Conoil

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2017

.

Contents **Page**

Conoil

RESULTS AT A GLANCE

	June 2017 N'000	June 2016 N'000	% Change
Revenue	44,925,644	39,514,418	13.7
Profit before taxation	627,909	1,566,982	(59.9)
Taxation	(200,619)	(524,800)	(61.8)
Profit for the period	427,290	1,042,182	(59.0)
Retained earnings	14,721,224	12,498,232	17.8
Share capital	346,976	346,976	-
Shareholders' funds	18,892,970	16,669,978	13.3
Per share data			
Earnings per share (kobo)	62	150	(59.0)
Dividend per share (kobo)	-	-	-
Net assets per share (kobo)	2,723	2,402	13.3

Conoil

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	H1 Jan - June 2017 N'000	H1 Jan - June 2016 N'000
Revenue	5	44,925,644	39,514,418
Cost of sales	6	(38,933,960)	(34,271,272)
Gross profit		**5,991,684**	**5,243,146**
Other operating income	7	96,564	1,966,904
Other gains and losses	8	-	-
Distribution expenses	9	(858,456)	(1,085,398)
Administrative expenses	10	(3,520,896)	(3,530,563)
Finance cost	11	(1,080,987)	(1,027,106)
Profit before tax	12	**627,909**	**1,566,983**
Income tax Saving/(expense)	13	(200,619)	(524,800)
Profit for the period		**427,290**	**1,042,183**
Other comprehensive income for the year net taxes			-
Total comprehensive income		**427,290**	**1,042,183**
Earnings per share			
Basic earnings per share (kobo)	14	62	**150**
Diluted earnings per share (kobo)		62	**150**

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

Conoil

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

Assets	Note	June 2017 N'000	December 2016 N'000
Non-current assets			
Property, plant and equipment	15	2,056,859	2,438,466
Intangible assets	16	58,373	63,680
Investment property	17	322,725	347,550
Other financial assets	18	10	10
Prepayments	19	196,402	163,045
Deferred tax assets	13	3,237,477	2,749,942
Total non-current assets		**5,871,846**	**5,762,693**
Current assets			
Inventories	20	6,220,889	5,255,596
Trade and other receivables	21	28,039,231	16,383,929
Prepayments	19	207,451	135,890
Cash and bank balances	22	37,853,224	42,295,355
Total current assets		**72,320,795**	**64,070,770**
Total assets		**78,192,641**	**69,833,463**
Equity and liabilities			
Equity			
Share capital	23	346,976	346,976
Share premium	23	3,824,770	3,824,770
Retained earnings	24	14,721,224	14,293,934
Total equity		**18,892,970**	**18,465,680**
Non - Current liabilities			
Distributors' deposits	27	496,755	502,859
Deferred tax liabilities	13	360,353	428,694
Decommissioning liability	28	52,141	52,141
Total non-current liabilities		**909,249**	**983,694**
Current liabilities			
Borrowings	22	11,311,131	8,990,872
Trade and other payables	26	43,160,527	37,358,764
Current tax payable	13	3,918,764	4,034,453
Total current liabilities		**58,390,422**	**50,384,089**
Total liabilities		**59,299,671**	**51,367,783**
Total equity and liabilities		**78,192,641**	**69,833,463**

These financial statements were approved by the Board of Directors on July 28, 2017 and signed on its behalf by:

Mr. Sanjay Mathur	**Mr. Bamidele Ogunnaike**	**Mr. Ike Oraekwuotu**
Managing Director	Finance Director	Director
FRC/2017/NIM/00000016851	FRC/2013/ICAN/00000001162	FRC/2016/NIM/00000015427

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

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2017

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2016	**346,976**	**3,824,770**	**13,537,907**	**17,709,653**
Profit for the year	-	-	2,837,884	2,837,884
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income	-	-	**2,837,884**	**2,837,884**
Dividends to shareholders	-	-	(2,081,856)	(2,081,856)
Balance at 31 December 2016	**346,976**	**3,824,770**	**14,293,934**	**18,465,680**
Balance at 1 January 2017	**346,976**	**3,824,770**	**14,293,934**	**18,465,680**
Profit for the period	-	-	427,290	427,290
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive income	-	-	**427,290**	**427,290**
Dividends to shareholders	-	-	-	-
Balance at 30 June 2017	**346,976**	**3,824,770**	**14,721,224**	**18,892,970**

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

Conoil

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

	Note	June 2017 N'000	December 2016 N'000
Profit before tax		627,909	4,280,549
Adjustments to reconcile profit before tax to net cash provided:			
Interest from bank deposits	7	-	(2,151)
Interest on delayed subsidy payment	7	-	(1,905,104)
Interest on bank overdraft	11	1,080,987	1,762,796
Accretion expense	11	-	2,101
Depreciation of property, plant and equipment	15	592,144	1,184,287
Depreciation of investment property	16	24,825	49,650
Amortisation of intangible assets	17	5,307	10,614
Withholding tax credit	13	(48,129)	-
Changes in working capital:			
(Increase)/decrease in inventories		(965,292)	294,691
(Increase)/Decrease in trade and other receivables		(11,760,219)	11,627,704
(Decrease)/Increase in trade and other payables		6,011,086	8,807,476
Increase in distributors' deposits		(6,104)	1,162
Cash generated by operations		(4,437,486)	26,113,774
Tax paid		(824,056)	(1,776,533)
Value added tax paid		(209,322)	(294,611)
Net cash generated in operating activities		**(5,470,865)**	**24,042,630**
Cashflows from investing activities			
Purchase of property, plant and equipment	15	(210,537)	(453,293)
Interest received	7	-	1,907,255
Net cash generated by investing activities		**(210,537)**	**1,453,962**
Cashflows from financing activities			
Interest paid	11	(1,080,987)	(1,764,897)
Dividends paid	24	-	(2,081,856)
Net cash used in financing activities		**(1,080,987)**	**(3,846,753)**
Net increase in cash and cash equivalents		**(6,762,389)**	**21,649,839**
Cash and cash equivalents at 1 January		33,304,482	11,654,643
Cash and cash equivalents at 30 June/31 December	22	**26,542,093**	**33,304,482**

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
- Five-year financial summary

1.2 Financial period

These financial statements cover the financial period from 1 January 2017 to 30 June 2017 with comparative figures for the financial year from 1 January 2016 to 30 June 2016.

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 2017

- Amendments to IAS 7: Disclosure Initiative

Effective for the financial year commencing 1 January 2017

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for the financial year commencing 1 January 2018

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

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

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 2016		**Date issued by IASB**	**Effective date Periods beginning on or after**	**Summary of the requirements and assessment of impact**
IAS 7	Disclosure Initiative	29 January 2016	1 January 2017 Early adoption is permitted	This amends IAS 7 Statement of Cash flow to clarify that entities shall provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financial activities. The Company will adopt the amendments for the year ending 31 December 2017.
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016	1 January 2017 Early adoption is permitted	The amendment to IAS 12 Income Taxes clarifies the following aspects: • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The Company will adopt the amendments for the year ending 31 December 2017.
IFRS 9	Financial Instruments	24 July 2014	1 January 2018 Early adoption is permitted	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. 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. The amendments apply retrospectively. The Company will adopt the amendments for the year ending 31 December 2018.

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

Standard/Interpretation not yet effective as at 31 December 2016		**Date issued by IASB**	**Effective date Periods beginning on or after**	**Summary of the requirements and assessment of impact**
IFRS 2	Classification and Measurement of Share-based Payment Transactions	20 June 2016	1 January 2018 Early adoption is permitted	This clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.
IFRS 15	Revenue from contract with customers	28 May 2014	1 January 2018 Early adoption is permitted	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. 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. 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. The Company will adopt the amendments for the year ending 31 December 2018.

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

Standard/Interpretation not yet effective as at 31 December 2016		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
IFRS 16	Leases	13 January 2016	1 January 2019	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. 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. 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. 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.

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

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	10%

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	5%

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 pass through 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 pass through 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 access 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 measureable 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)

	June 2017 N'000	June 2016 N'000
Revenue from sale of petroleum products	44,925,644	39,514,418

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 June 2017 are as follows:

	White Products N'000	%	Lubricants N'000	%	LPG N'000	%	Total N'000	%
Turnover	42,346,390	94	2,579,254	6	4	0	44,925,648	100
Cost of sales	(37,070,614)	95	(1,863,346)	5	0	(0)	(38,933,960)	100
Gross profit	**5,275,776**		**715,908**		**4**		**5,991,688**	

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

	White Products N'000	%	Lubricants N'000	%	LPG N'000	%	Total N'000	%
Turnover	37,983,759	96	1,530,659	4	-	0	39,514,418	100
Cost of sales	(33,261,326)	97	(1,009,947)	3	-	0	(34,271,272)	100
Gross profit	**4,722,434**		**520,712**		**-**		**5,243,146**	

2017 segment cost of sales - Analysis

	White Products N'000	Lubricants N'000	LPG N'000	Total N'000
Stock at 1 January	3,225,740	2,025,853	4,003	5,255,596
Purchases	37,721,041	2,208,211	-	39,929,252
Stock at 30 June	(3,876,167)	(2,370,718)	(4,003)	(6,250,888)
	37,070,613	**1,863,347**	**-**	**38,933,960**

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	37,089,587	366,379	-	37,455,966
Stock at 30 June	(6,740,821)	(1,985,522)	(4,003)	(8,730,347)
Cost of sales	**33,261,326**	**1,009,947**	**0**	**34,271,273**

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.

7. Other operating income	June 2017	June 2016
Rental income:	**N'000**	**N'000**
Rental income (Note 7.1)	61,800	61,800
Service income (Note 7.2)	34,764	-
Interest income:		
Interest from bank deposits (Note 7.3)	-	-
Interest on delayed subsidy payment (Note 7.4)	-	1,905,104
	96,564	**1,966,904**

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 from bank deposits

Income from bank deposits represents interest received on deposits with banks.

7.4 Interest on delayed subsidy payment

Interest income on delayed subsidy payments represents net interest cost claims received from PPPRA arising from delayed subsidy payments relating to products imported.

8. Other gains and losses

	June 2017	June 2016
	N'000	**N'000**
Exchange gain	-	-
	-	**-**

9. Distribution expenses

Freight costs	813,247	1,017,295
Marketing expenses	45,210	68,103
	858,456	**1,085,398**

	June 2017 N'000	June 2016 N'000
10. Administration expenses		
Provision for litigation claims	900,000	450,000
Staff cost	893,499	890,497
Depreciation of property, plant and equipment	592,144	664,530
Rent and rates	401,443	445,240
Repairs and maintenance	132,793	248,394
Insurance	78,034	111,601
Pension fund - employer's contribution	58,872	59,692
Security services	46,828	51,539
Vehicle, plant and equipment running	46,828	25,903
Postages, telephone and telex	39,439	105,637
Consumables, small tools and equipment	37,274	70,717
Travelling	32,486	34,619
Provision for bad and doubtful debts	30,000	30,000
Provision for obsolete stock	30,000	15,000
Legal and professional charges	28,760	28,959
Directors' remuneration	27,442	22,510
Water and electricity	27,427	35,105
Depreciation of investment property	24,825	24,825
Printing and stationery	23,436	20,900
Audit fee	13,000	13,000
Annual General Meeting	12,500	12,500
Health safety and environmental expenses	7,400	19,925
Own used oil	7,316	24,469
Subscriptions	5,600	10,500
Throughput others	5,328	43,280
Amortisation of intangible asset	5,307	5,307
Medical	3,986	20,800
Entertainment and hotels	2,092	18,100
Staff training and welfare	250	14,582
Bank charges	67	418
Other expenses	6,520	12,013
	3,520,896	**3,530,563**

	June 2017 N'000	June 2016 N'000
11. Finance cost		
Interest on bank overdraft	1,080,987	1,027,106
Accretion expense (Note 28)	-	-
	1,080,987	**1,027,106**

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 25% (2016: 20%) 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.

12. Profit before tax

	June 2017 N'000	June 2016 N'000
This is stated after charging/(crediting) the following:		
Depreciation of property, plant and equipment	592,144	664,530
Depreciation of investment property	24,825	24,825
Director's emoluments	27,442	22,510
Auditors remuneration	13,000	13,000
Amortisation of intangible asset	5,307	5,307
Exchange gain	-	-

13. Taxation

13.1 Income tax recognised in profit or loss

	June 2017 N'000	June 2016 N'000
Current tax		
Income tax	706,291	751,263
Education tax	50,204	55,433
Deferred tax		
Deferred tax (credited)/charged in the current period	(555,876)	(281,896)
Total income tax expense recognised in the current period	200,619	524,800
At 1 January	4,034,453	3,348,544
Payment during the period	(824,056)	(476,535)
Withholding tax utilised during the period	(48,129)	-
Transfer to deferred tax	555,876	281,896
Per statement of financial position	**3,918,764**	**3,678,705**
Balance above is made up of :		
Company income tax	3,537,620	3,414,268
Education tax	233,017	264,157
Capital gains tax	280	280
	3,770,916	**3,678,705**

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)

13.2 Deferred tax

	June 2016	December 2016
Deferred tax assets and liabilities are attributable to the following;	N'000	N'000
Deferred tax assets	3,237,477	2,749,942
Deferred tax liabilities	(360,353)	(428,693)
Deferred tax assets (net)	2,877,124	2,321,249

Deferred tax assets	Property, plant and equipment	Provisions and others	Total
	N'000	N'000	N'000
Balance at 1 January 2017	-	(2,749,942)	**(2,749,942)**
Charged to profit or loss	-	(487,535)	**(487,535)**
Balance at 30 June 2016	**-**	**(3,237,477)**	**(3,237,477)**

Deferred tax liabilities	Property, plant and equipment	Provisions and others	Total
	N'000	N'000	N'000
Balance at 1 January 2017	428,693	-	**428,693**
Charged to profit or loss	(68,340)	-	**(68,340)**
Balance at 30 June 2017	**360,353**	**-**	**360,353**

Deferred tax as at 30 June 2017 is mainly attributed to the result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes. Provision for bad and doubtful debt as well as provision for litigation claims also contributed to the deferred tax asset balance.

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.

	2017	2016
Earnings	**N'000**	**N'000**
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the Company	427,290	2,307,558
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	693,952,117	693,952,117
	2017 Kobo per share	**2016 Kobo per share**
Basic earnings per 50k share		
From continuing operations	62	333
Diluted earnings per 50k share	**per share**	**per share**
From continuing operations	62	333

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

15. Property, plant and equipment	Freehold land	Freehold buildings	Plant & machinery	Furniture & fittings	Motor vehicles	Computer equipment	Total
Cost:	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**
As at 1 January 2016	147,766	5,295,955	11,574,161	4,177,267	1,388,628	1,001,936	23,585,713
Additions	-	379,626	36,875	32,085	-	4,708	453,293
At 31 December 2016	147,766	5,675,581	11,611,036	4,209,352	1,388,628	1,006,644	24,039,006
Additions	-	83,815	-	-	123,500	3,223	210,537
At 30 June 2017	**147,766**	**5,759,395**	**11,611,036**	**4,209,352**	**1,512,128**	**1,009,867**	**24,249,544**
Accumulated depreciation and impairment loss:							
As at 1 January 2016	-	3,631,941	10,298,019	4,152,823	1,381,731	951,739	20,416,253
Charge for the year	-	283,779	868,690	17,691	6,897	7,230	1,184,287
At 31 December 2016	-	3,915,720	11,166,709	4,170,514	1,388,628	958,969	21,600,540
Charge for the period	-	141,890	434,345	8,846	3,448	3,615	592,144
At 30 June 2017	**-**	**4,057,610**	**11,601,055**	**4,179,360**	**1,392,076**	**962,585**	**22,192,684**
Carrying amount							
At 30 June 2017	**147,766**	**1,701,786**	**9,981**	**29,992**	**120,051.7**	**47,282**	**2,056,859**
At 31 December 2016	**147,766**	**1,759,861**	**444,326**	**38,838**	**-**	**47,675**	**2,438,466**

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 June 2017 (2016: nil)

16. Intangible assets

	June 2017 N'000	December 2016 N'000
Computer software:		
Cost:		
As at 1 January	106,136	106,136
Additions during the year	-	-
At 30 June/ 31 December	**106,136**	**106,136**
Accumulated amortisation:		
As at 1 January	42,456	31,842
Charge for the year	5,307	10,614
At 30 June/ 31 December	**47,763**	**42,456**
Carrying amount		
At 30 June/ 31 December	**58,373**	**63,680**

17. Investment property

	June 2017 N'000	December 2016 N'000
Building:		
Cost:		
As at 1 January	993,000	993,000
Additions during the year	-	-
At 30 June/ 31 December	**993,000**	**993,000**
Accumulated depreciation:		
As at 1 January	645,450	595,800
Charge for the year	24,825	49,650
At 31 December	**670,275**	**645,450**
Carrying amount		
At 30 June/ 31 December	**322,725**	**347,550**

The Company's investment property is held under freehold interests.

18. Other financial assets

	June 2017 N'000	December 2016 N'000
Investment in Nigerian Yeast and Alcohol Manufacturing Plc		
Cost	1,846	1,846
Impairment	(1,836)	(1,836)
	10	**10**

business operations for several years, hence the Company has impaired its investments.

19. Prepayments

	June 2017 N'000	December 2016 N'000
Current		
Prepaid rent and insurance	207,451	135,890
	207,451	**135,890**
Non-current		
Prepaid rent	196,402	163,045
	196,402	**163,045**

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.

		June 2017 N'000	December 2016 N'000
20.	**Inventories**		
	White products (Note 20.1)	3,876,167	3,225,740
	Lubricants	2,370,718	2,025,853
	LPG	4,003	4,003
	Glo recharge card	-	-
		6,250,889	5,255,596
	Obsolete stock provision	(30,000)	-
		6,220,889	**5,255,596**

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).

		June 2017 N'000	December 2016 N'000
21.	**Trade and other receivables**		
	Trade debtors	17,305,299	10,929,278
	Allowance for bad and doubtful debts	(5,286,548)	(5,256,548)
		12,018,751	5,672,730
	Receivable from Petroleum Support Fund	8,100,708	-
	Deposit for litigation claims	4,347,126	4,347,126
	Bridging claims receivable (Note 21.3)	2,631,910	1,725,723
	Advance for product supplies	837,652	4,219,264
	Withholding tax recoverable (Note 21.4)	-	48,129
	Other debtors (Note 21.1)	103,084	370,957
		28,039,231	**16,383,929**
21.1	**Other debtors balance includes :**		
	Advance deposits	387,536	674,075
	Insurance claims receivables	29,835	29,835
	Employee advances	22,657	3,992
	Provision for doubtful advance deposits	(336,944)	(336,944)
		103,084	**370,957**

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 occurence of any situation judged by management to impede full recovery of the trade debt.

The Company does not hold any collateral over these balances.

Ageing of trade debtors	June 2017 N'000	December 2016 N'000
Current	9,928,229	5,311,689
Less than 90 days	2,057,904	1,100,997
91 - 180 days	18,684	9,996
181 - 360 days	13,935	7,455
Above 360 days	5,286,548	4,499,141
Total	**17,305,299**	**10,929,278**

	June 2017 N'000	December 2016 N'000
21. Trade and other receivables (Continued)		
Ageing of allowance for bad and doubtful debts		
Less than 90 days	15,000	-
91 - 180 days	10,000	-
181 - 360 days	5,000	771,604
Above 360 days	5,256,548	4,484,944
Total	**5,286,548**	**5,256,548**

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

	2017	2016
Allowance for bad and doubtful debts	**N'000**	**N'000**
As at 1 January	5,256,548	4,484,944
Provision for the period	30,000	771,604
As at 30 June/ 31 December	**5,286,548**	**5,256,548**

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.

	June 2017	December 2016
21.4 Withholding tax recoverable	**N'000**	**N'000**
As at 1 January	48,129	22,147
Addition during the period	-	48,129
Amount utilised during the period	(48,129)	-
Amount written off during the period	-	(22,147)
As at 30 June/ 31 December	**-**	**48,129**

22. Cash and cash equivalents		
Cash and bank	37,853,224	42,295,355
Bank overdraft	(11,311,131)	(8,990,872)
Cash and cash equivalents	**26,542,093**	**33,304,483**

The Company did not have any restricted cash at the reporting date (2016: nil).

	2017	2016
23. Share capital		
Authorised	**N'000**	**N'000**
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		
As at 30 June/ 31 December	3,824,770	3,824,770

		June	December
24.	**Retained earnings**	**2017**	**2016**
		N'000	**N'000**
	At 1 January	14,293,935	13,537,907
	Dividend declared and paid	-	(2,081,856)
	Profit for the year	427,290	2,837,884
	As at 30 June/ 31 December	**14,721,224**	**14,293,935**

At the Annual General Meeting held on 28 October 2016, the shareholders approved that dividend of 300 kobo per share be paid to shareholders (total value N2.08 billion) for the year ended 31 December 2015. In respect of the current year, the Directors proposed that a dividend of 310 kobo per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements.

		June	December
24.1	**Dividend**	**2017**	**2016**
		N'000	**N'000**
	Summary		
	As at 1 January	8,927	8,927
	Dividend declared	-	2,081,856
	Dividend - Sterling Registrars	-	-
		8,927	2,090,783
	Payments - Meristem Registrars	-	(2,081,856)
	As at 30 June/ 31 December	**8,927**	**8,927**

24.2 Dividend per share is based on the issued and fully paid up shares as at 30 June 2017.

25. Borrowings

	June 2017 N'000	December 2016 N'000
Unsecured borrowing at amortised cost		
Bank overdraft	11,311,131	8,990,872

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 25% (2016: 20%) 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.

26. Trade and other payables

	June 2017 N'000	December 2016 N'000
Receivable from Petroleum Support Fund Accrued	8,100,708	-
Due to related parties (Note 32)	7,402,969	9,099,747
Trade creditors - Imported	7,156,812	11,938,232
Trade creditors - Local	7,143,751	4,937,313
Bridging contribution (Note 26.2)	1,643,228	2,718,948
Value added tax payable	1,340,649	1,212,070
Withholding tax payable	632,073	725,505
PAYE payable	218,131	218,131
Staff Pension and similar obligations (Note 26.3)	17,313	18,009
Unclaimed dividend (Note 24.1)	8,927	8,927
Other creditors and accruals (Note 26.1)	9,495,966	6,481,882
	43,160,527	**37,358,764**

26.1 Other creditors and accruals

Non-trade creditors (Note 26.4)	3,717,901	2,082,633
Litigation claims	4,170,454	2,970,454
Rent	814,584	730,868
Insurance premium	473,766	432,135
Employees payables	231,734	175,627
Surcharges	62,115	51,753
Audit fees	13,000	26,000
Lube incentives	12,412	12,412
	9,495,966	**4,399,249**

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.

26.3 Staff pension

	2017 N'000	2016 N'000
At 1 January	18,009	18,638
Contributions during the year	105,969	379,765
Remittance in the year	(106,665)	(380,394)
As at 30 June/ 31 December	**17,313**	**18,009**

26.4 Non-trade creditors represent sundry creditors balances for various supplies and contracts carried out but unpaid for as at 30 June 2017.

27. Distributors' deposit

	June 2017 N'000	December 2016 N'000
At 1 January	502,859	501,697
New deposits	-	7,750
Refunds	(6,104)	(6,588)
As at 30 June/ 31 December	**496,755**	**502,859**

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:

	June 2017 N'000	December 2016 N'000
At 1 January	52,141	38,200
Addition	-	11,840
Accretion	-	2,101
As at 30 June/ 31 December	**52,141**	**52,141**

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

Financial asset	**June**	**December**
	2017	**2016**
Loans and receivables:	**N'000**	**N'000**
Cash and bank balance	6,648,474	42,295,355
Loans and receivables	51,841,012	16,335,801
	58,489,486	**58,631,156**
Financial liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	34,012,392	35,185,048
Borrowings	11,311,131	8,990,872
	45,323,524	**44,175,920**

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:

	Average rate	2017	2016
Variable rate instruments:		N'000	N'000
Financial assets	0	-	-
Bank overdrafts	25%	11,311,131	8,990,872
		11,311,131	**8,990,872**

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 June 2017	-	+/-2	-
31 December 2016	1,762,796	+/-2	185,540

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 June 2017 are as follows:

Assets	**June 2017**	**December 2016**
Loans and receivables:	**N'000**	**N'000**
Cash and bank balance	36,907,752	41,455,281
Loans and receivables	24,567,195	-
	61,474,948	**41,455,281**
Liabilities		
Financial liabilities at amortized cost:		
Trade and other payables	7,156,812	11,938,232
	7,156,812	**11,938,232**

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
31 December 2016

	Foreign Currency	**Naira Balance**	**Exchange Rate**	**Effect of Increase/ Decrease in Exchange Rate**
	US$'000	**N'000**		**N'000**
USD	102,329,386	36,907,752	304.5	31,745,576,267

Effect in thousands of Naira
31 December 2016

	Foreign Currency	**Naira Balance**	**Exchange Rate**	**Effect of Increase/ Decrease in Exchange Rate**
	US$'000	**N'000**		**N'000**
USD	135,974	41,455,281	304.5	776,927

The weakening of the naira against the above currencies at 30 June 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.

	June 2017	December 2016
	N'000	N'000
Amount used	11,311,131	8,990,872
Amount unused	29,108,869	31,429,128
	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 June 2017	**Weighted Average Effective Interest rate**	**0 - 3 Months**	**3 month -1 year**	**Total**
	%	N'000	N'000	N'000
Trade and other payables	-	43,160,527	-	43,160,527
Borrowings	25	11,311,131	-	11,311,131
		54,471,659	**-**	**54,471,659**

31 December 2016	**Weighted Average Effective Interest rate**	**0 - 3 Months**	**3 month -1 year**	**Total**
	%	N'000	N'000	N'000
Trade and other payables	-	37,358,764	-	37,358,764
Borrowings	20.00	8,990,872	-	8,990,872
		46,349,636	**-**	**46,349,636**

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 year end is as follows:

	June 2017	December 2016
	N'000	N'000
Debt	11,311,131	8,990,872
Equity	18,892,970	18,465,680
Net debt to equity ratio	**0.60**	**0.49**

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:

31 December 2017	Sales of Goods	Purchase of Goods	Balance due (to)/from	Deposits/ (Payable)	Overdraft and Term loan
	N'000	N'000	N'000	N'000	N'000
Sterling Bank Plc	-	-	-	-	(9,666,027)
Globacom Mobile Limited	714,116	-	-	-	-
Southern Air Limited	36,355	-	69,632	-	-
Proline (WA) Limited	-	(84,226)	(12,717)	-	-
Synopsis Limited	-	-	-	(7,402,969)	-
	750,471	**(84,226)**	**56,915**	**(7,402,969)**	**(9,666,027)**

31 December 2016	Sales of Goods	Purchase of Goods	Balance due (to)/from	osits/ (Payable)	Overdraft and Term loan
	N'000	N'000	N'000	N'000	N'000
Sterling Bank Plc	-	-	-	-	(6,340,975)
Globacom Mobile Limited	-	(117,218)	(22,077)	-	-
Conoil Producing Limited	-	-	-	-	-
Southern Air Limited	59,312	-	62,896	-	-
Proline (WA) Limited	-	(252,374)	(18,121)	-	-
Synopsis Limited	-	-	-	(9,099,747)	-
	59,312	**(369,593)**	**22,698**	**(9,099,747)**	**(6,340,975)**

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 year, 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/services from Globacom Mobile Limited and utilizes the service of Proline (WA) Limited to manage its stations.

As at 30 June 2017, nil balance (December 2016: N22.1 million) was due to Globacom Mobile Limited, N69.6 million (December 2016: N62.9 million) from Southern Air Limited, N12.7million (December 2016: N18.1 million) to Proline (WA) Limited and N7.4 billion to Synopsis Enterprise Limited.

The Company also maintains an overdraft facility with Sterling Bank Plc, to augment working capital requirements specifically for the purchase of petroleum products from its various suppliers. As at 30 June 2017, the Company had N9.7 billion (December 2016: N6.3 billion) outstanding to Sterling Bank Plc. Interest paid as at 30 June 2017 was N1.08 billion (December 2016: N1.8 billion).

33. Capital commitment

There were no capital commitments as at 30 June 2017 (2016: nil).

34. Financial commitment

As at 30 June 2017, the Company had no outstanding letters of credit. (2016: 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 upturned 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 N2.9billion has been made in these financial statements to mitigate any possible future loss.

The Company is also in litigation with Nimex Petrochemical Nigeria Limited, one of its former suppliers of products. In 2007, Nimex sued the company for US$3,316,702.71 and US$127,060.62 being demurrage and interest incurred for various supplies of petroleum products. The Federal High Court gave judgment in favour of Nimex in the sum of US$13,756,728 which included the amount claimed and interest at 21% till judgment was delivered and also granted a stay of execution with a condition that the judgment sum be paid into the court. The court also granted a garnishee order against First Bank Plc to pay Conoil's money with the bank into the court. Conoil has appealed against the judgment to the Court of Appeal in Abuja. The appeal is pending and the Directors, on the advice of the external solicitors, are of the opinion that the judgement of the Federal High Court will be upturned. The current value of the judgment sum is N4.3billion. However, a provision of N1.275billion has been made in these financial statements to mitigate any possible future loss.

37. Information on directors and employees

37.1 Employment costs:

	June 2017 N'000	December 2016 N'000
Employment cost including directors' salaries and wages, staff training and benefit scheme	984,048	2,283,875

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

	2017 Number	2016 Number
Up to 1,000,000	12	13
N1,000,001 - N2,000,000	22	22
N2,000,001 - N3,000,000	31	32
N3,000,001 - N4,000,000	29	31
N4,000,001 - N5,000,000	21	21
N5,000,001 - Above	67	70
	182	**189**

37.3 Average number of employees during the year:

Managerial staff	20	21
Senior staff	150	155
Junior staff	12	13
	182	**189**

37.4 Directors' emoluments:

	2017 N'000	2016 N'000
Emoluments of the chairman	-	-
Directors' fees	250	500
Emoluments of executives	7,150	26,942
	7,400	**27,442**

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

	2017 Number	2016 Number
37.6 Directors receiving no emolument	6	5

37.7 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**

Conoil

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2016

	June 2017 ₦'000	%	December 2016 ₦'000	%
Revenue	44,925,644		85,023,546	
Other operating income	96,564		2,172,584	
Other gains and losses	-		155,237	
	45,022,207		87,351,367	
Bought in materials and services:				
Imported	(7,156,812)		(41,455,281)	
Local	(35,569,051)		(37,449,641)	
Value added	**2,296,345**	**100**	**8,446,445**	**100**
Applied as follows:				
To pay employees' salaries, wages, and social benefits:				
Employment cost including Directors salaries and wages, staff training and benefit scheme	984,048	43	2,283,875	27
To pay providers of capital:				
Interest payable and similar charges	1,080,987	47	1,764,897	21
To pay government:				
Taxation	52,771	2	1,442,665	17
To provide for maintenance and development				
Depreciation	622,276	27	30,132	0
Deferred tax	(555,876)	(24)	(1,019,776)	(12)
Retained earnings	112,139	4	3,944,653	46
Value added	**2,296,345**	**100**	**8,446,445**	**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.