Sub-Editor.

He lectured briefly at College of Advanced Studies, Zaria before joining Habib Nigeria Bank.

He joined Intercity Bank Plc in 1998 as General Manager and served as its Managing Director/Chief Executive Officer from 2001 to 2005.

He is a Non-Executive Director at Mutual Benefits Assurance Plc and has also served on the Board of Enterprise Bank Limited. He was Executive Director, Commercial Banking at Unity Bank Plc and later Chairman of the Board.

He is the Chairman of the Infrastructure Bank Plc.

Mr. Mahmud Tukur is a joint-honours graduate of Accounting & Management from the Business School of the University of Wales College, Cardiff. He has a solid track record of business success, well-developed organisational and leadership skills.

He has over 25 years' experience in the Oil & Gas and Maritime sectors covering oil services, Upstream, Midstream and Downstream.

He began his career with Sirpi Alusteel Construction. He served as the MD/CEO of Daddo Maritime Services Limited, a foremost indigenous maritime services company.

He is the Vice Chairman of Eco-Marine Group, a shipping line and Terminal Operator with operations across West Africa and a Non-Executive Director of Independent Energy Limited (IEL), an indigenous Oil Exploration and Production Company.

He is an Independent Director on the Board of Bourbon Offshore which is listed on the Euronext (Paris).

He is a recipient of the National Honour – Officer of The Order of The Mono, (OOM) of the Republic of Togo. He is a Fellow of the Chartered Institute of Shipping in Nigeria and a former member of the Governing Council of the Nigerian Chamber of Shipping.

MR. MAHMUD TUKUR
Managing Director/Chief Executive Officer

BOARD OF DIRECTORS' PROFILE

MS. KUDI BADMUS
Executive Director/Chief Finance Officer

Ms. Kudi Badmus obtained a Bachelor of Accounting degree from Ahmadu Bello University, Zaria. She is also a member of the Institute of Chartered Accountants of Nigeria (ICAN).

She started her career as an Audit Trainee with Deloitte & Co from 1990 - 1995 and later moved to First City Monument Bank (FCMB) between 1995-2002 where she worked as the Head, Treasury.

She worked with Bond Bank as Treasurer, Head of Operations and Branch coordinator where she supervised branch marketing, branch and domestic operations, service quality and relationship management.

She served as Head, Skye/Cooperative Bank Integration Team and Head Internal Control and Compliance.

She was Executive Director/Chief Financial Officer and later Divisional Head - Home Finance Division at ASO Savings and Loans.

She Joined Eterna Plc in July 2014 as Head, Financial Controls and was appointed Executive Director in October 2016.

Mr. Adebode Adefioye is an alumnus of the University of Lagos where he obtained a B.Sc. degree in Chemistry.

He also holds a Master of Science degree from the University of Lagos. He is an alumnus of the Harvard Business School.

He started his career with John Holt Plc and rose through the ranks to become a General Manager from 2000 – 2002 having held several management positions.

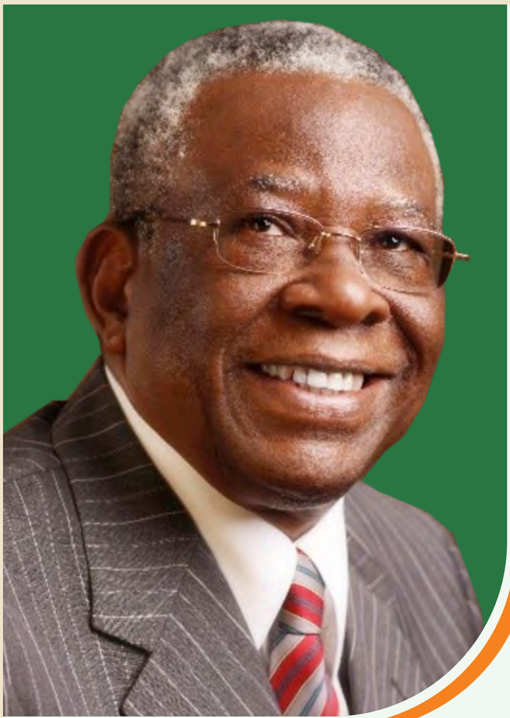
His vast experience covers Production & Quality Control, Personnel and Administration.

He serves on the Boards of several companies including Wema Bank Plc and Lafarge Africa Plc.

He is a member of the Institute of Directors. He plays golf for recreation and is a notable member of the Golfing community.

MR. ADEBODE ADEFIOYE
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE



CHIEF (DR.) MICHAEL ADE OJO, Oon
Non-Executive Director

Chief (Dr.) Michael Ade Ojo studied Business Administration at the University of Nigeria, Nsukka (UNN) and has attended various top Management Development Courses including the Chief Executives' Programme of the Lagos Business School (CEP-7) and the IESE/LBS Seminar on Competitive Strategy and Value Creation in Barcelona, Spain.

He is an industrialist of high repute and the Chairman/Founder of Elizade Nigeria Limited and Elizade University, Ilara-Mokin.

He chairs several Boards cutting across several industries including Toyota Nigeria Limited, Moorehouse Sofitel Limited, Courteville Investments Plc and Custodian & Allied Insurance Company Limited.

He was honoured with the Doctor of Business Administration (DBA) Honoris Causa by the University of Nigeria, Nsukka and holds the Nnamdi Azikwe Distinction Award for Excellence.

He is a Fellow of the National Institute of Marketing of Nigeria and Institute of Directors (IoD).

He is also the recipient of the National honour of Officer of the Order of the Niger (OON) and holds the traditional title of Aare Asiwaju of Ilara Mokin.

Mr. Ibrahim Boyi obtained a B.Sc in Accounting from the Ahmadu Bello University, Zaria and an MBA from the ESUT Business School.

He is also an alumnus of INSEAD, Fontainbleau France; the American Institute of International Management, Thunderbird, Phoenix Arizona and the Harvard Business School. He has over 27 years' practical experience in the downstream oil and gas industry, across the West African region.

He was the MD/CEO of Gaslink Nigeria Limited, a pioneer natural gas distribution company.

He is a former member of the Board of Directors of Oando Plc and has held several senior/executive management positions across several functions such as Strategic Planning, Investments, Financial Management, Accounting, Internal Control and Audit, Marketing and Operations Management in both Total Nigeria Plc and Oando Plc (formerly Unipetrol Nigeria Plc).

He has extensive experience in Financial and Business Process Re-Engineering, Information Technology Systems Design, Change Management and Development of Corporate Performance Management Systems.

MR. IBRAHIM BOYI
Non-Executive Director

BOARD OF DIRECTORS' PROFILE

MRS. AFOLAKE LAWAL
Non-Executive Director

Mrs. Afolake Lawal obtained a Bachelor of Arts degree in English from Obafemi Awolowo University, Ile-Ife. She also holds a law degree from Anglia Ruskin University, Cambridge U.K.

She is a Barrister & Solicitor of the Supreme Court of Nigeria and a member of the Nigerian Bar Association.

She has a Master of Science degree in Corporate Governance and Finance from the Liverpool John Moores University, Liverpool U.K. and a Masters' degree in International Law and Diplomacy from the University of Lagos. She is also an alumnus of the Harvard Business School.

She is a Certified Pension Practitioner and an associate member of the National Institute of Marketing of Nigeria (NIMN). She has over 20 years' experience in Investment Banking and Business Development.

She served on the Board of International Breweries Plc as a Non-Executive Director and currently serves as a Non-Executive Director on the Boards of Champion Breweries Plc and Morrisons Plc. She is a member of the Nigerian Society of International Law and an Associate Member of a number of professional organizations including the Nigerian Institute of International Affairs, the National Institute of Marketing of Nigeria, the Certified Pension Practitioners, the Institute of Capital Market Registrars and the Institute of Directors (IoD).

She is a co-founder and Group Executive Director at GTI Group, a foremost investment banking firm in Nigeria.

Mr. Abegunde holds an MBA from the University of Ilorin and is a Fellow of the Chartered Institute of Stockbrokers (FCS).

He has varied experience in manufacturing, banking and the capital market. He has held senior positions in Brand Management, Credit Appraisal, Fund Management, Stock Broking and Capital Issues.

He is an authorized Dealing Clerk of the Nigerian Stock Exchange.

He is a Non-Executive Director at Berger Paints Plc and the Chairman of e-Tranzact Nigeria Plc.

He is a Council Member of The Nigerian Stock Exchange and the Elizade University. He is also the Pro-Chancellor of Bowen University.

He is the Group Managing Director of Meristem Securities Limited.

MR. OLUWOLE ABEGUNDE
Non-Executive Director

DIRECTORS REPORT

The Directors submit their report together with the Audited Financial Statements for the year ended 31st December 2019 which disclose the state of affairs of the Group and the Company.

Legal form and address

Eterna Plc was incorporated in Nigeria as a private limited liability Company in 1989. In 1997, it became a public Company. The Company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The Company is domiciled in Nigeria and its registered office address is:

5a, Oba Adeyinka Oyekan Avenue, (Formerly Second Avenue), Ikoyi, Lagos.

Principal activities

Eterna Plc manufactures, imports and sells lubricating oils and petrochemicals; the Company imports and sells bulk petroleum products including Premium Motor Spirit ("PMS"), Automotive Gas Oil ("AGO"), Low Pour Fuel Oil ("LPFO"), Base Oils and Bitumen. The Company's activities also include Bunkering, Gas Distribution and Marketing Liquefied Petroleum Gas ("LPG") and Natural Gas ("NG"), Offshore and Onshore Oil Services, Gas Processing, Trading in Crude Oil and other refined petroleum products.

Results and dividend

The Group's results for the year are set out on page 43. The loss after tax for the year of N144Million for the Group (2018: N1 billion profit) has been transferred to accumulated profit.

The Board of Directors did not recommend any dividend payment for the financial year ended 31st December, 2019.

The Group achieved consolidated revenue of N229.27 billion representing overall percentage decrease of 9% compared with N251.88 billion revenue achieved in 2018.

However, gross profit increased by 7% in 2019 to N4.95 billion compared to gross profit of N4.64 billion achieved in 2018.

Directors

The Directors who held office during the reporting year were:

Name	
Mr. Lamis Shehu Dikko (Chairman)	Appointed on 7th October 2016
Mr. Mahmud Tukur (Managing Director/CEO)	Appointed as Non-Executive Director on 3rd September 2004. Appointed as MD/CEO on 1st June 2010
Ms. Kudi Badmus (Executive Director/CFO)	Appointed on 7th October 2016
Chief (Dr) Michael Ade Ojo, OON (Alternate: Otunba Femi Deru)	Appointed 3rd January 2001
Mr. Ibrahim Boyi	Appointed as MD/CEO On 3rd September 2004 Appointed as Non-Executive Director on 1st June 2010
Mrs. Afolake Lawal	Appointed on 28th September 2010
Mr. Oluwole Abegunde	Appointed on 7th October 2016
Mr. Adebode Adefioye (Independent Director)	Appointed on 7th October 2016

DIRECTORS REPORT

Directors' interest in contracts

None of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' shareholding

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 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

Director		No of shares held 31st Dec 2019	No of shares held 31st Dec 2018
Mr. Lamis Dikko		2,000,000	2,000,000
Mr. Mahmud Tukur		11,484,818	-
Chief (Dr) Michael Ade Ojo, OON		25,645,823	25,645,823
Mrs. Afolake Lawal		1,000,000	1,000,000
Mr. Ibrahim Boyi		746,800	746,800
Ms. Kudi Badmus		1,003,789	1,003,789
Indirect Shareholding			
Lenux Integrated Resources Limited	Messrs Lamis Dikko, Mahmud Tukur and Ibrahim Boyi	250,156,231	250,156,231
Radix Trustees Limited	Mr. Oluwole Abegunde	73,625,601	73,625,601
Meristem Stockbrokers Limited	Mr. Oluwole Abegunde	67,000,000	67,000,000
Meristem Trustees Limited	Mr. Oluwole Abegunde	45,555,988	45,555,988
GASL Nominees	Mr. Oluwole Abegunde	392,036	392,036
GTI Asset Management & Trust Limited	Mrs. Afolake Lawal	30,380,000	30,380,000
GTI Securities Limited	Mrs. Afolake Lawal	45,006,000	44,886,000
GTI Capital Limited	Mrs. Afolake Lawal	16,892	136,892

Shareholding Structure			
Range	**No of shareholders**	**No of shares**	**Percentage**
1 - 1,000	8,530	4,734,180	0.36%
1,001 - 5,000	10,585	25,540,073	1.96%
5,001 - 10,000	2,903	21,303,911	1.63%
10,001 - 50,000	3,437	72,811,755	5.58%
50,001 - 100,000	478	35,242,297	2.70%
100,001 - 500,000	413	84,615,170	6.49%
500,001 - 1,000,000	52	36,951,753	2.83%
1,000,001 - 5,000,000	44	99,175,951	7.60%
5,000,001 - 100,000,000	21	493,623,326	37.85%
100,000,001 and above	2	430,146,231	32.98%
Total	**26,465**	**1,304,144,647**	**100%**

DIRECTORS REPORT

SHARE CAPITAL HISTORY					
	AUTHORISED (₦)		ISSUED & FULY PAID-UP (₦)		
YEAR	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	CONSIDERATION
1989	50,000	50,000	50,000	50,000	Cash
1990	1,950,000	2,000,000	1,950,000	2,000,000	Cash
1991	10,000,000	12,000,000	10,000,000	12,000,000	Cash
1992	8,000,000	20,000,000	2,000,000	14,000,000	Bonus
1993	–	20,000,000	6,000,000	20,000,000	Cash
1995	50,000,000	70,000,000	5,000,000	25,000,000	Bonus
1995	–	70,000,000	33,123,000	58,123,000	Cash
1996	–	70,000,000	9,338,000	67,461,000	Bonus
1997	–	70,000,000	2,539,000	70,000,000	Cash
1998	30,000,000	100,000,000	30,000,000	100,000,000	Cash
2001	20,000,000	120,000,000	20,000,000	120,000,000	Bonus
2002	130,000,000	250,000,000	–	120,000,000	–
2005	125,000,000	375,000,000	118,000,000	238,000,000	Cash
2005	–	375,000,000	12,000,000	250,000,000	Bonus
2007	–	375,000,000	75,000,000	325,000,000	Cash
2008	225,000,000	600,000,000	65,000,000	390,000,000	Bonus
2009	200,000,000	800,000,000	–	390,000,000	–
2009	–	800,000,000	262,072,323	652,072,323	Cash

According to the register of members as at 31st December 2019, the following shareholders of the Company held more than 5% of the issued share capital of Eterna Plc.

Shareholder	2019		2018	
	No of shares held	Percentage	No of shares held	Percentage
Lenux Integrated Resources Limited	250,156,231	19.18%	250,156,231	19.18%
Global Energy Engineering & Raw Materials Limited	179,990,000	13.80%	179,990,000	13.80%
Radix Trustees Limited	73,625,601	5.65%	73,625,601	5.65%
Meristem Stockbrokers Limited	67,000,000	5.14%	67,000,000	5.14%

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.

DIRECTORS REPORT

UNCLAIMED DIVIDEND AS AT JUNE 30 2020.								
COMPANIES' NAME	DIV. NUMBER	AMOUNT OF DIV. DECLARED	TOTAL DIV. PAID TILL DATE	DATE OF PAYMENT	UNCLAIMED DIVIDEND	REMITTANCE AFTER 15 MONTHS	DATE OF REMITTANCE	CASH POSITION
ETERNA PLC	2	294,039,515.29	254,622,661.83	12/12/2016	39,416,853.46	38,351,919.33	3/21/2018	1,064,934.13
ETERNA PLC	3	352,847,475.39	307,375,822.98	7/6/2017	45,471,652.41	45,113,983.59	10/17/2018	357,668.82
ETERNA PLC	4	470,464,500.52	372,241,510.76	6/20/2018	98,222,989.76	95,505,366.02	9/20/2019	2,717,623.74
ETERNA PLC	5	294,227,246.94	234,262,074.49	6/14/2019	59,965,172.45			59,965,172.45
TOTAL		**1,411,578,738.14**	**1,168,502,070.06**		**243,076,668.08**	**178,971,268.94**		**64,105,399.14**

Research and development
The Company, in its continuous efforts to ensure that its products are the best available in the market using modern and efficient manufacturing processes, continues to invest in research and development.

Employment of disabled persons
The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Employee training and involvement
The Directors maintain regular communication and consultation with the employees, the union leaders and staff representatives on matters affecting employees and the Company.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the Company.

Health, Safety, Security and Environment
The Company has established and enshrined in its operating protocols high standards for Health, Safety, Security and Environmental (HSSE) protection for its staff, third party staff and the public in all its operating environments. All Company and third-party personnel are subjected to regular and consistent induction and drills in healthy, safe, secure and environmentally friendly practices. The Company also updates and monitors its HSSE performance against its objectives regularly to ensure it operates at the highest standard.

Property, Plant and Equipment
Movement in fixed assets during the year is shown in Note 16 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

Donations and gifts
The Company made contributions to some charitable institutions and organisations during the year which amounted to N8.608 million (2018: N4.850 million).

DIRECTORS REPORT

Beneficiaries	Purpose	N'000
Charitable Organisations International Women Organisation for Charity	Sponsorship of local charities	750
Other Organisations Comprehensive Senior High School Alapere, Ketu, Lagos	Renovation and Rehabilitation of School Library	5,058
2019 Best Graduating Student in Accounting at Elizade University	Otunba Femi Deru Prize for Best Graduating Student in Accounting	300
University of Lagos- Society of Petroleum Engineers Student Chapter	Sponsorship of Student Seminar	250
Olivet Baptist High School	Fundraising Dinner to support the school's infrastructure	250
Women in Management, Business and Public Service (WIMBIZ)	2019 CEO/Policy Makers Interactive Series	2,000
Total		**8,608**

Fuel Subsidy Case

In previous years, we informed you that one of the challenges facing our Company was the criminal charge by the Economic and Financial Crimes Commission (EFCC) in respect of petroleum subsidy claims. We are pleased to announce that the criminal case instituted in 2012 against Eterna Plc and our MD/CEO - Mr. Mahmud Tukur, has been struck out effective 14th day of February 2020. The Court struck out the case, following an application by the Prosecution Counsel, that having reviewed the facts of the case, it would be extremely impossible to further lead evidence in the matter against the Company and its MD/CEO.

Auditors

In accordance with section 357(2) of the Companies and Allied Matters Act (Cap C 20) Laws of the Federation of Nigeria 2004, Messrs. Deloitte & Touche have indicated their willingness to continue in office as External Auditors of the Group. A resolution will be proposed at the Annual General meeting authorising the Directors to determine their remuneration.

By order of the Board

Bunmi Agagu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000004342
19th May 2020

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

The governance principles applicable to Eterna Plc are a combination of the laws of Nigeria; the Memorandum and Articles of Association of the Company; the Code of Corporate Governance in Nigeria; the Listing Rules and the Continuing Obligations as issued by the Nigerian Stock Exchange from time to time; Code of Business Ethics and Policies as approved by the Board of Directors.

We have put in place a framework that sustains high standards of Corporate Governance and transparency in our dealings. Our intention is to take our Corporate Governance compliance beyond a box-ticking exercise.

Statement of Compliance with the Corporate Governance Codes

Eterna Plc is committed to adhering to the principles of sound Corporate Governance. The Board is guided by the provisions of the Securities and Exchange Commission (SEC) and Financial Reporting Council (FRC) Code of Corporate Governance (the Codes).

The Board has also developed a comprehensive Governance Framework in line with best practices to help in discharging its role of providing oversight and strategic direction for the Company.

Complaint Management Policy

Eterna Plc is committed to delivering exceptional value to all its stakeholders which includes our shareholders, employees, customers, the communities in which we operate, our regulators etc.

We acknowledge however, that our stakeholders may sometimes have cause to complain or give us feedback. The Company has developed a Complaint Management Policy to provide guidance to our stakeholders regarding the manner in which we receive and manage complaints. Our Complaint Management Policy also conforms with the guidelines set by the Securities and Exchange Commission on complaints management.

Securities Trading Policy

In compliance with the rules of the Nigerian Stock Exchange, Eterna Plc has established a Securities Trading Policy.

Our Securities Trading Policy sets out the conduct of Directors, Principal Officers, Employees, Persons Discharging Managerial Responsibility, External Advisers of the Company and persons closely connected to them in the course of executing securities transactions relating to the Company.

Board Evaluation Process

The Board's performance is evaluated by an independent consulting firm. The Board as a whole, Individual Directors and the various committees are evaluated on the basis of their ability to provide the required supervisory roles as expected in the various charters applicable to the committees and the Board.

Governance Structure

Board of Directors

There were eight members on the Board of the Company as at 31st December 2019.

The members of the Board formulate policies and oversee the effective performance of the Management of the Company.

Our Directors are tested professionals with varied skills that enrich the deliberations of the Board. The affairs of the Company is monitored through the existence of standing committees that ensure performance of operations on behalf of the entire Board in key areas affecting the Company's business. The Board has the duty at all times, to act in the best interest of the Company.

CORPORATE GOVERNANCE REPORT

Role of the Board

- Strategy and Policy Formulation;
- Overseeing the Management and conduct of the entire business activities;
- Risk identification, monitoring and management;
- Ensuring the existence of an effective risk management system;
- Overseeing the effectiveness and adequacy of internal control;
- Ensuring effective communication with shareholders;
- Ensuring the integrity of financial reports;
- Ensuring that ethical standards are maintained;
- Ensuring compliance with the laws of Nigeria;
- Determining the terms of reference of standing committees as well as reviewing and approving the reports of the committees.

The Chairman

The position of Chairman and Managing Director/CEO are held by two distinct and seasoned professionals who complement each other's skills and work well together.

The Chairman's primary responsibility is to ensure that the Company's strategic objectives are achieved. He provides overall leadership and direction for the Board and the Company. The Chairman is a Non-Executive Director who is not involved in the day-to-day operations of the Company.

Role of the Chairman

The duties of the Chairman are as follows:

- Providing overall leadership and direction for the Board and the Company;
- Setting the Annual Board Plan;
- Setting the agenda for Board meetings in conjunction with the Managing Director/CEO and the Company secretary;
- Playing a leading role in ensuring that the Board and its committees are composed of the relevant skills, competencies and desired experience;
- Ensuring that Board meetings are properly conducted and the Board is effective and functions in a cohesive manner;
- Ensuring that Board members receive accurate and clear information in a timely manner, about the affairs of the company to enable directors take sound decisions;
- Acting as the main link between the Board and the CEO as well as advising the Managing Director/CEO in the effective discharge of his duties;
- Ensuring that all the Directors focus on their key responsibilities and play constructive roles in the affairs of the company;
- Taking a lead role in the assessment, improvement and development of the Board;
- Presiding over Board Meetings and General Meetings of Shareholders.

CORPORATE GOVERNANCE REPORT

The Managing Director/Chief Executive Officer

The Managing Director/CEO is the head of the Management team and he reports to the Board.

He is responsible for managing and controlling the Company's business and day-to-day operations with the aim of securing significant and sustained increase in the value of the Company for shareholders.

The Managing Director/CEO ensures proper implementation of the decisions of the Board of Directors. It is his duty to ensure that the Company's operations are in compliance with the laws and regulations applicable at the time.

Role of the Managing Director/CEO

The duties of the Managing Director/CEO are as follows:

- Provides the required leadership to achieve corporate objectives;
- Develops and defines future strategies and goals aimed at achieving the organisation's objectives;
- Ensures the establishment and maintenance of effective Community Affairs, Safety, Health, Environment and Security (CASHES) management systems, policies and procedures;
- Manages relationships with Strategic Financial, Technical and Operating partners to ensure strong and effective alliances are maintained that facilitate the Company's business;
- Directs and coordinates business activities to attain defined profit, return on capital & other financial targets;
- Provides the necessary vision and leadership required to get the Company to grow and to prepare it for its future tasks;
- Ensures that all corporate objectives are met within the defined period;
- Ensures the existence of internal controls to guarantee the integrity of financial statements and reports and safeguard the Company's assets;
- Ensures efficient management of the Company's support services functions and prudent management of its resources;
- Creates a corporate culture through shared vision with the Management team and team building with staff, directs the loyalty of the staff to align with the objectives of the Company;
- Networks with key industry players and relevant government functionaries to create a positive identification with the Company's Brand;
- Provides oversight of Company's activities by ensuring compliance with industry, regulatory and Company policies and procedures;
- Identifies, evaluates and develops new business opportunities and feasibility reports supporting growth based on the insight derived from market analysis;
- Leads the formulation, execution and monitoring of Company's business development, market penetration strategies and operating plans for enhancing business growth and operating efficiency;
- Performs any other responsibility as required by the board of directors from time to time.

CORPORATE GOVERNANCE REPORT

Board Meetings (Attendance)

In 2019, the Board of Directors convened four times (2018: Five)

Directors	Number of Meetings Attended	Date of Meeting
Mr. Lamis Dikko	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Mr. Mahmud Tukur	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Ms. Kudi Badmus	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Mr. Ibrahim Boyi	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Otunba Femi Deru	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Mrs. Afolake Lawal	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Mr. Oluwole Abegunde	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019
Mr. Adebode Adefioye	4	26th March 2019 25th June 2019 31st October 2019 17th December 2019

Committees of the Board and Summary of their Roles and Responsibilities

The Board has four permanent Committees:

- The Audit Committee;
- The Governance, Nomination & Remuneration Committee;
- The Strategy, Finance & Investment Committee;
- The Risk Management, Health, Safety and Environment Committee.

CORPORATE GOVERNANCE REPORT

The Board of Directors appoint the chairmen of the Governance, Nomination & Remuneration Committee; the Risk Management, Health, Safety and Environment Committee and the Strategy, Finance & Investment Committee amongst its members for one year at a time. The Chairman of the Audit Committee is appointed by members of the Audit Committee.

All Board Committees are headed by external, Non-Executive Directors to ensure high degree of independence necessary to provide a thorough review of management activities.

The Board of Directors has approved terms of reference that outline the key duties and operating policies for the Committees.

In addition, and whenever required, the Board may also set temporary working committees to prepare subjects for the Board.

The Audit Committee

The Audit Committee is the Board's preparatory body which focuses on matters relating to the Company's Financial Reporting and Controls.

The Committee makes sure that the Company's financial reporting, accounting and financial management as well as external and internal audit and risk management systems are properly organised. The Committee meets regularly to review the internal control systems, review management control reports and ensure independence of internal and external auditors.

In compliance with the provisions of section 359 of the Companies and Allied Matters Act [Cap C20, Laws of the Federation of Nigeria, 2004], the Committee has two representatives of shareholders and two Directors.

In 2019, the Audit Committee convened four times (2018: Four). The average attendance of the members was 100 per cent. The Chairman of the Audit Committee is Mr. Ignatius Adegunle (a shareholder in the Company).

Composition:		
1.	Mr. Ignatius Adegunle (Shareholder)	- Chairman
2.	Mr. Omokayode Adekunle (Shareholder)	- Member
3.	Otunba Femi Deru (Non-Executive Director)	- Member
4.	Mr. Adebode Adefioye (Independent Non-Executive Director)	- Member.

CORPORATE GOVERNANCE REPORT

Directors	Number of Meetings Attended	Date of Meeting
Mr. Ignatius Adegunle	4	25th March 2019 13th June 2019 24th July 2019 26th November 2019
Mr. Omokayode Adekunle	4	25th March 2019 13th June 2019 24th July 2019 26th November 2019
Otunba Femi Deru	4	25th March 2019 13th June 2019 24th July 2019 26th November 2019
Mr. Adebode Adefioye	4	25th March 2019 13th June 2019 24th July 2019 26th November 2019

The Governance, Nomination and Remuneration Committee

The purpose of the Governance, Nomination & Remuneration Committee is to assist the Board in fulfilling its obligations by providing a focus on governance that is intended to enhance the Board's performance, taking into consideration established governance best practices.

The Committee provides overall responsibility on organizational structuring, compensation structure, promotion and discipline of Management staff. The Committee is the Board's preparatory body which assists the Board of Directors in matters relating to the terms and conditions of appointment to the Board and employment of senior management.

The Committee convened four times in the course of the year (2018 : Six times)

Composition:		
1.	Mrs. Afolake Lawal	Chairman
2.	Mr. Ibrahim Boyi	Member
3.	Otunba Femi Deru	Member
4.	Mr. Adebode Adefioye	Member – *became a member of the Committee on the 17th of December 2019*

CORPORATE GOVERNANCE REPORT

Governance Nomination and Remuneration Committee Meetings (Attendance)

Directors	Number of Meetings Attended	Date of Meeting
Mrs. Afolake Lawal	4	19th September 2019 11th October 2019 9th December 2019 30th December 2019
Mr. Ibrahim Boyi	4	19th September 2019 11th October 2019 9th December 2019 30th December 2019
Otunba Femi Deru	4	19th September 2019 11th October 2019 9th December 2019 30th December 2019
Mr. Adebode Adefioye	1	30th December 2019

The Strategy, Finance and Investment Committee

The purpose of the Strategy, Finance and Investment Committee (the Committee) is to give strategic direction and provide required oversight to assist the Board on strategy, financial matters and substantial investments.

The Committee also carries out such other duties that may be delegated by the Board.

The Committee convened nine meetings in the course of the year (2018:Nine meetings).

Composition:		
1.	Mr. Ibrahim Boyi	Chairman
2.	Mr. Oluwole Abegunde	Member
3.	Mr. Mahmud Tukur	Member
4.	Ms. Kudi Badmus	Member

Strategy, Finance and Investment Committee Meetings (Attendance)

Directors	Number of Meetings Attended	Date of Meeting
Mr. Ibrahim Boyi	4	25th March 2019 23rd April 2019 25th November 2019 2nd December 2019
Mr. Oluwole Abegunde	4	25th March 2019 23rd April 2019 25th November 2019 2nd December 2019
Mr. Mahmud Tukur	4	25th March 2019 23rd April 2019 25th November 2019 2nd December 2019
Ms. Kudi Badmus	4	25th March 2019 23rd April 2019 25th November 2019 2nd December 2019

CORPORATE GOVERNANCE REPORT

The Risk Management, Health, Safety and Environment Committee

The purpose of the Risk Management, Health, Safety, Security and Environment Committee is to conduct an independent and objective review of the Company's activities relating to Risk Management; Health, Safety, Security and Environment.

The Committee also has responsibility for ensuring that the Company takes reasonable and practicable steps to maintain a safe and healthy working environment which complies with statutory requirements.

	Composition:	
1.	Mr. Oluwole Abegunde	Chairman
2.	Mr. Adebode Adefioye	Member
3.	Mrs. Afolake Lawal	Member
4.	Mr. Mahmud Tukur	Member
5.	Ms. Kudi Badmus	Member

In 2019, the Risk Management, Health, Safety and Environment Committee convened two times; (2018: Six Meetings).

Risk Management, Health, Safety and Environment Committee Meetings (Attendance)

Directors	Number of Meetings Attended	Date of Meeting
Mr. Oluwole Abegunde	2	23rd April 2019 24th July 2019
Mrs. Afolake Lawal	2	23rd April 2019 24th July 2019
Mr. Adebode Adefioye	2	23rd April 2019 24th July 2019
Mr. Mahmud Tukur	2	23rd April 2019 24th July 2019
Ms. Kudi Badmus	2	23rd April 2019 24th July 2019

By order of the Board

Bunmi Agagu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000004342

Terms And Conditions Apply

0908-551-1111, 0908-561-1111, 0908-571-111

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Castrol

Eterna Plc is the sole licencee for Castrol products in Nigeria

SON NIS ISO 9001:2015 REGISTERED COMPANY CERT. NO: 0000182

Eterna ...energy for life

UPSTREAM | MIDSTREAM | DOWNSTREAM

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors of Eterna Plc ("the Company") and its subsidiaries (together referred to as "the Group") are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Group and Company as at 31st December 2019 and the results of its operations, cash flows and changes in the equity for the year then ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and;
- Making an assessment of the Group and Company's ability to continue as a going concern.

.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and preventing and detecting fraud and other irregularities.

Going Concern:

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

The consolidated and separate financial statements of the Company for the year ended 31st December 2019 were approved by Directors on 19th May, 2020.

On behalf of the Directors of the Group and Company

Mahmud Tukur	**Kudi Badmus**	**Lamis Shehu Dikko**
Managing Director	**Executive Director/CFO**	**Chairman**
FRC/2013/IODN/00000004443	**FRC/2016/ICAN/00000014237**	**FRC/2013/IODN/00000004347**

REPORT OF THE AUDIT COMMITTEE ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In accordance with the Statutory requirement of 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 Eterna Plc, having carried out our statutory functions under the Act hereby confirm that the accounting and reporting policies of the Group and Company are in accordance with legal requirements and agreed ethical practices.

In our opinion:

1. The scope and planning of the audit for the year ended 31st December, 2019 were adequate.
2. The External Auditor's findings in Management Letters and Management's responses thereon were satisfactory.
3. We have kept under review the effectiveness of the company's system of accounting and internal controls.

Dated the 18th day of May, 2020

Mr. Ignatius Adegunle
Chairman, Audit Committee
FRC/2013/ICAN/00000002921

Members of the Committee
Mr. Ignatius Adegunle
Mr. Omokayode Adekunle
Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)
Mr. Adebode Adefioye

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ETERNA PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Eterna Plc ("the Company") and its subsidiaries (together referred to as "the Group")** which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of Eterna Plc as at 31 December 2019 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. The matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How The matter was addressed in the audit
Leases (First time adoption of IFRS 16)	
Eterna Plc implemented IFRS 16 "Leases" for the first time on 1 January 2019. IFRS 16 requires a lessee to recognize right of use assets and lease liability in relation to each lease. The standard requires a reassessment of transactions previously accounted for as operating lease. Eterna Plc leased most of the retail stations where it sells its products. Lease is therefore significant to the Company's operations. The total right of use asset as at 31 December 2019 is N2 billion as disclosed in Note 17 to the financial statements. Based on the importance of the leased stations to the Company's operations and the materiality of the amount involved, we have considered leases a key audit matter.	In addressing this matter, we adopted a substantive approach to the audit of leases. The procedures adopted involved: 1. Obtained an understanding of the procedures put in place by the management to identify contracts that contain lease arrangements. 2. Reconciled the lease schedule as at 1 January 2019 to the details of long-term prepayments in the prior-year financial statements. 3. Reviewed the rent/lease agreements for the long-term arrangements that have been classified as leases. Confirmed that each agreement/contract meet the definition of a lease per IFRS 16 – Leases. 4. Evaluated each lease agreement and determined that each asset classified as lease met the criteria for recognition as right of use assets. 5. Confirmed the details of lease payments made and costs incurred in relation to each lease. 6. Reviewed the calculation of lease liability and independently confirmed the variables used in the computation such as the incremental borrowing rates, lease amounts and lease tenor. Based on the procedures performed we considered that lease transactions have been appropriately accounted for in line with the requirements of IFRS 16 – Leases in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and Audit Committee's Report, which we obtained prior to the date of this auditor's report and Annual General Meeting Document which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group and 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 the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate 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 Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ETERNA PLC

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

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

From the matters communicated with the audit committee and/or the Directors, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe the matter 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Abraham Udenani, FCA - FRC/2013/ICAN/00000000853
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
20 May 2020

CONSOLIDATED AND SEPARATE OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

As at 31 December 2019

		Group		Company	
	Notes	31 December 2019 N'000	31 December 2018 N'000	31 December 2019 N'000	31 December 2018 N'000
Revenue	7	229,274,785	251,877,933	229,274,785	251,874,722
Cost of sales	8.1	(224,324,578)	(247,235,487)	(224,436 229)	(247,341,686)
Gross profit		**4,950,207**	**4,642,446**	**4,838,556**	**4,533,036**
Selling and distribution expenses	8.2	(149,546)	(37,205)	(146,983)	(35,920)
General and administrative expenses	8.3	(3,374,083)	(3,213,342)	(3,119,995)	(2,978,554)
Other income	12	100,099	1,978,880	99,540	1,978,717
Foreign exchange gain / (l oss)	13.1	33,248	(589,353)	33,337	(589,366)
Operating profit		**1,559,925**	**2,781,426**	**1,704,455**	**2,907,913**
Finance income	13	239,097	77,562	239,097	77,562
Finance cost	14	(1,687,582)	(869,089)	(1,685,849)	(867,859)
Profit before tax		**111,440**	**1,989,899**	**257,703**	**2,117,616**
Taxation	15	(255,729)	(980,903)	(306,306)	(978,099)
(Loss)/Profit for the year		**(144,289)**	**1,008,996**	**(48,603)**	**1,139,517**
Attributable to:					
– Owners of the parent		**(144,270)**	**1,009,022**	**(48,603)**	**1,139,517**
– Non-controlling interests		**(19)**	**(26)**	**-**	**-**
		(144,289)	**1,008,996**	**(48,603)**	**1,139,517**
Other Comprehensive Income:					
(a) Items that will not be reclassified to profit & loss					
Actuarial gains or (losses)	25	-	(29,363)	-	(29,363)
Tax effect of other comprehensive income		-	8,809	-	8,809
Other comprehensive income net of tax		-	(20,554)	-	(20,554)
(b) Items that may subsequently be reclassified to profit & loss		-	-	-	-
Total comprehensive (loss)/income for the year		**(144,289)**	**988,442**	**(48,603)**	**1,118,963**
Attributable to:					
– Owners of the parent		**(144,270)**	**988,468**	**(48,603)**	**1,118,963**
– Non-controlling interests		**(19)**	**(26)**	**-**	**-**
Total comprehensive (loss)/income for the year		**(144,289)**	**988,442**	**(48,603)**	**1,118,963**
(Loss)/earnings per share:					
Basic and diluted	30	(0.11)	0.77	(0.04)	0.87

The notes on pages 49 to 95 form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Note	31 December 2019 N'000	31 December 2018 N'000	31 December 2019 N'000	31 December 2018 N'000
Non-current assets					
Property, plant and equipment	16	9,771,625	8,338,502	9,183,312	7,772,513
Intangible assets	16	96,002	105,475	96,002	105,475
Right of Use asset	17	2,044,955	945,879	2,044,955	945,879
Other investments	19.2	558,868	553,868	558,868	553,868
Investment in subsidiaries	19.1	-	-	50,990	50,990
		12,471,450	9,943,724	11,934,127	9,428,725
Current assets					
Inventories	21	5,296,762	8,158,741	5,255,550	8,075,026
Trade and other receivables	22	9,445,485	30,820,401	9,835,357	30,976,733
Prepayments	18	148,618	181,060	146,727	177,748
Cash and bank balances	23	1,171,071	4,041,282	1,138,414	4,041,209
		16,061,936	43,201,484	16,376,048	43,270,716
Total assets		**28,533,386**	**53,145,208**	**28,310,175**	**52,699,441**
Non-current liabilities					
Borrowings	24	345,429	1,692,752	345,429	1,692,752
Lease Liability	28	10,162	8,747	10,162	8,747
Deferred tax liability	20	1,559,425	1,657,984	1,600,426	1,647,613
Decommissioning liability	26	100,614	81,491	90,360	72,667
		2,015,630	**3,440,974**	**2,046,377**	**3,421,779**
Current liabilities					
Trade and other payables	27	4,951,516	23,382,982	4,907,284	23,351,490
Borrowings	24	8,686,758	12,350,296	8,686,758	12,350,295
Employee benefit liability	25	-	244,487	-	244,487
Tax payable	15.2	471,603	848,264	344,646	631,640
		14,109,877	**36,826,029**	**13,938,688**	**36,577,912**
Total liabilities		**16,125,507**	**40,267,003**	**15,985,065**	**39,999,691**
Equity attributable to shareholders					
Share capital	29	652,072	652,072	652,072	652,072
Share premium	29	5,796,053	5,796,053	5,796,053	5,796,053
Other reserves		-	(44,042)	-	(44,042)
Retained earnings		5,959,693	6,474,042	5,876,985	6,295,667
		12,407,818	12,878,125	12,325,110	12,699,750
Non -controlling interest		61	80	-	-
Total equity		**12,407,879**	**12,878,205**	**12,325,110**	**12,699,750**
Total equity and liabilities		**28,533,386**	**53,145,208**	**28,310,175**	**52,699,441**

The Financial Statements were approved by The Board of Directors and authorized for issue on 19th May 2020.
They were signed on its behalf by:

Mahmud Tukur
Managing Director/CEO
FRC/2013/IODN/00000004443

Kudi Badmus
Executive Director/CFO
FRC/2016/ICAN/00000014237

Lamis Shehu Dikko
Chairman
FRC/2013/IODN/00000004347

The notes on pages 49 to 95 form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						
	Group						
	Share Capital N'000	Share premium N'000	Retained Earnings N'000	Other Reserves N'000	Total amount attributable to equity holders N'000	Non - controlling interest N'000	Total Equity N'000
Balance at 1 January 2018	**652,072**	**5,796,053**	**5,992,299**	**(23,488)**	**12,416,936**	**106**	**12,417,042**
IFRS 9 adjustment on receivables	-	-	(5,621)	-	**(5,621)**	-	**(5,621)**
Adjusted Balance at 1 January 2018		**5,796,053**	**5,986,678**	**(23,488)**	**12,411,315**	**106**	**12,411,421**
Comprehensive income							
Profit for the year	-	-	1,009,022		**1,009,022**	(26)	**1,008,996**
Other Comprehensive income							
- Actuarial gains net of tax	-	-		(20,554)	**(20,554)**	-	**(20,554)**
Total comprehensive income	-	-	**1,009,022**	**(20,554)**	**988,468**	**(26)**	**988,442**
Transaction with owners					**-**	-	**-**
Dividend paid	-	-	(521,658)		**(521,658)**	-	**(521,658)**
At 31 December 2018	**652,072**	**5,796,053**	**6,474,042**	**(44,042)**	**12,878,125**	**80**	**12,878,205**
Balance at 1 January 2019	652,072	5,796,053	6,474,042	(44,042)	**12,878,125**	80	**12,878,205**
Comprehensive income							
Loss for the year	-	-	(144,270)		**(144,270)**	(19)	**(144,289)**
Other Comprehensive income							
- Actuarial gains net of tax	-	-		-	**-**	-	**-**
Total comprehensive income	**-**	**-**	**(144,270)**	**-**	**(144,270)**	**(19)**	**(144,289)**
Transaction with owners							
Dividend Paid			(326,037)		**(326,037)**	-	**(326,037)**
Movement within equity			(44,042)	44,042		-	**-**
At 31 December 2019	**652,072**	**5,796,053**	**5,959,693**	**-**	**12,407,818**	**61**	**12,407,879**

	Company				
	Share capital N'000	Share premium N'000	Retained earnings N'000	Other Reserves N'000	Total Equity N'000
Balance at 1 January 2018	652,072	5,796,053	5,683,429	(23,488)	**12,108,066**
IFRS 9 adjustment on receivables - -	-		(5,621)	-	**(5,621)**
Adjusted Balance at 1 January 2018 - -	652,072	5,796,053	5,677,808	(23,488)	12,102,445
Comprehensive income					**-**
Profit for the year			1,139,517		**1,139,517**
Other Comprehensive income					**-**
- Actuarial gains net of tax	-	-		(20,554)	**(20,554)**
Total comprehensive income	**-**	**-**	**1,139,517**	**(20,554)**	**1,118,963**
Transaction with owners					
Dividend paid			**(521,658)**		**(521,658)**
At 31 December 2018	**652,072**	**5,796,053**	**6,295,667**	**(44,042)**	**12,699,750**
Balance at 1 January 2019	**652,072**	**5,796,053**	**6,295,667**	**(44,042)**	**12,699,750**
Comprehensive income					**-**
Loss for the year			(48,603)		**(48,603)**
Other Comprehensive income					
- Actuarial gains net of tax	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**(48,603)**	**-**	**(48,603)**
Transaction with owners	-	-	-		**-**
Dividend Paid			(326,037)		**(326,037)**
Movement within equity			(44,042)	44,042	**-**
At 31 December 2019	**652,072**	**5,796,053**	**5,876,985**	**-**	**12,325,110**

The notes on pages 49 to 95 form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Note	Group		Company	
		31 December 2019 N'000	31 December 2018 N'000	31 December 2019 N'000	31 December 2018 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit before taxation		111,440	1,989,899	257,703	2,117,616
Adjustments for non-cash items:					
Depreciation	16	593,287	387,529	525,225	333,598
Amortisation of Intangible Assets	16	19,450	19,889	19,450	19,889
Amortisation of prepayments	18	67,091	189,726	67,091	189,726
Amortisation of right of use assets	17	187,524	-	187,524	-
Bad Debt written off	8.3	7,420	32,010	7,420	32,010
Provision no longer required	12	(3,622)	(525,407)	(3,622)	(525,407)
Property, plant & equipment and Intangible assets Written off	16	6,477	3,832	6,477	3,807
Finance cost	14	1,687,582	869,089	1,685,849	867,859
Finance income	13	(239,097)	(77,562)	(239,097)	(77,562)
Exchange loss on borrowings	24	141,642	-	141,642	-
Change in the unwinding effects on Decommissioning cost	26	19,123	14,959	17,693	13,728
Finance cost on Trading	24	1,854,241	1,339,914	1,854,241	1,339,914
Increase/(Decrease) in employees benefits	25	5,036	48,569	5,036	48,569
		4,457,594	**4,292,447**	**4,532,632**	**4,363,747**
Changes in working capital:					
Decrease / (increase) in inventory	21	2,861,979	(1,643,161)	2,819,476	(1,587,952)
Decrease / (increase) in debtors	22	21,371,118	(1,836,380)	21,137,579	(2,662,136)
Decrease / (increase) in Short term prepayment	18	14,126	(37,685)	12,705	(37,388)
(Decrease) in payables	27	(18,431,466)	(1,915,590)	(18,444,206)	(1,596,990)
		5,815,757	**(5,432,816)**	**5,525,554**	**(5,884,466)**
Cash flows from operating activities		**10,273,351**	**(1,140,369)**	**10,058,186**	**(1,520,719)**
Tax paid	15.2	(730,949)	(623,528)	(640,487)	(623,529)
Net cash generated by/(used) in operating activities		**9,542,402**	**(1,763,897)**	**9,417,699**	**(2,144,248)**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	16	(2,039,625)	(1,478,869)	(1,948,560)	(1,097,911)
Purchase of Intangible assets	16	(10,099)	-	(10,099)	-
Disposal of property, plant a nd equipment and intangible assets	16	6,860	4,229	6,181	2,342
Payments for leasehold properties	17	(1,335,375)	(754,177)	(1,335,375)	(754,177)
Employee benefits Paid	25	(249,523)	(9,735)	(249,523)	(9,735)
Investment payment	19	(5,000)	17,160	(5,000)	17,160
Interest received	13	239,097	77,562	239,097	77,562
Net cash used in investing activities		**(3,393,665)**	**(2,143,830)**	**(3,303,279)**	**(1,764,759)**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings	24	50,729,949	60,315,660	50,729,949	60,315,660
Repayment of borrowings and interest	24	(59,212,648)	(55,818,543)	(59,212,648)	(55,818,543)
Dividend Paid		(326,037)	(521,658)	(326,037)	(521,658)
Other Finance cost	14	(1,225,975)	(510,929)	(1,224,242)	(509,699)
Net cash (used in) generated from financing activities		**(10,034,711)**	**3,464,530**	**(10,032,978)**	**3,465,760**
NET CHANGE IN CASH AND CASH EQUIVALENTS		(3,885,974)	(443,197)	(3,918,558)	(443,247)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,041,282	4,484,479	4,041,209	4,484,456
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2019	23	**155,308**	**4,041,282**	**122,651**	**4,041,209**

The notes on pages 49 to 95 form an integral part of these financial statements

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NOTES TO THE FINANCIALS

NOTES TO THE FINANCIAL STATEMENTS

1.1 General information

Eterna Plc (the Company) was incorporated in Nigeria as a private limited liability Company in 1989. In 1997, it became a public Company. The Company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The Company is domiciled in Nigeria and the address of its registered office is:

5a Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue)
Ikoyi
Lagos

Principal activities

The principal activities of the Company and its subsidiaries (together referred to as "the Group") are trading in crude oil and Condensates; manufacturing, sale and distribution of lubricating oils and petrochemicals; Bulk import and retail distribution of Petroleum Products (including PMS, AGO, ATK LPFO, Base Oils, Bitumen etc.) and gas.

1.2 Composition of Financial statements

The financial statements are drawn up in Nigerian Naira, the functional currency of Eterna Plc in accordance with International Financial Reporting Standards (IFRS).

The financial statements comprise:

* Consolidated and separate statement of profit and loss and other comprehensive income
* Consolidated and separate statement of financial position
* Consolidated and separate statement of changes in equity
* Consolidated and separate statement of cash flows
* Consolidated and separate value added statement (Other national disclosures)
* Consolidated and separate five-year financial summary (Other national disclosures)

1.3 Financial Period

These financial statements cover the period from 1 January 2019 to 31 December 2019 with comparative figures for the financial year from 1 January 2018 to 31 December 2018.

1.4 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting standards as issued by the International Accounting Standards Board (IASB) as adopted by the Financial Reporting Council of Nigeria (FRC). It has also been prepared in conformity with the Companies and Allied Matters Act, CAP C 20, LFN 2004 and the Financial Reporting Council Act, No 6 2011

1.5 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value. The Financial statements have also been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS

1.6 Basis of Consolidation

The consolidated financial statements comprises the financial information of Eterna Plc ("the Company") and its subsidiaries - Eterna Industries Limited (EIL) and Eterna Marine Services Limited (EMSL).

The Company has 99.98% equity interest in Eterna Industries Limited, while it has 100% holdings in Eterna Marine and Services Limited. The financial statements of these entities have been consolidated into these financial statements. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of a consolidated subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests as at the date of the original business combination and the non-controlling interest's share of change in equity since the date of the combination.

2. Adoption of new and revised IFRS standards

2.1 Accounting standards and interpretations issued that became effective during the year

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 17. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Group has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information.

However, in our case, we have no cumulative effect of adopting IFRS 16 to be recognised in equity to the opening balance for the current period. Even though we have restated our prior period balances from Prepayments to Right of use Assets.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the Group has also elected to adopt the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group has also elected to include the initial direct costs in the measurement of the right of use for all leases in existence as at the date of initial application of IFRS 16, being 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For all the leases previously accounted for as Long-term prepayments whose remaining lease term is less than 12 Months and/or leases regarded as "Low-value" assets, the Group has adopted "Optional exemption" method by not recognising them as Right of use Assets but to account for them as prepayments and amortised them on a straight line basis.

The group also adopted the use of hindsight for determining the lease term for the extension clauses in all lease agreements.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

	31 Dec 18	1 Jan 19	31 Dec 19
	N'000	N'000	N'000
Right of use asset	937,132	945,879	2,044,955
Depreciation of right of use asset	-	-	187,524
Lease liability	-	8,747	10,162
Finance cost on lease liability	-	-	1,415

In the current year, the Group did not adopt and apply any other new IFRS standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

Below are the other new IFRS standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019:

Amendments to IFRS 9 Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	The Annual Improvements include amendments to four Standards: **IAS 12 Income Taxes** The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. **IAS 23 Borrowing Costs** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. **IFRS 3 Business Combination** The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. **IFRS 11 Joint Arrangements** The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement	The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset).
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. – If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that are applicable to the Group were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, early adoption is permitted; however, the Group has elected not to apply them in the preparation of these financial statements. The Group plans to adopt the standard when it becomes effective.

The Group is currently assessing the full impact of these IFRSs and IFRIC Interpretations, but none of these pronouncements is expected to result in any material adjustments to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Pronouncement	Nature of change	Required to be implemented for years beginning on or after
IFRS 17: Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees.	Effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements.
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.
Amendments to IFRS 3 Definition of a business	The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.	The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

NOTES TO THE FINANCIAL STATEMENTS

Amendments to IAS 1 and IAS 8 Definition of material	The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.	The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.	The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies

3.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 Consolidation

(a) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary are the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.
"Acquisition-related costs are expensed as incurred. If acquisition or business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss".

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Eterna plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in thousand (Naira), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/Gain - net'. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income.

3.4 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the income statement.

3.5 Financial Assets

The Group classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

a. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

b. Trade receivables

Trade receivables are amounts due from customers for lubricating oils, petrochemicals and fuel sold and technical services in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in the current assets, except for maturities greater than 12 months after reporting date. The Company's loan and receivables comprise trade and other receivables in the financial statements.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate method net of any impairment.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise of trade and other receivables and cash and cash equivalents.

(i) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(ii) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method less provision for impairment.

(iii) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of loans and receivables. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the profit or loss.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sale of goods

The companies in the Group manufacture and sell lubricating oils and petrochemicals, and import and resell fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry. Sales of goods are recognised when a Group entity has delivered products to the customer and when there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been transferred to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all the criteria for the acceptance have been satisfied.

Revenue is primarily derived from the sale of the following products: Fuel, lubricants, gas, marine fuel and crude oil.

3.7 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.8 Financial Instruments

i) Non-derivative financial assets- recognition and measurement

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

The Company has the following non-derivative financial assets: loans and receivables and cash and cash equivalents.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or FVTOCI. Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less.

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

ii) Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company does not hold financial liabilities measured at FVTPL.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iii) Offsetting

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

Impairment

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises twelve-month ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date where appropriate.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, consideration is given to both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

a. the financial instrument has a low risk of default;
b. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
c. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due unless there is adequate security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The Company measures the loss allowance at an amount equal to twelve-month ECL at the current reporting date. An impairment gain or loss is recognised in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Non-financial assets: The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the profit or loss."

3.9 Provisions

Provisions for environmental restoration (i.e. restoration and abandonment of petroleum storage facilities), restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.10 Environmental Restoration

The Group makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred within 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated at 10.3% (2015 – 10.3%) and discounted at 12.8% (2015 – 12.8%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

3.11 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.

Property, plant and equipment comprise tangible items that are held for use in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one accounting period. Buildings comprise of factories and offices.

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.

When 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 or 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 recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Property, plant and equipment are stated at cost less accumulated depreciation. Costs includes expenditure that are directly attributable to the acquisition of the fixed assets. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as Capital Work in Progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses on disposal of fixed assets are included in the profit and loss account.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates calculated to write off the cost/valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Asset category	Depreciation rate (years)
Freehold land	nil
Leasehold Land and Building	5-20
Plant and machinery	10 -50
Office equipment	5 – 10
Furniture and fittings	5 - 10
Motor Vehicles	5
Capital work in progress	nil

Depreciation is not calculated on fixed assets until they are available for use and is included in the statement of comprehensive income.

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

(iii) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.12 Impairment of long-lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually. The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions.

If this value is less than the carrying amount, an impairment loss on property, plant and equipment, or on other intangible assets, is recognized either in “Depreciation of property, plant and equipment, or in “Other expense”, respectively. Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Income taxation

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3.14 Impairment of assets with an indefinite useful life

Assets that have an indefinite useful life – for example, intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.15 Employee benefits

Defined contribution scheme

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group maintains a defined contribution pension scheme in accordance with the Pension Reform Act, 2014 (Amended). The contribution by the employer is 10% and employee is 8% of the Employees' monthly basic salary, transport and housing allowances respectively.
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Defined benefit scheme

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Finance cost in the income statement.

3.16 Accounting for Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the company also recognises a financial liability representing its obligation to make future lease payments.

Lease

The Group leases certain land and buildings. Leases of land and buildings where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Lessor

The Group leases out certain fuel filling stations. Leases of these filling stations by the lessee are classified as operating leases. Payment under the operating leases are recognised under other income on a straight-line basis over the period of the lease.

3.17 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

3.18 Interest Income

Interest income is recognized using the effective interest method. Interest income is accrued on short-term investments based on contractual investment period.

3.19 Intangible assets

a. Licences

Licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over a period of licence to allocate the cost of licenses over their estimated useful life.

b. Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method over a period of rights obtained to allocate the cost of computer software. If software is integral to the functionality of related property, plant and equipment (PPE), then it is capitalised as part of the PPE. Costs that are directly associated with the development of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised as above. Costs include employee costs incurred as a result of developing software, borrowing costs if relevant and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

3.20 Compound financial instruments

Compound financial instrument is an instrument that contains elements of both liability and equity in a single contract. In some instances, the instrument comprise an embedded derivative.

An embedded derivative is a component of a compound instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the compound instrument vary in a way similar to a stand-alone derivative.

Compound financial instruments issued by the Group comprise bonds with convertible options that can be converted to share capital at the option of the holder, and the number of shares to be issued varies with changes to in their fair value and other variables. The non-derivative host contract is the bond while the option granted to the holders is a standalone derivative.

Upon issue, it is determined whether the options granted are a financial liability or an equity instrument. The instrument is an equity instrument if, and only if, it is a derivative that will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, otherwise it is a liability.

The option liability component of a compound instrument is recognized initially at the fair value of option on grant date. The bond liability component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the option liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion of their initial carrying amounts.

Subsequent to initial recognition, the bond liability component of the compound financial instrument is measured at amortised cost using the effective interest rate method. The option liability component of a compound financial instrument is remeasured at fair value subsequent to initial recognition at the end of every reporting period. The fair value gains or losses are recognized through profit and loss.

The financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the current reporting period.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management team that makes strategic decisions.

In accordance with IFRS 8, the Group has the following business segments:

Segment	Description
Retail and Industrial	This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.
Lubricants and chemicals	This segment involves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria.
Trading	This segment represents the bulk importation and sales directly to customer facilities or offshore distribution of white products, Base oils, Bitumen, Low Pour Fuel Oil. It also involves lifting and sales of Crude oil.

4. Critical accounting judgement and key sources of estimating uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimated underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are revised and the revision affects only that year or in the year of the revision and the future years if the revision affects both current and future years.

4.1 Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimation (which are dealt with separately below) that the Directors have made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

4.1.1 Provision for decommissioning and restoration costs

Management of the Group exercises significant judgement in estimating provisions for restoration costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be significantly impacted

4.2 Key sources of estimating uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.2.1 Recoverability of assets carrying amount

The Group assesses its property plant and equipment for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the, Group's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil, natural gas and refined products.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.2.2 Provision for obsolete inventory

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for impairment, if any, is made where the net realizable value is less than cost based on best estimates by the management.

4.2.3 Useful life of property, plant and equipment

The Group exercises judgment in determining the expected useful lives of items of property, plant and equipment. Factors such as prevailing physical condition of the assets, technological expectations and historical experience with the assets (or similar assets) are assessed at least annually. Changes to these estimates may have significant impact on future results because changes in accounting estimates are accounted for on a prospective basis, through depreciation and amortization expense.

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4.2.4 Control over subsidiaries

The Group has 99.98% and 100% ownership interest and voting rights in Eterna Industries Limited and Eterna Marine Services Limited, respectively.

The Directors assessed whether or not the Group has control over Eterna Industries Limited and Eterna Marine Services Limited based on whether the Group has the practical ability to direct the relevant activities of Eterna Industry Limited and Eterna Marine Services Limited unilaterally. In making their judgement, the Directors considered the Group's absolute size of holding in Eterna Industry Limited and Eterna Marine Services Limited and the relative size of and dispersion of the shareholdings owned by other shareholder. After assessment, the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Eterna Industries Limited and Eterna Marine Services Limited and therefore the Group has control over the two subsidiaries.

4.2.5 Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

4.2.6 Valuation of financial liabilities

Financial liabilities have been measured at amortised cost. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IFRS 9 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

4.2.7 Recoverability of financial asset

The Group reviews all financial assets at least annually and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

4.2.8 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions.

The Group uses the Binomial option pricing model in the independent valuation of the derivative contract. The model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. The stock price is assumed to follow a multiplicative binomial process over discrete periods. The rate of return on the stock over each period can have two possible values, up values and down values. Each column of the nodes represents each reset date.

5. Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Cash flow projections take into consideration the Group's debt financing plans, covenant compliance and internal balance sheet ratio targets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

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Group	Due within one year	1 - 2 year	2 - 3 years	3 - 5 years	Above 5 years
31 December 2019					
Borrowings	7,670,995	345,429	-	-	-
Trade payables	4,951,516	-	-	-	-
Bank overdrafts	1,015,763	-	-	-	-
31 December 2018					
Borrowings	19,210,514	513,863	513,863		-
Trade payables	23,382,982	-	-	-	-
Bank overdrafts	-	-	-	-	-

Company	Due within one year	1 - 2 year	2 - 3 years	3 - 5 years	3 - 5 years
31 December 2019					
Borrowings	7,670,995	345,429	-	-	-
Trade payables	4,907,284	-	-	-	-
Bank overdrafts	1,015,763	-	-	-	-
31 December 2018					
Borrowings	19,210,514	513,863	513,863	-	-
Trade payables	23,351,490	-	-	-	-
Bank overdrafts	-	-	-	-	-

(a) Liquidity risk (cont'd)

The table below details unutilised credit facilities available to the Group, as at 31 December, 2019

Description	Amount	Duration	Interest rat e
Multiple credit facility	USD 317 million	Jan 2019 to Jan 2020	Libor + 7%
Multiple credit facility	N14.6 billion	Jan 2019 to Jan 2020	16.5%-22%

The carrying amount of the borrowings approximates the fair value of the loan as the Group's credit spread has remained the same throughout the period.

(b) Market risk

(i) Price risk

The Group has limited exposure to commodity price risk as the Group's transactions are mostly Naira denominated. The Group is also not exposed to any equity price risks.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The borrowings are issued at a fixed rate and expose the Group to fair value interest rate risk. During the current period, the Group had borrowings denominated in Naira only.

An increase/decrease in the interest rate by 10%, all other factors remaining constant, will lead to a 2.4% (2018: 2.2%) increase/decrease in the value of borrowings for the year.

(iii) Foreign exchange risk

Exposure may arise from the fluctuations of Naira against United States Dollars (USD). However, the analysis below shows that it is insignificant.

In December 2019, if the currency had weakened/strengthened by 10% against the United states Dollars (USD) with other variables constant, post tax profit for the year would have been N183m (2018:N237m) lower/higher, mainly as a result of foreign exchange gains/losses on translation of the USD denominated transactions. Similarly, the impact on equity would have been N183m (2018:N237m) higher/lower.

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and accounts receivable.
The credit risk on cash is limited because the majority of deposits are with banks which have stable credit ratings assigned by international credit agencies as shown in the table below. The Group's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.
The Group assesses the credit quality of the customers by taking into account the financial position, past experience and other factors related to that particular customer. Customer limits are set on each individual client based on past performance and sales are settled using cash. No credit limits were exceeded during the reporting period.

The analysis of the Group's trade and other receivables by performance is as follows:

	31 December 2019 N'000	31 December 2018 N'000
Neither past due nor impaired	8,286,963	29,782,162
Past due but not impaired	1,120,550	852,155
Impaired	37,972	186,084
	9,445,485	30,820,401

The maturity analysis of past due but not impaired trade and other receivables is as follows:

	31 December 2019 N'000	31 December 2018 N'000
Past due but not impaired:		
- by up to 90 days	832,567	483,998
- by 90 to 180 days	234,780	42,807
- later than 180 days	53,203	325,350
Total past due but not impaired	1,120,550	852,155

5.1 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of net debt ratio, that is, the ratio of net debt to net debt plus equity. Net debt is calculated as gross debt as shown in the balance sheet, less cash and cash equivalents.
The Group's strategy which was considered since 2018 was to maintain a net debt ratio of below or within 45% to 55%. The net debt ratio as at 31st December 2019 and 31st December 2018 are as follows:

	31 December 2019 N'000	31 December 2018 N'000
Borrowings (Note 24)	9,032,187	14,043,048
Less: Cash and bank balances (Note 23)	(1,171,071)	(4,041,282)
	7,861,116	10,001,766
Equity	12,407,818	12,878,125
Net debt ratio	39%	44%

5.2 Financial instruments and fair values

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or other comprehensive income. Those categories are: loans and receivables; and for liabilities, fair value through profit or loss and amortized cost.

The financial instruments in the table below are grouped into level 1 to 3 based on the degree to which the inputs used to calculate the fair value are observable. The fair value hierarchy are explained below:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can assess at the measurement date.

Level 2 fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable either for the asset or liability either directly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the assets or liability that are not based on observable market data.

The following table shows the carrying values and fair values of the Group's assets and liabilities for each of these categories at December 31, 2019 and 2018.

	Carrying Amount			Fair Value	
	31 December 2019 N'000	31 December 2018 N'000	Level	31 December 2019 N'000	31 December 2018 N'000
Assets					
Loans and receivables:					
Cash and bank balances	1,171,071	4,041,282	3	1,171,071	4,041,282
Trade and other receivables	9,445,485	30,820,401	3	9,445,485	18,604,499
	10,616,556	**34,861,683**		**10,616,556**	**22,645,781**
Liabilities					
Amortized cost:					
Trade and other payables	4,951,516	10,543,152	3	4,951,516	10,543,152
Borrowings	8,016,424	14,043,048	3	8,016,424	14,043,048
Bank overdrafts	1,015,763	-	3	1,015,763	-
	13,983,703	**24,586,200**		**13,983,703**	**24,586,200**
Fair value through profit and loss:					
Derivative liability	-	-	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. Consolidated segment information

The Chief Operating Decision-Maker (CODM) has been identified as the Management team of Eterna Plc. Management has determined the operating segments based on the information reviewed by the Management team for the purposes of allocating resources and assessing performance. Management has also determined the operating segments based on these reports.

Reportable segments

The CODM considers the business singularly from a product perspective. Management separately considers three segments; Retail and Industrial, Lubricants and Chemicals and trading activities of the group. The following summary describes the operations in each of the Group's reportable segments:

i) **Retail and industrial**

This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.

ii) **Lubricants and chemicals**

This segment involves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria.

iii) **Trading**

This segment represents the bulk importation and sale of fuels to off-takers (PMS, AGO, DPK), Base Oils, Bitumen, LPFO. It also involves lifting and sales of Crude oil. The 2019 and 2018 figures are income generated from crude lifting.

The management team (CODM) reviews internal management reports at least on a quarterly basis. Information regarding the results of each reportable segment is included below.

	31 December 2019				31 December 2018			
	Retail & industrial	Lubricants & chemicals	Trading	Group	Retail & industrial	Lubricants & chemicals	Trading	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross revenue	56,194,376	9,122,110	164,116,759	229,433,245	52,371,813	5,902,762	193,714,507	251,989,082
Intersegment sales		(158,460)	-	(158,460)		(111,149)	-	(111,149)
Net Revenue	**56,194,376**	**8,963,650**	**164,116,759**	**229,274,785**	**52,371,813**	**5,791,613**	**193,714,507**	**251,877,933**
Cost of sales	54,487,851	7,255,104	162,740,083	224,483,038	50,211,774	4,618,540	192,516,321	247,346,635
Intersegment cost of sales		(158,460)	-	(158,460)		(111,149)	-	(111,149)
Net cost of sales	**54,487,851**	**7,096,644**	**162,740,083**	**224,324,578**	**50,211,774**	**4,507,391**	**192,516,321**	**247,235,486**
Gross Profit	**1,706,525**	**1,867,006**	**1,376,676**	**4,950,207**	**2,160,039**	**1,284,221**	**1,198,186**	**4,642,446**
Operating profit before depreciation & amortisation	778,814	852,053	608,894	2,239,761	1,570,258	933,575	874,737	3,378,570
Depreciation & amortisation	(324,653)	(355,183)	-	(679,836)	(374,494)	(222,650)	-	(597,144)
Net finance cost	(691,718)	(756,767)	-	(1,448,485)	(496,399)	(295,128)	-	(791,527)
(Loss)/profit before tax	(237,557)	(259,897)	608,894	111,440	699,365	415,797	874,737	1,989,899
Income tax charge	(88,160)	(96,450)	(71,119)	(255,729)	(456,395)	(271,343)	(253,165)	(980,903)
(Loss)/profit after tax	(325,717)	(356,347)	537,775	(144,289)	242,970	144,454	621,572	1,008,996

NOTES TO THE FINANCIAL STATEMENTS

The CODM measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of these segments. Intersegment pricing is determined on an arm's length basis.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Revenue of approximately NGN180 billion are derived from five external customers (in 2018, approximately NGN208 billion were derived from five external customers). 72% (93%:2018) of these revenues are attributable to the Trading segments.

The geographical location of the group operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

There is no disclosure of assets and liabilities per business segment because the assets and liabilities of the Group are not directly related to a particular business segment.

7. Revenue	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Trading	164,116,759	193,714,507	164,116,759	193,714,507
Fuel	53,645,785	50,883,123	53,645,785	50,883,123
Lubricants	8,963,650	5,791,613	8,963,650	5,788,402
Others	2,548,591	1,488,690	2,548,591	1,488,690
	229,274,785	**251,877,933**	**229,274,785**	**251,874,722**

8. Expenses by nature	Group		Company	
8.1 Cost of sales	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
Material cost	223,439,116	246,350,025	223,550,767	246,456,224
Delivery cost	885,462	885,462	885,462	885,462
	224,324,578	**247,235,487**	**224,436,229**	**247,341,686**

	Group		Company	
8.2 Selling and Distribution expenses	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
Marketing and sales commission	145,582	33,487	145,577	33,487
Sampling and analysis	3,964	3,718	1,406	2,433
	149,546	**37,205**	**146,983**	**35,920**

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
8.3	**General and Administrative expenses**	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
	Staff costs	885,637	797,358	816,231	735,842
	Legal and Professional fees	318,801	449,280	312,606	449,280
	Depreciation	593,287	387,529	525,225	333,598
	Employee Welfare	23,995	148,548	20,317	138,754
	Training and Staff Development	43,922	71,338	41,930	71,338
	Rent, Travelling & Entertainment	323,384	138,224	320,433	134,521
	Repairs and Maintenance	337,116	198,061	283,097	159,084
	Marketing and Business Development	159,033	158,517	159,033	158,267
	Other expenses	48,270	155,151	39,178	119,325
	Stationery and communication	129,461	121,725	124,357	116,156
	Insurance, medical and security	147,316	121,390	130,852	109,773
	Licence fees	82,241	71,240	79,938	71,757
	Directors remuneration	67,000	67,000	67,000	67,000
	Amortisation on Prepayments	67,091	189,726	67,091	189,726
	Bad Debt	7,420	32,010	7,420	32,010
	Pension costs	43,513	37,638	39,375	34,055
	Auditors' remuneration	40,000	40,000	30,000	30,000
	Amortisation of Intangible assets	19,458	19,889	19,450	19,889
	(Gain)/loss on disposal of property, plant and equipment	(687)	234	(1,363)	(305)
	Allowance for impairment of receivables	37,825	8,484	37,825	8,484
	Total administrative expenses	**3,374,083**	**3,213,342**	**3,119,995**	**2,978,554**

Expenses by function

		Group		Company	
9.	**Cost of sales**	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
		224,324,578	247,235,487	224,436,229	247,341,686
	Selling and Distribution expenses	149,546	37,205	146,983	35,920
	General and Administration expenses	3,374,083	3,213,342	3,119,995	2,978,554
		227,848,207	**250,486,034**	**227,703,207**	**250,356,160**

		Group		Company	
10.	**Employees' remuneration and numbers**	**2019 N'000**	**2018 N'000**	**2019 N'000**	**2018 N'000**
		Number	**Number**	**Number**	**Number**
	Administration	28	28	27	27
	Operations	37	29	30	20
	Sales and marketing	18	16	18	16
		83	73	75	63
	Senior Management	12	8	11	8
	Management	9	9	8	7
	Senior staff	62	56	56	48
		83	73	75	63

NOTES TO THE FINANCIAL STATEMENTS

The number of employees, other than directors, who earned over N3,000,000 in the year:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
N3,000,001 - N4,000,000	25	13	22	10
N4,000,001 - N5,000,000	10	32	6	31
Above 5,000,000	48	28	47	22
	83	73	75	63

The total employee benefits expense in the year comprise the following:

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Salaries and wages	885,637	797 358	816,231	735 842
	885,637	**797,358**	**816,231**	**735›842**

11. Directors' remuneration

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Fees for services as a director	67,000	74,240	67,000	71,757
Other emoluments as management	119,670	192,845	119,670	192,845
	186,670	**267,085**	**186,670**	**264,602**
The emoluments of the chairman of the board (excluding pension contributions)	17,000	17,000	17,000	17,000
The emoluments of the highest paid director	80,752	80,752	80,752	80,752

The table below shows the numbers of directors of the company whose remuneration excluding pension contributions fell within the bands stated.

	Group		Company	
	Number 2019	Number 2018	Number 2019	Number 2018
Less than N500,001	-	-	-	-
N500,001 - N3,000,000	-	-	-	-
N8,000,001 - N12,000,000	5	5	5	5
More than N12,000,000	3	3	3	3
	8	8	8	8

12 Other income

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Other income	59,488	1,412,936	58,930	1,412,773
Provision no longer required	3,622	525,407	3,622	525,407
Rent income	16,578	40,517	16,578	40,517
Depot storage income	20,411	20	20,410	20
	100,099	**1,978,880**	**99,540**	**1,978,717**

Included in the other income in 2018 is a N1.18 billion accrued interest on promissory note received from the federal government of Nigeria

		Group		Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
13.	**Finance income**				
	Interest income on short -term bank deposits	239,097	77,562	239,097	77,562
		239,097	**77,562**	**239,097**	**77,562**
13.1	**Foreign exchange (gain)/Loss**	(33,248)	589,353	(33,337)	589,366
		(33,248)	**589,353**	**(33,337)**	**589,366**

		Group		Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
14.	**Finance cost**				
	Other financial charges – Note 14.1	307,706	474,934	307,403	474,934
	Interest on Short term financing	905,973	-	905,973	-
	Interest on long term financing	460,192	358,160	460,192	358,160
	Interest cost on employee benefits	-	26,588	-	26,588
	Effect of Discount on Extended lease contracts	1,415	-	1,415	-
	Accretion charge	12,296	9,407	10,866	8,177
		1,687,582	**869,089**	**1,685,849**	**867,859**

14.1 This amount represents interest charges on various short-term loans, overdrafts and trade finances.

		Group		Company	
		2019 N'000	2018 N'000	2019 N'000	2018 N'000
15.	**Taxation**				
	Current taxes on income for the year	336,287	376,757	335,492	375,905
	Education tax levy for the year	18,001	27,012	18,001	27,012
	Deferred tax for the year	(98,559)	577,134	(47,187)	575,182
	Tax expense on Income statement	255,729	980,903	306,306	978,099
	Tax on Other Comprehensive Income	-	(8,809)	-	(8,809)
	Total tax expense	**255 729**	**972,094**	**306,306**	**969,290**

		Group			
			2019 N'000		2018 N'000
15.1	**Reconciliation of effective tax rate**				
	Profit before income tax		111,440		1,989,899
	Income tax using the domestic corporation tax rate	30%	33,432	30%	596,969
	Disallowed expenses	173%	192,691	7%	132,117
	Non- taxable income	-1%	(822)	-8%	(163,159)
	Education tax levy	16%	18,001	1%	27,012
	Tax Incentives	20%	22,635	-10%	(198,990)
	Minimum tax effect	220%	245,487	0%	-
	Temporary difference Effect	-88%	(98,559)	29%	577,134
	Tax effect of balancing charge	-141%	(157,136)	0%	1,011
	Total income tax expense in statement of comprehensive income	**229%**	**255 729**	**49%**	**972 094**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of effective tax rate	Company			
		2019 N'000		2018 N'000
Profit before income tax		257,703		2,117,616
Income tax using the domestic corporation tax rate	30%	77,311	30%	635,285
Disallowed expenses	74%	191,123	6%	127,512
Non- taxable income	0%	(413)	-17%	(356,942)
Education tax levy	7%	18,001	1%	27,012
Tax incentives	-70%	(180,010)	-10%	(219,511)
Minimum tax effect	95%	245,487	8%	179,743
Temporary difference Effect	-18%	(47,187)	27%	575,182
Tax effect of balancing charge	1%	1,994	0%	1,009
	119%	**306 306**	**45%**	**969 290**

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004. However, the Income tax charged for 2019 was calculated based on Minimum tax regulations in compliance with the Finance Act 2019. Being a recent enactment, certain clarifications are yet to be provided by the Federal Inland Revenue Service with respect to the appropriate base for Minimum tax computation for the downstream petroleum sector given the nature of what constitutes gross revenue in the industry.

The Directors strongly believe that the basis of the Company's calculation aligns with the fundamental principles of taxation and have also obtained expert opinions in this regard.

15.2 Tax payable

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
At 1 January	848,264	1,149,782	631,640	934,011
Tax paid	(730,949)	(623,528)	(640,487)	(623,529)
WHT utilised	-	(81,759)	-	(81,759)
Income tax charge	354,288	403,769	353,493	402,917
At 31 December	471,603	848,264	344,646	631,640
Current	471,603	848,264	344,646	631,640
Non-current	-	-	-	-
	471,603	848,264	344,646	631,640

NOTES TO THE FINANCIAL STATEMENTS

16 Property, plant and equipment and intangible assets

	Group								
	Property, Plant and Equipment							Intangible Assets	
	Land and buildings	Plant and machinery	Capital Work-In-progress	Office equipment	Furniture & fittings	Motor vehicles	Total	Computer software	Total Intangible assets
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost									
At 1 January 2018	2,513,894	6,239,653	474,081	114,804	86,657	340,685	**9,769,774**	135,938	**135,938**
Additions in the year	391,033	486,812	161,487	77,228	64,470	297,838	**1,478,869**	-	-
Reclassifications *(Note 163)*	104,763	2,325	(102,451)	(2,682)	(454)	(1,500)	-	-	-
Asset Written off *(Note 164)*	(6,020)	(438)	-	(640)	-	-	**(7,098)**	-	-
Asset Disposed	-	(7,452)	-	(376)	-	(10,675)	**(18,503)**	-	-
At 31 December 2018	3,003,670	6,720,900	533,117	188,334	150,673	626,348	**11,223,042**	135,938	**135,938**
Additions in the year	944,083	307,538	241,850	92,692	102,611	360,950	**2,049,724**	-	-
Transfers *(Note 165)*	172,709	32,518	(205,227)	-	-	-	-	-	-
Reclassifications *(Note 163)*	-	-	(10,099)	-	-	-	**(10,099)**	10,099	**10,099**
Asset Written off *(Note 164)*	-	-	(6,477)	-	-	-	**(6,477)**	-	-
Asset Disposed	(1,501)	(33,292)	-	(4,412)	(3,589)	(35,338)	**(78,132)**	(2,099)	**(2,099)**
At 31 December 2019	**4,118,961**	**7,027,664**	**553,164**	**276,614**	**249,695**	**951,960**	**13,178,058**	**143,938**	**143,938**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2018	(212,934)	(2,054,293)	-	(74,929)	(35,250)	(137,145)	**(2,514,551)**	(10,574)	**(10,574)**
Charge for the year	(56,512)	(196,212)	-	(29,507)	(27,478)	(77,820)	**(387,529)**	(19,889)	**(19,889)**
Reclassifications *(Note 163)*	(2,644)	(1,485)	-	2,307	322	1,500	-	-	-
Asset Written off *(Note 164)*	2,218	438	-	610	-	-	**3,266**	-	-
Asset Disposed	-	5,354	-	376	-	8,544	**14,274**	-	-
At 31 December 2018	(269,872)	(2,246,198)	-	(101,143)	(62,406)	(204,921)	**(2,884,540)**	(30,463)	**(30,463)**
Charge for the year	(91,134)	(239,050)	-	(43,993)	(42,564)	(176,546)	**(593,287)**	(19,450)	**(19,450)**
Asset Disposed	864	31,221	-	4,250	3,125	31,934	**71,394**	1,977	**1,977**
At 31 December 2019	**(360,142)**	**(2,454,027)**	**-**	**(140,886)**	**(101,845)**	**(349,533)**	**(3,406,433)**	**(47,936)**	**(47,936)**
Net Book Value									
At 31 December 2018	2,733,798	4,474,702	533,117	87,191	88,267	421,427	**8,338,502**	105,475	**105,475**
At 31 December 2019	3,758,819	4,573,637	553,164	135,728	147,850	602,427	**9,771,625**	96,002	**96,002**

NOTES TO THE FINANCIAL STATEMENTS

Company

	Property, Plant and Equipment							Intangibles	
	Land and buildings	Plant and machinery	Capital Work-In-progress	Office equipment	Furniture & fittings	Motor vehicles	**Total**	Computer software	**Total Intangible assets**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost									
At 1 January 2018	2,426,795	5,911,477	473,541	81,581	68,202	333,685	**9,295,281**	135,938	**135,938**
Additions in the year	335,028	178,892	161,487	63,847	60,819	297,838	**1,097,911**	-	**-**
Reclassifications *(Note 163)*	104,531	1,106	(101,911)	(2,622)	396	(1,500)	**-**		**-**
Asset Written off *(Note 164)*	(6,020)	-	-	(163)	-	-	**(6,182)**	-	**-**
Asset Disposed	-	(1,008)	-	(376)	-	(10,675)	**(12,060)**	-	**-**
At 31 December 2018	2,860,334	6,090,467	533,117	142,267	129,417	619,348	**10,374,950**	135,938	**135,938**
Additions in the year	910,243	279,652	241,750	82,917	90,147	353,950	**1,958,659**	-	**-**
Transfers *(Note 165)*	172,710	32,517	(205,227)	-	-	-	**-**	-	-
Reclassifications *(Note 163)*	-	-	(10,099)	-	-	-	**(10,099)**	10,099	**10,099**
Asset Written off *(Note 164)*	-	-	(6,477)	-	-	-	**(6,477)**	-	**-**
Asset Disposed	(1,501)	(19,379)	-	(3,757)	(2,024)	(35,338)	**(61,999)**	(2,099)	**(2,099)**
At 31 December 2019	3,941,786	6,383,257	553,064	221,427	217,540	937,960	**12,255,034**	143,938	**143,938**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2018	(194,518)	(1,878,114)	-	(49,539)	(28,618)	(130,143)	**(2,280,932)**	(10,574)	**(10,574)**
Charge for the year	(52,167)	(156,533)	-	(23,215)	(23,863)	(77,820)	**(333,598)**	(19,889)	**(19,889)**
Reclassifications *(Note 163)*	(2,620)	(1,106)		2,491	(265)	1,500	**-**	-	**-**
Asset Written off *(Note 164)*	2,219	-	-	156	-	-	**2,375**	-	**-**
Asset Disposed	-	798	-	376	-	8,544	**9,718**	-	**-**
At 31 December 2018	(247,086)	(2,034,955)	-	(69,731)	(52,746)	(197,919)	**(2,602,437)**	(30,463)	**(30,463)**
Charge for the year	(83,855)	(191,820)	-	(36,599)	(37,338)	(175,613)	**(525,225)**	(19,450)	**(19,450)**
Reclassifications *(Note 163)*	-	-	-	-	-	-	**-**	-	**-**
Asset Written off *(Note 164)*	-	-	-	-	-	-	**-**	-	**-**
Asset Disposed	865	17,985	-	3,595	1,561	31,934	**55,940**	1,977	**1,977**
At 31 Dec. 2019	**(330,076)**	**(2,208,790)**	**-**	**(102,735)**	**(88,523)**	**(341,598)**	**(3,071,722)**	**(47,936)**	**(47,936)**
Net Book Value									
At 31 December 2018	2,613,248	4,055,512	533,117	72,536	76,671	421,429	**7,772,513**	105,475	**105,475**
At 31 December 2019	3,611,710	4,174,467	553,064	118,692	129,017	596,362	**9,183, 312**	96,002	**96,002**

NOTES TO THE FINANCIAL STATEMENTS

16.1 Capital WIP – Assets categorized as Capital Work-In-Progress are the cost of building plans, survey, and cost of processing land documentation for the ongoing building projects.

16.2 Assets pledged as security – The assets pledged as security in relation to loans held by the Company are primarily the storage tank farms held by the Company in Ibru Jetty, Ibafon, Apapa

16.3 Reclassification – These represent changes in the assets class done in the year following a review of the Company's fixed asset position. The cost and accumulated depreciation for such assets were duly reclassified to appropriate classes. This also include the movement from capital work in progress to intangible assets.

16.4 Write off – Following the review of the Company's fixed Asset position at year end, assets which do not meet the capitalisation policy of the Company were written off.

16.5 Transfers – These represent the movement of capital work in progress to the appropriate asset classes upon completion.

16.6 Included in land and buildings is freehold land of N1.2 billion (2018: N1.2 billion) which is not depreciated.

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
17. Right of Use Assets				
Opening Balance	945,879	411,943	945,879	411,943
Additional lease	1,286,600	525,189	1,286,600	525,189
Depreciation	(187,524)	-	(187,524)	-
Impact of lease extension	-	8,747	-	8,747
	2,044,955	**945,879**	**2,044,955**	**945,879**
18. Prepayments				
Prepaid rent	46,007	6,745	46,007	6,745
Additions	48,775	228,988	48,775	228,988
Amortisation	(67,091)	(189,726)	(67,091)	(189,726)
	27,691	**46,007**	**27,691**	**46,007**
Other short term prepayment	120,927	135,053	119,036	131,741
Current portion of long term prepayments	27,691	46,007	27,691	46,007
	148,618	**181,060**	**146,727**	**177,748**

19. Investments

19.1 Investment in subsidiaries is made up of:

	Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000
99.98% in Eterna Industries Limited	49,990	49,990
100% in Eterna Marine and Services Limited	1,000	1,000
	50,990	**50,990**

These investments are ultimately consolidated at group level.

	Group		Company	
Other Investments	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
JUHI 2 Project	**558,868**	**553,868**	**558,868**	**553,868**

JUHI 2 represent the equity contribution on the aviation tank farm development project (Joint User Hydrant Installation II). This is a joint venture arrangement, accounted for using the equity method. In 2017, Eterna plc acquired the interest of one of the members of the Joint venture.
In 2019, Eterna Plc further contributed N5Million towards maintenance of the facility.

As at 31st December 2019, the project is still under construction and the joint venture is yet to commence operation.

20. Deferred Income Tax

The analysis of deferred tax liabilities is as follows:

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Deferred tax Liabilities				
Deferred tax liabilities to be recovered after more than 12 months	1,559,425	1,657,984	1,600,426	1,647,613
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	1,559,425	1,657,984	1,600,426	1,647,613

Group	Trade and other Receivables N'000	Property, Plant & Equipment N'000	Other Provisions N'000	Employee Benefits N'000	Total N'000
Deferred tax liabilities					
At 1 January 2018	-	1,430,700	(341,623)	582	1,089,659
Charged/(credited) to the income statement	239,300	(17,016)	353,144	1,706	577,134
Charged/(credited) to other comprehensive income				(8,809)	(8,809)
At 31 December 2018	**239,300**	**1,413,684**	**11,521**	**(6,521)**	**1,657,984**
Charged/(credited) to the income statement	(250,648)	160,321	(14,753)	6,521	(98,559)
Charged/(credited) to other comprehensive income	-	-	-	-	-
At 31 December 2019	**(11,348)**	**1,574,005**	**(3,232)**	**-**	**1,559,425**

Company	Trade and other receivables N'000	Property, Plant & Equipment N'000	Other Provisions N'000	Employee Benefits N'000	Total N'000
Deferred tax liabilities					
At 1 January 2018	-	1,422,599	(341,941)	582	1,081,240
Charged/(credited) to the income statement	239,300	(19,286)	353,462	1,706	575,182
Charged/(credited) to other comprehensive income				(8,809)	(8,809)
At 31 December 2018	**239,300**	**1,403,313**	**11,521**	**(6,521)**	**1,647,613**
Charged/(credited) to the income statement	(250,648)	211,720	(14,780)	6,521	(47,187)
Charged/(credited) to other comprehensive income					-
At 31 December 2019	**(11,348)**	**1,615,033**	**(3,259)**	**-**	**1,600,426**

21. Inventories

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Raw materials	1,101,593	430,956	1,078,675	408,036
Finished goods	4,119,778	7,601,043	4,119,778	7,600,898
Consumables	75,391	126,742	57,097	66,092
	5,296,762	**8,158,741**	**5,255,550**	**8,075,026**

The inventory transferred by the Group to cost of sales for the year 2019 is N223 billion (2018: N246billion).

Inventory is carried at the lower of cost or net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises of raw materials, importation logistics cost, direct labour, other direct costs and other production overheads.
Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

22. Trade and other receivables

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Trade receivables	2,459,680	22,303,934	2,460,277	22,303,934
Due from Group Companies (note 33)	-	-	423,307	135,905
Less: Impairment of trade receivables	(37,972)	(186,084)	(37,743)	(185,854)
Trade receivables – net	2,421,708	22,117,850	2,845,841	22,253,985
Advances to suppliers	2,893,754	2,899,205	2,893,936	2,882,859
WHT receivables	690,430	427,409	690,430	427,409
Petroleum subsidy fund	-	1,578,795	-	1,578,795
Bridging claims	-	52,657	-	52,657
Sundry debtors	19,814	15,271	19,814	15,271
Foreign exchange Forward contract	2,504,831	49,745	2,504,831	49,745
Other receivables	914,948	3,679,469	880,505	3,716,012
Less: Impairment of Other receivables	-	-	-	-
	9,445,485	**30,820,401**	**9,835,357**	**30,976,733**

Third-party trade receivable above are non-interest bearing and include amounts which are past due at reporting date but against which the Group has not recognised allowance for doubtful receivable because there has not been a significant change in credit quality as the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counter party. The average age of these receivables is generally between 30 to 220 days (2018: 30 to 220 days)

Loss allowance for trade receivables is measured at an amount equal to 12 months Expected Credit Loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Excluded from expected credit loss calculation in 2019 is trade receivable balance of N273 million which is covered by security deposits as well as a balance of N209 million in respect of outstanding remittances from Company Owned Company Operate (COCO) filling stations.

The Group has recognised a loss allowance across all age bands of receivables. Below is the analysis of ECL based on Age band.

Age Bands	Current	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days	Above 360 Days
Total Exposure	1,672,365,292	155,468,626	65,006,528	20,425,189	18,481,096	17,966,438	28,248,253
Total Expected Loss	9,674,882	3,263,929	4,000,060	2,521,418	2,951,069	4,028,500	11,385,520
Coverage Ratio	1%	2%	6%	13%	16%	22%	40%

The Foreign exchange forward contract relates to the advance purchase of USD in the forward market to cover the foreign exchange risk that may arise from a letters of credit and bills for collection on the importation of AGO and Base oils. The tenor of the forward is 30 -120 days maturity.

Amount due from related parties are unsecured, non-interest bearing and repayable upon demand.
The Directors consider that the carrying amount of trade and other receivables is appropriately equal to their fair value.
The analysis of the Group's trade and other receivables by performance is as follows:

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Neither past due nor impaired	8,286,963	29,782,162	8,677,064	29,938,724
Past due but not impaired	1,120,550	852,155	1,120,550	852,155
Impaired	37,972	186,084	37,743	185,854
Total past due but not impaired	**9,445,485**	**30,820,401**	**9,835,357**	**30,976,733**

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Company. Significant number of receivables of the Company's trade receivables arises from regular customers of the Company and losses have occurred infrequently.

Receivables that are past due but not impaired

The management has a credit policy in place to monitor and minimise the exposure of default. The Company trades only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Group		Company	
Past due but not impaired:	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
- by up to 90 days	832,567	483,998	832,567	483,998
- by 90 to 180 days	234,780	42,807	234,780	42,807
- later than 180 days	53,203	325,350	53,203	325,350
Total past due but not impaired	**1,120,550**	**852,155**	**1,120,550**	**852,155**

NOTES TO THE FINANCIAL STATEMENTS

The movements in the allowance for impairment losses of trade receivables during the financial year were:

Movements on the provision for impairment for trade receivables are as follows:	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
At 1 January	(186,084)	(206,193)	(185,855)	(205,964)
Estimated credit loss (ECL)	(37,825)	(8,484)	(37,825)	(8,484)
Release of previous provision	24,200	-	24,200	-
Amount writte n off	161,737	28,593	161,737	28,593
At 31 December	**(37,972)**	**(186,084)**	**(37,743)**	**(185,855)**

The release of impairment provisions is included in 'other income' in the income statement (note 12).

23. Cash and Cash Equivalents

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Cash and bank	1,120,772	4,041,282	1,088,115	4,041,209
Short term deposits with Financial institutions	50,299	-	50,299	-
Cash and Cash equivalents	**1,171,071**	**4,041,282**	**1,138,414**	**4,041,209**
Bank overdrafts	(1,015,763)	-	(1,015,763)	-
	155,308	**4,041,282**	**122,651**	**4,041,209**

For the purpose of the statements of cash flows, the cash and cash equivalent balance includes bank overdraft.

24. Borrowings

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Current				
At 1 January	14,043,048	7,847,857	14,043,048	7,847,857
Additions	50,729,949	60,315,660	50,729,949	60,315,660
Interest on term loan	460,192	358,160	460,192	358,160
Interest on trading cost	1,854,241	1,339,914	1,854,241	1,339,914
Exchange loss	141,642	-	141,642	-
Repayment	(59,212,648)	(55,818,543)	(59,212,648)	(55,818,543)
	8,016,424	**14,043,048**	**8,016,424**	**14,043,048**
Bank overdraft	1,015,763	-	1,015,763	-
	9,032,187	**14,043,048**	**9,032,187**	**14,043,048**
Current	8,686 758	12,350,296	8,686 758	12,350,296
Non- current	345,429	1,692,752	345,429	1,692,752

Bank borrowings classified as current are denominated in Naira. This relates to various import finance facilities (IFF) and local purchase facilities (LPF) obtained from various banks at interest rates ranging from 18% to 22% per annum with repayment period ranging from 15 to 270 days. The facilities are secured by lien on the products for resale, and the Group's Petroleum Storage Depot.

NOTES TO THE FINANCIAL STATEMENTS

Also included in this, is a N2 Billion term loan facility obtained from a commercial bank in Nigeria in April 2016 with an annual interest rate of 24% (Now revised to 22%). Principal and Interest are payable quarterly and is expected to be fully paid by March 2021. These facilities are secured by a lien on the Group's Petroleum Storage Depot.

In 2018, the company decided to issue a N3Billion 270days - commercial paper at a discount rate of 16.5% return with an All-in-rate of 18.67%. The fund was to support the Company's working capital and to meet its long-term expansion strategy funding requirements. The N3Billion was fully paid on the due date.

Also included in the non-current borrowings is a N1.1B asset acquisition facility obtained from a commercial bank in Nigeria in October 2018 with an interest rate of 24% per annum (Now revised to 22%) and a 6-month moratorium on principal only. The principal and interest of the loan are payable quarterly and is expected to be fully repaid by May 2022.

25. Employee benefits

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Defined benefit obligations	-	244,487	-	244,487
Fair value of plan assets	-	-	-	-
Deficit of funded plans	-	244,487	-	244,487
Unrecognised (gains)/losses	-	-	-	-
Net liability recognised	-	244,487	-	244,487

The reconciliation of the defined benefit obligations as at 31st December 2019 is:

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
At 1 January	244,487	176,289	244,487	176,289
Current service cost	5,036	21,981	5,036	21,981
Interest cost		26,589	-	26,589
Benefits paid	(249,523)	(9,735)	(249,523)	(9,735)
Actuarial Loss		29,363	-	29,363
Net Liability Recognised	-	244,487	-	244,487

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Income statement charge for:				
Defined benefit obligation	5,036	48,570	5,036	48,570
Total amount recognised in the income statement	5,036	48,570	5,036	48,570
Actuarial gains (net of tax) recognised in the statement of other comprehensive income in the period	-	(20,554)	-	(20,554)
Cumulative actuarial gain (net of tax) recognised in the statement of other comprehensive income	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

As reported in 2018, the gratuity scheme was wound up and distribution was made to the beneficiaries accordingly. Furthermore, there will be no more gratuity expenses and accrual in the financial statements of the subsequent years.

26. Decommissioning Liability

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Balance as at 1 January	81,491	66,532	72,667	58,939
Additional obligations incurred	6,827	5,552	6,827	5,551
Accretion expenses	12,296	9,407	10,866	8,177
Balance at 31 December	**100,614**	**81,491**	**90,360**	**72,667**

The Company makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated between 10.3% - 11% (2018: 10.3%-11%) and discounted between the range of 12.8% - 16.2% (2018: 12.8% - 16.2%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures. Three filling stations were acquired in 2019 and their discounted decommissioning cost amounted to N6.8m which was included in the capitalised cost of the asset in 2019.

27. Trade and other payables

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Trade creditors	4,320,036	22,962,544	4,316,130	22,960,545
Tax related liabilities	42,364	41,016	24,260	23,198
Advance received	294,500	123,376	294,500	123,376
PSF Contribution	75,903	-	75,903	-
Accrued payables	61,833	32,182	55,948	32,182
Other payables	156,880	223,864	140,543	212,189
	4,951,516	**23,382,982**	**4,907,284**	**23,351,490**

Included in the Advance received are the customer deposits for white products and advance rent received upfront from tenants.

28. Lease Liability

	Group		Company	
	31 Dec 2019 N'000	31 Dec 2018 N'000	31 Dec 2019 N'000	31 Dec 2018 N'000
Right of use Assets	8,747	8,747	8,747	8,747
Effect of Discounted value	1,415	-	1,415	-
	10,162	**8,747**	**10,162**	**8,747**

NOTES TO THE FINANCIAL STATEMENTS

29. Share capital and share premium

	31 Dec 2019 N'000	31 Dec 2018 N'000
Authorised:		
1,600,000 thousand Ordinary Shares of 50k each	800,000	800,000
Issued, allotted and fully paid:		
1,304,145 thousand Ordinary Shares of 50k each	652,072	652,072

Movements during the year:	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2019	1,304,145	652,072	5,796,053	6,448,125
Issue of new shares	-	-	-	-
At 31 December 2019	**1,304,145**	**652,072**	**5,796,053**	**6,448,125**

30. (Loss)/Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
(Loss)/profit for the year attributable to shareholders (in N'000)	(144 289)	1,008,996	(48 603)	1,139,517
Weighted average number of ordinary shares in issue	1,304,145	1,304,145	1,304,145	1,304,145
Basic (loss)/earnings per share (in N'000)	(0.11)	0.77	(0.04)	0.87

(b) Diluted

The Group does not have any dilutive shares. Hence the diluted earnings per share is same as the basic earnings per share.

31. Contingent liabilities

The Group is involved in few legal proceedings that arise in the ordinary course of its businesses as at 31 December 2019. In our opinion and based on the various responses received from our external Solicitors handling our law suits, there are no significant claims likely to crystalize from legal cases against the Company.

Litigations relating to petroleum subsidy are disclosed in the directors' report. The case has been dismissed by the High court of Nigeria and both Eterna Plc and its officers arraigned in respect of the case have been discharged and acquitted.

NOTES TO THE FINANCIAL STATEMENTS

32. Commitments

The Group has no commitment as at 31st December 2019.

33. Related party transactions

Eterna Plc is not wholly controlled by any individual/Company/entity. However, Lenux Integrated Resources Limited holds 19.18% of the shareholding of Eterna Plc and is represented by three directors out of the eight directors on the board, while Global Energy Engineering & Raw Materials Limited holds 13.8% of the shareholding but not represented by a director.

The Company has two subsidiaries: Eterna Marine Services Limited and Eterna Industries Limited. The Company carried out some transactions with its subsidiaries during the year under review.
The balances due from/(due to) these companies and the nature of the business relationships involved are as follows:

	Relationship		
Company Name:			
Eterna Industries Limited	Subsidiary	362,115	74,713
Eterna Marine and Services Limited	Subsidiary	61,192	61,192
		423,307	**135 905**

Significant related party transactions and balances relating to the Company's financial statements are as follows:

a) Transactions	**31 Dec 2019 N'000**	**31 Dec 2018 N'000**
Sales		
Eterna Industries Limited	158,460	111,149

This represents the blending fee charged by Eterna industries for the production of Eterna Plc's Lubricants.

Purchases		
Eterna Industries Limited	-	-

In 2019, there were no purchases by Eterna Industries from Eterna Plc (2018: Nil).

b) Key management compensation

Key Management includes the Managing Director/CEO, the ED/Chief Financial Officer and the General Managers. The compensation paid or payable to key management for employee services is shown below:

	31 Dec 2019 N'000	**31 Dec 2018 N'000**
Salaries and other short-term employee benefits	190,047	190,047
Post-employment benefits	-	16,168
	190,047	206,215

34. Events after reporting period

EFCC Case

On 14 February 2020, the Lagos State High Court struck out the criminal case instituted in 2012 by the Economic and Financial Crimes Commission (EFCC) against Eterna Plc, Mahmud Tukur and several other persons in respect of fuel subsidy.

Impact of COVID-19

As at the time of preparing these financial statements, there is widespread global uncertainty associated with the COVID-19 pandemic. We are closely monitoring the situation and adapting our business as required. The safety and wellbeing of our employees is paramount and will remain our first priority.

COVID-19 pandemic is expected to have an impact on the business of Eterna Plc. This is however not peculiar to the Company alone as many other businesses and economies globally are affected. Petroleum products are categorized as essential commodity; therefore, sales and movement of products are not affected by the lockdown in Nigeria. The lockdown will however result in lower sales volume at the filling stations due to restriction of movement and other business activities.

The global lockdown has also led to a fall in the demand for crude oil and a consequent fall in crude oil prices. This is expected to have a negative impact on the Company's crude oil trading revenue stream leading to lower revenue from that stream. COVID-19 may also have an impact on the recoverability of the Company's receivables as many companies are affected by the impact of COVID-19. COVID-19 pandemic has also led to a reduction in Nigeria's foreign exchange earnings and a consequent devaluation of the local currency (Naira). At the moment, we cannot accurately estimate the Company's total exposure to FOREX risk. COVID-19 outbreak is still in its early stages, and we cannot fully estimate or predict the potential future effects of the outbreak on the Company's business or its prospects.

Based on our assessment, we have come to the conclusion that the Company's business will still continue as a going concern despite the anticipated impacts.

There are no other subsequent events that could have had material effect on the state of affairs of the Group and the Company as at 31 December 2019 and on the profit or loss for the year ended on that date, which have not been considered in the preparation of these financial statements.

OTHER NATIONAL DISCLOSURES

CONSOLIDATED AND SEPARATE VALUE ADDED STATEMENT

The consolidated statement of value added is included for the purposes of the Companies and Allied Matters Act.

Group	31 Dec 2019 N'000	%	31 Dec 2018 N'000	%
Turnover	229,274,785		251,877,933	
Bought in materials and services - all local	(226,605 938)		(250,160,359)	
	2,668,847		1,717,574	
Interest income	239,097		77,562	
Other income	100,099		1,978,880	
Value added	**3,008,043**	**100**	**3,774,016**	**100**
Applied to pay as follows:				
Employees	885,637	29	797,358	21
Asset Maintenance	323,384	11	138,224	4
Government	354,288	12	403,769	11
Fund Providers	1,687,582	56	869,089	23
For future growth:				
Deferred tax	(98,559)	(3)	577,134	15
Retained in the business	(144 289)	(5)	988,442	26
	3,008,043	**100**	**3,774,016**	**100**

Company	31 Dec 2019	%	31 Dec 2018	%
Turnover	229,274,785		251,874,722	
Bought in materials and services - all local	(226,533,206)		(250,095,717)	
	2,741,579		1,779,005	
Interest income	239,097		77,562	
Other income	99,540		1,978,717	
Value added	**3,080,216**	**100**	**3,835,284**	**100**
Applied to pay as follows:				
Employees	816,231	27	735,842	19
Asset Maintenance	320,433	10	134,521	4
Government	353,493	11	402,917	11
Fund Providers	1,685,849	56	867,859	23
For future growth:				
Deferred tax	(47,187)	(2)	575,182	15
Retained in the business	(48 603)	(2)	1,118,963	29
	3,0 80 216	**100**	**3,835,284**	**100**

CONSOLIDATED FIVE-YEAR FINANCIAL SUMMARY

The consolidated five-year summary is included for the purposes of the Companies and Allied Matters Act. Act.

	Group				
Financial performance	**Dec 2019 N'000**	**Dec 2018 N'000**	**Dec 2017 N'000**	**Dec 2016 N'000**	**Dec 2015 N'000**
Revenue	229,274,785	251,877,933	173,030,225	106,887,567	92,066,480
Profit before tax	111,440	1,989,899	2,812,941	2,400,172	1,306,585
Taxation	(255 729)	(980,903)	(811,039)	(922,613)	(28,512)
(Loss)/profit for the year	(144,289)	1,008,996	2,001,902	1,477,559	1,278,073
Actuarial gains or losses	-	(29,363)	(31,206)	(10,859)	(19,914)
Tax effect of actuarial gains and losses	-	8,809	9,362	3,258	5,974
Non - controlling interest	19	26	13	(7)	(3)
Total comprehensive (loss)/income for the year	(144,270)	988,468	1,980,071	1,469,951	1,264,130
Basic (loss)/earnings per share (kobo)	(0.11)	0.77	1.54	1.13	0.96
Diluted (loss)/earnings per share (kobo)	(0.11)	0.77	1.54	1.13	0.89
Financial position					
Share capital	652,072	652,072	652,072	652,072	652,072
Share premium	5,796,053	5,796,053	5,796,053	5,796,053	5,796,053
Non -controlling interest	61	80	106	119	126
Retained Earnings	5,959,693	6,430,000	5,968,811	4,379,983	3,236,054
Total equity	**12,407 879**	**12,878,205**	**12,417,042**	**10,828,227**	**9,684,305**
Property, plant and equipment	9,867,627	8,338,502	7,380,587	5,987,593	5,875,322
Other non-current assets	2,603,823	1,605,222	900,931	644,546	530,526
Net current assets	1,952,059	6,375,455	6,087,182	6,753,692	4,384,890
Non-current liabilities	(2,015,630)	(3,440 974)	(1,951,658)	(2,557,604)	(1,106,433)
Net assets	**12,407,879**	**12,878,205**	**12,417,042**	**10,828,227**	**9,684,305**
Net assets per share (Naira)	9.51	9.87	9.52	8.30	7.43

Earnings per share is based on the profit attributable to shareholders computed on the basis of the weighted average number of issued ordinary shares as at the end of each financial years.

Net assets per share is based on the net assets as the number of issued ordinary shares as at the end of each financial years.

SEPARATE FIVE-YEAR FINANCIAL SUMMARY

The Separate five-year summary is included for the purposes of the Companies and Allied Matters Act.

			Company		
Financial performance	**Dec 2019 N'000**	**Dec 2018 N'000**	**Dec 2017 N'000**	**Dec 2016 N'000**	**Dec 2015 N'000**
Revenue	229,274,785	251,874,722	173,611,081	107,536,032	92,669,238
Profit before tax	257,703	2,117,616	2,900,813	2,456,293	1,269,241
Taxation	(306,306)	(978,099)	(830,967)	(933,140)	(5,357)
(Loss)/profit for the year	(48,603)	1,139,517	2,069,846	1,523,153	1,263,884
Actuarial gains or losses	-	(29,363)	(31,206)	(10,859)	(19,914)
Tax effect of actuarial gains and losses	-	8,809	9,362	3,258	5,974
Total comprehensive (loss)/income for the year	(48,603)	1,118,963	2,048,002	1,515,552	1,249,944
Basic earnings per share (kobo)	(0.04)	0.87	1.59	0.97	0.97
Diluted earnings per share (kobo)	(0.04)	0.87	1.59	0.88	0.88
Financial position					
Share capital	652,072	652,072	652,072	652,072	652,072
Share premium	5,796,053	5,796,053	5,796,053	5,796,053	5,796,053
Retained Earnings	5 876,985	6,251,625	5,659,941	4,003,182	2,813,666
Total equity	**12,325 110**	**12,699,750**	**12,108,066**	**10,451,307**	**9,261,791**
Property, plant and equipment	9,183,312	7,772,513	7,139,714	5,769,259	5,641,524
Other non-current assets	2,750,815	1,656,212	951,921	695,536	581,516
Net current assets	2,437,360	6,692,804	5,952,077	6,501,062	4,087,968
Non-current liabilities	(2,046,377)	(3,421 779)	(1,935,646)	(2,514,550)	(1,049,217)
Net assets	**12,325,110**	**12,699,750**	**12,108,066**	**10,451,307**	**9,261,791**
Net assets per share (Naira)	9.45	9.74	9.28	8.01	7.10

Earnings per share is based on the profit attributable to shareholders computed on the basis of the weighted average number of issued ordinary shares as at the end of each financial years.

Net assets per share is based on the net assets as the number of issued ordinary shares as at the end of each financial years.

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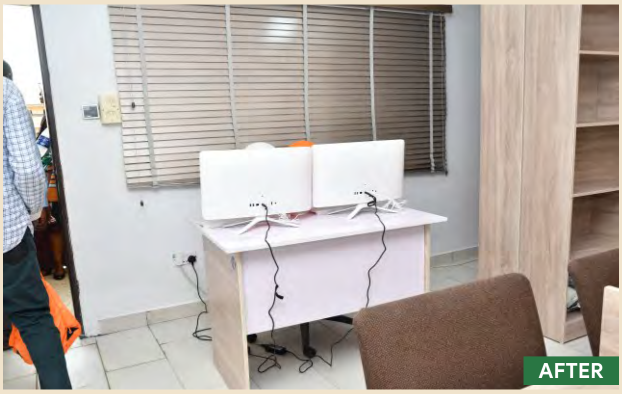
Pictures from the 26th Annual General Meeting

2019 OTL Africa Downstream Week

Renovation of the Library of Senior Comprehensive High School Alapere



Commissioning the Renovation of the Library of Senior Comprehensive High School Alapere

Eterna's conference session at 2019 OTL Africa Downstrem Week

E-DIVIDEND MANDATE

Affix Current Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GTL REGISTRARS LIMITED
274 Murtala Muhammed Way, Yaba Lagos

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name **First Name** **Other Names**

Address

Surname/Company Name **State** **Country**

Previous Address (If Any)

CSCS Clearing House Number

Mobile Number 1 **Mobile Number 2**

Email Address

Shareholder's Signature **Company Seal (If Applicable)**

2nd Signatory (Joint/COmpany Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234 -(0)1-2793160-2.

eterna

SHAREHOLDER ONLINE ACCESS

AFFIX
CURRENT
PASSPORT
(To be Stamped by Bankers)

Please write your name at the back of your passport photograph

INSTRUCTION

Authority to Receive Electronic Corporate Information

To prevent late receipt of corporate information, we would like to encourage our shareholders to embrace electronic delivery of corporate information such as the annual report & accounts, proxy forms etc.

If you would prefer to receive corporate information electronically via email or compact disk kindly complete the form below and return to:

The Company Secretary
Eterna Plc
5a Oba Adeyinka Oyekan Avenue
Ikoyi
Lagos
Email: investors@eternaplc.com

Or

The Registrar
GTL Registrars
274 Murtala Muhammed Way
Alagomeji Yaba Lagos, Nigeria

Surname:	
First Name:	
Other Names:	
Address:	
City:	
State:	
Country:	
Postal Code:	
Mobile Phone:	
Email:	
Signature:	
Corporate Seal/Stamp (for Corporate Shareholders):	

PROXY FORM

ETERNA PLC
RC.124136

(Please tear off and complete)

I/we ....

of ....

Being a member/members of ETERNA PLC hereby appoint

(a) Mr. Ignatius Adegunle (Shareholders Representative, Audit Committee)
(b) Sir Sunny Nwosu (Minority Shareholder)
(c) Mr. Boniface Okezie (Minority Shareholder)
(d) Mrs. Bisi Bakare (Minority Shareholder)
(e) Engr. MOT Olayiwola Tobun (Minority Shareholder)

Or failing him/her, Mr. Lamis Dikko the Chairman of the meeting or failing him, Mr. Mahmud Tukur, Managing Director/CEO as my proxy to act and vote for me/us an on my/our behalf at the Annual General Meeting to be held at 11.00am on Tuesday 18th August 2020.

As witness my/our hand(s) this .... Day of 2020

Signed..

NOTE:

1. All proxy forms must be deposited at the office of the registrar, GTL Registrars Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, not less than 48 hours before the time for holding the meeting.

2. In the case of joint shareholders, anyone of such may complete the form but the names of all joint shareholders must be stated.

3. It is a requirement of the law under the Stamp Duties Act, Cap C20, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be duly stamped by the Commissioner for Stamp Duties.

4. If the shareholder is a corporation, this form must be under its common seal or under the hand of some officer.

	ORDINARY BUSINESS	FOR	AGAINST
	To consider and if thought fit, pass the following as Ordinary Resolutions:		
1.	To lay the Report of the Directors, the Audited Financial Statements for the year ended 31st December, 2020 and the Reports of the Auditors and the Audit Committee thereon		
2.	To re-elect Directors: Chief (Dr.) Michael Ade Ojo and Mrs. Afolake Lawal. Special Notice: Notice is hereby given pursuant to Section 256 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 that Chief (Dr) Michael Ade Ojo who has attained the age of 70 is retiring by rotation and has offered himself for re-election at the 27th AGM.		
3.	To re-appoint the Auditors and authorise the Directors to fix the remuneration of the Auditors.		
4.	To elect members of the Audit Committee		
	Special Business		
5.	To fix the remuneration of the Directors.		
6.	That in compliance with the rules of the Nigerian Stock Exchange governing transactions with related parties or interested persons, the Company be and is hereby granted a general mandate in respect of all recurrent transactions entered into with a related party or interested person which are of a revenue or trading nature or are necessary for the Company's day to day operations.		

**Please indicate with an "x" in the appropriate space how you wish your votes to be cast on the resolutions set out above.

Unless otherwise instructed, the proxy will vote or abstain at his discretion.

To be valid, this proxy form should be duly stamped by the commissioner of Stamp Duties and signed before posting it to the address above.

Before posting the above form, please cut off this part and retain it for admission to the meeting

ADMISSION CARD
ETERNA PLC
27th ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE COMPANY'S 27th ANNUAL GENERAL MEETING TO BE HELD at SHELL HALL, MUSON CENTRE on TUESDAY 18TH AUGUST, 2020 at 11.00am prompt.

Name of Shareholder/proxy: .... **Signature:** ....

Address: ....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

Note:
The attention of the Shareholder(s) is drawn to the right of the Chairman or failing him, the Managing Director/CEO to vote in his stead.

NOTES

www.eternaplc.com

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