



TOTAL NIGERIA PLC

UNAUDITED FINANCIAL STATEMENTS

31 March 2014

CONTENTS

	Page
Results At A Glance	3
Unaudited Statement Of Comprehensive Income	4
Unaudited Statement Of Financial Position	5
Unaudited Statement Of Changes In Equity	6
Unaudited Cashflow Statement	7
Effect Of IFRS Adoption For The Statement Of Financial Position	17
Effect Of IFRS Adoption For The Statement Of Profit Or Loss And Comprehensive Income	18
Effect Of IFRS Adoption For The Statement Of Cash Flows	19
Notes To The Reconciliations	20
Notes To The Unaudited Financial Statements	8-37

Total Nigeria PLC

RESULTS AT A GLANCE

FOR THE PERIOD ENDED 31 March 2014

	March 2014 N'000	March 2013 N'000	Change %
Revenue	60,595,084	61,049,034	(1)
Profit before taxation	1,709,474	1,851,408	(8)
Profit after taxation	1,069,948	1,145,825	(7)
Share capital	169,761	169,761	-

	March 2014 N'000	December 2013 N'000	
Shareholders' funds	14,310,733	13,240,785	8

PER SHARE DATA:

Based on 339,521,837 ordinary shares of 50 kobo each:

	March 2014	March 2013
Earnings per 50k share (Naira) - basic	3.15	3.37
Stock Exchange quotation (Naira)	172.95	151.53

Number of staff	464	474
-----------------	-----	-----

TOTAL NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 March 2014

	Note	March 2014 N'000	March 2013 N'000
Revenue	5	60,595,084	61,049,034
Cost of sales	6	(53,490,606)	(53,327,783)
Gross profit		7,104,478	7,721,251
Other operating income	9	83,672	109,059
Interest income	8	126,920	35,456
Distribution costs	11	(1,087,571)	(1,260,730)
Administrative expenses	12	(3,932,184)	(4,167,198)
Operating profit		2,295,315	2,437,839
Other gains and losses	10	(108,731)	10,165
Finance costs	13	(477,110)	(596,596)
Profit before tax		1,709,474	1,851,408
Tax	14	(639,526)	(705,583)
Profit for the period		1,069,948	1,145,825
Other Comprehensive income		-	-
Total Comprehensive income		1,069,948	1,145,825
Earnings per share			
Basic	17	3.15	3.37

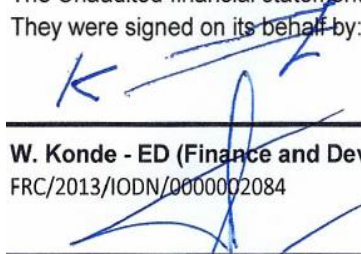
The notes on pages 8 to 34 form an integral part of these financial statements.

TOTAL NIGERIA PLC

STATEMENT OF FINANCIAL POSITION AT 31 March 2014

		March 2014 N'000	December 2013 N'000
	Note		
Non-current assets			
Intangible assets	17	154,631	138,486
Property, plant and equipment	18	20,157,083	20,852,161
Prepayments - Non- current Portion	21	1,902,497	2,289,809
Total non-current assets		22,214,211	23,280,456
Current assets			
Inventories	19	22,424,836	14,640,893
Trade and other receivables	20	33,472,071	31,118,583
Prepayments - Current Portion	21	1,246,116	919,012
Cash and bank balances	26	5,583,762	9,444,643
Total current assets		62,726,785	56,123,131
Total assets		84,940,995	79,403,587
Current liabilities			
Trade and other payables	24	50,989,240	43,536,179
Current tax liabilities	14.1	3,558,430	3,015,922
Borrowings	22	12,987,049	16,607,659
Total current liabilities		67,534,719	63,159,760
Non-current liabilities			
Deferred tax liabilities	14.2	3,095,543	3,003,042
Total non-current liabilities		3,095,543	3,003,042
Total liabilities		70,630,262	66,162,802
Equity			
Share capital	25	169,761	169,761
Retained earnings		14,140,972	13,071,024
Total Equity		14,310,733	13,240,785
Total equity and liabilities		84,940,995	79,403,587

The Unaudited financial statements were approved by the Board of Directors of the Company on 30th April 2014.
They were signed on its behalf by:


W. Konde - ED (Finance and Development)
FRC/2013/IODN/0000002084


A. Vovk - Managing Director
FRC/2013/IODN/0000005534

The notes on pages 8 to 34 form an integral part of these financial statements.

TOTAL NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE SHARE-HOLDERS OF THE COMPANY FOR THE PERIOD ENDED 31 March 2014

	Share Capital N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2013	169,761	11,132,152	11,301,913
As restated Under IFRS (Note 24)	169,761	11,132,152	11,301,913
Total comprehensive income for the year	-	5,334,091	5,334,091
Final dividend-prior year		(2,716,175)	(2,716,175)
Interim dividend - Current year	-	(679,044)	(679,044)
Balance at 31 December 2013	169,761	13,071,024	13,240,785
Total comprehensive income for the Period	-	1,069,948	1,069,948
Final dividend-prior year			
Interim dividend - Current year	-		-
Balance at 31 March 2014	169,761	14,140,972	14,310,733

The notes on pages 8 to 34 form an integral part of these financial statements.

TOTAL NIGERIA PLC

CASHFLOW STATEMENT FOR THE PERIOD ENDED 31 March 2014

	Note	March 2014 N'000	December 2013 N'000
Cash Flow from operating activities			
Cash received from customers		60,576,372	234,723,934
Cash paid to suppliers and employees		(60,431,894)	(218,222,883)
Cash (used)/ generated from operations		144,478	16,501,051
Net value added taxes paid		(290,678)	(720,858)
Income taxes paid	14.1	(4,515)	(2,121,486)
net cash (used)/ provided by operating activities	26	(150,715)	13,658,707
Cash Flow from investing activities			
Purchase of Property, Plant and Equipment	19	(25,554)	(4,620,511)
Purchase of intangible assets	18	-	(3,189)
Interest receivable and similar income	8	126,920	1,232,748
(Increase) / Decrease in non-current prepayments		387,312	(840,503)
Proceeds from sale of Property, Plant and Equipment		23,682	123,364
Net cash used in investing activities		512,360	(4,108,091)
Cash Flow from financing activities			
Interest paid and similar charges		(477,110)	(1,981,385)
Repayments of obligations under finance lease			(318,603)
Dividends paid			(3,395,219)
Net cash (used in)/from financing activities		(477,110)	(5,695,207)
Net increase/(decrease) in cash and cash equivalents		(115,465)	3,855,409
Cash and cash equivalents at beginning of year		(7,163,016)	(11,212,230)
Effect of foreign exchange rate changes	10	(124,807)	193,805
Cash and cash equivalents as at 31 March 2014	25	(7,403,288)	(7,163,016)

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

1 THE COMPANY

Legal form:

The Company was incorporated as a private limited liability company in 1956 and was converted to a public company in 1978. The merger of the company with Elf Oil Nigeria Limited which commenced globally in November 1999 was completed in Nigeria in 2002. With this development, the authorized, issued and fully paid share capital was N148,541,000 made up of 297,082,000 ordinary shares of 50k each. In 2003, to mark the completion of its corporate mergers, Total Group worldwide reverted to its former name Total and adopted a new logo with a unifying design to express its corporate ambition. Accordingly, the company changed its name from TotalFinaElf Nigeria Plc to Total Nigeria Plc in the same year. With the capitalisation of the bonus issue of 42,440,228 ordinary shares of 50k each in March 2004, the authorised share capital became N169,760,918 made up of 339,521,837 ordinary shares of 50k each. 61.72% of the company's ordinary shares were held by Total Societe Anonyme up until 2013 when a restructuring was concluded and Total Raffinage Marketing became the shareholders of 61.72% of Total Nigeria Plc while the remaining 38.28% are held by the Nigerian public.

	March 2014		DECEMBER 2013	
	Number of shares '000	Holdings %	Number of shares '000	Holdings %
Total Raffinage Marketing	209,560	61.72	209,560	61.72
Nigerian Citizens & Associations	129,962	38.28	129,962	38.28
	339,522	100.00	339,522	100.00

No shareholder, except as disclosed above, held more than 10% of the issued capital as at 31st December 2013 and as at 31st March 2014.

Principal Activities:

The Company is engaged in the blending of lubricants and sales of petroleum products.

1.1 Description of business

Total Nigeria Plc ("The Company") is a subsidiary of Total Raffinage Marketing ("The Parent Company" in France) and operates in the Petroleum marketing and distribution business in Nigeria. The Company has over 500 retail outlets, 5 LPG Bottling Plants, 3 Lubricant blending plants and operating from 4 Aviation depots as well as other facilities spread across the country, the Company is regarded as the pacesetter in the downstream sector of the oil industry.

1.2 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Total Nigeria Plc in accordance with IFRS accounting presentation. The financial statements comprise:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements.

1.3 Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

1.4 Financial period

These financial statements cover the financial period from 1st January to 31st March 2014, with comparative figures for the financial period from 1st January to 31st March 2013, and where appropriate, from 1st January to 31st December 2013.

1.5 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standard as issued by the International Accounting Standard Board and as adopted by the Financial Reporting Council of Nigeria.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS BY THE INTERNATIONAL FINANCIAL 2 REPORTING INTERPRETATIONS COMMITTEE (IFRIC)

2.1 Accounting standards and interpretations effective in the current year

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year:

- **IFRS 10 - Consolidated Financial Statement**

This standard provides a more robust and specific definition of control and replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statement as well as SIC 12 Consolidation – Special Purpose Entities.

- **IFRS 11 - Joint Arrangement**

This standard provides guidance on how a joint arrangement of which two or more parties have joint control should be classified and accounted for. This replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

- **IFRS 12 - Disclosure of Interests in Other Entities**

This standard provides extensive disclosures for entities with interest in subsidiaries, joint arrangements, associates or SPE under SIC 12. The Company is not involved in joint operations which are material to the operations of the Company.

- **IFRS 13 - Fair Value Measurement.**

This also provides a new definition of fair Value for both financial and non-financial Items. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements

- **IAS 19 - Employee Benefits (as revised in 2011)**

The revisions to IAS 19 (as revised in 2011) change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.

- **Amendments to IFRS 7 Disclosures**

This amendment provides the basis of offsetting financial assets and financial liabilities.

- **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**

Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the statement of profit or loss and other comprehensive income'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The adoption of these new standards and amendments to the existing standards and interpretations has not led to any changes in the Company's accounting policies as none of the new standards and amendments have a significant impact on the operations and business of the Company except for the amendment to IAS 1 on the presentation of the financial statements.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3. Significant accounting policies

3.1 Compliance with applicable law and IFRS

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as published by the International Accounting Standard Board (IASB), the interpretations of these standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of Company and Allied Matters Act (CAMA).

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

Pursuant to the accrual basis of accounting followed by Total Nigeria Plc, the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are usually measured at cost. Financial assets and liabilities are usually measured at fair value.

3.3 Foreign currencies

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

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each reporting date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized accordingly in "Other income" (exchange gain) or "Other expenses" (exchange loss).

3.4 Revenue from sale of goods

Revenue is measured at the fair value of consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the following conditions are satisfied

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

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 Comprehensive Income and the Statement of Financial Position.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.5 Dividends and interest income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that economic benefit will flow to the company and the amount of income 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 receipt through the expected useful life of the financial asset's net carrying amount on initial recognition.

3.6 Income taxes

Income taxes disclosed in the statement of Comprehensive income include the current tax expenses and the deferred tax expenses.

Total Nigeria Plc uses the liability method whereby deferred income taxes are recorded based on the temporary differences between the carrying amounts of assets and liabilities recorded in the balance sheet and their tax bases, and on carry forwards of unused tax losses and tax credits.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.7 Earnings per share

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

3.8 General assistance, research and development

General Assistance and Research costs are charged to expense as incurred.

Development expenses are capitalized when the following can be demonstrated:

- The technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset.
- The ability of the asset to generate probable future economic benefits.
- The ability to measure reliably the expenditures attributable to the asset.
- The feasibility and intention of the company to complete the intangible asset and use or sell it.

Advertising costs are charged to expense as incurred.

3.9 Property plant and equipment

Property, plant and equipment are carried at cost, after deducting any accumulated depreciation and accumulated impairment losses. This cost includes borrowing costs directly attributable to the acquisition or production of a qualifying asset incurred until assets are placed in service.

Property, plant and equipment are depreciated using the straight-line method over their useful lives, which are as follows:

	Number of years
• Furniture, office equipment, machinery and tools	3-10 years
• Transportation equipment	4-10 years
• Storage tanks and related equipment	20-30 years
• Specialized complex installations and pipelines	5-20 years
• Buildings	20-25 years

3.10 Intangible assets

As at the reporting date, the company did not have any intangible assets with indefinite useful lives.

Derecognition of intangible assets

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

3.11 Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. These contracts are capitalized as assets at fair value or, if lower, at the present value of the minimum lease payments according to the contract. A corresponding financial debt is recognized as a financial liability. These assets are depreciated over the corresponding useful life used by the Company. However the company fully liquidated its finance lease obligations during the year and the finance lease items have since been included as part of the company's motor vehicles.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.12 Impairment of long lived assets

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

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

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

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

3.13 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Loans and receivables

Financial loans and receivables are recognized at amortized cost. They are tested for impairment, by comparing the carrying amount of the assets to estimate of the discounted future recoverable cash flows. These tests are conducted as soon as there is any evidence that their fair value is less than their carrying amount, and at least annually. Any impairment loss is recorded in the statement of income.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.13 Financial instruments - Cont.

(ii) Other investments

These assets are classified as financial assets available for sale and therefore measured at their fair value. For listed securities, this fair value is equal to the market price. For unlisted securities, if the fair value is not reliably determinable, securities are recorded at their historical value. Changes in fair value are recorded in other comprehensive income. If there is any evidence of a significant or long-lasting impairment loss, a loss is recorded in the Statement of income. This impairment is reversed in the statement of income only when the securities are sold.

(iii) Derivative instruments

The company uses spot and forward deals to hedge its foreign exchange exposure. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Hedge accounting is discontinued when the company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Spot contract

This is the purchase or sale of a foreign currency or commodity for immediate delivery. Spot trades are settled "on the spot", as opposed to at a set date in the future.

Forward contract

The purchase or sale of foreign currency at a price fixed at the contract date with delivery and settlement at a future known and agreed date.

(i) Current and non-current financial liabilities

Current and non-current financial liabilities (excluding derivatives) are recognized initially at Fair value and subsequently at amortized cost, except those for which hedge accounting is applied as described in the previous paragraph.

(ii) Fair value of financial instruments

Fair values are estimated for the majority of the company's financial instruments, with the exception of publicly traded equity securities and marketable securities for which the market price is used. Estimated fair values, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (liquidity especially), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account. As a consequence, the use of different estimates, methodologies and assumptions could have a material effect on the estimated fair value amounts.

Other financial instruments

Forward exchange contracts are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.14 Inventories

Inventories are measured at the lower of historical cost and net realizable value. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.

Inventories are measured using the weighted-average cost method.

3.15 Provisions

Provisions comprises of liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks. A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. The amount of the liability corresponds to the management's best estimate.

3.16 Asset retirement obligations

Asset retirement obligations, which result from a legal or constructive obligation, are recognized based on a reasonable estimate in the period 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 recognized as "Other financial expense".

3.17 Employee benefits

The company participates in employee benefit plans offering retirement, death and disability, healthcare and special termination benefits. These plans are either defined contribution or entirely funded and managed by independent fund managers.

3.18 Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value. Investments with maturity greater than three months and less than twelve months are shown under "Current financial assets". Changes in current financial assets and liabilities are included in the financing activities section of the Statement of Cash Flows.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

3.19 Interest in joint ventures

A joint venture is a contractual arrangement whereby the company and other parties undertake an economic activity that is subject to joint control. The company's share of jointly controlled asset or liabilities incurred jointly with other venture are recognized in the financial statement and classified according to their nature.

3.20 Main indicators - information by business segment

(i) Operating income (measure used to evaluate operating performance)

Revenue from sales after deducting cost of goods sold and inventory variations, other operating expenses, depreciation and amortization. Operating income excludes the amortization of intangible assets other than currency translation adjustments and gains or losses on the disposal of assets.

(ii) Net operating income (measure used to evaluate the return on capital employed)

Operating income after taking into account the amortization of intangible assets other than currency translation adjustments, gains or losses on the disposal of assets, as well as all other income and expenses related to capital employed (dividends from non-consolidated companies, equity in income of affiliates, capitalized interest expenses), and after income taxes applicable to the above.

The only income and expense not included in net operating income but included in net income are interest expenses related to net financial debt, after applicable income taxes (net cost of net debt).

(iii) Adjusted income

Operating income, net operating income, or net income excluding the effect of adjustment items described above.

(iv) Capital employed

Non-current assets and working capital, at replacement cost, net of deferred income taxes and non-current liabilities.

(v) ROACE (Return on Average Capital Employed)

Ratio of adjusted net operating income to average capital employed between the beginning and the end of the period.

(vi) Net debt

Non-current debt, including current portion, current borrowings, other current financial liabilities less cash and cash equivalents and other current financial assets.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, 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 judgements in applying the entity's accounting policies*

The following are the critical judgements, that the directors have made in the process of applying the entity's accounting policies and that have significant effect on the amounts recognised in financial statements.

Provision for decommissioning and restoration costs

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

Revenue recognition

In making its judgement, 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. Following the detailed quantification of the entity's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, 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, in conjunction with recognition of an appropriate provision for the rectification costs.

4.2 *Key sources of estimation uncertainty*

Impairment losses on receivables

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

Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 30 September 2013 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Provision for obsolete inventory

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

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.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

5 Revenue

Revenue

An analysis of the entity's revenue is as follows:

	March 2014 N'000	March 2013 N'000
Petroleum products	53,923,428	55,076,353
Lubricants and others	<u>7,972,050</u>	<u>7,103,599</u>
	61,895,477	62,179,952
Less Commission and discount	<u>(1,300,394)</u>	<u>1,130,918</u>
	<u>60,595,084</u>	<u>61,049,034</u>

6 COST OF SALES

Opening inventory at 1 January	14,640,893	24,504,577
Purchase of petroleum products	61,200,970	51,459,946
Other variable costs	<u>73,579</u>	<u>270,329</u>
	75,915,442	76,234,853
Closing inventory at 31 March	<u>(22,424,836)</u>	<u>(22,907,070)</u>
	<u>53,490,606</u>	<u>53,327,783</u>

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

7 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	March 2014 N'000	March 2013 N'000
Fees payable to the company's auditors for the audit of the company's annual accounts	9,850	7,782
Total audit fees	9,850	7,782

7.2 Fees paid to other professional consultants

- Tax services	36,789	21,393
- Information technology services	17,516	52,417
- Litigation services	10,137	3,382
- Recruitment and remuneration services	5,596	4,382
- Other services	6,038	74,761
Total non-audit fees	76,076	156,336

8 Interest income and similar income

Interest income:

Bank deposits	31,203	26,759
Other loans and receivables	95,716	8,697
Total interest revenue	126,920	35,456
	126,920	35,456

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

	March 2014 N'000	March 2013 N'000
9 Other operating Income		
Network income	64,523	79,144
Other sundry income	19,148	29,915
	83,672	109,059
Other sundry income represents income from Bonjour shop, rent, vendor management fees and		
10 Other gains and losses		
Gain on sales of Property, Plant and Equipment	16,075	2,013
Exchange gain / (Loss)	(124,807)	8,152
	(108,731)	10,165
11 DISTRIBUTION EXPENSES		
Costs of transportation of products	1,087,571	1,260,730
12 ADMINISTRATIVE EXPENSES		
Payroll expenses	1,467,393	1,179,661
Depreciation and amortisation	696,881	692,172
Outside services	303,366	238,340
Other maintenance	205,149	100,031
Motor Fuels and Travelling expenses	201,899	159,754
Technical assistance and management fees	189,322	257,137
Financial expenses	144,222	148,381
Sundry operating expenses	126,915	201,355
Business promotion and publicity	121,961	111,759
Pension and social benefits	102,896	90,678
Bad and doubtful debts provision/(write back)	70,483	263,156
Professional and legal fee	63,685	99,537
Stock Write Off	-	-
Licences and similar charges	44,053	20,005
Medical expenses	40,428	83,974
Entertainment expenses	34,976	7,689
Training expenses	34,627	64,587
Exchange loss	-	-
Network maintenance	33,198	211,760
Provision for obsolete stock&spares	-	-
Communication,computer and stationery expenses	31,038	68,774
Audit fee	9,850	7,782
Staff welfare expenses	9,844	67,727
Loss on derecognition of Lease	-	-
Long Term Provision for Risks Charges	-	92,939
	3,932,184	4,167,198

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

13 Finance costs

	March 2014 N'000	March 2013 N'000
Interest on bank overdrafts and loans	477,110	596,596
Total interest expense	<u>477,110</u>	<u>596,596</u>

14 Tax

Corporation tax expenses:

Income tax	536,083	577,775
Education tax	<u>10,940</u>	<u>38,518</u>
	547,024	616,293
Deferred tax (note 15.1)	<u>92,502</u>	<u>89,290</u>
	<u>639,526</u>	<u>705,583</u>

14.1

	March 2014 N'000	December 2013 N'000
Balance brought forward	3,015,922	2,752,203
Per profit and loss account- Tax charge (Note 15)	639,526	2,785,927
Payments during the year	(4,515)	(2,121,486)
Deferred taxation	<u>(92,502)</u>	<u>(400,722)</u>
Position as at March 2014	<u>3,558,430</u> (0)	<u>3,015,922</u>

14.2 Deferred taxation

At 1 January	3,003,042	2,602,320
Charge to profit and loss account	<u>92,502</u>	<u>400,722</u>
At 31st December 2013	<u>3,095,544</u>	<u>3,003,042</u>

2014

	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax liabilities in relation to:			
Property, plant & equipment	3,003,042	92,502	3,095,544
Finance leases	<u>3,003,042</u>	<u>92,502</u>	<u>3,095,544</u>

2013

Deferred tax liabilities in relation to:

Property, plant & equipment	2,540,258	400,722	3,003,042
Finance leases	<u>62,062</u>	<u>400,722</u>	<u>3,003,042</u>

14.3 Deferred tax as at 31st March 2014 was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes.

14.4

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended) and the tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

15 Dividends

	March 2014 N'000	December 2013 N'000
At January 1	1,086,413	868,194
Final dividend	-	2,716,175
Interim dividend		679,045
	<u>1,086,413</u>	<u>4,263,414</u>
Dividend Paid in respect of prior years unclaimed dividend	(8,192)	(8,192)
Transferred to City Securities Limited		(3,395,219)
Unclaimed dividends for the year	<u>362,567</u>	<u>226,411</u>
As at 31st March	<u>1,440,789</u>	<u>1,086,413</u>

Unclaimed dividend are amounts payable to Nigerian shareholders in respect of dividend previously declared by the company which have been outstanding for more than 15 months after initial payments. By the provision of the company's Articles of Association , dividend which remain unclaimed for 12 years stand forfeited. The dividends below accordingly revert to the company:

	No of Shareholders	March 2014 N	December 2013 N
Dividend No. 31	3103	<u>15,495,174</u>	<u>15,495,174</u>
		<u>15,495,174</u>	<u>15,495,174</u>

16 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	March 2014 N'000	December 2013 N'000
Earnings	<u>1,069,948</u>	<u>5,334,091</u>
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company		
	<u>March 2014 000</u>	<u>December 2013 000</u>
Number of shares		
Ordinary shares of 50 kobo each	<u>339,522</u>	<u>339,522</u>
Earnings per 50 kobo share (Naira) Basic	<u>3.15</u>	<u>15.71</u>

The denominators for the purposes of calculating both basic and diluted earnings per share are based on issued and paid ordinary shares of 50 kobo each.

17 Intangible assets

	Computer Software N'000
Cost	
At 1 January 2013	262,635
Additions	-
Transfers - Note 17.1	28,080
At 31 March 2014	<u>290,715</u>
Amortisation	
At 1 January 2013	(124,149)
Charge for the Period	<u>(11,935)</u>
At 31 March 2014	<u>(136,084)</u>
Carrying amount	
At 31 March 2014	<u>154,631</u>
At 31 December 2013	<u>138,486</u>

17.1 The transfers represent additions to the intangible assets from previous years' work-in-progress

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

18 Property, plant and equipment

	Land and buildings	Plant, machinery and fittings	Office equipment and furniture	Computer equipment and other tangible assets	Motor vehicles	Assets under finance lease	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost or valuation								
At 1 January 2014	12,682,051	9,573,816	557,345	5,860,214	1,172,737	-	4,306,218	34,152,382
Additions	-	-	-	-	-	-	25,554	25,554
Transfers - Note 18.1	176,928	180,089	6,706	150,855	17,640	-	(560,297)	(28,080)
Disposals	(10,335)	(28,482)	(618)	(3,140)	(32,995)	-	-	(75,570)
At 31 March 2014	12,848,644	9,725,423	563,433	6,007,929	1,157,382	-	3,771,475	34,074,286
Accumulated depreciation and impairment								
At 1 January 2014	(2,928,560)	(4,710,275)	(396,542)	(4,564,311)	(700,532)	-	-	(13,300,220)
Charge for the year	(126,730)	(191,534)	(17,840)	(296,604)	(52,238)	-	-	(684,946)
Eliminated on disposals	8,641	5,486	602	23,614	29,620	-	-	67,963
At 31 March 2014	(3,046,649)	(4,896,323)	(413,780)	(4,837,302)	(723,150)	-	-	(13,917,203)
Carrying amount								
At 31 March 2014	9,801,995	4,829,100	149,653	1,170,628	434,232	-	3,771,475	20,157,083
At December-2013	9,753,491	4,863,541	160,803	1,295,902	472,206	-	4,306,218	20,852,162

Note:

18.1 The transfers represent additions to the company's fixed assets from previous years' work-in-progress. Also the balance of N28,080 represents transfer to Intangible Assets.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

19	Inventories	March 2014 N'000	December 2013 N'000
	Raw materials	1,882,770	2,120,183
	Finished goods	20,243,099	12,176,303
	Consumable equipment and spares	547,513	528,074
		<u>22,673,381</u>	<u>14,824,560</u>
	Less Allowance:		
	For obsolete spares	(158,290)	(158,290)
	For slow moving stock	(90,254)	(25,377)
		<u>22,424,836</u>	<u>14,640,893</u>
20	Trade and other receivables		
	Customers account	15,119,523	14,118,059
	Due from related parties (Note 34)	961,523	1,790,122
	Allowance for doubtful debts	<u>(1,150,862)</u>	<u>(1,080,379)</u>
		14,930,184	14,827,802
	Other receivables	5,606,915	4,078,746
	Bridging claims less provisions	8,111,428	7,009,386
	Receivable from petroleum support funds	3,737,130	4,116,235
	City securities limited (Unclaimed dividends)	<u>1,086,414</u>	<u>1,086,414</u>
		18,541,887	16,290,781
		<u>33,472,071</u>	<u>31,118,583</u>

20.1 Credit and allowance policy

The credit policy of Total Nigeria Plc is set in accordance with the Sales Channel the Customer belongs:

Network Channel: Credit is extended to dealers who operate the Company Owned, Dealer Operated Service Station (CODO) and some of the Dealer Owned, Dealer Operated service stations (DODO) who specifically apply to operate under the DODO credit scheme. Under both CODO and DODO credit schemes, credit is extended to each dealer to cover the working capital needs of the station. Each day's sales proceeds are lodged into the Company's bank account at least twice daily. The Company's financial risk exposure is covered by retentions from dealers income to increase the security deposit, as well as, physical stock in the station.

General Trade (GT) Channel: Credit for the GT customers is set at the monthly average sales to the customer for a period of one year or six months after proper financial and qualitative analyses. The approved credit limit is extended for 30 days or 45 days in rare occasions for blue chip companies.

Bad and Doubtful Debt Provision: Provision for doubtful debts is made only for debts that are 91 days and above overdue. 100% provision is made for debts that are overdue by 181 days and more, while 50% is made for debts that are overdue by 91 days and up to 180 days. Despite making provision for the overdue debts the company still makes efforts to collect the outstanding debts. Only debts that have been provided for, which cannot be collected after exhausting all debt recovery efforts, are eventually written off as bad debts. Meanwhile, Multinational oil companies and related entities are exempted from this provision policy.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

20 Trade and other receivables (continued)

20.2 Ageing of overdue but not impaired receivables

	March 2014 N'000	December 2013 N'000
0 - 90 days	5,118,079	5,366,870
91-180 days	1,072,473	448,091
Above 180 days	458,121	431,078
Total	6,648,674	6,246,039

20.3 Ageing of impaired trade receivables

	March 2014 N'000	December 2013 N'000
0 - 90 days		-
91-180 days	50,697	487,339
Above 180 days		836,709
Total	50,697	1,324,048

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

20.4 Movement in the allowance for doubtful debts

Balance at the beginning of the period	588,474	588,474
Impairment losses recognised	639,804	639,804
Amounts written off during the year as uncollectible	(5,348)	(5,348)
Amounts recovered during the year	(142,551)	(142,551)
Balance at the end of the period	1,080,379	1,080,379

In determining the recoverability of a trade receivable the company considers changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the Company's diverse customer base.

	March 2014 N'000	December 2013 N'000
21 Prepayments		
Current		
Prepaid rent and employee advances	1,246,116	919,012
Non-current		
Long term prepaid network assets	1,767,389	2,275,905
Prepaid depot expenses	-	-
Prepaid rent	135,108	13,904
	1,902,497	2,289,809
Total prepayments	3,148,613	3,208,821

The long term prepaid network assets relate to amount paid in advance for leased stations, as well as leased lands on which stations and other company installations are built.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

	March 2014 N'000	December 2013 N'000
22 Borrowings		
Unsecured borrowing at amortised cost		
Bank overdrafts & Trade Finance loan	12,987,049	16,607,659
Total borrowings	12,987,049	16,607,659
Amount due for settlement within 12 months	12,987,049	16,607,659
Amount due for settlement after 12 months	-	-

The other principal features of the company's borrowings are as follows.

- (i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts for the period approximates 13.0% per annum (2013: 13% per annum) and are determined based on banks cost of funding plus lenders mark up.
- (iii) The weighted average interest rates paid during the period were as follows:

	March 2014 %	December 2013 %
Bank overdrafts	13.0	13.0

	March 2014 N'000	December 2013 N'000
23 Trade and other payables		
Trade payables :		
Amount due to related companies (Note 34)	12,523,249	6,592,454
Trade creditors	6,547,222	4,617,810
Bridging contribution	10,126,027	8,801,052
Other Suppliers	1,397,670	2,045,183
Suppliers retention	77,915	87,461
	30,672,084	22,143,960
Other payables:		
Sundry creditors	2,828,808	2,286,779
Security deposit	4,414,623	4,347,283
Accrued Liabilities	11,922,849	13,634,145
Accruals on Products Supplied	-	-
Unclaimed dividend	1,086,414	1,086,414
Value added tax payable	25,426	13,763
Staff pension	17,785	15,997
Staff gratuity	21,252	7,838
	20,317,156	21,392,219
Total Trade and other payables	50,989,240	43,536,178

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is thirty days.

The directors consider that the carrying amount of trade payables approximates their fair value.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

	March 2014 N'000	December 2013 N'000
24 Share capital		
Authorised, Issued and fully paid:		
339,521,837 ordinary shares of 50k each	169,761	169,761
Issued and fully paid capital comprises:		
297,081,608 ordinary shares of 50k each after restructuring with Total Raffinage Marketing in 2013.	148,541	148,541
224,000,000 ordinary shares of 50k each before merger with Elf Oil Nigeria Limited		
73,081,608 ordinary share of 50k each issued in exchange for the shares of Elf Oil Nigeria Limited in 2001.		
42,440,229 ordinary shares of 50k each issued as bonus shares transferred from bonus issues reserve in 2004.	21,220	21,220
	169,761	169,761

The Company has one class of ordinary shares which carry no right to fixed income.

	March 2014 N'000	December 2013 N'000
25 CASH AND CASH EQUIVALENTS		
Bank and cash balances	5,583,762	9,444,643
Foreign currencies purchased for imports	5,583,762	9,444,643
Bank overdrafts & Trade Advance Loan	(12,987,049)	(16,607,659)
	(7,403,287)	(7,163,016)

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

26 Cash Flow from Operating Activities

	March 2014 N'000	December 2013 N'000
Profit after tax	1,069,948	5,334,091
Adjustment to reconcile net profit to net cash provided:		
Depreciation of Property, Plant and Equipment	696,881	2,620,909
(Profit)/loss on asset disposal	(16,075)	(81,167)
NBV of reclassified and transferred assets	(0)	(148,578)
Effect of forex rate change	124,807	(193,805)
Write Back Provision of Stock	-	(159,418)
Interest payable and similar charges	477,110	1,981,385
Interest receivable and similar income	(126,920)	(1,232,748)
Movements in Working Capital:		
Decrease / (Increase) in inventories	(7,783,943)	10,023,105
(Increase)/Decrease in debtors	(2,353,488)	(4,874,094)
Decrease/(Increase) in current prepayments	(327,104)	720,268
(Decrease) /Increase in trade and other payables	7,453,061	(995,682)
Increase in tax payable	542,508	263,718
Increase in deferred tax provision	92,501	400,723
Net Cash (used in)/ provided by operating activities	(150,716)	13,658,707

27 Commitments and Contingent Liabilities

(i) Commitments

Financial commitments

The Company did not charge any of its assets to secure liabilities of third parties.

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements. These liabilities are relevant in assessing the company's state of affairs.

Guarantees and bonds

	March 2014 N'000	December 2013 N'000
Total commitments given	728,350	698,350
Total commitments received	150,000	155,000

Commitments given include primarily bonds to Major oil marketers association for joint petroleum product import in the ordinary course of business. No losses are anticipated in respect of this.

Commitments received include primarily customers guarantees.

Commitments received and given are held with local banks.

At 31 March 2014, the company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to N383,265,511. (2013: N119,617,648)

(ii) Contingent liabilities

There are contingent liabilities in respect of legal actions against the company amounting to N3,531,298,063 (2013: N3,728,751,725). Management has not made provision for these contingent liabilities as consultation with the Company's external solicitors has indicated that the likely outcome of the legal actions will favour the company.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

28 Retirement benefit schemes

The company operates two defined contribution schemes:

- (i) The company operates pension scheme in accordance with the provisions of the pension reform Act 2004. The scheme applies to all employees of the company and is funded through monthly contribution of 7.5% each of the consolidated salary by both the company and the employees.
- (ii) The company operates a gratuity scheme for its employees in service before January 2001 which is funded by the company monthly contribution of 9.5% of total annual emolument and paid to Fund Managers chosen by each

For the defined contribution plans, expenses correspond to the contributions payable. The net periodic pension cost is recognised under "Other operating expenses".

29 Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation 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 note 22, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in note 24 and the Statement of Changes in Equity.

The company is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio is as follows:

	March 2014 N'000	December 2013 N'000
Debt	12,987,049	16,607,659
Cash and cash equivalents	(5,583,762)	(9,444,643)
Net Debt	7,403,288	7,163,016
Equity	14,310,733	13,240,785
Net debt to equity ratio	52%	54%

Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts) and Equity includes all capital and reserves of the company that are managed as capital.

29.1 Categories of financial instruments

	March 2014 N'000	December 2013 N'000
Financial assets		
at amortized cost		
<i>Loans and other receivables</i>	-	-
<i>Cash and bank balances</i>	5,583,762	9,444,643
<i>Trade and other receivables</i>	33,472,071	31,118,583
	39,055,833	40,563,226
Held to maturity	-	-
Financial liabilities		
at amortized cost		
<i>Trade and other payables</i>	50,989,240	43,536,179
<i>Borrowings</i>	12,987,049	16,607,659
	63,976,289	60,143,838

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

30 Financial Risk Management

(i) Financial risk management objectives

The company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The company seeks to minimise the effects of risks by using Spot or Forward Purchase of Currency to hedge these risk exposures. The use of financial derivatives is governed by the Total group's policies, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a periodic basis. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports monthly to the Group's Treasury, a section of the Group that monitor's risk and policies implemented to mitigate risk exposures.

(ii) Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The company enters into both spot and forward foreign exchange contracts to hedge the exchange rate risk arising on the normal course of business.

There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

(iii) Interest rate risk management

The company is exposed to interest rate risk as it borrows funds at Multiple interest rates. The risk is managed by the company by constantly negotiating with the banks to ensure that interest rates 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:

		March 2014 N'000	December 2013 N'000
Variable rate instruments	Average rate %		
Bank Overdrafts	13.0%	12,987,049	16,607,659
		<u>12,987,049</u>	<u>16,607,659</u>

Sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below (see note 22.1).

Change of 200 basis points 2%

	Interest charged N'000	Effect of Increase / Decrease in Interest Rate	N'000
31 March 2014	477,110	'+/- 2 %	259,741
31 December 2013	1,981,385	'+/- 2 %	332,153

Foreign exchange risk management

The company uses the spot and forward deals to hedge its foreign exchange exposure. However, at the reporting date the company did not have any outstanding derivatives (2013: Nil)

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

30 Financial Risk Management (cont'd)

Spot Contract

The purchase or sale of foreign currency at a price fixed at the contract date with delivery as at "now".

Forward Contract

The purchase or sale of foreign currency at a price fixed at contract date with delivery and settlement at a future known and agreed date. Forward exchange contracts are valued on the basis of a comparison of the negotiated forward rates with the rates in effect on the financial markets at year-end for similar maturities.

Sensitivity analysis

Foreign Exchange

A movement in the exchange rate either positively or negatively by 200 basis points is illustrated below. Such movements would have increased (decreased) the cash and bank balance (Statement of Financial Position) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group 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.

<i>Effect in thousands of Naira</i>	'000	'000			N '000
	Foreign Currency	Naira Balance	Exchange Rate	Effect of Increase / Decrease in Exchange Rate	
31 March 2014					
USD	4,408	726,583	164.85	' +/-2	8,815
EURO	49,851	11,333,110	227.34	' +/-2	99,702
	'000	'000			N '000
	Foreign Currency	Naira Balance	Exchange Rate	Effect of Increase / Decrease in Exchange Rate	
31 December 2013					
USD	9,733	1,563,168	160.60	' +/-2	19,466
EURO	511	110,836	216.89	' +/-2	1,022

A movement of the Naira against the above currencies at the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iv) Liquidity risk management

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 tables include 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 end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	N '000	N '000	N '000	N '000
		Less than 1month	1-3 months	3 months-1 year	1-5 Years
31 March 2014					
Trade and other payables		50,989,240	-	-	-
Borrowings	13.0%	-	-	12,987,049	-
31 December 2013					
Trade and other payables		43,536,179	-	-	-
Borrowings	13.0%	-	-	16,607,659	-

The company manages liquidity risk by maintaining reserves, banking facilities by monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. Below is a listing of financing facilities that the company has at its disposal to further reduce liquidity risk.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

Financial Risk Management (cont'd)

Financing facilities

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

	March 2014 N'000	December 2013 N'000
Amount used	12,987,049	16,607,659
Amount unused	38,212,951	34,592,341
Total Facilities	51,200,000	51,200,000

(v) 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 other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are reviewed and approved by the management.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

31 MARCH, 2014

	Fully Performing	Past Due	Total
	N'000	N'000	N'000
Network	2,463,742	-107,948	2,355,793
General Trade	5,956,370	6,807,360	12,763,729
Total receivables	8,420,111	6,699,411	15,119,523

31 DECEMBER , 2013

	Fully Performing	Past Due	Total
	N'000	N'000	N'000
Network	3,398,301	18,952	3,417,253
General Trade	4,994,797	5,706,009	10,700,806
Total receivables	8,393,098	5,724,961	14,118,059

31 Fair Value

The directors consider that the fair value of financial assets and liabilities are not significantly different from their carrying values.

32 Assets pledged as security

At the Period ended 31st March 2014 there were no assets pledged as security

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

33 Events after the balance sheet date

There were no post balance sheet events that could have material effect on the financial position of the company at 31 March 2014 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

34 Related party transactions

34.1 Trading transactions

During the year, the company entered into the following transactions with related parties.

	Sale of goods		Purchase of goods		Others	
	March 2014 N'000	December 2013 N'000	March 2014 N'000	December 2013 N'000	March 2014 N'000	December 2013 N'000
Total Outre Mer	-	-	21,469,847	64,857,459	-	-
Total International Ltd	-	-	520,361	7,758,406	-	-
Total E&P Nigeria	753,686	10,283,818	-	-	-	-
Total Lubricants	103,249	360,193	-	-	-	-
	<u>856,935</u>	<u>10,644,011</u>	<u>21,990,208</u>	<u>72,615,865</u>	<u>-</u>	<u>-</u>

34.2 Outstanding balance

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	March 2014	December 2013	March 2014	December 2013
Total Outre Mer	-	-	12,307,914	5,325,221
Total International Ltd	-	-	-	-
Total E&P Nigeria	922,584	1,747,513	-	-
Air Total international	-	-	6,040	10,298
Elf Aquitaine	-	-	-	-
Total SA	-	-	632	24,406
Total France	-	-	-	-
Total Gestion international	-	-	-	4,283
Total Access to Solar	-	-	17,080	-
Total Gas	-	-	-	-
Total Kenya	-	-	745	-
Total Oil Trading	-	-	156,316	796,586
Total RM	-	-	34,523	431,659
Total Lubrificants	<u>38,940</u>	<u>42,608</u>	<u>-</u>	<u>-</u>
	<u>961,523</u>	<u>1,790,122</u>	<u>12,523,249</u>	<u>6,592,454</u>

34.3 During the period, the company traded with related parties on terms similar to such transactions entered into with third parties.

Some amounts outstanding from/ to Total Outre Mer are secured using a Letter of Credit, while the other amounts are unsecured and will be settled in the normal course of business. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

TOTAL NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2014

35 TECHNICAL SERVICE AGREEMENT

The Company has a General Assistance and cost sharing agreement with Total Raffinage Marketing which are renewable every 3 years subject to the approval of The National Office for Technology Acquisition and Promotion (NOTAP). The amount provided for in the profit and loss account was N189,321,600 (March 2013: N257,136,539).

36 RECLASSIFICATION OF BALANCES

Certain comparative balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation.