

MRS Oil Nigeria Plc
Condensed Interim Financial Statements
for the period ended 30 June 2013

MRS Oil Nigeria Plc
Condensed Interim Financial Statement
for the period ended 30 June 2013

Contents	Page
Corporate Information	3
Statement of Directors' Responsibilities	4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Index to Notes to the Financial Statements	9
Notes to the Financial Statements	10

Corporate Information**RC 6442****Board of Directors**

Alhaji Sayyu I. Dantata	Chairman
Mr. Paul Bissohong	Managing Director
Mr. Patrice Alberti	Non Executive Director
Mr. Andrew O. Gbodume	Executive Director (Finance & Administration)
Dr. Samaila M. Kewa	Non Executive Director
Mr. Lawal Mangal	Alternate director

Registered Office

8, Macarthy Street,
Onikan
Lagos State

Company secretary

Mrs. O.M. Jafojo
8, Macarthy Street,
Onikan
Lagos State

Registrar

City Securities (Registrars) Limited
358, Albert Macaulay Street,
Yaba
Lagos

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 30 June 2013

The directors accept responsibility for the preparation of the annual financial statements set out on pages 13 to 42 that give a true and fair view in accordance with the Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature

Signature

Name

Name

Date

Date

MRS Oil Nigeria Plc
Condensed Interim statement of financial position
for the period ended 30 June 2013

		30 June 2013	31 December
	Notes	2012	2012
		N'000	N'000
Non-current assets			
Property, plant and equipment	11	21,512,516	22,013,568
Intangible assets	12	108,926	140,560
Other receivables		20,860	7,507
Prepayments		-	236,673
Total non-current assets		21,642,302	22,398,308
Current assets			
Inventories	13	5,623,813	4,331,733
Trade and other receivables	14	22,295,545	18,406,207
Prepayments		405,965	158,738
Cash and cash equivalents	15	5,100,979	10,300,702
Total current assets		33,426,302	33,197,380
Total assets		55,068,604	55,595,688
Equity			
Share capital	16	126,994	126,994
Retained earnings	17	19,119,384	18,927,016
Total equity		19,246,378	19,054,010
Liabilities			
Non-current liabilities			
Employee benefit obligations	18	34,842	218,415
Deferred tax liability		6,238,600	6,238,600
Total non-current liabilities		6,273,442	6,457,015
Current liabilities			
Security deposits		1,564,371	1,510,904
Dividend payable		594,730	473,942
Trade and other payables	19	26,718,423	14,180,677
Bank overdraft and short term borrowings	20	360,537	13,460,102
Tax payable	10b	310,723	459,038
Total current liabilities		29,548,783	30,084,663
Total liabilities		35,822,226	36,541,678
Total equity and liabilities		55,068,604	55,595,688

Approved by the Board of Directors on

2013 and signed on its behalf by:

_____) Alhaji Sayyu I. Da Alhaji Sayyu I. Dantata (Chairman)

_____) Mr. Paul Bissoho Mr. Paul Bissohong (Managing Director (Ag.))

_____) Mr. Andrew Gbodume (Executive
Director. Finance &

The notes on pages 10 to 22 are an integral part of these condensed interim financial statements.

MRS Oil Nigeria Plc
Condensed Interim statement of comprehensive income
(All amount in 'N'000 unless otherwise stated)

	Notes	Year to date ending		Three months ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
		N'000	N'000	N'000	N'000
Revenue	5	46,064,989	38,218,997	30,444,262	19,042,092
Cost of Sales		(43,303,097)	(35,425,459)	(28,381,377)	(17,672,008)
Gross Profit		2,761,892	2,793,538	2,062,884	1,370,084
Other income	6	269,394	282,462	160,825	278,698
Selling and distribution expenses		(429,381)	(169,951)	(155,833)	(135,547)
Administrative expenses		(2,184,018)	(2,205,780)	(1,481,790)	(1,009,517)
Results from operating activities		417,887	700,269	586,086	503,718
Finance income		51,099	76,879	45,251	36,921
Finance cost		(212,426)	(509,353)	(102,810)	(509,353)
Net finance income/(costs)	7	(161,327)	(432,474)	(57,560)	(472,432)
Profit before income tax	8	256,560	267,796	528,527	31,286
Income tax expense	10	(64,140)	(134,239)	(64,140)	(21,001)
Profit for the year		192,420	133,557	464,387	10,285
Total comprehensive income for the year		192,420	133,557	464,387	10,285
Earnings per share (EPS)					
Basic earnings per share (Naira)	9	0.76	0.53	1.83	0.04

The notes on pages 10 to 22 are an integral part of these condensed interim financial statements.

MRS Oil Nigeria Plc
Condensed interim statement of changes in equity
(All amount in 'N'000 unless otherwise stated)

		Share capital	Retained earnings	Total equity
	Notes	N'000	N'000	N'000
Balance at 1 January 2012		126,994	18,861,691	18,988,685
Comprehensive income for the year				
Profit for the year		-	133,557	133,557
Actuarial gains on post-employment benefit obligation, net of tax		-	-	-
Total comprehensive income for the year		126,994	18,995,248	19,122,242
Transactions with owners recorded directly in equity				
Dividends		-	-	-
Unclaimed dividend written back		-	-	-
Total transactions with owners of the Company		-	-	-
Balance at 30 June 2012		126,994	18,995,248	19,122,242
		N'000	N'000	N'000
Balance at 1 January 2013	16, 17	126,994	18,927,016	19,054,010
Comprehensive income for the year				
Profit for the year		-	192,420	192,420
Actuarial gains on post-employment benefit obligation, net of tax		-	-	-
Total comprehensive income for the year		-	192,420	192,420
Transactions with owners recorded directly in equity				
Dividends		-	(52)	(52)
Total transactions with owners of the Company		-	(52)	(52)
Balance at 30 June 2013		126,994	19,119,384	19,246,378

The notes on pages 10 to 22 are an integral part of these condensed interim financial statements.

MRS Oil Nigeria Plc
Condensed Interim statement of cash flows
(All amount in 'N'000 unless otherwise stated)

		Six months ended	
		30 June 2013	30 June 2012
		N'000	N'000
Cash flows from operating activities:			
Profit after tax		192,420	133,557
Adjustments for :			
Depreciation	11(a)	755,212	646,382
Amortisation of intangible assets	12	31,634	-
Finance income	7	(51,099)	(76,879)
Finance cost	7	212,426	509,353
(Gain)/Loss on sale of property, plant and equipment		-	(2,923)
Provision for other long term benefits/ gratuity		(6,271)	42,584
Tax expense	10(a)	64,140	134,239
		<u>1,198,462</u>	<u>1,386,312</u>
Changes in:			
- (increase)/decrease in trade and other receivables (long-term)		(13,348)	239,330
- (increase)/decrease in prepayments (long-term)		236,673	
- (increase)/decrease in trade and other receivables (short-term)		(3,889,338)	8,659,112
- (increase)/decrease in prepayments (short-term)		(247,227)	
- decrease/(increase) in inventories		(1,292,080)	(17,626,888)
- increase/(decrease) in security deposits		53,467	613,913
- increase/ (decrease) in trade and other payables		<u>12,658,534</u>	<u>2,872,163</u>
Cash generated from operating activities		8,705,143	(3,856,057)
Income taxes paid	10b	(212,456)	(993,753)
Gratuity settlement paid		(177,302)	(107,423)
Net cash from operating activities		<u>8,315,385</u>	<u>(4,957,233)</u>
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		-	4,475
Purchase of property, plant and equipment	11(a)	(254,165)	(190,105)
Purchase of intangible assets	12	-	(78,856)
Interest received		51,099	76,879
Net cash used in investing activities		<u>(203,066)</u>	<u>(187,606)</u>
Cash flows from financing activities:			
Net addition/(repayment) on short term borrowings		(11,685,775)	1,482,695
Dividends paid		(52)	(177,792)
Interest paid		(212,426)	(509,353)
Net cash (used in)/ generated from financing activities		<u>(11,898,253)</u>	<u>795,550</u>
Net change in cash and cash equivalents		(3,785,934)	(4,349,290)
Cash and cash equivalents at start of the period		8,886,913	8,421,512
Cash and cash equivalents at end of the period	15	<u>5,100,979</u>	<u>4,072,222</u>

The notes on pages 10 to 22 are an integral part of these condensed interim financial statements.

MRS Oil Nigeria Plc

Notes to the financial statements

for the period ended 30 June 2013

Notes

Page

Reporting entity	10
Basis of preparation	10
Significant accounting policies	10
New standards and interpretations not yet adopted	10
Revenue	11
Other Income	11
Finance income and costs	12
Profit before taxation	12
Earnings per share (EPS)	14
Taxation	14
Property, plant and equipment	15
Intangible assets	16
Trade and other receivables	17
Inventories	17
Cash and cash equivalent	17
Share capital	17
Retained earnings	17
Employee benefit obligation	18
Trade and other payables	18
Bank overdraft and other short term borrowings	18
Financial Risk Management & Financial Instruments	19
Segment reporting	21
Subsequent events	22
Comparatives	22

MRS Oil Nigeria Plc

Notes to the condensed interim financial statements

1. Reporting entity

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

On the 20th of March, 2009 there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global SA of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, M.R.S. Africa Holdings Limited gained control of all assets of Chevron Nigeria Holdings Limited, Bermuda.

The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2nd of December, 2009 following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on September 29, 2009.

The Company is domiciled in Nigeria and has its registered office address at:

8, Macarthy Street
Onikan
Lagos
Nigeria

The Company is principally engaged in the business of marketing and distribution of refined petroleum products, blending of lubricants and manufacturing of greases.

2 Basis of preparation

(a) Statement of compliance

These condensed interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs.

The financial statements were authorised for issue by the Board of Directors on _____

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for defined benefit obligations.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These financial statements are presented in Nigerian naira, which is the Company's functional currency. All financial information presented in naira have been rounded to the nearest thousand unless stated otherwise.

(d) Use of estimates and judgements

The preparation of interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

3 Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits.

The assessment of the impact on the Company would have been in the following areas:

- (i) The standard requires past service cost to be recognised immediately in profit or loss.
- (ii) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality Nigerian government bonds.
- (ii) There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

The revised standard is not expected to have any significant impact on the financial statements of the company.

IFRS 13 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Company has included the disclosures required by IAS 34 para 16A(j). See Note 5.

4 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are IFRS 11 *Joint Arrangement*, IFRS 13 *Fair Value Measurement* and IFRS 9 *Financial Instruments*, which is expected to impact the classification and measurement of financial assets. These standards will become mandatory for the Company's 2013 financial statements except for IFRS 9 which is mandatory for the 2015 financial statements. The extent of the impact has not been determined and the Company does not plan to adopt these standards early.

5 Revenue

	30 June 2013	30 June 2012
	N'000	N'000
Premium Motor Spirit (PMS)	34,876,603	27,795,224
Aviation Turbine Kerosene (ATK)	5,272,267	4,802,265
Automotive Gas Oil (AGO)	3,976,682	3,555,272
Lubricants and greases	1,564,907	1,313,910
Dual Purpose Kerosene (DPK)	374,529	545,246
Low Pour Fuel Oil (LPFO)	-	207,080
	46,064,989	38,218,997

6 Other income

	30 June 2013	30 June 2012
	N'000	N'000
Rental and lease income (Note 6 (a))	7,304	23,013
Loss/(Gain) on disposal of property, plant & equipment		(2,923)
Sundry income	155,946	82,445
Income on storage services	106,144	179,926
Total	269,393	282,462

- (a) Rental and lease income relates to income earned on assets that are on lease (finance and operating leases) to third parties. Assets on lease include filling stations and related equipment (generators and dispenser pumps).

7 Finance income and finance costs

	30 June 2013	30 June 2012
	N'000	N'000
Finance income		
Interest income on short-term bank deposits	50,795	75,786
Interest on employee receivables	-	-
Interest income on loans (dealer and staff loans)	304	1,093
Total finance income	51,099	76,879
Finance cost		
– Interest expense	37,692	50,700
– Bank charges	26,621	242,736
– Net foreign exchange loss	148,113	215,918
Total finance costs	212,426	509,354
Net finance income	(161,327)	(432,474)

8 Profit before income tax

(a) Profit before income tax is stated after charging:

	30 June 2013	30 June 2012
	N'000	N'000
Depreciation (Note 11)	755,004	646,382
Amortisation of intangible assets (Note 12)	31,717	-
Management fees (Note 25 (b))	265,073	352,075
Director's remuneration (Note 9 (b) (iv))	1,700	-
Employee benefit expense (Note 9 (b) (ii))	42,177	514,712
Auditor's remuneration	4,550	17,114
Loss on disposal of property, plant and equipment	-	(2,923)
Foreign currency exchange loss	148,113	11,459

(b) Directors and employees

i Employee costs during the year comprise:

	30 June 2013	30 June 2012
	N'000	N'000
Salaries and wages	173,979	352,957
Other employee benefits	115,022	50,287
Termination benefits	-	-
Employer's pension contribution	24,090	68,883
Post employment benefit charge (Note 19)	-	42,584
Other long term employee benefit charge (Note 19)	1,012	-
	314,103	514,711

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

	Number	
	30 June 2013	30 June 2012
Administration	23	49
Technical and production	19	37
Operation and distribution	35	43
Sales and marketing	32	74
	109	203

- iii Higher-paid employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of N1,000,000 (excluding pension contributions) in the following ranges:

		Number	
		30 June 2013	30 June 2012
1,000,001	2,000,000	-	6
2,000,001	3,000,000	1	8
3,000,001	4,000,000	19	73
4,000,001	5,000,000	50	46
5,000,001	6,000,000	10	32
6,000,001	7,000,000	10	19
7,000,001	8,000,000	12	9
8,000,001	9,000,000	2	2
9,000,001	10,000,000	1	3
Above	10,000,000	4	5
		109	203

- iv Directors's remuneration (including pension contributions) for directors of the Company charged to the profit and loss account are as follows:

	30 June 2013	30 June 2012
	N'000	N'000
Fees		1,500
Other emoluments		15,534
	-	17,034

The directors' remuneration shown above includes:

Chairman	-	-
Highest paid director		

Other directors received emoluments in the following ranges:

		Number	
		30 June 2013	30 June 2012
Nil		4	3
1,000,001	2,000,000	-	1
2,000,001	3,000,000	-	-
3,000,001	4,000,000	-	1
4,000,001	5,000,000	2	-
5,000,001	6,000,000	-	2

9 Earnings per share (EPS)

(a) Basic

Basic earnings per share of ₦0.65 (2012: ₦0.53) is based on profit attributable to ordinary shareholders of ₦166,337,351 (2012: ₦133,556,436), and on the 253,988,672 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2012: 253,988,672).

	30 June 2013	30 June 2012
Profit for the year attributable to shareholders (expressed in Naira)	192,420,289	133,556,588
Weighted average number of ordinary shares in issue	253,988,672	253,988,672
Basic earnings per share (expressed in Naira per share)	0.76	0.53

(b) Dividend declared per share

Dividend declared per share of xx kobo (2012: 70 kobo) is based on total declared dividend of Nxx.xx million (2011: ₦177.79 million) on 253,988,672 ordinary shares of 50 kobo each, being the ordinary shares in issue during the year (2012: 253,988,672).

10 Taxation

(a) Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2013 is 32% (the estimated tax rate for the six months ended 30 June 2012 was 50%).

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

	30 June 2013	30 June 2012
	₦'000	₦'000
Current tax expense:		
Income tax	59,325	125,849
Tertiary education tax	4,815	8,390
	64,140	134,239
Deferred tax expense:		
Origination and reversal of temporary differences	-	-
	-	-
Tax expense from operations	64,140	134,239

(b) Movement in current tax liability

	2013	2012
	₦'000	₦'000
Balance at beginning of the year	459,038	1,157,171
Payments during the year	(212,456)	(976,442)
Provision for the year (Note 11 (a))	64,140	336,520
Withholding tax credit notes utilised		(58,211)
	310,722	459,038

MRS OIL NIGERIA PLC
Notes to the condensed interim financial statements

11 Property, Plant and Equipment

(a) The movement on these accounts was as follows:

	Leasehold Land & Buildings	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/deemed cost							
Balance at 1 January 2013	14,388,204	9,876,568	1,333,110	761,280	191,302	125,699	26,676,163
Additions	-	-	-	-	-	254,165	254,165
Transfers	67,796	32,292	24,100	7,869	-	(132,057)	-
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2013	14,456,000	9,908,860	1,357,210	769,149	191,302	247,808	26,930,328
Depreciation and impairment losses							
Balance at 1 January 2013	1,212,384	1,850,304	954,350	525,460	120,097	-	4,662,595
Charge for the year	145,615	470,230	73,204	57,123	9,040	-	755,212
Disposal	-	-	-	-	-	-	-
Balance at 30 June 2013	1,357,999	2,320,534	1,027,554	582,583	129,137	-	5,417,807
	Land & Buildings	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost/deemed cost							
Balance at 1 January 2012	14,381,518	9,748,547	1,399,996	672,212	188,771	54,810	26,445,854
Additions	-	-	-	-	-	190,105	190,105
Transfers	-	-	42,429	-	-	(49,736)	(7,307)
Disposal	-	-	(59,958)	-	-	-	(59,958)
Balance at 30 June 2012	14,381,518	9,748,547	1,382,467	672,212	188,771	195,179	26,568,694
Depreciation and impairment losses							
Balance at 1 January 2012	922,487	922,915	895,880	429,291	102,313	-	3,272,886
Charge for the year	60,364	463,056	71,791	42,371	8,800	-	646,382
Disposal	-	-	(44,572)	-	-	-	(44,572)
Balance at 30 June 2012	982,851	1,385,971	923,099	471,662	111,113	-	3,874,696
Carrying amounts							
At 1 January 2012	13,459,031	8,825,632	504,116	242,921	86,458	54,810	23,172,968
At 30 June 2012	13,398,667	8,362,576	459,368	200,550	77,658	195,179	22,693,998
At 30 June 2013	13,098,001	7,588,326	329,656	186,566	62,165	247,808	21,512,516

MRS Oil Nigeria Plc

Notes to the condensed interim financial statements
(All amounts in N thousands unless otherwise stated)

(b) Impairment assessment

The entity assessed its cash generating units (CGUs) for impairment as at 30 June 2013. Management is of the opinion that there are no triggers of impairment on its CGUs, hence, an impairment testing was not carried out as at 30 June 2013.

(c) All depreciation expense is included as part of administrative expenses.

12 Intangible assets

	31 Dec 2013	31 Dec 2012
	N'000	N'000
Cost		
Balance at 1 January	175,050	165,830
Additions	-	9,220
Balance at 31 December	<u>175,050</u>	<u>175,050</u>
Amortisation		
Balance at 1 January	(34,490)	(3,189)
Charge for the year	(31,634)	(31,301)
Balance at 31 December	<u>(66,124)</u>	<u>(34,490)</u>
Carrying amount	<u>108,926</u>	<u>140,560</u>

Amortisation of ₦31 million is included in 'administrative expenses' in the statement of comprehensive income (2012: ₦31 million).

13 Trade and other receivables

	30 June 2013	31 Dec 2012
	N'000	N'000
Trade receivables	12,439,766	3,440,509
Petroleum Equalisation Fund (PEF)	3,675,354	3,193,286
Petroleum Support Fund (PSF)	-	8,627,610
Loans to employees (Note 14 (a))	140,882	27,337
Interest receivable	-	2,159
Interest paid in advance	-	-
Withholding tax receivable	110,110	71,990
Due from joint venture partners	81,211	62,763
Receivables from registrar (Note 14 (b))	-	214,697
Receivables from related parties (Note 25)	3,266,107	2,557,888
Other debtors	2,602,978	215,475
	22,316,407	18,413,714
Less: non-current portion :	(20,860)	(7,507)
Current portion	22,295,547	18,406,207

For receivables that are classified as 'current', due to their short-term maturities, the fair value approximates their carrying values.

The Company's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in Note 24 (a).

14 Inventories

	30 June 2012	31 Dec 2012
	N'000	N'000
Premium Motor Spirit (PMS)	1,982,842	872,340
Lubricants and greases	1,863,174	1,722,285
Aviation Turbine Kerosene (ATK)	992,378	1,307,816
Automotive Gas Oil (AGO)	724,001	300,635
Dual Purpose Kerosene (DPK)	58,324	126,371
Packaging materials and other sundry stocks	3,094	2,286
	5,623,813	4,331,733

There were no write-downs of inventories during the interim reporting period (2012: Nil).

15 Cash and cash equivalents

	30 June 2013	31 Dec 2012
	N'000	N'000
Cash and cash equivalents	2,745,381	1,155,398
Short term deposits with banks (Note 16(a))	3,308,075	9,145,304
	6,053,456	10,300,702
Bank overdrafts used for cash management purposes	(360,537)	(1,413,789)
	5,692,919	8,886,913

Cash and cash equivalents in the statement of cashflows

16 Share Capital

	30 June 2013	31 Dec 2012
	N'000	N'000
Authorised:		
271,657,230 Ordinary shares of 50k each	135,829	135,829
Issued and fully paid:		
253,988,672 Ordinary shares of 50k each	126,994	126,994
Issued and fully allotted:		
253,988,672 Ordinary shares of 50k each	126,994	126,994

17 Retained earnings

	30 June 2013	31 Dec 2012
	N'000	N'000
At 1 January	18,927,016	18,861,691
Profit for the year	192,420	205,121
Defined benefit plan actuarial gain, net of tax	-	3,725
Dividends declared (Note 21)	(52)	(177,792)
Unclaimed dividend written back (Note 21)	-	34,271
Deferred tax on revaluation surplus	-	-
At 31 December	19,119,384	18,927,016

18 Employee benefit obligations

During the interim period, a change in Company policy resulted in the Company being required to settle all obligations under its defined benefit obligations in the interim period. The cost of settling the obligation did not exceed the amount recognised as an employee benefit obligation which led to a surplus of N24m

The settlement resulted in an expense of N177 million. The amounts outstanding at the end of the period is shown below;

	30 June 2013	31 Dec 2012
	N'000	N'000
At 1 January	218,415	
Post-employment benefit	-	201,250
Other long term employee benefits (Note 18 (b))	18,177	17,165
Gratuity settlement paid	(177,302)	
Surplus on settlement of retirement benefit obligation	(24,448)	-
Total employee benefit liabilities	34,842	218,415

(b)

The provision was based on assumptions as at December 2012 but adjusted to reflect changes in market variables. Other long term employee benefits comprise of long service awards and it is funded on a pay as you go basis by the Company.

The movement on the provision for other long term employee benefits was as follows:

	30-Jun-13	30-Jun-12
	N'000	N'000(restated)
Balance at 1 January	17,165	36,019
Provision for the year		
Current service cost	454	3,494
Interest cost	558	1,579
remeasurement (gains)/ losses	-	11
Benefits paid by the employer	-	(455)
Liability in the balance sheet	18,177	40,648

(c) Actuarial Assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2013	2012
Long-term average discount rate (p.a.)	13%	13%
Future average pay increase (p.a.)	13%	13%
Average rate of inflation (p.a.)	10%	10%
Average Duration in years (Gratuity)	21.7	21.7
Average Duration in years (Long Service Awards)	12.9	12.9

These assumptions depict management's estimate of the likely future experience of the Company.

19 Trade and other payables

	30 June 2013	31 Dec 2012
	N'000	N'000
Trade payables	12,140,044	8,435,992
Accrued expenses	3,235,300	2,662,679
Amounts due to joint venture partners	-	-
Advances received from customers	-	1,429,200
Bridging allowance	232,607	464,806
Amounts due to related parties	3,716,165	1,146,307
Pension payable	2,160	4,333
Other liabilities	7,392,148	37,360
	26,718,423	14,180,677

20 Bank overdrafts and other short term borrowings

	30 June 2013	31 Dec 2012
	N'000	N'000
Bank overdrafts	360,537	1,413,789
Bank borrowings (Import Finance Facility)	-	12,046,313
Total Borrowings	360,537	13,460,102

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

21 Financial Risk Management & Financial Instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 December 2012. There have been no changes in the risk management department or in any risk management policies since the year end.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>Note</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
		<u>N'000</u>	<u>N'000</u>
Trade and other receivables	14	22,316,405	18,413,714
Cash and cash equivalents	16	4,740,442	8,886,913
		<u>27,056,847</u>	<u>27,300,627</u>

(b) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Financial assets	Financial liabilities	Total
	Loans and receivables	Amortised Cost	
30 June 2013	N'000	N'000	N'000
Financial assets			
Trade and other receivables	22,316,405	-	22,316,405
Cash and cash equivalents	5,100,979	-	5,100,979
	<u>27,417,384</u>	<u>-</u>	<u>27,417,384</u>
Financial liabilities			
Short term borrowings	-	360,537	360,537
Trade and other payables	-	26,718,423	26,718,423
Security deposits	-	1,564,371	1,564,371
	<u>-</u>	<u>28,643,331</u>	<u>28,643,331</u>

The Company's financial instruments are categorised as follows:

	Financial assets	Financial liabilities	Total
	Loans and receivables	Amortised cost	
31 December 2012	N'000	N'000	N'000
Financial assets			
Trade and other receivables	18,413,714	-	18,413,714
Cash and cash equivalents	10,300,702	-	10,300,702
	<u>28,714,416</u>	<u>-</u>	<u>28,714,416</u>
Financial liabilities			
Short term borrowings	-	13,460,102	13,460,102
Trade and other payables	-	14,180,677	14,180,677
Security deposits	-	1,510,904	1,510,904
	<u>-</u>	<u>29,151,683</u>	<u>29,151,683</u>

Trade and other receivables, security deposits, bank overdrafts and other short term borrowings are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The interest rates used to determine the discount estimated cash flows, where applicable are based on external sources and were as follows:

	30 June 2013	31 Dec 2012
Other receivables	18%	18%

22 Segment reporting

In accordance with the provisions of IFRS 8 – Operating Segments, the operating segments used to present segment information were identified on the basis of internal reports used by the Company's Board of Directors to allocate resources to the segments and assess their performance. The Board of Directors is MRS Oil Nigeria Plc's "chief operating decision maker" within the meaning of IFRS 8.

Segment information is provided on the basis of product segments as the company manages its business through three product lines - Retail/Commercial & Industrial, Aviation, and Lubricants. The business segments presented reflect the management structure of the Company and the way in which the Company's management reviews business performance. The accounting policies of the reportable segments are the same as described in notes 2 and 3.

The Company has identified three operating segments:

- (i) Retail/ Commercial & Industrial - this segment is responsible for the sale and distribution of petroleum products (white products) to retail customers and industrial customers.
- (ii) Aviation - this segment involves the sale of Aviation Turbine Kerosene (ATK).
- (iii) Lubricants - this segment manufactures and sells lubricants and greases.

Segment assets and liabilities are not disclosed as these are not regularly reported to the Board of Directors.

(a) **Segment revenue and cost of sales**

30-Jun-13		Revenue		Cost of sales		Gross profit	
		Amount	% of Total	Amount	% of Total	Amount	% of Total
		N'000		N'000		N'000	
Retail/C&I		39,227,815	85	37,312,804	86	1,915,011	69
Aviation		5,272,267	11	4,739,614	11	532,653	19
Lubes		1,564,907	3	1,250,679	3	314,228	11
Total		46,064,989	100	43,303,097	100	2,761,892	100

30-Jun-12		Revenue		Cost of sales		Gross profit	
		Amount	% of Total	Amount	% of Total	Amount	% of Total
		N'000		N'000		N'000	
Retail/C&I		32,102,821	84	29,869,807	84	2,233,014	80
Aviation		4,802,265	13	4,564,841	13	237,424	8
Lubes		1,313,910	3	990,810	3	323,100	12
Total		38,218,997	100	35,425,458	100	2,793,538	100

(b) **Segment profit before tax**

	Six months ended	
	30 June 2013	30 June 2012
	N'000	N'000
Retail/C&I	218,584	228,155
Aviation	29,293	30,575
Lube	8,685	9,065
	256,562	267,796

23 **Subsequent events**

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 30 June 2013.

24 **Comparatives**

Certain items in the comparative period financial information were restated.