2018
ANNUAL REPORT & ACCOUNTS

Energy for Life

30th ANNIVERSARY

Table OF CONtents

FINANCIAL HIGHLIGHTS

	Group		
	2018 N'000	2017 N'000	% Change
Turnover	251,877,933	173,030,225	46
Profit before tax	1,989,899	2,812,941	(29)
Income tax expense	980,903	811,039	20
Retained profit for the year	1,008,996	2,001,902	(49)
Net Assets	12,878,205	12,417,042	3
Earnings per share	0.77	1.53	(49)
Proposed Dividend	0.25	0.40	(37)

DIRECTORS, PROFESSIONAL ADVISERS & OTHER INFORMATION

Directors:

Mr Lamis Shehu Dikko	-	Chairman
Mr. Mahmud Tukur	-	Managing Director/CEO
Ms. Kudi Badmus	-	Executive Director/CFO
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

Company Registrar:
GTL Registrars Limited
274 Murtala Muhammed Road
Yaba
Lagos

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

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

Principal Bankers:
First Bank Nigeria Limited
Keystone Bank Limited
Sterling Bank Plc
United Bank for Africa Plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Eterna Plc will be held on Thursday 13th June 2019 at the Agip Recital 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 2018 before the shareholders.

2. To declare a dividend.

3. To re-elect retiring Directors.

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

5. To elect members of the Audit Committee.

Special Business:

6. To fix the remuneration of the Directors.

7. 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
A member of the Company entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote in his/her place and such proxy need not be a member of the Company.

All proxy instruments should be duly stamped by the Commissioner of Stamp Duties and deposited at the Registrar's office, GTL Registrars Limited, 274, Murtala Muhammed Road, Yaba, Lagos, not less than 48 hours before the time fixed for the AGM.

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 14th to 17thMay, 2019 (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].

Dividend
If payment of the Dividend is approved, the payment will be made on Friday, 14th June to holders of shares whose names appear on the Register of Members on Monday, 13th May 2019.

E-Dividend Mandate
Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment. A detachable e-dividend mandate and change of address form is attached to the annual report to enable shareholders furnish particulars of their bank and CSCS account numbers to the Registrar.

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.

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 6th June, 2019.

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

Dated the 10th day of May, 2019

BY ORDER OF THE BOARD

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

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 border around the logo conveys stability that Eterna 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 (CONT'D)

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 stake holders. 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 a leading integrated oil and gas company in Nigeria. Embedded in our strategic aspiration is our unwavering commitment to consistently provide high quality products and services that meets and exceeds the needs, operational requirements and expectations of our customers, thereby ensuring an overall achievement of a sustained and profitable growth in 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 effectiveness of the established QMS, Eterna Plc ensures quality objectives are set at corporate and departmental levels. These objectives are reviewed and updated periodically.

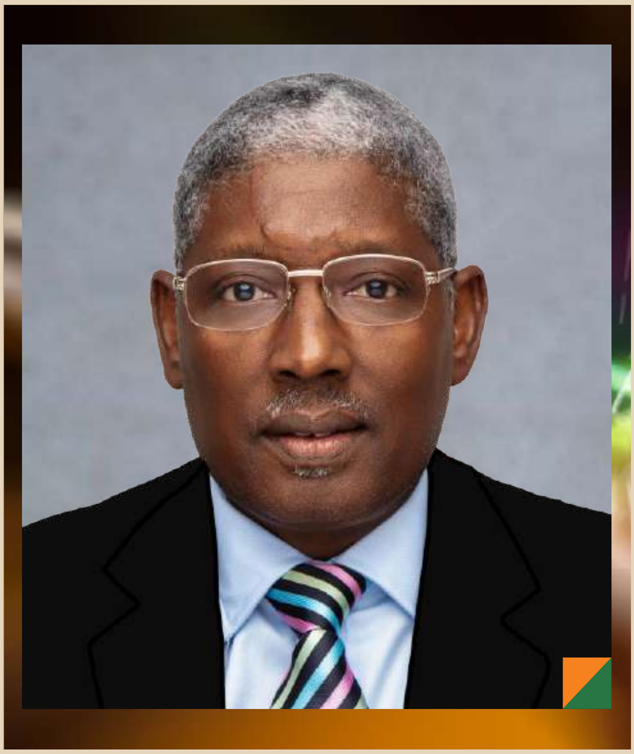
To effectively achieve this policy, the company requires all employees to contribute to, and be actively engaged in the implementation of the QMS. The Company expects positive participation in audits and reviews, as well as the submission of reports and proposals for continuous system improvements and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

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

Mahmud Tukur
Managing Director/CEO

June 30,2017

CHAIRMAN'S STATEMENT



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 26th 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, 2018.

OPERATING ENVIRONMENT
2018 was a tough year.

The Global economy grew by 3.5% in 2018 despite trade tariffs of up to $250 billion imposed by the United States (US) on goods imported from China and China's reciprocal tariffs amounting to $60 billion on goods imported from the US into China. The US spearheaded and replaced the North American Free Trade Agreement (NAFTA) with the US, Mexico and Canada Agreement (USMCA).

The US also announced the abrupt withdrawal from the Iran Nuclear Deal or the Joint Comprehensive Plan of Action (JCPOA). The US withdrawal from the JCPOA coupled with attendant sanctions on Iran had an impact on global oil prices.

The year witnessed a history making summit between the US and North Korea, with a view to finding lasting solutions to the nuclear threat in the Asia Pacific.

On the domestic front, Nigeria is reportedly no longer in recession. The National Bureau of Statistics (NBS) published report, shows that Nigeria's Gross Domestic Product (GDP) expanded 1.93% year on year in comparison to 2017.

The economic growth was largely anchored by rising oil prices with Brent Crude hitting a three year high of 80.94 USD per barrel in 2018. Nigeria's oil production averaged 1.923 mbpd in 2018 compared to 1.898 mbpd reported in the 2017 comparative period which represents an increase of 1.32% (25,000bpd).

Inflation declined from 15.37% year on year in December 2017 to 11.44% in December 2018.

The NBS released the report on Nigeria's unemployment which revealed that unemployment increased from 18.8% in the 3rd quarter of 2017 to 23.1% in the comparative period of 2018. The report estimates a 5 million annual increase in the labour force, given the country's expanding population.

The Government has embarked on reforms to spur growth in the economy. Chief amongst these reforms is the Economic Recovery and Growth Plan (ERGP) – a four-year strategic plan with the objective of restoring and stimulating economic growth.

CHAIRMAN'S STATEMENT

The Executive arm of the Government also notably, passed three executive orders targeted at the business environment to improve efficiency in the business environment, promote local procurement by local agencies and expand the country's local content mandate in science, engineering and technology.

The Petroleum Industry Governance Bill which was passed by both Houses of the National Assembly is yet to receive Presidential assent.

For the most of 2018, the petroleum industry's primary actor continued to interfere in determining market prices for regulated and unregulated petroleum products. This interference with the attendant advantage that the prime actor has over other market players led to unpredictability in the market and stifling of entrepreneurship in the downstream sector of the oil and gas industry.

OPERATING RESULTS

Our Company achieved consolidated operating revenue of N251.8 billion in 2018 in comparison with N173 billion in 2017 representing an increase of 45.57%.

Our gross profit however decreased by 27%. This was primarily due to high cost of doing business in Nigeria, unprecedent high cost of landing petroleum products and thinning margins on our product lines. Profit before Tax declined by 29% reflective of the reduced margins and increased cost of operations.

DIVIDENDS

In view of the Company's performance that I have just highlighted, the Board is pleased to recommend a dividend of 25 kobo per ordinary share, subject to your approval.

The proposed dividend amounts to N326,036,161 (Three Hundred and Twenty-Six Million Thirty-Six Thousand, One Hundred and Sixty-One Naira.) We remain appreciative of your trust in our ability to keep the promises that we have made to you.

STRATEGIC PLANS

We are on course with our 5-year strategic plan, designed to take our Company to higher levels of success. As part of executing the plan, we acquired 14 additional retail outlets in 2018.
We are consistently measuring our performance against set targets and the 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 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.

CHAIRMAN'S STATEMENT (CONT'D)

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.

IT security risk remains one of our foremost risks and we are resolute in mitigating this risk.

Other risks include, fluctuation in petroleum prices, scarcity of petroleum products, unavailability of foreign exchange, unstable market conditions and competition from major oil companies.

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
We have been re-certified under the NIS ISO 9001:2015 Quality Management Standard. 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 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 2018, we had 73 permanent employees on our payroll.

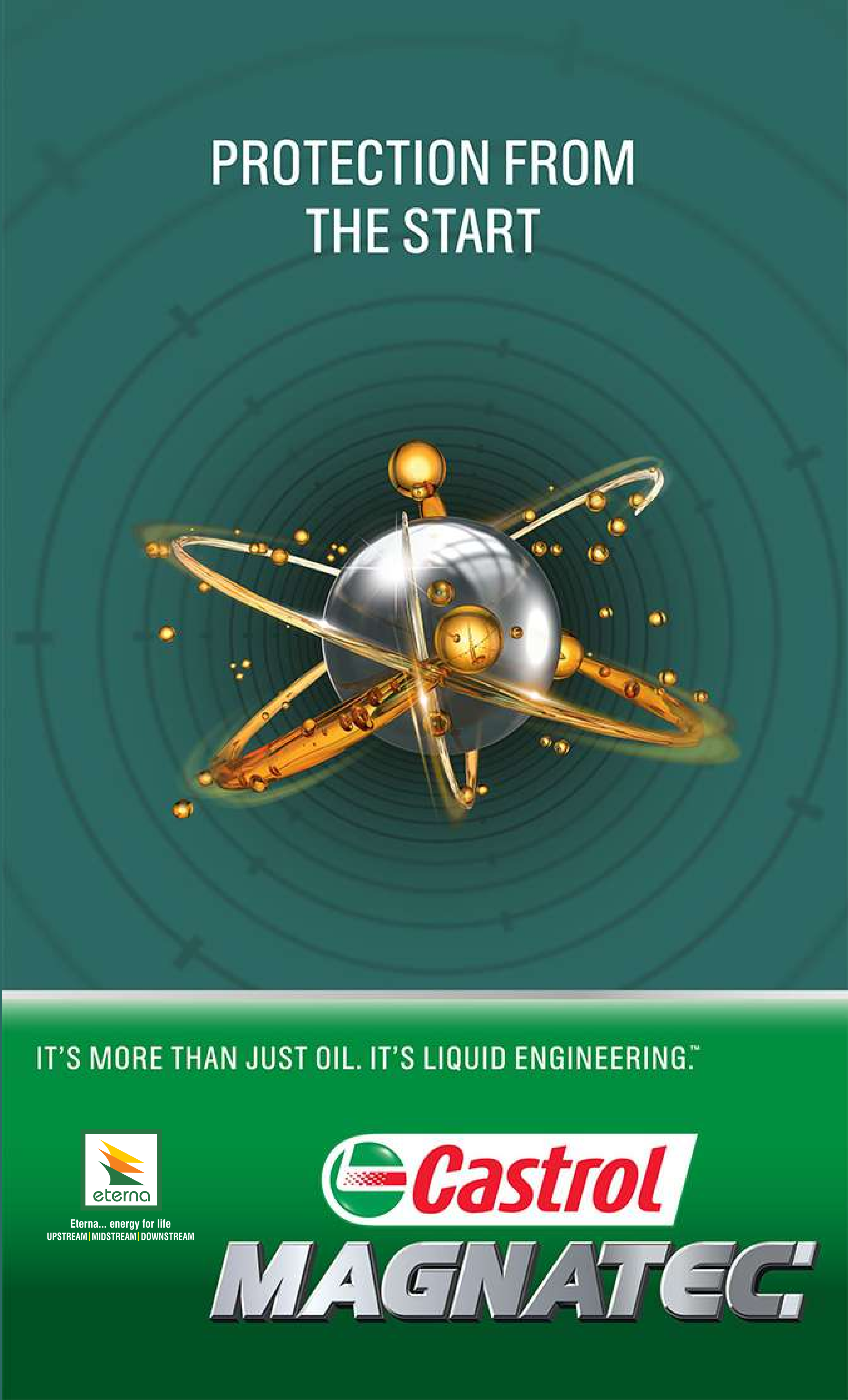
The Governance, Nomination and Remuneration Committee as empowered by the Board, has the mandate to review and make recommendations to the Board concerning the staffing and compensation structure as well as the Company's training and manpower development policies.

FUTURE OUTLOOK
We are committed to achieving our set goals and delivering excellent service to our customers and returns to our Shareholders.

We will continue to pursue the promising opportunities that we see and position ourselves for growth, knowing that with your support, we can surmount all obstacles and achieve our set objectives.

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.
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 and continuing to return value to our shareholders.
Finally, I would like to thank my colleagues on the Board for their co-operation and contributions.

Lamis Shehu Dikko
Chairman



PROTECTION FROM
THE START
IT'S MORE THAN JUST OIL. IT'S LIQUID ENGINEERING.™
eterna
Eterna... energy for life
UPSTREAM | MIDSTREAM | DOWNSTREAM
Castrol
MAGNATEC

BOARD OF DIRECTORS

L:R: Mrs. Afolake Lawal, Mr. Adebode Adefioye, Ms. Kudi Badmus, Mr. Mahmud Tukur, Mr. Lamis Shehu Dikko Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo), Mr. Ibrahim Boyi, Ms. Bunmi Agagu, Mr. Oluwole Abegunde

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 of 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
Managing Director/
Chief Executive Officer

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 24 years' experience in the Oil & Gas and Maritime sectors covering oil services, Upstream, Midstream and Downstream.

He began his career with SirpiAlusteel 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.

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
Independent Non-Executive Director

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

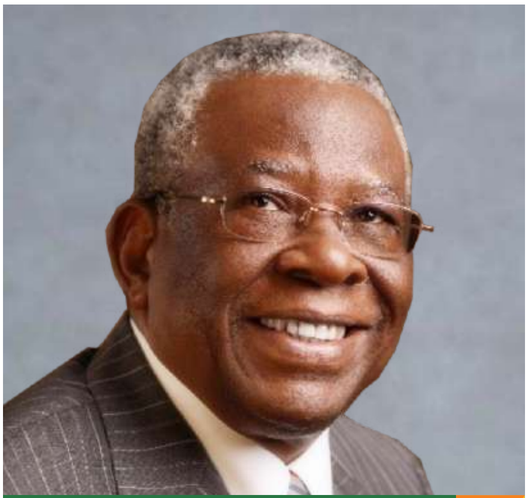
He also holds a Master of Science degree from the University of Lagos. He is an alumnus of the Harvard Business School.

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.

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
Non-Executive Director

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 25 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.

He was the MD/CEO of Eterna Plc until June 2010. He is the Managing Director/CEO of Peugeot Automobile Nigeria.

BOARD OF DIRECTORS' PROFILE

Mrs. Afolake Lawal
Non-Executive Director

Mrs. Afolake Lawal obtained a Bachelor of Arts degree in English from the 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 18 years' experience in Investment Banking and Business Development. She currently serves on the Board of International Breweries Plc as a Non-Executive Director.

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. Oluwole Abegunde
Non-Executive Director

Mr. Oluwole 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.

Management Team

L:R: Nnamdi Obiagwu, Olanrewaju Aliu, Kayode Oluwadiya, Obinna Onwuzuruigbo, Kudi Badmus, Ayuba Loko, Yasmin Adeniji-Adele, Oluseyi Oyedele, Mahmud Tukur, Ibrahim Ali, Bunmi Agagu, Mahmud Modibbo, Adeoye Sokoya, Nnamdi Uzoezie, Adewale Adesina, Gbenga Oyefusi

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2018 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 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 etc.

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 46. The profit after tax for the year of N1.009billion for the Group (2017: N2.001 billion) has been transferred to accumulated Profit.

The Board of Directors has proposed dividend of 25 kobo per ordinary share of 50 kobo each. The dividend is subject to deduction of withholding tax at the rate applicable at the time of payment.

The Group achieved consolidated revenue of N251.88billion representing overall percentage increase of 46% compared with N173.03billion revenue achieved in 2017.

However, gross profit decreased by 27% in 2018 to N4.64 billion compared to gross profit of N6.34billion achieved in 2017.

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 3rd Sept. 2004 Appointed as MD/CEO 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 3rd Sept. 2004 Appointed as Non-Executive Director 1st June 2010
Mrs. Afolake Lawal	Appointed 28th Sept. 2010
Mr. Oluwole Abegunde	Appointed on 7th October 2016
Mr. Adebode Adefioye (independent Director)	Appointed on 7th October 2016

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' REPORT (CONT'D)

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 31-Dec-2018*	*No of shares held 31-Dec-2017*
Mr. Lamis Dikko	2,000,000	2,000,000
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	633,789

Indirect Shareholding	*Represented By:*		
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	80,958,007
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	26,500,000
GTI Securities Limited	Mrs. Afolake Lawal	44,886,000	44,886,000
GTI Capital Limited	Mrs. Afolake Lawal	136,892	136,892
L.A PRO Shares Limited	Mrs. Afolake Lawal	-	3,880,000

Shareholding structure

Range	*No of shareholders*	*No of shares*	*Percentage*
1 - 1,000	8,376	4,722,257	0.36%
1,001 - 5,000	10,634	25,679,007	1.97%
5,001 - 10,000	2,911	21,328,468	1.64%
10,001 - 50,000	3,439	72,739,889	5.58%
50,001 - 100,000	483	35,418,681	2.72%
100,001 - 500,000	397	82,205,037	6.30%
500,001 - 1,000,000	50	36,517,155	2.80%
1,000,001 - 5,000,000	47	101,951,588	7.82%
5,000,001 - 100,000,000	21	493,436,334	37.84%
100,000,001 and above	2	430,146,231	32.98%
Total	**26,360**	**1,304,144,647**	**100.00**

DIRECTORS' REPORT (CONT'D)

According to the register of members as at 31 December 2018, the following shareholders of the Company held more than 5% of the issued share capital of Eterna Plc.

	2018		2017	
Shareholder	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%	80,958,007	6.21%
Meristem Stockbrokers Limited	67,000,000	5.14%	67,000,000	5.14%

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 and environment

The Company has established and enshrined in its operating protocols high standards for Health, Safety and Environmental (HSE) protection for its staff, third party staff and the public in all its operating environments. All Company and third-party personnel are subject to regular and consistent induction and drills in healthy, safe and environmentally friendly practices.

Fixed assets

Movement in fixed assets during the year is shown in Note 15 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 organizations during the year which amounted to N4.85million (2017: N15.17 million).

Beneficiaries	Purpose	N'000
Charitable organisations		
International Women Organisation for Charity	Sponsorship of local charities	750
Medela Healthcare Initiative	Sponsorship of Ted Talk	400
Other organisations		
Baptist Boys High School	Rehabilitation of Baptist Boys Library	1,000
Makun Community, Sagamu, Ogun State	Construction of Obaruwa Community Cultural Centre	100
Bridge Pacers Sports Club	Sponsorship of Half-Marathon/Walkathon	600
Women in Management, Business and Public Service (WIMBIZ)	2018 CEO/Policy Maker Interactive Series	2,000
Total		**4,850**

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 and that the Nigerian Government had alleged that our Company was complicit in making false claims for petroleum subsidy.

The charge filed by the EFCC in respect of the transactions is on-going before the Lagos State High Court. Our Company remains resolute in using available legal means to resolve the issues.
Once again, we reiterate that we have not received any illegal benefits from subsidy claims and we will continue to take all necessary steps to defend the interest of our Company.

Auditors
In accordance with Section 357(2) of the Companies and Allied Matters Act (Cap C 20) Laws of the Federation of Nigeria 2014, Messrs. Deloitte & Touché 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

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 are eight members on the Board of the Company.

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.

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.

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 (CONT'D)

Board Meetings (Attendance)

In 2018, the Board of Directors convened five times (2017: six)

Directors	Number of Meetings Attended	Date of Meeting
Mr. Lamis Dikko	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018
Mr. Mahmud Tukur	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018
Ms. Kudi Badmus	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018
Mr. Ibrahim Boyi	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018
Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018

Corporate Governance Report (Cont'd)

Board Meetings (Attendance) cont'd

Directors	Number of Meetings Attended	Date of Meeting
Mrs. Afolake Lawal	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018
Mr. Oluwole Abegunde	4	27th March 2018 15th May 2018 20th June 2018 19th December 2018
Mr. Adebode Adefioye	5	27th March 2018 15th May 2018 20th June 2018 7th August 2018 19th December 2018

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.

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 2018, the Audit Committee convened four times (2017: 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 (Alternate to Chief (Dr.) Michael Ade Ojo) (Non-Executive Director)	Member
4.	Mr. Adebode Adefioye (Independent Non-Executive Director)	Member

Audit committee meetings (attendance)

Directors	Number of Meetings Attended	Date of Meeting
Mr. Ignatius Adegunle	4	26th March 2018 19th June 2018 30th July 2018 6th December 2018
Mr. Omokayode Adekunle	4	26th March 2018 19th June 2018 30th July 2018 6th December 2018
Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)	4	26th March 2018 19th June 2018 30th July 2018 6th December 2018
Mr. Adebode Adefioye	4	26th March 2018 19th June 2018 30th July 2018 6th December 2018

Corporate Governance Report (CONT'D)

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 six times in the course of the year (2017 two times)

Composition:		
1.	Mrs. Afolake Lawal	Chairman
2.	Mr. Ibrahim Boyi	Member
3.	Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)	Member

Governance Nomination and Remuneration Committee Meetings (Attendance)

Directors	Number of Meetings Attended	Date of Meeting
Mrs. Afolake Lawal	6	19th January 2018 15th March 2018 22nd March 2018 25th April 2018 10th May 2018 7th November 2018
Mr. Ibrahim Boyi	6	19th January 2018 15th March 2018 22nd March 2018 25th April 2018 10th May 2018 7th November 2018
Otunba Femi Deru	6	19th January 2018 15th March 2018 22nd March 2018 25th April 2018 10th May 2018 7th November 2018

CORPORATE GOVERNANCE REPORT (CONT'D)

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 (2017 three 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	9	31st January 2018 22nd March 2018 25th April 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018 17th December 2018
Mr. Oluwole Abegunde	9	31st January 2018 22nd March 2018 25th April 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018 17th December 2018

Directors	Number of Meetings attended	Date of meeting
Mr. Mahmud Tukur	9	31st January 2018 22nd March 2018 25th April 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018 17th December 2018
Ms. Kudi Badmus	9	31st January 2018 22nd March 2018 25th April 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018 17th December 2018

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 2018, the Risk Management, Health, Safety and Environment Committee convened six times: 2017 (two meetings).

Corporate Governance Report (CONT'D)

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

Directors	Number of Meetings attended	Date of meeting
Mr. Oluwole Abegunde	6	11th May 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018
Mrs. Afolake Lawal	6	11th May 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018
Mr. Adebode Adefioye	6	11th May 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018
Mr. Mahmud Tukur	6	11th May 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018
Ms. Kudi Badmus	6	11th May 2018 25th May 2018 1st June 2018 1st August 2018 28th September 2018 5th November 2018

By order of the Board

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

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 31 December 2018 and the results of its operations, cash flows and changes in the equity for the year ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matter Act of Nigeria 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 financial statements of the Company for the year ended 31 December 2018 were approved by Directors on 26th March, 2019.

On behalf of the Directors of the Group and Company

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

STATUTORY 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 accounting and reporting policies of Eterna Plc as contained in the company's audited financial statement for the year ended 31 December 2018 are in accordance with the legal requirements and agreed ethical practices.
2. The scope and planning of the audit for the year ended 31 December, 2018 were adequate.
3. The External Auditor's findings on Management letters and Management's responses thereto were satisfactory.
4. We have kept under review the effectiveness of the Group and Company's system of accounting and internal controls.

Dated the 25th day of March, 2019

30th day

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

FINANCIAL STATEMENTS

Independent Auditors' 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 2018, 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 2018 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 C20LFN 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 independent 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were 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 these matters.

Independent Auditors' Report To the Shareholders of Eterna Plc (CONT'D)

Key Audit Matters	How the matter was addressed in the audit
Trade Receivables Impairment using the Expected Credit Loss Model (First time adoption of IFRS 9)	
Eterna Plc implemented IFRS 9 "Financial Instruments" for the first time on 1 January 2018. IFRS 9 requires the company to recognise impairment using the Expected Credit Loss (ECL) model. This is disclosed in Note 20 of the financial statements. Using the simplified approach of the expected credit loss model, the Company analysed historical data by risk groups to capture defaults, migration to defaults, collections, cure etc. for a statistically reasonable number of years	In addressing this matter, we adopted a substantive approach to the audit of impairment of trade receivables. **The procedures adopted involved:** 1. Updating our understanding of the procedures put in place by the management to identify impaired trade receivables. 2. Reviewing and challenging the judgments and decisions made by management in estimating the expected credit loss to identify whether indicators of possible management bias exist. Also checking to ensure that the criteria for the application of the simplified impairment approach had clearly been made by the entity. 3. In conjunction with our specialist, we did re-computation to test the application of the model, by developing an independent model (a model for which we understand and have assessed its mathematical integrity) to estimate the expected credit loss using management's data. In developing our model, we performed the following procedures: • Determining the appropriate groupings of receivables based on the shared credit risk characteristics and determined the period over which observed historical loss rates were appropriate • Determining the historical loss rates for the receivables, which was divided into past-due categories by identifying the total credit sales made and the total credit losses suffered on those sales. • Considering forward looking macro-economic factors and adjusting the historical loss rates to reflect relevant future economic conditions. • Calculating the expected credit losses by multiplying the current gross receivable balance by the loss rate.

	• Comparing our results with Management's estimate in order to assess whether there was any indication of error or management bias 4. Performing a comparison of the effect and impact of IAS 39 with the new IFRS 9 on the day 1 adjustments in order to assess the impact in the retained earnings based on the retrospective application of the standard as required by IFRS 9. Based on the procedures performed we considered the method and assumptions made by management reasonable.

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. 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 C20LFN 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.

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.

Independent Auditors' Report
To the Shareholders of Eterna Plc (CONT'D)

From the matters communicated with the audit committee and/or the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the 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 C20LFN 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.

Olufemi Abegunde (FRC/2013/ICAN/00000004507)
For: Deloitte &Touche
Chartered Accountants
Lagos, Nigeria
29th March 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0997479

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Company	
		31 December 2018 N'000	31 December 2017 N'000	31 December 2018 N'000	31 December 2017 N'000
Revenue	6	251,877,933	173,030,225	251,874,722	173,611,081
Cost of sales	7.1	(247,235,487)	(166,692,948)	(247,341,686)	(167,390,078)
Gross profit		**4,642,446**	**6,337,277**	**4,533,036**	**6,221,003**
Selling and distribution expenses	7.2	(37,205)	(73,431)	(35,920)	(68,586)
General and administrative expenses	7.3	(3,213,342)	(3,100,703)	(2,978,554)	(2,902,469)
Other income	11	1,978,880	29,638	1,978,717	29,646
Exchange (loss)/gain		(589,353)	13,585	(589,366)	13,585
Operating profit		**2,781,426**	**3,206,366**	**2,907,913**	**3,293,179**
Finance income	12	77,562	142,457	77,562	142,457
Finance cost	13	(869,089)	(535,882)	(867,859)	(534,823)
Profit before tax		**1,989,899**	**2,812,941**	**2,117,616**	**2,900,813**
Taxation	14	(980,903)	(811,039)	(978,099)	(830,967)
Profit for the year		**1,008,996**	**2,001,902**	**1,139,517**	**2,069,846**
Attributable to:					
– Owners of the parent		**1,009,022**	**2,001,915**	**1,139,517**	**2,069,846**
– Non-controlling interests		**(26)**	**(13)**	**-**	**-**
		1,008,996	**2,001,902**	**1,139,517**	**2,069,846**
Other Comprehensive Income:					
(a) Items that will not be reclassified to profit & loss					
Actuarial losses	23	(29,363)	(31,206)	(29,363)	(31,206)
Tax effect of other comprehensive income		8,809	9,362	8,809	9,362
Other comprehensive income net of tax		(20,554)	(21,844)	(20,554)	(21,844)
(b) Items that may subsequently be reclassified to profit & loss		-	-	-	-
Total comprehensive income for the year		**988,442**	**1,980,058**	**1,118,963**	**2,048,002**
Attributable to:					
– Owners of the parent		**988,468**	**1,980,071**	**1,118,963**	**2,048,002**
– Non-controlling interests		**(26)**	**(13)**	**-**	**-**
Total comprehensive income for the year		**988,442**	**1,980,058**	**1,118,963**	**2,048,002**
Earnings per share:					
Basic	28	0.77	1.54	0.87	1.59
Diluted	28	0.77	1.54	0.87	1.59

The notes on pages 52 to 99 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group 31 December 2018 N'000	Group 31 December 2017 N'000	Company 31 December 2018 N'000	Company 31 December 2017 N'000
Non-current assets					
Property, plant and equipment	15	8,338,502	7,255,223	7,772,513	7,014,350
Intangible assets	15	105,475	125,364	105,475	125,364
Prepayments	16	819,661	329,903	819,661	329,903
Other investments	17	553,868	571,028	553,868	571,028
Investment in subsidiaries	17	-	-	50,990	50,990
		9,817,506	8,281,518	9,302,507	8,091,635
Current assets					
Inventory	19	8,158,741	6,515,579	8,075,026	6,487,073
Trade and other receivables	20	30,820,401	28,578,004	30,976,733	27,908,580
Prepayments	16	298,531	186,152	295,219	183,137
Cash and bank balances	21	4,041,282	4,484,479	4,041,209	4,484,456
		43,318,955	39,764,214	43,388,187	39,063,246
Total assets		**53,136,461**	**48,045,732**	**52,690,694**	**47,154,881**
Non-current liabilities					
Borrowings	22	1,692,752	619,178	1,692,752	619,178
Deferred tax liability	18	1,657,984	1,089,659	1,647,613	1,081,240
Decommissioning liability	24	81,491	66,532	72,667	58,939
Employee benefit liability	23	244,487	176,289	244,487	176,289
		3,676,714	**1,951,658**	**3,657,519**	**1,935,646**
Current liabilities					
Trade and other payables	25	23,382,982	24,152,947	23,351,490	23,802,855
Borrowings	22	12,350,296	7,228,678	12,350,295	7,228,678
Derivative liability	26	-	1,145,625	-	1,145,625
Tax payable	14	848,264	1,149,782	631,640	934,011
		36,581,542	**33,677,032**	**36,333,425**	**33,111,169**
Total liabilities		**40,258,256**	**35,628,690**	**39,990,944**	**35,046,815**
Equity attributable to shareholders					
Share capital	27	652,072	652,072	652,072	652,072
Share premium	27	5,796,053	5,796,053	5,796,053	5,796,053
Other reserves		(44,042)	(23,488)	(44,042)	(23,488)
Retained earnings		6,474,042	5,992,299	6,295,667	5,683,429
		12,878,125	12,416,936	12,699,750	12,108,066
Non -controlling interest		80	106	-	-
Total equity		**12,878,205**	**12,417,042**	**12,699,750**	**12,108,066**
Total equity and liabilities		**53,136,461**	**48,045,732**	**52,690,694**	**47,154,881**

The financial statements were approved by the board of directors and authorised for issue on 26th March 2019. 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 52 to 99 form an integral part of these financial statements

CONSOLIDATED 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 2017	652,072	5,796,053	4,381,627	(1,644)	10,828,108	119	10,828,227
Comprehensive income							
Profit for the year	-	-	2,001,915	-	2,001,915	(13)	2,001,902
Other Comprehensive income							
- Actuarial gains net of tax	-	-	-	(21,844)	(21,844)	-	(21,844)
Total comprehensive income	-	-	2,001,915	(21,844)	1,980,071	(13)	1,980,058
Transaction with owners					-	-	-
Dividend paid	-	-	(391,243)	-	(391,243)	-	(391,243)
At 31 December 2017	652,072	5,796,053	5,992,299	(23,488)	12,416,936	106	12,417,042
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 receivable	-	-	(5,621)	-	(5,621)	-	(5,621)
Adjustment balance 1 January 2018	652,072	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

	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 2017	652,072	5,796,053	4,004,826	(1,644)	10,451,307
Comprehensive income					-
Profit for the year	-	-	2,069,846	-	2,069,846
Other Comprehensive income					-
- Actuarial gains net of tax	-	-		(21,844)	(21,844)
Total comprehensive income	-	-	2,069,846	(21,844)	2,048,002
Transaction with owners	-	-	-	-	-
Dividend paid			(391,243)		(391,243)
At 31 December 2017	652,072	5,796,053	5,683,429	(23,488)	12,108,066
Balance at 1 January 2018	652,072	5,796,053	5,683,429	(23,488)	12,108,066
IFRS 9 adjustment on receivable			(5,621)	-	(5,621)
Adjusted balance 1 January 2018	652,072	5,796,053	5,677,808	(23,488)	12,102,455
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

The notes on pages 52 to 99 form an integral part of these financial statements

Consolidated Statement of Cash Flows

	Note	Group 31 December 2018 N'000	Group 31 December 2017 N'000	Company 31 December 2018 N'000	Company 31 December 2017 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit on ordinary activities before interest and taxation		2,781,426	3,206,366	2,907,913	3,293,179
Adjustments for non-cash items:					
Depreciation	15	387,529	380,996	333,598	345,324
Amortisation of Intangible Assets	15	19,889	5,345	19,889	5,345
Amortisation of long-term prepayments	16	189,726	109,282	189,726	109,282
Bad Debt written off	7.3	32,010	802,038	32,010	759,909
Provision no longer required	11	(525,407)	-	(525,407)	-
Loss on disposals of property, plant and equipment	7.3	234	13,895	(305)	11,508
Property, plant & equipment and Intangible assets Written off	15	7,827	26,600	6,455	26,579
Change in the unwinding effect on Decommissioning cost	24	14,959	21,434	13,728	20,375
Finance cost on Trading	22	1,339,914	799,543	1,339,914	799,543
Increase in employees benefits	23	48,569	37,288	48,569	37,288
		4,296,677	**5,402,787**	**4,366,090**	**5,408,332**
Changes in working capital:					
Increase in inventory		(1,643,162)	(2,033,847)	(1,587,953)	(2,418,606)
Increase in debtors		(1,836,380)	(16,193,833)	(2,662,136)	(15,487,694)
Increase in Short term prepayment		(37,686)	(18,302)	(37,389)	(18,038)
Decrease in payables		(1,915,590)	13,609,795	(1,596,990)	13,220,924
		(5,432,818)	**(4,636,187)**	**(5,884,468)**	**(4,703,414)**
Cash flows generated used in operating activities		**(1,136,141)**	**766,600**	**(1,518,378)**	**704,918**
Tax paid	14	(623,528)	(421,440)	(623,529)	(421,440)
Net cash generated used in operating activities		**(1,759,669)**	**345,160**	**(2,141,907)**	**283,479**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	15	(1,478,869)	(1,825,492)	(1,097,911)	(1,764,875)
Proceeds on disposal of Property, plant and equipment		-	22,570	-	22,570
Purchase of Intangible assets	15	-	(16,908)	-	(16,908)
Payments for leasehold properties	16	(754,177)	(61,740)	(754,177)	(61,740)
Employee benefits Paid	23	(9,735)	(4,139)	(9,735)	(4,139)
Investment payment	17	17,160	(301,528)	17,160	(301,528)
Interest received	12	77,562	142,457	77,562	142,457
Net cash used in investing activities		**(2,148,059)**	**(2,044,780)**	**(1,767,101)**	**(1,984,163)**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings	22	60,315,660	39,655,350	60,315,660	39,655,350
Repayment of borrowings and interest	22	(55,818,543)	(39,995,254)	(55,818,543)	(39,995,254)
Dividend Paid		(521,658)	(391,243)	(521,658)	(391,243)
Other finance cost	13	(510,929)	(201,845)	(509,699)	(200,786)
Net cash generated from financing activities		**3,464,531**	**(932,992)**	**3,465,761**	**(931,933)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		(443,197)	(2,632,613)	(443,247)	(2,632,618)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,484,479	7,117,092	4,484,456	7,117,074
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2018	21	**4,041,282**	**4,484,479**	**4,041,209**	**4,484,456**

The notes on pages 52 to 99 form an integral part of these financial statements

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.

a) 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, industrial, automative and energy customers across Nigeria.

iii) Trading
This segment represents the bulk importation and sale of fuels to offtakers (PMS, AGO, DPK), Base Oils, Bitumen, LPFO. It also involves lifting and sales of crude oil. The 2018 and 2017 figures are income generated from crude lifting.

	31 December 2018				31 December 2017			
	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	52,371,813	5,902,762	193,714,507	251,989,082	56,795,681	7,176,194	110,835,405	174,807,280
Intersegment sales		(111,149)	-	(111,149)	(580,856)	(1,196,200)	-	(1,777,056)
Net Revenue	**52,371,813**	**5,791,613**	**193,714,507**	**251,877,933**	**56,214,826**	**5,979,994**	**110,835,405**	**173,030,224**
Cost of sales	50,211,774	4,618,541	192,516,321	247,346,636	53,066,341	5,400,108	110,003,555	168,470,004
Intersegment cost of sales		(111,149)	-	(111,149)	(580,856)	(1,196,200)	-	(1,777,056)
Net cost of sales	**50,211,774**	**4,507,392**	**192,516,321**	**247,235,487**	**52,485,485**	**4,203,908**	**110,003,555**	**166,692,948**
Gross Profit	**2,160,039**	**1,284,221**	**1,198,186**	**4,642,446**	**3,729,341**	**1,776,086**	**831,850**	**6,337,276**
Operating profit before depreciation & amortisation	1,576,939	937,547	874,737	3,389,223	2,175,390	1,036,022	485,232	3,696,643
Depreciation & amortisation	(282,796)	(168,132)	(156,869)	(607,797)	(288,517)	(137,405)	(64,355)	(490,277)
Net finance cost	(368,282)	(218,957)	(204,288)	(791,527)	(231,522)	(110,261)	(51,642)	(393,425)
Profit before tax	925,861	550,458	513,580	1,989,899	1,655,351	788,356	369,235	2,812,941
Income tax charge	(456,395)	(271,343)	(253,165)	(980,903)	(477,278)	(227,302)	(106,459)	(811,039)
Profit after tax	469,466	279,115	260,415	1,008,997	1,178,073	561,054	262,776	2,001,903

CONSOLIDATED SEGMENT INFORMATION (CONT'D)

Reportable segments (cont'd)

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 NGN208 billion are derived from five external customers (in 2017, approximately NGN125 billion were derived from five external customers). 93% 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.

NOTES TO THE CONSOLIDATED 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) Accounting presentation.

The financial statements comprise:

- Consolidated statement of profit and loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Consolidated segment information.
- Notes to the financial statements

The Directors also provided the following additional statements in compliance with Companies and Allied Matters Act:

- Consolidated value-added statement
- Consolidated five-year financial summary

1.3 Financial Period

These financial statements cover the period from 1 January 2018 to 31 December 2018 with comparative figures for the financial year from 1 January 2017 to 31 December 2017.

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, 2011.

1.5 Basis of measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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.

1.6 Basis of consolidation

The consolidated financial statements comprise 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 99.99% holdings in Eterna Marine and Services Limited. The financial statements of these entities have been consolidated into the Group 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.

2.0 Adoption of new and revised IFRS standards

2.1 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 CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Pronouncement	Nature of change	Required to be implemented for years beginning on or after
IFRS 16: Leases	IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both Lessees and Lessors. It will supersede the following lease Standard and interpretation upon its effective date: - IAS 17 Leases -IFRIC 4 Determining whether an Arrangement contains a lease -SIC-15 Operating leases- Incentives and -SIC-27 Evaluating the substance of transactions involving the legal form of a lease.	1 January 2019 Early Adoption Permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements
IFRS 17: Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. The Standard 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 will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders, 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 Company's financial statements.
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 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, prepayment features with negative compensation do not automatically fail SPPI.	The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).	The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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 an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity 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 Combinations* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity 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 to IFRS 11 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 entity does not remeasure its PHI in the joint operation.	All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements
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	The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so. The directors of the Company do not anticipate that the application of the amendments in the future

	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.	will have an impact on the Group's consolidated financial statements.
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 an entity 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 entity 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 entity should reflect the effect of uncertainty in determining its accounting tax position.	The Interpretation is effective for annual periods beginning on or after 1 January 2019. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

2.2 Accounting standards and interpretations issued that became effective during the year (2018)

In the current year, the Group considered a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2018.

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group had considered the assessment of the provisions of IFRS 9 Financial Instruments and has applied IFRS 9 in accordance with the transition provisions set out in the standard.

(a) Classification and measurement of financial assets: The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(b) Impairment of financial assets: In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities: A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

(d) General hedge accounting: The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced. The Company does not currently hedge this risk, since it presently has no complex transaction that exposes it to significant market risk based on its marketing of petroleum products locally

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5–step approach to revenue recognition and far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The Group has performed a detailed assessment of IFRS 15 and the outcome of this assessment. The Group is trading in crude oil, bulk import and retail distribution of Petroleum Products and manufacturing, sale and distribution of lubricating oils and petrochemicals. In adoption of IFRS 15, the Group considered the following:

- For contract with the customers in which the sales of good is generally expected to be the only performance obligation, in adopting IFRS 15, this did not have significant impact on the timing of revenue recognition of the Group. The Group expects the revenue recognition to occur at the point in time when control of the assets is transferred to the customers on delivery of the goods.

- Revenue from transactions with dealers managing the Company's own filling stations are recognised once the products is lifted and transported to the station under IAS 18. Under IFRS 15, the dealers have been assessed to be acting as an agent of the Company as they are paid commission on the products sold at the filling stations on behalf of the Company. The Company's customers are the buyers at the filling stations and not the dealers. Therefore the Company's obligation is satisfied when the products are purchased and not when it was lifted for the dealers. The Group has considered the timing at which revenue is to be recognised.

- For contract with dealers operating in the dealer's own stations, the Group will continue to recognise revenue when the products are lifted and transported to the filling stations.

Generally, the impact of IFRS 15 on the revenue recognition is not significant because the transactions involving dealers operating in the Company's own station are not material.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The Group has adopted the amendments to IFRS 2 for the first time in the current year. The amendments clarify the following:

(1.) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

(2.) Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

(3.) A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

(i) the original liability is derecognised;

(ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

(iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

3.0 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 re-measured 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 of 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 re-measured. 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 it's 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.

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

(a) 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.

Financial assets

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.

(b) 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.

(c) 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:

  (1) the financial instrument has a low risk of default;
  (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
  (3) 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.

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.

(ii) 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.

(iii) 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.

(iv) 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% (2017 – 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

(a) 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.

(b) 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 … er 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
Buildings	20
Motor Vehicles	5
Furniture and fittings	5-10
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.

(c) Derecognition of Property Plant & Equipment

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

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 licences 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 comprises 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 re-measured 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.

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, industrial, automative and energy customers across Nigeria.
Trading	This segment represents the bulk importation and sales directly to customer facilities or offshore distribution of white products, Baseoils, Bitumen, Low pour fuel oil. It also involves lifting and sales of crude oil.

4.0 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 sale ability 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.

4.2.4 Control over subsidiaries

The Group has 99.98% and 99.99% 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. IAS 39 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 assets

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 the Group uses its judgement to select a variety of methods and make assumptions. example, over-the-counter derivatives) is determined by using valuation techniques.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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.

Group	**Due within one year**	**1 - 2 year**	**2 - 3 years**	**3 - 5 years**	**Above 5 years**
31 December, 2018	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Borrowings	13,015,322	513,863	513,863		-
Trade payables	23,382,982	-	-	-	-
Bank overdrafts	-	-	-	-	-
31 December, 2017					
Borrowings	6,820,130	513,863	513,863		-
Trade payables	24,152,947	-	-	-	-
Bank overdrafts	-	-	-	-	-

Company	**Due within one year**	**1 - 2 year**	**2 - 3 years**	**3 - 5 years**	**3 - 5 years**
31 December, 2018					
Borrowings	13,015,322	513,863	513,863	-	-
Trade payables	23,351,490	-	-	-	-
Bank overdrafts	-	-	-	-	-
31 December, 2017					
Borrowings	6,820,130	513,863	513,863	-	-
Trade payables	23,802,855	-	-	-	-
Bank overdrafts	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The table below details unutilised credit facilities available to the Group, as at 31 December, 2018

Description	Amount	Duration	Interest rate
Multiple credit facility	USD 317 million	25 Sept 2018 to 25 Sept 2019	Libor + 7%
Multiple credit facility	N14.6 billion	25 Sept 2018 to 25 Sept 2019	20.5%-24%

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 2.2% (2017: 1.66%) 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 2018, 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 N237m (2017:N251m) 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 N237m (2017:N251m) 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 ollows:

	31 December 2018 N'000	31 December 2017 N'000
Neither past due nor impaired	29,782,162	25,615,980
Past due but not impaired	852,155	2,755,830
Impaired	186,084	206,194
	30,820,401	28,578,004

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

Past due but not impaired:		
- by up to 90 days	483,998	1,658,422
- by 90 to 180 days	42,807	30,535
- later than 180 days	325,350	1,066,873
Total past due but not impaired	852,155	2,755,830

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.

	31 December 2018 N'000	31 December 2017 N'000
Borrowings (Note 22)	14,043,048	7,847,856
Less: Cash and bank balances (Note 21)	(4,041,282)	(4,484,479)
	10,001,766	3,363,377
Equity	12,855,207	12,416,936
Net debt ratio	44%	21%

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

	Carrying Amount			Fair Value	
	31 December 2018 N'000	31 December 2017 N'000	Level	31 December 2018 N'000	31 December 2017 N'000
Assets					
Loans and receivables:					
Cash and bank balances	4,041,282	4,484,479	3	4,041,282	4,484,479
Trade and other receivables	30,820,401	28,578,004	3	30,820,401	18,604,499
	34,861,683	**33,062,483**		**34,861,683**	**23,088,978**
Liabilities					
Amortized cost:					
Trade and other payables	23,382,982	10,543,152	3	23,382,982	10,543,152
Borrowings	14,043,048	7,847,856	3	14,043,048	7,847,856
Bank overdrafts	-	-	3	-	-
	37,426,030	**18,391,008**		**37,426,030**	**18,391,008**
Fair value through profit and loss:					
Derivative liability	**-**	**1,145,625**	1	**-**	**1,145,625**

6. Revenue

Trading	193,714,507	110,835,405		193,714,507	110,835,405
Fuel	50,883,123	49,347,283		50,883,123	49,347,283
Lubricants	5,791,613	5,979,994		5,788,402	5,979,994
Others	1,488,690	6,867,543		1,488,690	7,448,399
	251,877,933	**173,030,225**		**251,874,722**	**173,611,081**

During the year, Crude sales increased significantly due to increased volume sold. The revenue contribution from fuel sales also increased relatively compared with 2017. However base oils sales (others) decreased significantly in the year 2018 compared to 2017.

7. Expenses by nature

		Group		Company	
		2018	2017	2018	2017
7.1	**Cost of sales**	N'000	N'000	N'000	N'000
	Material cost	246,350,025	166,282,202	246,456,224	166,979,332
	Delivery cost	885,462	410,746	885,462	410,746
		247,235,487	166,692,948	247,341,686	167,390,078
7.2	**Selling and Distribution expenses**				
	Marketing and sales commission	33,487	67,290	33,487	67,290
	Sampling and analysis	3,718	6,141	2,433	1,296
		37,205	**73,431**	**35,920**	**68,586**

		Group		Company	
		2018	2017	2018	2017
7.3	**General and Administration expenses**				
	Staff costs	797,358	553,214	735,842	507,943
	Legal and Professional fees	449,280	277,361	449,280	276,761
	Depreciation	387,529	380,996	333,598	345,324
	Employee Welfare	219,886	207,971	210,092	203,717
	Rent, Travelling & Entertainment	138,224	126,461	134,521	124,336
	Repairs and Maintenance	198,061	205,176	159,084	179,725
	Marketing and Business Development	158,517	91,182	158,267	91,042
	Other expenses	155,151	59,187	119,325	43,974
	Stationery and communication	121,725	97,024	116,156	92,240
	Insurance, medical and security	121,390	60,707	109,773	52,098
	Licence fees	71,240	24,787	71,757	22,735
	Directors remuneration	67,000	33,682	67,000	33,682
	Amortisation on Prepayments	189,726	109,282	189,726	109,282
	Bad Debt	32,010	802,038	32,010	759,909
	Pension costs	37,638	27,395	34,055	24,848
	Auditors' remuneration	40,000	25,000	30,000	18,000
	Amortisation of Intangible assets	19,889	5,345	19,889	5,345
	Loss on disposal of property,plant and equipment	234	13,895	(305)	11,508
	Allowance for impairment	8,484	-	8,484	-
	Total cost of sales, distribution costs and administrative expenses	**3,213,342**	**3,100,703**	**2,978,554**	**2,902,469**
8	**Expenses by function**				
	Cost of sales	247,235,487	166,692,948	247,341,686	167,390,078
	Selling and distribution expenses	37,205	73,431	35,920	68,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

General and Administration expenses	3,213,342	3,100,703	2,978,554	2,902,469
	250,486,034	**169,867,082**	**250,356,160**	**170,361,133**

9 Employees' remuneration and numbers

	Group 2018	Group 2017	Company 2018	Company 2017
	Number	**Number**	**Number**	**Number**
Administration	28	19	27	17
Operations	29	24	20	18
Sales and marketing	16	13	16	13
	73	**56**	**63**	**48**
Senior Management	8	6	8	6
Management	9	6	7	3
Senior staff	56	44	48	39
	73	**56**	**63**	**48**

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

	Group 2018	Group 2017	Company 2018	Company 2017
	Number	**Number**	**Number**	**Number**
N3,000,001 - N4,000,000	13	7	10	7
N4,000,001 - N5,000,000	32	26	31	26
Above 5,000,000	28	23	22	15
	73	**56**	**63**	**48**

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

	Group 2018	Group 2017	Company 2018	Company 2017
	N'000	**N'000**	**N'000**	**N'000**
Salaries and wages	797,358	553,214	735,842	507,943
	797,358	**553,214**	**735,842**	**507,943**

10 Directors' remuneration

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Fees for services as a director	74,240	33,682	71,757	33,682
Other emoluments as management	192,845	74,034	192,845	74,034
	267,085	107,716	264,602	107,716

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
The emoluments of the chairman of the board (excluding pension contributions)	17,000	6,000	17,000	6,000
The emoluments of the highest paid director	80,752	40,585	80,752	40,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	Group		Company	
	2018 Number	2017 Number	2018 Number	2017 Number
Less than N500,001	-	-	-	-
N500,001 - N3,000,000	5	6	6	6
N8,000,001 - N12,000,000	-	-	-	-
More than N12,000,000	3	2	2	2
	8	8	8	8

11 Other income

	Group		Company	
	2018	2017	2018	2017
Depot storage income	20	9,955	20	9,955
Rent income	40,517	13,384	40,517	13,384
Other income (Note 11.1)	1,412,936	6,299	1,412,773	6,307
Provision no longer required (Note 20)	525,407	-	525,407	-
	1,978,880	**29,638**	**1,978,717**	**29,646**

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

12 Finance income

Interest income on short-term bank deposits	77,562	142,457	77,562	142,457
	77,562	**142,457**	**77,562**	**142,457**
Other financial charges - Note 13.1	474,934	174,115	474,934	174,115
Interest on long term financing	358,160	334,037	358,160	334,037
Interest cost on employee benefits	26,588	20,854	26,588	20,854
Accretion charge	9,407	6,876	8,177	5,817
	869,089	535,882	867,859	534,823

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

14.1 Taxation

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Current taxes on income for the year	376,757	830,861	375,905	824,050
Education tax levy for the year	27,012	68,229	27,012	66,867
Deferred tax for the year	577,134	(88,051)	575,182	(59,950)
Tax expense on Income statement	**980,903**	**811,039**	**978,099**	**830,967**
Tax on Other Comprehensive Income	(8,809)	(9,362)	(8,809)	(9,362)
Total tax expense	**972,094**	**801,677**	**969,290**	**821,605**

	Group			
Profit before income tax		1,989,899		2,812,941.3
Income tax using the domestic corporation tax rate	30%	596,970	30%	843,882
Disallowed expenses	7%	14460	6%	180,744
Non- taxable income	(18%)	(156,098)	0%	(1,242)
Education tax levy	1%	27,012	2%	68,229
Tax Incentives	(10%)	(207,499)	(7%)	(193,490)
Temporary difference Effect	29%	567,134	(3%)	(97,458)
Tax effect of balancing charge	0%	1,011	0%	1,011
Total income tax expense in statement of comprehensive income	**49%**	**972,094**	**28%**	**801,676**

14.2 Reconciliation of effective Tax rate

	Company 2018	N'000	2017	N'000
Profit before income tax		2,117,616		2,900,813
Income tax using the domestic corporation tax rate	30%	635,285	30%	870,244
Disallowed expenses	6%	127,512	5%	132,988
Non- taxable income	-17%	(356,942)	0%	(1,242)
Education tax levy	1%	27,012	2%	66,867
Tax incentives	-10%	(219,711)	6%	(178,949)
Minimum Tax Effect	8%	179,943	0%	-
Temporary difference Effect	27%	575,182	1%	(69,312)
Tax effect of balancing charge	0%	1,009	0%	1,009
	46%	969,290	28%	821,605

	Group		Company	
	2018	2017	2018	2017
At 1 January	1,149,782	774,792	934,011	567,194
Tax paid	(623,528)	(421,440)	(623,529)	(421,440)
WHT utilised	(81,759)	(102,660)	(81,759)	(102,660)
Income tax charge	403,769	899,090	402,917	890,917
At 31 December	848,264	1,149,782	631,640	934,011
Current	848,264	1,149,782	631,640	934,011
Non-current	-	-	-	-
	848,264	1,149,782	631,640	934,011

Corporation tax is calculated at 30 percent of the taxable profit for the year. The charge for taxation on these financial statements is based on the provisions of the Companies Income Tax Act CAP C21LFN 2004. The Tertiary Education tax of 2 per cent is based on the provisions of the Tertiary Education Trust Fund Act 2011.

15. 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 PPE	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 2017	1,147,695	6,168,771	437,101	116,993	75,532	314,167	**8,260,259**	26,940	**26,940**
Additions in the year	1,375,124	140,679	166,985	23,335	36,312	83,058	**1,825,492**	16,908	**16,908**
Reclassifications (*Note 3)*	-	-	(103,425)	-	-	-	**(103,425)**	103,425	**103,425**
Asset Written off *(Note 4)*	(8,925)	(66,948)	(26,580)	(24,434)	(25,187)	(41,600)	**(193,673)**	(11,335)	**(11,335)**
Asset Disposed	-	(2,849)	-	(1,091)	-	(14,940)	**(18,880)**		
At 31 December 2017	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 3)*	104,763	2,325	(102,451)	(2,682)	(454)	(1,500)	**-**		**-**
Asset Written off *(Note 4)*	(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**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2017	(182,423)	(1,882,619)	-	(78,211)	(41,664)	(101,334)	**(2,286,251)**	(13,355)	**(13,355)**
Charge for the year	(39,367)	(229,257)	-	(19,851)	(15,701)	(76,822)	**(380,996)**	(5,345)	**(5,345)**
Asset Written off *(Note 4)*	8,856	56,024	-	22,172	22,115	26,288	**135,455**	8,126	**8,126**
Asset Disposed	-	1,559		961	-	14,723	**17,242**	-	**-**
At 31 December 2017	(212,934)	(2,054,293)	-	(74,929)	(35,250)	(137,145)	**(2,514,550)**	(10,574)	**(10,574)**
Charge for the year	(56,513)	(196,212)	-	(29,507)	(27,478)	(77,820)	**(387,529)**	(19,889)	**(19,889)**
Reclassifications (*Note 3)*	(2,644)	(1,485)	-	2,307	322	1,500	**-**		**-**
Asset Written off *(Note 4)*	2,219	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)**
Net Book Value									
At 31 December 2017	2,300,960	4,185,360	474,081	39,875	51,407	203,540	**7,255,223**	125,364	**125,364**
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**

The storage tanks held by the company in Ibru Jetty Ibafon, Apapa included in Plant and machinery are pledged as security in relation to loans held by the Company.

15. Property, plant and equipment and intangible assets

Company

	Property Plant and Equipment							Intangible Assets	
	Land and Buildings	Plant and Machinery	Capital Work-In-Progress	Office Equipment	Furniture & Fittings	Motor Vehicles	Total PPE	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 2017	1,147,695	6,168,771	437,101	116,993	75,532	314,167	**8,260,259**	26,940	**26,940**
Additions in the year	1,375,124	140,679	166,985	23,335	36,312	83,058	**1,825,492**	16,908	**16,908**
Reclassifications (*Note 3*)	-	-	(103,425)	-	-	-	**(103,425)**	103,425	**103,425**
Asset Written off (*Note 4*)	(8,925)	(66,948)	(26,580)	(24,434)	(25,187)	(41,600)	**(193,673)**	(11,335)	**(11,335)**
Asset Disposed	-	(2,849)	-	(1,091)	-	(14,940)	**(18,880)**		
At 31 December 2017	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 3*)	104,763	2,325	(102,451)	(2,682)	(454)	(1,500)	**-**		**-**
Asset Written off (*Note 4*)	(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**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2017	(182,423)	(1,882,619)	-	(78,211)	(41,664)	(101,334)	**(2,286,251)**	(13,355)	**(13,355)**
Charge for the year	(39,367)	(229,257)	-	(19,851)	(15,701)	(76,822)	**(380,996)**	(5,345)	**(5,345)**
Asset Written off (*Note 4*)	8,856	56,024	-	22,172	22,115	26,288	**135,455**	8,126	**8,126**
Asset Disposed	-	1,559		961	-	14,723	**17,242**	-	**-**
At 31 December 2017	(212,934)	(2,054,293)	-	(74,929)	(35,250)	(137,145)	**(2,514,550)**	(10,574)	**(10,574)**
Charge for the year	(56,513)	(196,212)	-	(29,507)	(27,478)	(77,820)	**(387,529)**	(19,889)	**(19,889)**
Reclassifications (*Note 3*)	(2,644)	(1,485)	-	2,307	322	1,500	**-**		**-**
Asset Written off (*Note 4*)	2,219	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)**
Net Book Value									
At 31 December 2017	2,300,960	4,185,360	474,081	39,875	51,407	203,540	**7,255,223**	125,364	**125,364**
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**

The storage tanks held by the company in Ibru Jetty Ibafon, Apapa included in Plant and machinery are pledged as security in relation to loans held by the Company.

Property, plant and equipment and intangible assets (cont'd)

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

(b) **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.

(c) **Reclassification** – These represent changes in the assets class done in the year following a review of the Company's Property plant and equipment position. The cost and accumulated depreciation for such assets were duly reclassified to appropriate classes.

Write off – Following the review of the Company's property plant and equipment position at year end, assets which do not meet the capitalisation policy of the company were written off

16. Prepayments

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	N'000	N'000	N'000	N'000
Prepaid rent	418,688	466,230	418,688	466,230
Additions	754,177	61,740	754,177	61,740
Amortisation	(189,726)	(109,282)	(189,726)	(109,282)
	983,134	**418,688**	**983,139**	**418,688**
Current portion of prepaid rent	(163,478)	(88,785)	(163,478)	(88,785)
Non-current portion of perpaid rent	819,661	329,903	819,661	329,903
Other short-term prepayment	135,053	97,367	131,741	94,352
Current portion on long-term prepayments	163,478	88,785	163,478	88,785
Current Assets	**298,531**	**186,152**	**295,219**	**183,137**

17 Investments

	Company	
	31 Dec 2018	31 Dec 2017
Investment in subsidiaries is made up of:	**N'000**	**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	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Other Investments	N'000	N'000	N'000	N'0000
JUHI 2 Project	553,868	553,741	553,868	553,741
Other Investment		17,287		17,287
	553,868	**571,028**	**553,868**	**571,028**

JUHI 2 represents 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. While there were no contributions made in 2018.

As at 31 December 2018, the project is still under construction and the joint venture is yet to commence operation.

18 Deferred Income Tax

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	N'000	N'000	N'000	N'000
The analysis of deferred tax liabilities is as follows:				
Deferred tax Liabilities				
Deferred tax liabilities to be recovered after more than 12 months	1,657,984	1,089,659	1,647,613	1,081,240
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	1,657,984	1,089,659	1,647,613	1,081,240

Deferred tax liabilities	Trade and other Receivables N'000	Property, Plant & Equipment N'000	Other Provisions N'000	Employee Benefits N'000	Total N'000
At 1 January 2017	(60,210)	1,635,025	(357,420)	(30,324)	1,187,072
Charged/(credited) to the income statement	60,210	(204,325)	15,797	40,267	(88,051)
Charged/(credited) to other comprehensive income				(9,362)	(9,362)
At 31 December 17	**-**	**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 18	**239,300**	**1,413,684**	**11,521**	**(6,521)**	**1,657,984**
Deferred tax liabilities					
At 1 January 2017	(60,210)	1,596,341	(355,257)	(30,323)	1,150,551
Charged/(credited) to the income statement	60,210	(173,742)	13,316	40,267	(59,949)
Charged/(credited) to other comprehensive income				(9,362)	(9,362)
At 31 December 2017	**-**	**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**

19 Inventory

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Raw materials	430,956	621,384	408,036	621,382
Finished goods	7,601,043	5,830,542	7,600,898	5,807,624
Consumables	126,742	63,653	66,092	58,067
	8,158,741	**6,515,579**	**8,075,026**	**6,487,073**

The inventory transferred by the Group to cost of sales for the year 2018 is N246 billion (2017: N148billion).

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.

20 Trade and other receivables

	Group 31 Dec 2018 N'000	Group 31 Dec 2017 N'000	Company 31 Dec 2018 N'000	Company 31 Dec 2017 N'000
Trade receivables	22,303,934	20,300,952	22,303,934	20,300,952
Due to Group Companies (note 31)	-	-	135,905	-
Due from related parties (note 31)	-	1,368	-	1,368
Less: Impairment of trade receivables	(186,084)	(206,194)	(185,854)	(205,964)
Trade receivables – net	22,117,850	20,096,126	22,253,985	20,096,356
Advances	2,899,205	4,768,986	2,882,859	4,672,202
WHT receivables	427,409	620,988	427,409	620,988
Petroleum subsidy fund	1,578,795	1,578,795	1,578,795	1,578,795
Bridging claims	52,657	27,337	52,657	27,337
Sundry debtors	15,271	24,730	15,271	24,730
Foreign Exchange Forward contract	49,745	642,680	49,745	642,680
Other receivables	3,679,469	1,568,903	3,716,012	996,033
Less: Impairment of Other receivables	-	(750,541)	-	(750,541)
	30,820,401	**28,578,004**	**30,976,733**	**27,908,580**

Included in the trade receivables balance is a N16.76 Billion (2017: N18.9billion) receivables from a crude sales transaction with a 30-days settlement terms. This is a zero- credit risk transaction as Eterna plc is fully covered by a letter of credit worth same amount.

Also, the Federal Government of Nigeria has settled the receivable on Petroleum subsidy fund with a discountable promissory note with a maturity date of December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Loss allowance for trade receivables is measured at an amount equal to twelve 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 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 average age of these receivables is generally between 30 to 220 days (2017: 30 to 220 days).

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 letters of credit and Bills for collection on the importation of AGO and ATK. The tenor of the forward is 90 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 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Neither past due nor impaired	29,782,162	25,615,980	29,958,834	24,946,786
Past due but not impaired	852,155	2,755,830	852,155	2,755,830
Impaired	186,084	206,194	185,854	205,964
Total past due but not impaired	**30,820,401**	**28,578,004**	**30,976,733**	**27,908,580**

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.

Receivable 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 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
- by up to 90 days	483,998	1,658,422	483,998	1,658,422
- by 90 to 180 days	42,807	30,535	42,807	30,535
- later than 180 days	325,350	1,066,873	325,350	1,066,873
Total past due but not impaired	**852,155**	**2,755,830**	**852,155**	**2,755,830**

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 2018 N'000	31 Dec 2017 N'000	2018 N'000	2017 N'000
Opening balance	(206,194)	(200,929)	(205,964)	(200,699)
Adjustment to opening ECL	(5,621)	-	(5621)	-
Provision for receivables impairment	(8,484)	(5,265)	(8,484)	(5,265)
Unused amounts reversed	34,215	-	34,215	-
Closing balance	**(186,084)**	**(206,194)**	**(185,854)**	**(205,964)**

Increase in provision for impaired receivables have been included in 'General and administrative expenses' and the release of impairment provisions is included in 'other income' in the income statement (note 11), while adjustment to the opening ECL for the first year of implementation of IFRS 9 has been included in the statement of changes in equity

21 Cash and Cash Equivalents

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cash and bank	4,041,282	4,484,479	4,041,209	4,484,456
Short term deposits with banks	-	-	-	-
Bank overdrafts	-	-	-	-
	4,041,282	4,484,479	4,041,209	4,484,456

22 Borrowings

	Group 31 Dec 2018 N'000	Group 31 Dec 2017 N'000	Company 31 Dec 2018 N'000	Company 31 Dec 2017 N'000
At 1 January	7,847,856	7,054,180	7,847,856	7,054,180
Additions	60,315,660	39,655,350	60,315,660	39,655,350
Interest on term loan	358,160	334,037	358,160	334,037
Interest on trading cost	1,339,915	799,543	1,339,915	799,543
Repayment	(55,818,543)	(39,995,254)	(55,818,543)	(39,995,254)
	14,043,048	**7,847,856**	**14,043,048**	**7,847,856**
Current	12,350,296	7,228,678	12,350,296	7,228,678
Non-current	1,692,752	619,178	1,692,752	619,178

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 24% per annum with repayment period ranging from 15 to 90 days. The facilities are secured by lien on the products for resale, the Group's Petroleum Storage Depot.

The N500Million loan obtained from Bank of industry in February 2013 at 7% interest rate and whose principal and interest are payable quarterly has been fully repaid in June 2018. This facility was included in the non-current borrowings in 2017 financial statement.

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%. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In 2018, the Company decided to issue a N3billion270days - commercial paper into the money market at a discount rate of 16.5% return with an All-in-rate of 18.67%. The fund was to support working capital and to meet long-term expansion strategy funding requirements.

Also included in the non-current borrowings is a N1.1billion asset acquisition facility obtained from a commercial bank in Nigeria in October 2018 with an interest rate of 24% per annum 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.

23 Employee Benefits

	N'000 31 Dec 2018	N'000 31 Dec 2017	N'000 31 Dec 2018	N'000 31 Dec 2017
Defined benefit obligations	244,487	176,289	244,487	176,289
Fair value of plan assets	-	-	-	-
Deficit of funded plans	244,487	176,289	244,487	176,289
Unrecognised (gains)/losses	-	-	-	-
Net liability recognised	**244,487**	**176,289**	**244,487**	**176,289**

The reconciliation of the defined benefit obligations as at 31st December 2018 is:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
1 January	176,289	111,935	176,289	111,935
Current service cost	21,981	16,434	21,981	16,434
Interest cost	26,589	20,855	26,589	20,855
Benefits paid	(9,735)	(4,139)	(9,735)	(4,139)
Actuarial Loss	29,363	31,206	29,363	31,206
Net Liability Recognised	**244,487**	**176,289**	**244,487**	**176,289**
	N'000	**N'000**	**N'000**	**N'000**
Defined benefit obligation	48,569	37,288	48,569	37,288
Total amount recognised in the income statement	48,569	37,288	48,569	37,288
Actuarial gains (net of tax) recognised in the statement of other comprehensive income in the period	(20,554)	(21,844)	(20,554)	(21,844)
Cumulative actuarial gain (net of tax) recognised in the statement of other comprehensive income	(57,600)	(37,046)	(57,600)	(37,046)

Plan liability (Gratuity provision) for the current period is based upon independent actuarial valuation performed by Alexander Forbes Consulting Limited using the projected unit credit basis. This valuation was carried out as at 31 December 2018. The principal assumptions, i.e., discount rates, average rate of inflation, used for the purpose of arriving at the actuarial valuation were 14.10% and 15.8% per annum in 2018 While 13.8% and 15.3% per annum were used in 2017 respectively.

The company has taken the decision to wind up the gratuity scheme as at 31 December 2018 but continue with the defined contribution plan for its staff. As a result, the total balance of the employee benefit liability as at 31 December 2018 will be distributed to the qualified beneficiaries of the program accordingly based on the company policy on gratuity computation.

Furthermore, there will be no more gratuity expenses and accrual in the financial statements of the subsequent years.

Hence, the sensitivity analysis of the impact of changes in economic assumptions on the assumptions is no longer necessary.

24 Decommissioning Liability

	Group 31 Dec 2018 N'000	31 Dec 2017 N'000	Company 31 Dec 2018 N'000	31 Dec 2017 N'000
Balance as at 1 January	66,532	45,098	58,939	38,564
Additional obligations incurred	5,552	14,558	5,551	14,558
Accretion expenses	9,407	6,876	8,177	5,817
Balance at 31 December	**81,491**	**66,532**	**72,667**	**58,939**

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% (2017: 10.3%-11%) and discounted between the range of 12.8% - 16.2% (2017: 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 2018 and its discounted decommissioning cost amounted to N5.6m which was included in the capitalised cost of the asset in 2018.

25 Trade and other payables

	Group 1 Dec 2018 N'000	31 Dec 2017 N'000	Company 31 Dec 2018 N'000	31 Dec 2017 N'000
Trade creditors	22,962,544	21,723,330	22,960,545	21,795,437
Tax related liabilities	41,016	746,687	23,198	274,539
Advance received	123,376	692,172	123,376	692,172
PSF Contribution	-	426,295	-	426,295
Accrued payables	32,182	320,938	32,182	320,938
Other payables	223,864	243,525	212,189	162,682
Due to Group Companies (note 31)				130,792
	23,382,982	**24,152,947**	**23,351,490**	**23,802,855**

Included in the trade creditors balance is a N16.76 billion (2017:18.9 Billion) payable to NNPC from a crude purchase transaction with a 30-days settlement terms. The offtaker of the crude sales will settle with an inward LC on the 29th day of the transaction while NNPC will be paid the next day. The company has however settled the liability after year end.

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

26. Derivative liability

The bond instrument of a JPY750,000,000 zero-coupon bonds issued by Eterna Plc to Daewoo Securities (Europe) Limited on 29 November 2009 had been fully paid in 2015.

The bond agreement also provides that Daewoo Securities (Europe) Limited has an option to subscribe in aggregate up to the Naira equivalent of JPY 750,000,000 in ordinary shares of Eterna Plc. This option is exercisable at any time between 24 November 2011 and 24 November 2029.

In 2017, 90% of these options were bought back from Daewoo Securities (Europe) Limited. While the 10% balance was fully bought back in March 2018. As at 31 December 2018, the balance of Derivative liability Nil.

27 Share Capital and Share premium

	31 Dec 2018 N'000	31 Dec 2017 N'000
Authorised:		
1,600,000 thousands 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
Issued and fully allotted:		
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 2018	1,304,145	652,072	5,796,053	6,448,125
At 31 December 2018	1,304,145	652,072	5,796,053	6,448,125

28 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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Profit for the year attributable to shareholders (in N'000)	1,003,375	2,001,902	1,133,896	2,069,846
Weighted average number of ordinary shares in issue (N'000)	1,304,145	1,304,145	1,304,145	1,304,145
Basic earnings per share	0.77	1.54	0.87	1.59

29. Contingent liabilities

The Group is involved in few legal proceedings that arise in the ordinary course of its businesses as at 31December 2018. 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.

The timing of potential cash flows associated with legal claims cannot be reasonably determined. The directors after taking legal advice are of the view that no significant liability will result at the conclusion of these matters.

30 Commitments

The group has no capital commitment as at 31 December 2018.

31 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 3 directors out of the 8 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.

The balances due from/(due to) these companies and the nature of the business relationships involved are as follows:

Company Name:	Relationship	31 Dec 2018 N'000	31 Dec 2017 N'000
Eterna Industries Limited	Subsidiary	1,893,822	(191,984)
Eterna Marine and Services Limited	Subsidiary	49,745	61,192
		1,943,567	(130,792)

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

a) Transactions

Sales	31 Dec 2018 N'000	31 Dec 2017 N'000
Eterna Industries Limited	111,149	580,856

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

Purchases		
Eterna Industries Limited	-	1,196,200

In 2018, there were no purchases by Eterna Industries from Eterna Plc.

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 2018	31 Dec 2017
Salaries and other short-term employee benefits	190,047	114,845
Post-employment benefits	16,168	8,280
	206,215	123,125

32 Events after reporting period

There are no subsequent events that could have had material effect on the state of affairs of the Company as at 31 December 2018 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 VALUE ADDED STATEMENT

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

Group	31 Dec 2018 N'000	%	31 Dec 2017 N'000	%
Turnover	251,877,933		173,030,225	
Bought in materials and services - all local	(250,160,359)		(169,195,666)	
	1,717,574		3,834,559	
Interest income	77,562		142,457	
Other income	1,978,880		29,638	
Value added	3,774,016		4,006,654	
Applied to pay as follows :				
Employees	797,358	21	553,214	14
Maintenance of assets	138,224	4	126,461	3
Government	403,769	11	899,090	22
Fund providers	869,089	23	535,882	13
For future growth:				
Deferred tax	577,134	15	(88,051)	(2)
Retained earnings	988,442	26	1,980,058	49
	3,774,016	100	4,006,654	100

Company	31 Dec 2018 N'000	%	31 Dec 2017 N'000	%
Turnover	251,874,722		173,611,081	
Bought in materials and services - all local	(250,095,717)		(169,737,113)	
	1,779,005		3,873,968	
Interest income	77,562		142,457	
Other income	1,978,717		29,646	
Value added	3,835,284		4,046,071	
Applied to pay as follows:				
Employees	735,842	19	507,943	13
Asset maintenance	134,521	4	124,336	3
Government	402,917	11	890,917	22
Fund providers	867,859	23	534,823	14
For future growth:				
Deferred tax	575,182	15	(59,950)	(1)
Retained earnings	1,118,963	28	2,048,002	51
	3,835,284	100	4,046,071	100

Consolidated Five Year Financial Summary

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

	Group				
	31 Dec 2018 N'000	**31 Dec 2017** N'000	**31 Dec 2016** N'000	**31 Dec 2015** N'000	**31 Dec 2014** N'000
Financial performance					
Revenue	251,877,933	173,030,225	106,887,567	92,066,480	82,330,180
Profit/(loss) before tax	1,989,899	2,812,941	2,400,172	1,306,585	1,792,066
Taxation	(980,903)	(811,039)	(922,613)	(28,512)	(502,500)
Profit for the year	1,008,996	2,001,902	1,477,559	1,278,073	1,289,566
Actuarial gains or losses	(29,363)	(31,206)	(10,859)	(19,914)	28,424
Tax effect of actuarial gains and losses	8,809	9,362	3,258	5,974	(8,527)
Non - controlling interest	26	13	(7)	(3)	(7)
Total comprehensive income for the year	988,442	1,980,058	1,469,958	1,264,133	1,309,463
Basic earnings per share (kobo)	0.77	1.54	1.13	0.96	0.99
Diluted earnings per share (kobo)	0.77	1.54	1.13	0.89	0.99
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	80	106	119	126	129
Retained Earnings	6,430,000	5,968,811	4,379,983	3,236,054	1,971,918
Total equity	**12,878,205**	**12,417,042**	**10,828,227**	**9,684,305**	**8,420,172**
Property, plant and equipment	8,443,977	7,380,587	5,987,593	5,875,322	6,069,497
Other non-current assets	1,373,529	900,931	644,546	530,526	383,220
Net current assets	6,737,413	6,087,182	6,753,692	4,384,890	3,340,707
Non-current liabilities	(3,676,714)	(1,951,658)	(2,557,604)	(1,106,433)	(1,373,252)
Net assets	**12,878,205**	**12,417,042**	**10,828,227**	**9,684,305**	**8,420,172**
Net assets per share (Naira)	9.86	9.52	8.30	7.43	6.46

Earnings per share is based on the profit attributable to shareholders computed on the basis of the 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.

FIVE YEAR FINANCIAL SUMMARY

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

	Company Dec 2018	Dec 2017	Dec 2016	Dec 2015	Dec 2014
Financial performance					
Revenue	251,874,722	173,611,081	107,536,032	92,669,238	82,832,117
Profit/(loss) before tax	2,111,616	2,900,813	2,456,293	1,269,241	1,761,821
Taxation	(978,099)	(830,967)	(933,140)	(5,357)	(503,023)
Profit for the year	1,139,517	2,069,846	1,523,153	1,263,884	1,258,798
Actuarial gains or losses	(29,363)	(31,206)	(10,859)	(19,914)	28,424
Tax effect of actuarial gains and losses	8,809	9,362	3,258	5,974	(8,527)
Non - controlling interest	-	-	-	-	-
Total comprehensive income for the year	1,118,963	2,048,002	1,515,552	1,249,944	1,278,695
Basic earnings per share (kobo)	0.87	1.59	0.97	0.97	0.97
Diluted earnings per share (kobo)	0.87	1.59	0.88	0.88	0.97
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	-	-	-	-	-
Retained Earnings/(Accumulated deficits)	6,251,625	5,659,941	4,003,182	2,813,666	1,563,722
Total equity	**12,699,750**	**12,108,066**	**10,451,307**	**9,261,791**	**8,011,847**
Property, plan and equipment	7,877,988	7,139,714	5,769,259	5,641,524	5,836,775
Other non-current assets	1,424,519	951,921	695,536	581,516	434,210
Net current (liabilities)/assets	7,054,761	5,952,077	6,501,062	4,087,968	3,069,087
Non-current liabilities	(3,657,519)	(1,935,646)	(2,514,550)	(1,049,217)	(1,328,225)
Net assets	**12,699,749**	**12,108,066**	**10,451,307**	**9,261,791**	**8,011,847**
Net assets per share (Naira)	9.74	9.28	8.01	7.10	6.14

Earnings per share is based on the profit attributable to shareholders computed on the basis of the 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.


CORPORATE
EVENTS

L-R: General Manager Fuels, Mahmud Modibbo; Executive Director/CFO, Kudi Badmus; MD/CEO, Mahmud Tukur; GM Lubes, Nnamdi Obiagwu; GM, Strategy & Planning, Adeoye Sokoya at Eterna @30 Press Conference which was held in Lagos

The Obi of Onitsha at the Company's OTL 2018 Stand

2018 OTL Africa Downstream week

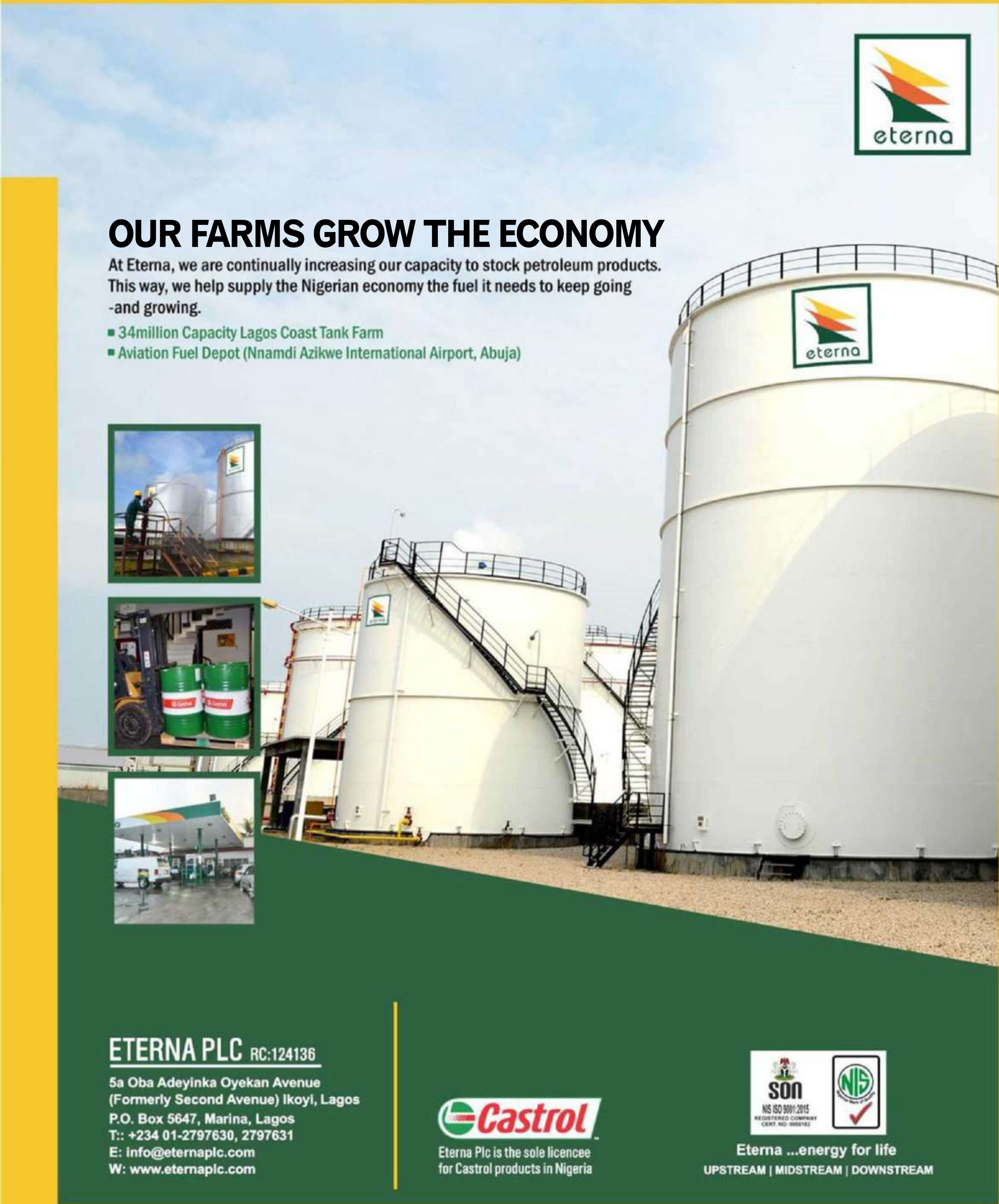
Proud Sponsors of the NEXT Titan Nigeria

L-R: Independent Director, Adebode Adefioye; Executive Director/CFO, Kudi Badmus; Chairman, Lamis Shehu Dikko; Divisional Head, Listing Business, Nigerian Stock Exchange, Olumide Bolumole; MD/CEO, Mahmud Tukur; Non-Executive Director, Afolake Lawal; Company Secretary, Bunmi Agagu; Non-Executive Director, Oluwole Abegunde; at the Nigerian Stock Exchange Closing Ceremony by the Eterna Plc Team in Lagos.

2018 OTL Downstream Week

L-R: Divisional Head, Listing Business, Nigerian Stock Exchange, Olumide Bolumole and MD/CEO, Eterna Plc, Mahmud Tukur, at the Nigerian Stock Exchange Closing Ceremony by the Eterna Plc Team in Lagos.

Cross Section of Staff at the 2018 Half Marathon organised by Bridge Pacers Sport Club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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 Eterna Plc 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

City **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.

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SHAREHOLDER ONLINE ACCESS

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(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
AlagomejiYaba
Lagos

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company Name	First Name	Other Names
Address:		
City	State	
Country		
Postal Code		
Mobile Telephone 1		
E-mail Address		

Shareholder's Signature or Thumbprint	Company Seal/Incorporation No. (Corporate Shareholder)

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Castrol

PROXY FORM

Eterna Plc
RC.124136

I/We* ....

of..

being a member/members of Eterna Plc hereby appoint..
of..
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 Thursday, 13thJune, 2019.

DATE: DD / MM / YYYY

SIGNATURE OF SHAREHOLDER

IMPORTANT NOTES:

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 411, Laws of the Federation of Nigeria, 1990 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.

NUMBER OF SHARES		
RESOLUTION	**FOR**	**AGAINST**
To consider and if thought fit, pass the following as Ordinary Resolutions:		
To lay the Report of the Directors, the Audited Financial Statements for the year ended 31st December, 2018 and the Reports of the Auditors and the Audit Committee thereon.		
To declare a Dividend.		
To re-elect Directors: Mr. Adebode Adefioye and Mr. Ibrahim Boyi.		
To re-appoint the Auditors and authorise the Directors to fix the remuneration of the Auditors.		
To elect members of the Audit Committee		
SPECIAL BUSINESS:		
To consider and if thought fit, pass the following as Ordinary Resolutions:		
To fix the remuneration of the Directors.		
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.

PLEASE TEAR OFF AND COMPLETE

ADMISSION CARD

Please Admit

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

ETERNA PLC
26th ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE COMPANY'S 26th ANNUAL GENERAL MEETING TO BE HELD at Agip Recital Hall, Muson Centre, Onikan, Lagos on Thursday, 13thJune, 2019 at 11.00am prompt.

....
Name of shareholder/Proxy:

....
Name of Shareholder

....
Address of Shareholder

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.

Castrol MAGNATEC 1-2-3

1 PROBLEM WITH CAR ENGINE:

Up to 75% of wear happens during engine warm up.

2 WHAT MAKES MAGNATEC UNIQUE:

Castrol MAGNATEC possess Intelligent molecules that cling like a magnet to engine parts to provide an extra layer of protection.

3 SOLUTION:

Instant protection from the moment you start

Castrol GTX 1-2-3

1 PROBLEM WITH CAR ENGINE:

Sludge can block your engine's vital airways, and if left untreated, it can rob the engine of its power and ultimately its life.

2 WHAT MAKES GTX UNIQUE:

Castrol GTX Essential double action formula cleans away old sludge and protects against new sludge formation better than tough industry standards.

3 SOLUTION:

Helps extends the life of your engine.

Castrol EDGE 1-2-3

1 PROBLEM WITH CAR ENGINE:

Today's engines are more efficient and more powerful. This has led to the doubling of pressure in the engine, so the oil has to be stronger to keep the engine performing at its best.

2 WHAT MAKES EDGE UNIQUE

Castrol EDGE boosted with TITANIUM FST ™ (Fluid Strength Technology) doubles its film strength, preventing oil film breakdown and reducing friction

3 SOLUTION:

Castrol EDGE, Strength for pushing the boundaries of performance

NOTES

www.eternaplc.com