



**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2016**

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

Contents	Page
Results at a glance	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cashflows	7
Notes to the financial statements	8
Statement of value added	41

RESULTS AT A GLANCE

	September 2016 N'000	September 2015 N'000	% Change
Revenue	63,950,683	60,156,690	6
Profit before taxation	2,715,473	1,760,175	54
Taxation	(905,876)	(563,256)	61
Profit for the period	1,809,597	1,196,919	51
Retained earnings	15,347,504	13,121,220	17
Share capital	346,976	346,976	-
Shareholders' funds	19,519,250	17,292,966	13
<i>Per share data</i>			
Earnings per share (kobo)	261	172	51
Dividend per share (kobo)	-	-	-
Net assets per share (kobo)	2,813	2,492	13

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

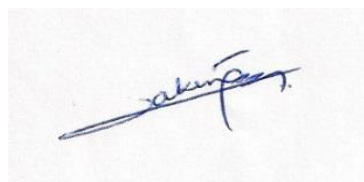
	Note	September 2016 N'000	September 2015 N'000
Revenue	5	63,950,683	60,156,690
Cost of sales	6	(54,396,094)	(51,250,032)
Gross profit		9,554,589	8,906,658
Other operating income	7	1,996,904	2,670,333
Other gains and losses	8	-	1,627
Distribution expenses	9	(1,796,090)	(1,916,509)
Administrative expenses	10	(5,405,164)	(5,070,036)
Finance cost	11	(1,634,766)	(2,831,898)
Profit before taxation	12	2,715,473	1,760,175
Income tax expense	13	(905,876)	(563,256)
Profit for the period		1,809,597	1,196,919
Other comprehensive income for the period net taxes		-	-
Total comprehensive income		1,809,597	1,196,919
Earnings per share			
Basic earnings per share (kobo)	14	261	172
Diluted earnings per share (kobo)	14	261	172

The notes on pages 8 to 40 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

Assets	Note	September 2016 N'000	December 2015 N'000
Non-current assets			
Property, plant and equipment	15	2,107,791	3,169,460
Intangible assets	16	66,333	74,294
Investment property	17	359,962	397,200
Other financial assets	18	10	10
Prepayments	19	234,000	97,104
Deferred tax assets	13	2,381,774	1,994,988
Total non-current assets		5,149,870	5,733,056
Current assets			
Inventories	20	7,000,201	5,550,287
Trade and other receivables	21	44,061,660	28,024,349
Prepayments	19	288,373	189,116
Cash and bank balances	22	7,685,034	29,890,557
Total current assets		59,035,268	63,654,309
Total assets		64,185,138	69,387,365
Equity and liabilities			
Equity			
Share capital	23	346,976	346,976
Share premium	23	3,824,770	3,824,770
Retained earnings	24	15,347,504	13,537,907
Total equity		19,519,250	17,709,653
Non - Current liabilities			
Distributors' deposits	27	499,359	501,697
Deferred tax liabilities	13	622,157	693,515
Decommissioning liability	28	38,200	38,200
Total non-current liabilities		1,159,716	1,233,412
Current liabilities			
Borrowings	22	5,879,764	18,235,913
Trade and other payables	26	34,040,392	28,859,842
Current tax payable	13	3,586,017	3,348,545
Total current liabilities		43,506,173	50,444,300
Total liabilities		44,665,889	51,677,712
Total equity and liabilities		64,185,138	69,387,365

These financial statements were approved by the Board of Directors on 26, October, 2016 and signed on its behalf by:



Akin Fabunmi
Finance Director
FRC/2013/ICAN/00000003436



Ikechukwu Oraekwuotu
Director
FRC/2016/NIM/00000015427



Dr. M. Ebietsuwa Omatsola
Director
FRC/2013/COMEG/00000003735

The notes on pages 8 to 40 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 SEPTEMBER 2016**

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2015	346,976	3,824,770	11,924,301	16,096,047
Profit for the year	-	-	2,307,558	2,307,558
Other comprehensive income (net of tax)	-	-	-	-
	346,976	3,824,770	14,231,859	18,403,605
Dividends to shareholders	-	-	(693,952)	(693,952)
Balance at 31 December 2015	346,976	3,824,770	13,537,907	17,709,653
Balance at 1 January 2016	346,976	3,824,770	13,537,907	17,709,653
Profit for the period	-	-	1,809,597	1,809,597
Other comprehensive income (net of tax)	-	-	-	-
	346,976	3,824,770	15,347,504	19,519,250
Dividends to shareholders	-	-	-	-
Balance at 30 September 2016	346,976	3,824,770	15,347,504	19,519,250

The notes on pages 8 to 40 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	September 2016 N'000	December 2015 N'000
Profit before tax		2,715,473	3,448,398
Adjustments to reconcile loss before tax to net cash provided:			
Interest from bank deposits		-	(1,719)
Interest on delayed subsidy payment	7	(1,905,104)	(2,544,932)
Interest on bank overdraft	11	1,634,766	3,751,819
Accretion expense		-	5,689
Depreciation of property, plant and equipment	15	1,114,464	1,329,065
Depreciation of investment property	17	37,238	49,650
Amortisation of intangible assets	16	7,961	10,614
Withholding tax credit		-	(44,948)
Changes in working capital:			
Increase in inventories		(1,449,914)	(34,092)
(Increase)/Decrease in trade and other receivables		(16,273,465)	16,483,649
Increase/(Decrease) in trade and other payables		5,244,865	(14,266,522)
(Decrease)/Increase in distributors' deposits		(2,338)	3,350
Cash (used in)/generated by operations		(8,876,054)	8,190,022
Tax paid		(1,126,549)	(2,153,497)
Value added tax paid		(64,314)	(408,909)
Net cash (used in)/generated by operating activities		(10,066,917)	5,627,615
Cashflows from investing activities			
Purchase of property, plant and equipment	15	(52,795)	(571,139)
Interest received	7	1,905,104	2,546,651
Net cash generated by investing activities		1,852,309	1,975,512
Cashflows from financing activities			
Interest paid	11	(1,634,766)	(3,757,508)
Dividends paid	24	-	(693,952)
Net cash used in financing activities		(1,634,766)	(4,451,460)
Net (decrease)/increase in cash and cash equivalents		(9,849,374)	3,151,668
Cash and cash equivalents at 1 January		11,654,645	8,502,977
Cash and cash equivalents at 31 December	22	1,805,270	11,654,645

The notes on pages 8 to 40 form part of these financial statements.

1. The Company

Conoil Plc ("The Company") was incorporated in 1960. The Company's authorised share capital is 700,000,000 ordinary shares of 50k each.

The Company was established to engage in the marketing of refined petroleum products and the manufacturing and marketing of lubricants, household and industrial chemicals.

1.1 Composition of Financial Statements

The financial statements are drawn up in Nigerian Naira, the financial currency of Conoil Plc, in accordance with IFRS accounting presentation. The financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

Additional information provided by the management includes:

- Value added statement

1.2 Financial period

These financial statements cover the financial period from 1 January 2016 to 30 September 2016 with comparative figures for the financial year from 1 January 2015 to 31 December 2015.

2. Adoption of new and revised International Financial Reporting Standards (IFRS) and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC)

Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that are applicable to the Company were issued but are not yet effective. Where IFRSs and IFRIC interpretations listed below permit early adoption, the Company has elected not to apply them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Effective for the financial year commencing 1 January 2016

- IAS 1 (Amendments) - Disclosure Initiative

Effective for the financial year commencing 1 January 2016

- IAS 19 (Amendment) - Defined Benefit Plans: Employee Contributions

Effective for the financial year commencing 1 January 2016

- IAS 16 and IAS 41 - Agriculture: Bearer plants

Effective for the financial year commencing 1 January 2016

- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

Effective for the financial year commencing 1 January 2016

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Effective for the financial year commencing 1 January 2016

- IFRS 7 - Financial Instruments Disclosure

Effective for the financial year commencing 1 January 2018

- IFRS 9 Financial Instruments

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers

Effective for the financial year commencing 1 January 2019

- IFRS 16 - Leases

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

2. Accounting standards and interpretations issued but not yet effective (continued)

All standards and interpretations will be adopted at their effective date and their implications on the Company are stated below:

Standard/Interpretation not yet effective as at 31 December 2015		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IAS 1	Disclosure Initiative	December 2014	1 January 2016 Early adoption is permitted	The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. This standard will have an impact on the disclosure requirement of the financial statement. The Company will adopt the amendments for the year ending 31 December 2016.
IAS 19	Defined Benefit Plans: Employee Contributions	September 2014	1 January 2016	The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans. The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have any impact on the Company's
IAS 16 and IAS 41	Agriculture: Bearer plants	July 2014	1 January 2016	Amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41. The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Company's financial statements as the Company is not engaged in agricultural activities.
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	July 2014	1 January 2016	The amendment to IAS 16 clarifies that a depreciation method of property, plant and equipment that is based on revenue is not appropriate. The amendment to IAS 38 introduces the rebuttable presumption that revenue is not an appropriate basis for the amortization of intangible assets. This presumption can be overcome only in the following two cases: <ul style="list-style-type: none"> • If the intangible asset can be expressed as a measure of revenue. This would be the case, for example, if the contractual term of a concession to extract natural resources were linked not to a specific period but to the total revenue generated by extracting the natural resources. • If revenue and the consumption of the economic benefit are highly correlated. The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

2. Accounting standards and interpretations issued but not yet effective (continued)

Standard/Interpretation not yet effective as at 31 December 2015		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	September 2014	1 January 2016 Early adoption is permitted	<p>The amendment provides for the inclusion of special guidance in IFRS 5 for cases where an entity reclassifies an asset from the 'held for sale' category to the 'held for distribution' category or vice versa. Guidance will also be introduced for cases where 'held for distribution' accounting is ceased.</p> <p>The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company's financial statements.</p>
IFRS 7	Financial Instruments Disclosure	September 2014	1 January 2016 Early adoption is permitted	<p>Clarification is provided regarding under which conditions the management of a transferred financial instrument is a continuing involvement and thus has to be reported.</p> <p>Furthermore, the disclosures on offsetting financial assets and financial liabilities do not specifically have to be included in all interim reporting pursuant to IAS 34.</p> <p>The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company's financial statements.</p>
IFRS 9	Financial Instruments	July 2014	1 January 2018 Early adoption is permitted	<p>The IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>This standard will have a significant impact on the Company, which include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.</p> <p>The amendments apply retrospectively. The Company will adopt the amendments for the year ending 31 December 2018</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

2. Accounting standards and interpretations issued but not yet effective (continued)

Standard/Interpretation not yet effective as at 31 December 2015		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 15	Revenue from contract with customers	May 2014	1 January 2018 Early adoption is permitted	<p>This standard replaces IAS 11 construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving advertising Services.</p> <p>The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five –step analysis of transactions to determine whether, how much and when revenue is recognised.</p> <p>This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognized.</p> <p>The Company will adopt the amendments for the year ending 31 December 2018.</p>
IFRS 16	Leases	January 2016	1 January 2019	<p>Under IFRS 16, the distinction made up to now between operating leases and finance leases will no longer apply with respect to the lessee. For all leases, the lessee recognizes a right of use to an asset and a lease liability. The right of use is amortized over the contractual term in line with the rules for intangible assets. The lease liability is recognized in accordance with the rule for financial instruments pursuant to IAS 39 (or IFRS 9 in future). Write-downs on the asset and interest on the liability are presented separately in the income statement. There are exemptions when accounting for short-term leases and low-value leased assets.</p> <p>The disclosures in the notes to the financial statements will be extended and should provide a basis for users to assess the amount, timing as well as uncertainties in relation to leases.</p> <p>For lessors, however, the rules in the new standard are similar to the previous rules in IAS 17. They will continue to classify leases either as a finance lease or an operating lease.</p> <p>The directors of the Company do not anticipate that the application of these amendments to IFRS 16 will have any impact on the Company’s financial statements.</p>

3. Significant accounting policies

3.1 Statement of compliance

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act (CAMA) and the Financial Reporting Council of Nigeria Act.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

3.2 Accounting principles and policies

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors of the Company.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes (where applicable).

Exchanges of petroleum products within normal trading activities do not generate any income and therefore these flows are shown at their net value in both the statement of profit or loss and other comprehensive income and the statement of financial position.

3.3.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.3.2 Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.3.3 Service income

Service income represents income from Entity's property at service stations while rental income represents income from letting of the entities building. Both service income and rental income are credited to the statement of comprehensive income when they are earned.

3.4 Foreign currency translation

The financial statements of the Company are prepared in Nigerian Naira which is its functional currency and presentation currency.

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant accounting policies (Continued)**3.5 Pensions and other post-employment benefits**

The Company operates a defined contribution pension plan for its employees and pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

In addition, payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company also operated a gratuity scheme for its qualified employees prior to 2008 which it has discontinued.

3.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

3.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

3.6.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.7 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of the property plant and equipment comprise of its purchase price or construction cost, any directly attributable cost to bringing the asset into operation, the initial estimate of dismantling obligation (where applicable) and any borrowing cost.

3. Significant accounting policies (Continued)**3.7 Property, plant and equipment (Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis. The basis for depreciation is as follows:

	Estimated useful life range	Rate
Freehold land and Buildings	20 - 50 Years	5%
Leasehold land and buildings	20 - 50 Years	Over the period of the lease
Plant and machinery	5 - 10 Years	15%
Motor vehicles	2 - 5 Years	25%
Furniture, fittings and equipment:		
- Office furniture	3 - 12 Years	15%
- Office equipment	5 - 15 Years	15%
- Computer equipment	2 - 10 Years	33.33%
Intangible Assets - Software	5 - 10 Years	10%

Freehold land and Assets under construction are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised on a straight-line basis over the following periods:

Software	10 Years
----------	----------

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset is measured as difference between the net disposal proceeds and the carrying amount of the asset are recognised as profit or loss when the asset is derecognised.

3.9 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

The initial cost of the investment property comprise of its purchase price or construction cost, any cost directly attributable to bringing the asset into operation, the initial estimating of dismantling obligation (where applicable) and any borrowing cost.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis. The basis for depreciation is as follows:

Leasehold land and buildings	20 Years
------------------------------	----------

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

3. Significant accounting policies (Continued)**3.10 Impairment of long lived assets**

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

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions. If this value is less than the carrying amount, an impairment loss on property, plant and equipment, or on other intangible assets, is recognised either in "Depreciation, depletion and amortization of property, plant and equipment, or in "Other expense", respectively. Impairment losses recognised in prior years can be reversed up to the original carrying amount, had the impairment loss not been recognised.

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.

3.11 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3.12 Inventories

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Cost is determined on weighted average basis and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid short term investments that are convertible into known amounts of cash and are subject to insignificant risks of changes in value. Investments with maturity greater than three months or less than twelve months are shown under current assets.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant accounting policies (Continued)

3.14 Provisions

i. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

ii. Restructuring

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

3.15 Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

3.15.1 Financial assets

i. Recognition

a. Initial recognition and measurement

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus (in the case of investments not at fair value through profit or loss) directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables and loan and other receivables.

b. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in statement of profit or loss. The losses arising from impairment are recognised in statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Company and therefore is not considered highly liquid.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3. Significant accounting policies (Continued)**3.15 Financial instruments****3.15.1 Financial assets****ii. Derecognition**

A financial asset (or, where an applicable part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a passthrough arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

iii. Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

iv. Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in statement of profit or loss.

3. Significant accounting policies (Continued)**3.15 Financial instruments****3.15.2 Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortised cost, as appropriate. Financial liabilities include trade and other payables, accruals, most items of finance debt and derivative financial instruments. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

For financial liabilities at fair value through profit or loss, derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category. These liabilities are carried on the statement of financial position at fair value with gains or losses recognised in the income statement.

For financial liabilities measured at amortised cost, all other financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other revenues and finance costs. This category of financial liabilities includes trade and other payables and finance debt.

i. Recognition**a. Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

b. Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised, as well as through the EIR method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in statement of profit or loss.

ii. Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss.

3.15.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Significant accounting policies (Continued)**3.15 Financial instruments****3.15.4 Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation model.

3.16 Creditors and accruals

Creditors and accruals are the financial obligations due to third parties and are falling due within one year. The outstanding balances are not interest bearing and are stated at their nominal value.

3.17 Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognised based on a reasonable estimate in the year in which the obligation arises. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the useful life of this asset. An entity is required to measure changes in the liability for an asset retirement obligation due to the passage of time (accretion) by applying a risk-free discount rate to the amount of the liability. The increase of the provision due to the passage of time is recognised as part of finance cost.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying the accounting policies

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

4.1.1 Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and in particular, whether the entity had transferred to the buyer the significant risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability of the goods sold, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

4.1.2 Contingent liabilities

During the evaluation of whether certain liabilities represent contingent liabilities or provisions, management is required to exercise significant judgment. Based on the current status, facts and circumstances, management concluded that the dispute with one of its former suppliers (as disclosed in Note 35) should be classified as a contingent liability rather than a provision.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation 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 Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the useful lives of property, plant and equipment remained constant.

4.2.2 Decommissioning liabilities

Estimates regarding cash flows, discount rate and weighted average expected timing of cashflows were made in arriving at the future liability relating to decommission costs.

4.2.3 Impairment losses on receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow. Accordingly, an allowance for impairment is made where there are identified loss events or condition which, based on previous experience, is evident of a reduction in the recoverability of the cash flows.

4.2.4 Allowance for obsolete inventory

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

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2.5 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.

4.2.6 Impairment on non-current assets

Determining whether non-current assets are impaired requires an estimation of the value in use of the cashgenerating units to which assets have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The assets were tested for impairment and there was no indication of impairment observed after testing. Therefore, no impairment loss was recognised during the year.

5. Revenue

The following is the analysis of the Company's revenue for the year from continuing operations (excluding investment income - see Note 7)

	September 2016 N'000	September 2015 N'000
Revenue from sale of petroleum products	<u>63,950,683</u>	<u>60,156,690</u>

5.1 All the sales were made within Nigeria.

6. Segment information

The reportable segments of Conoil Plc are strategic business units that offer different products. The report of each segment is reviewed by management for resource allocation and performance assessment. Operating segments were identified on the basis of differences in products. The Company has identified three operating and reportable segments: White products, Lubricants and Liquefied Petroleum Gas (LPG). The White products segment is involved in the sale of Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK), Dual Purpose Kerosene (DPK), Low-pour Fuel Oil (LPFO) and Automotive Gasoline/grease Oil (AGO). The products under the lubricants segment are Lubricants transport, Lubricants industrial, Greases, Process Oil and Bitumen. Products traded under LPG segment are Liquefied Petroleum Gas - Bulk, Liquefied Petroleum Gas - Packed, cylinders and valves.

6. Segment information (Continued)

The segment results for the period ended 30 September 2016 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Turnover	60,577,914	95	3,372,769	5	-	0	63,950,683	100
Cost of sales	<u>(52,406,727)</u>	96	<u>(1,989,367)</u>	4	<u>-</u>	<u>0</u>	<u>(54,396,094)</u>	100
Gross profit	<u>8,171,187</u>		<u>1,383,402</u>		<u>-</u>		<u>9,554,589</u>	

The segment results for the period ended 30 September 2015 are as follows:

	White Products		Lubricants		LPG		Total	
	N'000	%	N'000	%	N'000	%	N'000	%
Turnover	54,818,212	91%	5,338,477	9%	-	0%	60,156,690	100
Cost of sales	<u>(46,975,218)</u>	92%	<u>(4,274,815)</u>	8%	<u>-</u>	<u>0%</u>	<u>(51,250,032)</u>	100
Gross profit	<u>7,842,994</u>		<u>1,063,663</u>		<u>-</u>		<u>8,906,657</u>	

Septemebr 2016 segment cost of sales - Analysis

	White Products N'000	Lubricants N'000	LPG N'000	Total N'000
Stock at 1 January	2,912,559	2,629,090	4,003	5,545,653
Purchases	54,941,785	953,857	-	55,895,642
Stock at 30 September	<u>(5,447,618)</u>	<u>(1,593,580)</u>	<u>(4,003)</u>	<u>(7,045,201)</u>
Cost of sales	<u>52,406,727</u>	<u>1,989,367</u>	<u>(0)</u>	<u>54,396,094</u>

September 2015 segment cost of sales - Analysis

	White Products N'000	Lubricants N'000	LPG N'000	Total N'000
Stock at 1 January	2,944,921	2,554,368	4,012	5,503,301
Purchases	49,803,540	3,182,461	-	52,986,002
Stock at 30 September	<u>(5,248,674)</u>	<u>(1,986,584)</u>	<u>(4,012)</u>	<u>(7,239,270)</u>
	<u>47,499,787</u>	<u>3,750,245</u>	<u>0</u>	<u>51,250,032</u>

- 6.1 There is no disclosure of assets per business segment because the assets of the Company are not directly related to a particular business segment.
- 6.2 There is also no distinguishable component of the Company that is engaged in providing products or services within a particular economic environment and that is subject to risk and returns that are different from those of components operating in other economic environments.
- 6.3 The stock value in this segment analysis does not include Glo cards stock and provision for stock loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016	September 2015
	N'000	N'000
7. Other operating income		
Rental income:		
Rental income (Note 7.1)	91,800	83,504
Service income (Note 7.2)	-	41,897
Interest income:		
Interest on delayed subsidy payment (Note 7.3)	1,905,104	2,544,932
	1,996,904	2,670,333

7.1 Rental income

Rental income represents income received from letting out the Company's property.

7.2 Service income

Service income represents commissions received from dealers for the use of the Company's properties at service stations. The dealers use the properties for the sale of Conoil's products.

7.3 Interest income:

Interest Income on delayed subsidy payments represents interest received from Petroleum Products Pricing Regulatory Agency on delayed subsidy payments for 2014/2016.

	September 2016	September 2015
	N'000	N'000
8. Other gains and losses		
Glo recharge card	-	1,627
	-	1,627
9. Distribution expenses		
Freight costs	1,555,498	1,653,259
Marketing expenses	240,593	263,250
	1,796,090	1,916,509

10. Administration expenses	September 2016 N'000	September 2015 N'000
Staff cost	1,350,762	1,301,520
Depreciation of property, plant and equipment	1,114,464	1,013,802
Provision for litigation claims	675,000	675,000
Rent and rates	768,941	755,619
Repairs and maintenance	355,909	246,324
Insurance	167,402	175,272
Postages, telephone and telex	128,172	30,338
Consumables, small tools and equipment	115,220	90,098
Pension fund - employer's contribution	88,583	89,807
Security services	78,170	75,734
Travelling	54,261	30,467
Water and electricity	52,527	36,367
Provision for bad and doubtful debts	45,000	45,000
Provision for obsolete stock	45,000	45,000
Legal and professional charges	44,388	57,763
Throughput others	43,280	39,173
Depreciation of investment property	37,238	37,238
Directors' remuneration	33,765	37,952
Vehicle, plant and equipment running	25,903	15,424
Own used oil	24,469	38,705
Printing and stationery	20,900	24,576
Medical	20,800	12,830
Health safety and environmental expenses	19,925	24,678
Audit fee	19,500	22,500
Entertainment and hotels	18,100	26,149
Staff training and welfare	14,582	15,859
Annual General Meeting	12,500	33,750
Subscriptions	10,500	20,971
Amortisation of intangible asset	7,961	7,961
Bank charges	418	34,448
Other expenses	11,523	9,714
	5,405,164	5,070,036
11. Finance cost		
Interest on bank overdraft	1,634,766	2,831,898
	1,634,766	2,831,898

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 19% (2015: 17.75%) per annum and are determined based on NIBOR plus lender's mark-up.

The overdraft was necessitated by delay in payment of subsidy claims by the Federal Government on importation/purchase of products for resale in line with the provision of Petroleum Support Fund Act for regulated petroleum products.

	September 2016 N'000	September 2015 N'000
12. Profit before tax		
This is stated after charging/(crediting) the following:		
Depreciation of property, plant and equipment	1,114,464	1,013,802
Depreciation of investment property	37,238	37,238
Director's emoluments	33,765	37,952
Auditors remuneration	19,500	22,500
Amortisation of intangible asset	7,961	7,961
13. Taxation		
13.1 Income tax recognised in profit or loss		
Current tax		
Income tax	1,271,218	941,309
Education tax	92,803	71,684
Adjustments in relation to the current tax of prior years		-
Deferred tax		
Deferred tax (credited)/charged in the current period	(458,145)	(449,736)
Total income tax expense recognised in the current period	905,876	563,256
At 1 January	3,348,544	3,770,483
Payment during the period	(1,126,549)	(1,133,268)
Withholding tax utilised during the period	-	-
Transfer to deferred tax (Note 13.1)	458,145	449,736.16
Per statement of financial position	3,586,017	3,650,207
Balance above is made up of :		
Company income tax	3,437,987	3,413,131
Education tax	147,750	236,797
Capital gains tax	280	280
	3,586,017	3,650,207
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from operations	2,715,473	1,760,175
Expected income tax expense calculated at 30% (2015: 30%)	814,642	528,053
Education tax expense calculated at 2% (2015: 2%) of assessable profit	92,803	71,684
Effect of expenses that are not deductible in determining taxable profit	577,399	547,200
Investment allowance	(1,568)	(5,734)
Effect of capital allowance on assessable profit	(119,254)	(128,210)
Timing difference recognised as deferred tax asset	(458,145)	(449,736)
Income tax expense recognised in profit or loss	905,876	563,256

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended to date, tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011 and Capital Gains Tax Act CAP C1 LFN 2004.

13. Taxation (Continued)

	September 2016 N'000	December 2015 N'000
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax assets	2,381,774	1,994,988
Deferred tax liabilities	(622,157)	(693,515)
Deferred tax assets (net)	<u>1,759,617</u>	<u>1,301,473</u>

Deferred tax assets	Property, plant and equipment N'000	Provisions and others N'000	Total N'000
Balance at 1 January 2016	-	(1,994,988)	(1,994,988)
Charged to profit or loss	-	(386,786)	(386,786)
Balance at 30 September 2016	-	(2,381,774)	(2,381,774)

Deferred tax liabilities	Property, plant and equipment N'000	Provisions and others N'000	Total N'000
Balance at 1 January 2016	693,515	-	693,515
Charged to profit or loss	(71,359)	-	(71,359)
Balance at 30 September 2016	622,157	-	622,157

14. Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	September 2016 N'000	December 2015 N'000
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the Company	1,809,597	2,307,558
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>693,952,117</u>	<u>693,952,117</u>
Basic earnings per 50k share		
From continuing operations	<u>261</u>	<u>333</u>

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the period.

	per share	per share
Diluted earnings per 50k share		
From continuing operations	<u>261</u>	<u>333</u>

Earnings per share is calculated by dividing net income by the number of ordinary shares and other convertible instruments outstanding during the period .

15. Property, plant and equipment	Freehold land	Freehold buildings	Plant & machinery	Furniture & fittings	Motor vehicles	Computer equipment	Total N '000
	N '000	N '000	N '000	N '000	N '000	N '000	
Cost:							
As at 1 January 2015	147,766	5,265,620	11,061,395	4,157,329	1,388,628	993,836	23,014,574
Additions	-	30,335	512,766	19,938	-	8,100	571,139
At 31 December 2015	147,766	5,295,955	11,574,161	4,177,267	1,388,628	1,001,936	23,585,713
Additions	-	513	48,662	-	-	3,620	52,795
At 30 September 2016	147,766	5,296,468	11,622,823	4,177,267	1,388,628	1,005,556	23,638,508
Accumulated depreciation and impairment loss:							
As at 1 January 2015	-	3,367,143	9,277,882	4,139,945	1,363,869	938,349	19,087,188
Charge for the year	-	264,798	1,020,137	12,878	17,863	13,390	1,329,065
At 31 December 2015	-	3,631,941	10,298,019	4,152,823	1,381,732	951,739	20,416,253
Charge for the period	-	222,041	866,651	10,799	3,745	11,228	1,114,464
At 30 September 2016	-	3,853,982	11,164,669	4,163,622	1,385,476	962,967	21,530,717
Carrying amount							
At 30 September 2016	147,766	1,442,486	458,153	13,645	3,152	42,588	2,107,791
At 31 December 2015	147,766	1,664,014	1,276,142	24,444	6,897	50,197	3,169,460

15.1 Impairment assessment

Impairment assessment of assets in the period under review disclosed no material impairment loss on any of the Company's assets.

15.2 Contractual commitment for capital expenditure

There were no capital commitments for the purchase of property, plant and equipment in the period.

15.3 Assets pledged as security

No asset was pledged as security as at 30 September 2016 (2015: nil)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
16. Intangible assets		
Computer software:		
Cost:		
As at 1 January	106,136	106,136
Additions during the year	-	-
At 30 September/ December	106,136	106,136
Accumulated amortisation:		
As at 1 January	31,842	21,228
Charge for the period	7,961	10,614
At 30 September/ December	39,803	31,842
Carrying amount		
At 30 September/ December	66,333	74,294
17. Investment property		
Building:		
Cost:		
As at 1 January	993,000	993,000
Additions during the year	-	-
At 30 September/ December	993,000	993,000
Accumulated depreciation:		
As at 1 January	595,800	546,150
Charge for the period	37,238	49,650
At 30 September/ December	633,038	595,800
Carrying amount		
At 30 September/ December	359,962	397,200
The Company's investment property is held under freehold interests.		
18. Other financial assets		
Investment in Nigerian Yeast and Alcohol Manufacturing Plc		
Cost	1,846	1,846
Impairment	(1,836)	(1,836)
	10	10

Nigerian Yeast and Alcohol Manufacturing Company Plc (NIYAMCO) has stopped business operations for several years, hence the Company has impaired its investments.

	September 2016 N'000	December 2015 N'000
19. Prepayments		
Current		
Prepaid rent and insurance	288,373	189,116
	288,373	189,116
Non-current		
Prepaid rent	234,000	97,104
	234,000	97,104

Prepayments are rents paid in advance to owners of properties occupied by Conoil Plc for the purpose of carrying out business in various locations in Nigeria.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
20. Inventories		
White products (Note 20.1)	5,447,618	2,912,559
Lubricants	1,593,580	2,629,090
LPG	4,003	4,003
Glo recharge card	-	4,635
Allowance for obsolete stock	(45,000)	-
	7,000,201	5,550,287

20.1 White products include Premium Motor Spirit (PMS), Aviation Turbine Kerosene (ATK), Dual Purpose Kerosene (DPK), Low-pour Fuel Oil (LPFO) and Automotive Gasoline/grease Oil (AGO).

	September 2016 N'000	December 2015 N'000
21. Trade and other receivables		
Trade debtors	7,371,651	6,438,927
Allowance for bad and doubtful debts	(4,529,944)	(4,484,944)
	2,841,707	1,953,983
Advance to related company (Note 32)	32,381,926	3,347,901
Bridging claims receivable (Note 21.3)	8,595,698	7,665,737
Advance for product supplies	125,894	125,894
Withholding tax recoverable (Note 21.4)	22,147	22,147
Receivable from Petroleum Support Fund	-	14,811,209
Other debtors (Note 21.1)	94,288	97,478
	44,061,660	28,024,349

21.1 Other debtors balance includes :

	September	December
Advance deposits	381,370	391,656
Insurance claims receivables	29,835	29,835
Employee advances	20,027	12,931
Provision for doubtful advance deposits	(336,944)	(336,944)
	94,288	97,478

21.2

Third party trade receivables above are non-interest bearing, and include amounts which are past due at the reporting date but against which the Company has not received settlement. Amounts due from related parties are also unsecured, non-interest bearing, and are repayable upon demand. The Company has a payment cycle of between 30 and 60 days for credit sales. Specific provisions are made for trade debts on occurrence of any situation judged by management to impede full recovery of the trade debt.

The Company does not hold any collateral over these balances.

	September 2016 N'000	December 2015 N'000
Ageing of trade debtors		
Current	2,410,486	1,477,743
Less than 90 days	313,805	353,354
91 - 180 days	106,294	119,690
181 - 360 days	56,123	63,196
Above 360 days	4,484,944	4,424,944
Total	7,371,650	6,438,927

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
21. Trade and other receivables (Continued)		
Ageing of allowance for bad and doubtful debts		
Less than 90 days	6,310	16,433
91 - 180 days	10,629	11,969
181 - 360 days	28,061	31,598
Above 360 days	4,484,944	4,424,944
Total	4,529,944	4,484,944

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

	September 2016 N'000	December 2015 N'000
Allowance for bad and doubtful debts		
As at 1 January	4,484,944	4,424,944
Provision for the period	45,000	60,000
At 30 September/ December	4,529,944	4,484,944

21.3 Bridging claims receivable

Bridging claims are costs of transporting white products such as Premium Motor Spirit (PMS), Dual Purpose Kerosene (DPK) except Aviation Turbine Kerosene (ATK) and Automotive Gas Oil (AGO) from specific Pipelines and Products Marketing Company depots to approved zones which are claimable from the Federal Government. Bridging claims are handled by the Petroleum Equalization Fund. The bridging claims receivable at the end of the year is stated after deduction of a specific provision for claims considered doubtful of recovery.

	September 2016 N'000	December 2015 N'000
21.4 Withholding tax recoverable		
As at 1 January	22,147	22,147
Addition during the period/ year	-	44,948
Amount utilised during the period/year	-	(44,948)
At 30 September/ December	22,147	22,147

22. Cash and cash equivalents

Cash and bank	7,685,034	29,890,557
Bank overdraft	(5,879,764)	(18,235,913)
Cash and cash equivalents	1,805,270	11,654,645

The Company did not have any restricted cash at the reporting date (2015: nil).

23. Share capital

Authorised		
700,000,000 ordinary shares of 50k each	350,000	350,000
Issued and fully paid		
693,952,117 ordinary shares of 50k each	346,976	346,976
Share premium account		
At 30 September/ December	3,824,770	3,824,770

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
24. Retained earnings		
At 1 January	13,537,907	11,924,301
Dividend declared paid	-	(693,952)
Profit for the period /year	1,809,597	2,307,558
At 30 September/ December	15,347,504	13,537,907
	September 2016 N'000	December 2015 N'000
24.1 Dividend		
Summary		
As at 1 January	8,927	50
Dividend declared	-	693,952
Dividend - Sterling Registrars	-	8,877
	-	702,879
Payments - Meristem Registrars	-	(693,952)
At 30 September/ December	8,927	8,927

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
25. Borrowings		
Unsecured borrowing at amortised cost		
Bank overdraft	5,879,764	18,235,913

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 19% (2015: 17.75%) per annum and is determined based on NIBOR plus lender's mark-up.

There is no security or pledge on the Company's assets with respect to the borrowings.

	September 2016 N'000	December 2015 N'000
26. Trade and other payables		
Trade creditors - Imported	10,219,127	5,637,815
Bridging contribution (Note 26.2)	9,020,108	7,368,705
Trade creditors - Local	4,382,562	7,780,095
Value added tax payable	1,307,340	1,255,145
Withholding tax payable	639,051	710,099
PAYE payable	213,278	202,582
Staff Pension and similar obligations (Note 26.3)	17,196	18,638
Unclaimed dividend (Note 24.1)	8,927	8,927
Other creditors and accruals (Note 26.1)	8,232,802	5,877,835
	34,040,392	28,859,842
26.1 Other creditors and accruals		
Non-trade creditors (Note 26.4)	4,285,636	3,176,522
Litigation claims	2,070,454	1,395,454
Rent	1,263,378	631,689
Insurance premium	380,130	361,669
Employees payables	99,967	186,769
Transporters prepayment	87,648	-
Surcharges	63,066	49,060
Lube incentives	50,671	50,671
Audit fees	19,500	26,000
	8,232,802	5,877,835

26.2 Bridging contributions

Bridging contributions are mandatory contributions per litre of all white products lifted to assist the Federal Government defray the Bridging claims.

	September 2016 N'000	December 2015 N'000
26.3 Staff pension		
At 1 January	18,638	10,682
Contributions during the period/year	159,450	221,173
Remittance in the period/year	(160,893)	(213,217)
As at 30 September/December	17,196	18,638

26.4 Non-trade creditors represent sundry creditors balances for various supplies and contracts carried out but unpaid for as at 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	September 2016 N'000	December 2015 N'000
27. Distributors' deposit		
At 1 January	501,697	498,347
New deposits	3,250	8,100
Refunds	(5,588)	(4,750)
As at 30 September/December	499,359	501,697

Distributors' deposit represents amounts collected by the Company from its various dealers and distributors as security deposit against the value of the Company's assets with these dealers.

28. Decommissioning liability

The following table presents the reconciliation of the carrying amount of the obligation associated with the decommissioning of the Company's signages and fuel pumps:

	September 2016 N'000	December 2015 N'000
At 1 January	38,200	32,511
Accretion	-	5,689
As at 30 September/December	38,200	38,200

Decommissioning liabilities is accounted for in accordance with IAS 37, Provisions, contingent liabilities and contingent assets and IAS 16, Property, plant and equipment. The associated asset retirement costs are capitalized as part of the carrying cost of the asset. Asset retirement obligations consist of estimated costs for dismantlement and removal of signages and pumps from dealer-owned service stations. An asset retirement obligation and the related asset retirement cost are recorded when an asset is first constructed or purchased.

The asset retirement cost is determined and discounted to present value using commercial lending rate ruling at the reporting period. After the initial recording, the liability is increased for the passage of time, with the increase being reflected as accretion expense in the statement of profit or loss and other comprehensive income.

29. Financial instrument

29.1 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies in Note 3 to the financial statements.

29.2 Significant accounting policies

	September 2016 N'000	December 2015 N'000
Financial asset		
Loans and receivables:		
Cash and bank balance	7,685,034	29,890,557
Loans and receivables	44,039,513	27,926,872
	51,724,548	57,817,429
Financial liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	31,880,724	26,692,016
Borrowings	5,879,764	18,235,913
	37,760,489	44,927,929

29.3 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

30. Financial risk management

Risk management roles and responsibilities are assigned to stake holders in the Company at three levels: The Board, Executive Committee and Line Managers.

The Board oversight is performed by the Board of Directors through the Board Risk and Management Committee.

The second level is performed by the Executive Management Committee (EXCOM).

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

30.1 Financial risk management objectives

The Company manages financial risk relating to its operations through internal risk reports which analyses exposure by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

30.2 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates (overdraft). The risk is managed by the Company by maintaining an appropriate mix between short and long term borrowings. The risk is managed by the Company by constantly negotiating with the banks to ensure that interest are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

Interest rate risk

Sensitivity Analysis

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

		September 2016	December 2015
Variable rate instruments:			
Financial assets	0	-	-
Bank overdrafts	19%	5,879,764	18,235,913
		5,879,764	18,235,913

Sensitivity Analysis of variable rate instruments

A change of 200 basis points (2%) in interest rates at the reporting date would have increased/(decreased) equity and profit and loss after tax by the amounts shown below:

	Interest charged		Effect of Increase/ Decrease in Exchange Rate
30 September 2016	1,634,766	+/-2	172,065
31 December 2015	3,751,819	+/-2	394,892

30. Financial risk management (Continued)**30.3 Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign denominated monetary assets and monetary liabilities as at 30 September 2016 are as follows:

	September 2016	December 2015
	N'000	N'000
Assets		
Loans and receivables:		
Cash and bank balance	2,860,083	29,479,827
Loans and receivables	32,381,926	3,347,901
	35,242,009	32,827,729
Liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	10,219,127	5,637,815
	10,219,127	5,637,815

A movement in the exchange rate either positively or negatively by 200 basis points is illustrated below. Such movement would have increased/(decreased) the cash and bank balance by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables in particular interest rates remain constant.

Effect in thousands of Naira 30 September 2016				
	Foreign Currency US\$'000	Naira Balance N'000	Exchange Rate	Effect of Increase/ Decrease in Exchange Rate N'000
USD	10,958	2,860,083	261	57,202

Effect in thousands of Naira 31 December 2015				
	Foreign Currency US\$'000	Naira Balance N'000	Exchange Rate	Effect of Increase/ Decrease in Exchange Rate N'000
USD	150,034	29,479,827	196.5	589,597

The weakening of the naira against the above currencies at 31 December 2015 would have had an equal but opposite effect on the above currencies to the amount shown above where other variables remain constant.

30.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

30. Financial risk management (Continued)

30.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established a liquidity risk management framework for the management of the Company's short- medium - and longterm funding and liquidity management requirements. The Company manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Financing facilities

Unsecured bank loans and overdrafts payable at call and reviewed annually.

	September 2016 N'000	December 2015 N'000
Amount used	5,879,764	18,235,913
Amount unused	34,540,236	22,184,087
	40,420,000	40,420,000

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

30 September 2016	Weighted Average Effective Interest rate	0 - 3 Months N'000	3 month -1 year N'000	Total N'000
	%			
Trade and other payables	-	34,040,393	-	34,040,393
Borrowings	19	5,879,764	-	5,879,764
		39,920,157	-	39,920,157

31 December 2015	Weighted Average Effective Interest rate	0 - 3 Months N'000	3 month -1 year N'000	Total N'000
	%			
Trade and other payables	-	28,859,842	-	28,859,842
Borrowings	17.75	18,235,913	-	18,235,913
		47,095,755	-	47,095,755

31. Gearing ratio and capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements.

The Company is not subject to any externally imposed capital requirements. The gearing ratio at the period/year end is as follows:

	September 2016 N'000	December 2015 N'000
Debt	5,879,764	18,235,913
Equity	19,519,250	17,709,653
Net debt to equity ratio	0.30	1.03

Equity includes all capital and reserves of the Company that are managed as capital.

32. Related party transactions

During the year, the Company traded with the following companies with which it shares common ownership based on terms similar to those entered into with third parties as stated below:

30 September 2016					
	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	-	-	(5,879,764)
Globacom Mobile Limited	-	(21,235)	(18,201)	-	-
Conoil Producing Limited	600,395	-	363,969	-	-
Southern Air Limited	34,583	-	17,015	-	-
Proline (WA) Ltd	-	(160,730)	(16,571)	-	-
Synopsis Limited	-	-	-	32,381,926	-
	634,978	(181,965)	346,213	32,381,926	(5,879,764)

31 December 2015

	Sales of Goods N'000	Purchase of Goods N'000	Balance due (to)/from N'000	Deposits N'000	Overdraft and Term loan N'000
Sterling Bank Plc	-	-	-	-	(15,990,302)
Globacom Mobile Limited	-	(33,577)	10,031	-	-
Conoil Producing Limited	1,183,533	-	-	-	-
Southern Air Limited	47,993	-	28,367	-	-
Proline (WA) Ltd	-	(309,352)	(39,938)	-	-
Synopsis Limited	-	-	-	3,347,901	-
	1,231,526	(342,929)	(1,540)	3,347,901	(15,990,302)

32. Related party transactions (Continued)

The Chairman of the Company, Dr. Mike Adenuga (Jr.) GCON, has significant interests in Globacom Mobile Limited, Principal Enterprises, Southern Air Limited, Sterling Bank Plc (formerly Equitorial Trust Bank), Conoil Producing Limited (formerly Consolidated Oil Limited) and Synopsis Enterprises Limited.

During the period, the Company sold petroleum products - Premium Motor Spirit (PMS) and Automotive Gas Oil (AGO) to Globacom Mobile Limited and Conoil Producing Limited. It also sold Aviation Turbine Kerosine (ATK) to Southern Air Limited.

The Company also purchased goods from Globacom Mobile Limited and utilizes the service of Proline (WA) Limited to manage its stations.

33. Capital commitment

There were no capital commitments as at 30 September 2016 (December 2015: nil).

34. Financial commitment

As at 30 September 2016, the Company had no outstanding letters of credit. (December 2015: Nil).

35. Contingent liabilities

The Company is currently in litigation with one of its former suppliers of Automotive Gas Oil (AGO). The commercial dispute, which arose in 2008 has been through the High Court and Court of Appeal, and is currently at the Supreme Court. The amount being claimed by the supplier as breach of contract is \$43,262,497 (N13.5 billion). Whereas the judgments of the lower courts have been in favor of the supplier, the Directors, on the advice of the external solicitors, are of the opinion that the judgment of the lower court will be overturned by the Supreme Court.

There are also a number of other legal suits outstanding against the Company estimated at N4.5 billion. On the advice of the Solicitors, the Board of Directors is also of the opinion that no material losses are expected to arise therefrom. However, a provision of N2bn has been made in these financial statements to mitigate any possible future loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. Information on directors and employees

36.1 Employment costs:

Employment cost including directors' salaries and wages, staff training and benefit scheme

September 2016 N'000	December 2015 N'000
1,508,493	2,180,226

36.2 Number of employees of the Company in receipt of emoluments within the bands listed below are:

	September 2016 Number	December 2015 Number
Up to 1,000,000	13	14
N1,000,001 - N2,000,000	22	26
N2,000,001 - N3,000,000	33	35
N3,000,001 - N4,000,000	32	33
N4,000,001 - N5,000,000	21	21
N5,000,001 - Above	66	73
	187	202

36.3 Average number of employees during the period:

Managerial staff	19	22
Senior staff	155	163
Junior staff	13	17
	187	202

36.4 Directors' emoluments:

Emoluments of the chairman
Directors' fees
Emoluments of executives

September 2016 N'000	December 2015 N'000
-	-
375	500
33,390	44,520
33,765	45,020

36.5 The emoluments of the highest paid Director were N24million (2015: N24million)

September 2016 Number	December 2015 Number
5	6

36.6 Directors receiving no emolument

36.7 Number of Directors in receipt of emoluments within the following ranges:

Below N15,000,000	1	1
N15,000,001 - N20,000,000	1	1
N20,000,001 - N25,000,000	1	1
	3	3

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	September 2016 N'000	%	December 2015 N'000	%
Revenue	63,950,683		82,919,220	
Other operating income	1,996,904		2,718,438	
Other gains and losses	-		2,533,281	
	<u>65,947,587</u>		<u>88,170,939</u>	
Bought in materials and services:				
Imported	(10,219,127)		(24,413,284)	
Local	(48,710,065)		(53,617,862)	
Value added	<u>7,018,394</u>	100	<u>10,139,793</u>	100
Applied as follows:				
<i>To pay employees' salaries, wages, and social benefits:</i>				
Employment cost including Directors salaries and wages, staff training and benefit scheme	1,508,493	21	2,180,226	22
<i>To pay providers of capital:</i>				
Interest payable and similar charges	1,634,766	23	3,757,508	37
<i>To pay government:</i>				
Taxation	905,876	13	1,140,840	11
<i>To provide for maintenance and development</i>				
Depreciation	1,159,662	17	1,389,329	14
Deferred tax	-	-	(635,668)	(6)
Retained (loss)/earnings	1,809,597	26	2,307,558	23
Value added	<u>7,018,394</u>	100	<u>10,139,793</u>	100

Value added represents the additional wealth which the Company has been able to create by its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government, providers of finance and that retained for the future creation of more wealth.