



A 2011
ANNUAL REPORT
& ACCOUNTS

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C O N T E N T S

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Board of Directors and Corporate Information



Chairman

Mr. Fola Adeola, OFR; *mni*

Managing Director/CEO

Mr. Mahmud Tukur

Directors

Chief (Dr.) Michael Ade Ojo, OON

Mr. Ibrahim Boyi

Mrs. Afolake Lawal

Otunba Demi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)

Acting Company Secretary/Legal Adviser

Bunmi Agagu

Registered/Head Office

5a, Oba Adeyinka Oyekan Avenue, Ikoyi, Lagos

P.O. Box 5647, Marina, Lagos

Telephone: +234 1 8981836, 8981842

Email: info@eternapl.com

Website: www.eternapl.com

Auditors

PricewaterhouseCoopers

(Chartered Accountants)

Plot 252E, Muri Okunola Street

Victoria Island

Lagos

Tel: 01-2711700

Registrars

Wema Registrars Limited

Plot 30, Oba-Akran Avenue

Ikeja, Lagos

Tel: 01-7732181

Bankers

Sterling Bank Plc

First Bank of Nigeria Plc

Mainstreet Bank Ltd

Access Bank Plc

UBA Plc

FCMB Plc



Financial Highlights

Financial Statements for the year ended 31st December 2011

Strong Growth In All Areas

	2011 N'000	2010 N'000	%Change
Turnover	41,068,644	14,138,607	190%
Profit before taxation	1,789,885	1,159,730	54%
Retained profit for the year	1,211,156	722,737	68%
Net Assets	5,834,979	4,623,820	26%
Earnings per share (Naira)	0.93	0.55	68%
Net Assets/(liabilities) per share (Naira)	4.47	3.55	26%



Notice of Meeting

Financial Statements for the year ended 31st December 2011



Notice of Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting (AGM) of Eterna Plc will be held on Tuesday 18th December, 2012 at Agip Recital Hall, Muson Centre, Onikan, Lagos at 11.00am prompt to transact the following businesses:

Ordinary Business:

1. To lay the Audited Financial Statements for the year ended 31st December, 2011 and the Reports of the Directors, Auditors and the Audit Committee thereon.
2. To re-elect a retiring Director.
3. To re-appoint the Auditors.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

Special Business:

1. To consider and if thought fit, pass the following as an Ordinary Resolution:

"That the Directors' fee for the year ending December 31, 2012 be and is hereby fixed at N6,500,000".

BY ORDER OF THE BOARD

Bunmi Agagu

Acting Company Secretary/Legal Adviser

Dated the 20th day of November, 2012



Notice of Meeting *(Continued)*

Financial Statements for the year ended 31st December 2011

Note:

1. PROXY

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

All proxy instruments should be duly stamped by the Commissioner of Stamp duties and deposited at the Registrar's office, Wema Registrars Limited, Plot 30 Oba Akran Avenue, Ikeja, Lagos, not less than 48 hours before the time fixed for the Annual General Meeting. A corporate body being a member of the company is required to execute proxy instrument(s) under seal.

2. CLOSURE OF REGISTER AND TRANSFER BOOKS

The Register of members and Transfer Books will be closed from the 3rd day of December to the 5th day of December, 2012 (both days inclusive) for the purpose of updating the Register of Members in accordance with Section 89 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004.

3. AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any member may nominate a shareholder as a member of the Audit Committee. All such nominations should reach the Company Secretary at least 21 days before the Annual General Meeting.



Corporate Profile

Financial Statements for the year ended 31st December 2011



Overview

Eterna was incorporated on the 13th of January 1989 as Eterna Oil & Gas Limited. The Company commenced business in 1991 and became listed on the Nigerian Stock Exchange in 1998.

In the bid to carve a niche as a manufacturer and marketer of reliable, efficient and high quality lubricants and oil products, Eterna Plc established a technical partnership with **Castrol BP** in 1991 – the pioneers in global lubricant technology and specialty chemicals.

This relationship gave rise to a distributorship agreement and an exclusive right to import and market Castrol products in Nigeria.

Today, our Sagamu plant is one of three accredited Castrol blending plants available in Africa and the only one in West Africa. We have upgraded the laboratory at the lubricant blending plant by providing state-of-the-art equipment to provide world class quality control and after sales support.

We have also significantly, expanded our operations with the aim of enhancing our cashflow and profitability with the following acquisitions:

- A Coastal Tank Farm in Lagos with a capacity of 34 million litres;
- An Aviation Fuel Depot at the Bill Clinton Drive, at the Nnamdi Azikwe International Airport, Abuja with a capacity of 2.8 million litres.
- Petrol filling stations in Lagos, Ibadan, Port Harcourt, Abuja and Yola.

Our Vision

The energy company that delivers exceptional value.

Our Mission

We push business boundaries with our innovation, high performance and principles.

Shared Values

- Innovation
 - Respect
 - Efficiency
 - Entrepreneurship
 - Ethics
- IRE[®]

Our Logo

The three sails of our logo represent our planned integration in the oil sector – upstream, midstream and downstream

- Sails were chosen as our symbol because sailing is about harnessing natural resources for movement and the adventure of crossing borders. There is a sense of freedom and timelessness which comes with sailing and which reflects aspects of the Eterna spirit.
- The Boarder around the logo conveys stability that Eterna now has. It is a company which has had experiences from which it has drawn, resulting in a stronger, better grounded company.
- The colours of the logo are yellow, orange and green, a vibrant combination deliberately chosen to demonstrate the energy and vision of the company as well as its concern for the environment.
- The name is written using a type face which is attractive, yet simple. The use of small 'e' for Eterna shows the youthful, innovative and informal Company that it is.



Community Affairs, Safety, Health, Environment & Security (CASHES Policy)

We conduct our activity in a manner that safeguards the health and safety of our employees, contractors & subcontractors and the communities or areas in which we work. We conduct our activities in line with our established Community Affairs, Safety, Health, Environment & Safety (CASHES) Policy.

We maintain an adequate insurance policy that covers occupational diseases and health impairment for our employees.

Our CASHES policy ensures that in every area of operation, the following objectives are achieved;

Community Affairs

We establish and maintain cordial relationships with all our stake holders. We are ever sensitive to the needs and concerns of our host communities.

Safety

Our operations are executed in a safe manner that focuses on the protection of human lives, the avoidance of accidents and the prevention of all forms of disability.

Health

We plan and carry out our activity in a manner that preserves the health of our employees, sub-contractors and the general public.

Environment

We strive to eliminate or reduce adverse effect of our operations in the environment; we apply practical and reasonable measures to minimize the generation, management and disposal of all waste in an environmentally friendly manner.

Security

Our security policy and attitude ensures that personnel and property are secured during our operations.

Quality Policy

Financial Statements for the year ended 31st December 2011



It is our policy to provide products and services of consistently high quality that meet and exceed the needs and expectations of our customers in the field of petroleum products and other business activities thereby achieving sustained, profitable growth.

This level of quality is achieved through the adoption of an effective Quality Management System in accordance with the requirements of International Standard NIS ISO 9001:2008.

The Company's Management has responsibility for maintaining the integrity of the management system and is committed to providing the direction and level of resources necessary to ensure its effectiveness. Hence the Managing Director is the driving force behind the development and implementation of the Quality Management System.

Our Quality Policy provides a framework for establishing and reviewing quality objectives at the corporate and departmental levels.

Achievement of this policy requires all employees to be actively encouraged to contribute to the development of the Quality Management System through positive participation in audits and reviews and by submission of proposals for continual system improvements.

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

Eterna undertakes to review this policy as the need arises for continuing suitability.

Mahmud B. Tukur
Managing Director/CEO
10th October, 2010





Chairman's Statement

Financial Statements for the year ended 31st December 2011



CHAIRMAN'S STATEMENT

Fellow shareholders, members of the Board, invited guests, members of the press, ladies and gentlemen.

It is my honour and pleasure to welcome you all to the 22nd Annual General Meeting of our Company and to present to you the Group Annual Report and Audited Financial Statements for the year ended 31st December, 2011.

OPERATING ENVIRONMENT

The operating environment for Nigerian companies in 2011 was not conducive for most operators, as difficult financial circumstances proved to be the norm throughout the year.

During the year under review, our country witnessed another political transition that ushered in the 7th republic. This adversely affected economic activities as the elections dominated national discourse in all spheres.

Interest rates and energy costs were high and the Naira depreciated against other world currencies, particularly the United States Dollar. The oil and gas industry continued to witness the negative effects of persistent multiplicity of oversight functions by government agencies as well as excessive and intrusive regulation of the industry.

According to the Nigerian Bureau of Statistics (NBS), Nigeria's economic growth remained robust in 2011 at 7.68%, driven by the non-oil sector, particularly telecommunications, construction, wholesale and retail trade, hotel and restaurant services, manufacturing and agriculture. Inflation rate fell from 13.7% in 2010 to 10.2% following monetary policy tightening implemented by the Central Bank of Nigeria.

In spite of this growth, unemployment still rose from 21.1% in 2010 to 23.9% in 2011 rendering a large proportion of the nation's youths who constitute 65% of our population idle. This is perhaps the greatest danger facing this nation today.

OPERATING RESULTS

Against this background, your Board is pleased to announce that the Company's performance turned out to be considerably more robust than was expected in the year under review.

There is no doubt that we were confronted with real challenges in the course of the year. However, we became more innovative in the face of those challenges, in a bid to ensure that shareholder value was enhanced.

We achieved consolidated operating revenues of N41 billion representing overall percentage growth of 190% compared with the N14.1 billion operating revenues achieved in 2010 financial year.

Our gross profit of N2.4 billion shows a growth of 57% compared to the gross profit of N1.5 billion achieved in 2010. We have significantly reduced interest expenses on loans by over 60%. The reduction in interest costs, which had adversely affected profitability in previous years, is directly attributable to the success recorded from substantial repayments, as well as restructuring of existing loans into better repayment and pricing terms.

Chairman's Statement *(Continued)*

Financial Statements for the year ended 31st December 2011



We increased our retail outlets through the acquisition of a petroleum products filling station at Rumuola, Port Harcourt, Rivers State. We also entered into a long term lease for the branding and sales of petroleum products at another filling station in Yola, Adamawa State in the year under review. In the current year (2012), we have acquired a large parcel of land in Calabar, Cross River State for the construction of a mega petroleum filling station, warehouse and office space. We have also leased a fully built filling station at Mile 1, Port Harcourt. All these efforts increased our retail presence and has provided opportunity for advertising and brand visibility. We have been innovative and determined in ensuring that all our assets are optimally utilised to improve cash generation and continuously support our financial baseline.

At the end of the financial year, we recorded profit after tax of N1.2 billion representing growth of 68% compared with the figure of N722 million profit after tax recorded in 2010. It is important to note that this is the first time that the Company has turned a profit in two consecutive years in the last ten years, confirming that the turn-around has indeed begun!

We believe our business will continue to thrive in 2012 and beyond despite anticipated challenges. We will continue to introduce and implement innovative strategies that will improve our profitability, without compromising product quality, service delivery or debasing any of our core values.

HEALTH, SAFETY, SECURITY & THE ENVIRONMENT

We maintained excellent standards of Health, Safety, Security and Environmental (HSSE) principles, when benchmarked against international best practices in the course of the year.

In the course of the reporting year, we improved the standard of health care services available to all our employees by upgrading the health plan offered by the Company's Health Management Organisation (HMO) at no expense to staff.

We recorded "zero" fatalities at all our locations and sites nationwide. We sustained a high level of safety for our people and assets despite the general atmosphere of insecurity in Nigeria.

We are determined to enhance our operational reliability in the areas of health, safety and environmental stewardship.

RISK MANAGEMENT

Our business is exposed to diverse risks, including but not limited to fluctuation in crude oil prices, erosion of refining margins, financing risks, adverse regulation, fluctuating global market dynamics, unstable local market conditions, competition from major oil companies and adverse price pressure from large independent clients.

Our Internal Control and Audit Department is charged with the mandate to identify, monitor and control the risks faced by the Company. The Board and Management are committed to supporting the Department's efforts to minimise such risks as are capable of eroding the Company's share value.

PRODUCTS UPDATE

In line with our promise made at the last Annual General Meeting, we have successfully acquired three new licences across Castrol BP's product lines.

I am pleased to inform you that your Company acquired the licence to market and distribute Castrol BP Aviation lubricants (Air BP) in the reporting year. The licence acquisition is one the milestones set by the Board to enable Eterna participate meaningfully in the Nigerian Aviation Industry.

Chairman's Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

We have also acquired the licence to market and distribute Castrol BP's top range of Automotive Lubricants, although this took place after the reporting period. This licence opens a horizon of opportunities into high end lubrication technology for automobiles of distinction and high technology production processes.

We have continued to strengthen our relationship with our Dealers and Distributors to increase sales, preserve the quality of our products, ensure more aggressive but ethical marketing practices and further eliminate inefficiencies.

STAFF

As at December 31st 2011, we had 50 employees on our payroll. These men and women remain our Company's greatest asset. The Board and I are grateful to them for their diligence, perseverance and hard work. Our human resource structure is a great example of the benefits of integrating a diverse and multi-cultural workforce into the Nigerian work environment.

The Board and Management will continue to monitor and review the staffing and compensation structure as well as the Company's training and manpower development policies to ensure that only the best and the smartest are attracted to and retained in the Company's service. We will continue to motivate these men and women who add value to our Company on a daily basis.

FUTURE OUTLOOK

The greatest challenge facing your Company today is that of petroleum subsidy claims. The Nigerian Government has alleged that our Company was complicit in making false claims for subsidy. As a matter of fact, your Company and two of its senior executives have been charged to court by the Economic and Financial Crimes Commission (EFCC).

Your Board takes this very seriously and has left no stone unturned in its own efforts to establish the facts.

As far as we know, our Company has not received any illegal benefits from subsidy claims. Your Board is determined to resolve this issue in an expeditious manner in order that we can focus on the business of the Company.

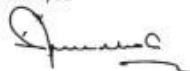
We have retained the services of very senior and competent lawyers in this regard. We are also willing to explore any other legal avenues that we ensure that this is put behind us. I would like to assure you that your Board is made up of people of very high integrity, who will take all necessary actions in the interest of your Company.

CONCLUSION

I express my sincere appreciation to the Board, Management and our employees for their hard work, hands-on approach, positive attitude and continued support. The Board has been resilient in its duties, providing constant oversight and giving forthright support and advice to the Management team at all times.

I also thank all our shareholders for their patience, the confidence they have reposed in us, and the support which they have shown us over the years.

Thank you



Fola Adeola, OFR; mni
Chairman

Board of Directors

Financial Statements for the year ended 31st December 2011



Mr. Fola Adeola, OFR; *mni*
Chairman

Members of the Board of Directors
who served in 2011 financial year



Mr. Mahmud Tukur
Managing Director/CEO



Mr. Ibrahim Boyi
Non-Executive Director



Chief (Dr.) Michael Ade Ojo
Non-Executive Director



Mrs. Afolake Lawal
Non-Executive Director

December 31, 2011

The Directors submit their report together with the audited group financial statements for the year ended 31st December 2011, which disclose the state of affairs of the Company and the group.

Legal Form and Address

Eterna Plc was incorporated in Nigeria as a private limited liability company in 1989. It became a Public Company in 1997 and her shares were first listed in August 1998 on the Nigerian Stock Exchange (NSE). The Company is domiciled in Nigeria and the address of its registered office is 5(A) Oba Adeyinka Oyekan Avenue (Formerly Second Avenue), Ikoyi, Lagos.

Principal Activities

The principal activities of the Companies in the group are the manufacturing and marketing of lubricating oils and petrochemicals, importation and sale of fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry.

Results and Dividend

The Group's results for the year are set out on page 37. The profit for the year N1.21 Billion (2010:N723 million) has been transferred to the general reserves. No dividend has been recommended for the year.

Directors

The Directors who held office during the year and to the date of this report were:

Name	Date of Appointment
Mr. Fola Adeola, OFR; <i>mni</i> (Chairman)	26 – July – 07
Mr. Mahmud Tukur (Managing Director/CEO)	03 – Sept - 04
Mr. Ibrahim Boyi (Non-Executive Director)	03 – Sept – 04
Chief (Dr) Michael Ade Ojo, <i>OON</i> (Non-Executive Director) (Alternate: Otunba Femi Deru)	26 – Jan – 01
Mrs. Afolake Lawal	28 – Sept - 10

In accordance with the Company's Articles of Association, Mrs. Afolake Lawal will retire by rotation and being eligible, offers herself for re-election.

Directors' Shareholding

The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004 and the listing requirements of the Nigerian Stock Exchange are as follows:

Director	No of shares held 31 st - Dec 2011	No of shares held 31 st - Dec-2010
Chief (Dr) Michael Ade Ojo, OON	25,645,823	25,645,823

Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

Messrs Fola Adeola, Ibrahim Boyi and Mahmud Tukur represent Lenux Integrated Resources Limited which owns 301,156,231 shares in Eterna Plc (2010: 301,156,231).

Mrs. Afolake Lawal represents L.A. Pro Shares Limited, GTI Securities Limited and GTI Capital Limited which together own 55,380,166 (2010: 37,497,570) shares in Eterna Plc.

Shareholding Structure

Number of holding	Number of shareholders	Number of shares held	Percentage
1 - 1,000	7,387	4,487,416	0.35
1,001 - 10,000	14,579	52,391,184	4.02
10,001 - 50,000	4,105	90,806,121	6.96
50,001 - 100,000	527	41,256,132	3.16
100,001 - 500,000	454	96,643,096	7.41
500,001 - 1,000,000	43	30,557,399	2.34
1,000,001 - 5,000,000	47	109,243,146	8.38
5,000,001 - 10,000,000	7	45,776,253	3.51
10,000,001 - 500,000,000	15	832,983,900	63.87
Total	27,164	1,304,144,647	100

Share Capital History

YEAR	AUTHORISED (N)		ISSUED & FULLY PAID-UP (N)		CONSIDERATION
	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	
1989	50,000	50,000	50,000	50,000	Cash
1990	1,950,000	2,000,000	1,950,000	2,000,000	Cash
1991	10,000,000	12,000,000	10,000,000	12,000,000	Cash
1992	8,000,000	20,000,000	2,000,000	14,000,000	Bonus
1993	–	20,000,000	6,000,000	20,000,000	Cash
1995	50,000,000	70,000,000	5,000,000	25,000,000	Bonus
1995	–	70,000,000	33,123,000	58,123,000	Cash
1996	–	70,000,000	9,338,000	67,461,000	Bonus
1997	–	70,000,000	2,539,000	70,000,000	Cash
1998	30,000,000	100,000,000	30,000,000	100,000,000	Cash
2001	20,000,000	120,000,000	20,000,000	120,000,000	Bonus
2002	130,000,000	250,000,000	–	120,000,000	–
2005	125,000,000	375,000,000	118,000,000	238,000,000	Cash
2005	–	375,000,000	12,000,000	250,000,000	Bonus
2007	–	375,000,000	75,000,000	325,000,000	Cash
2008	225,000,000	600,000,000	65,000,000	390,000,000	Bonus
2009	200,000,000	800,000,000	–	390,000,000	–
2009	–	800,000,000	262,072,323	652,072,323	Cash

According to the register of members at 31 December 2011, the following Shareholders of the company held more than 5% of the issued share capital of the company:

Substantial Shareholders

Shareholder	No of shares held	Percentage
Lenux Integrated Resources Limited	301,156,231	23.09
Global Energy Engineering	179,990,000	13.80
GASL Nominees Limited	112,575,988	8.63
Radix Capital Partners Limited	92,925,382	7.13

Directors' Interest in Contracts

None of the Directors have notified the Company for the purpose of section 277 of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Post Balance Sheet Events

There are no post balance sheet events that are likely to have a material effect on the state of affairs of the Company as at 7th November, 2012.

Research and Development

The Company, in its continuous effort to ensure that its products are the best available in the market using modern and efficient manufacturing processes, continue to invest in research and development.

Employment of Disabled Persons

We are an equal opportunities organization and we have a policy of fair consideration for job applications by disabled persons having regard to their skills and aptitude.

The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Donations and Gifts

The Company made donations to some charitable institutions and organisations during the year which amounted to N2.87 million.

Beneficiaries	N'000
Academy for Entrepreneurial Studies	200
Fate Foundation	500
Fortunate Special School	100
Ishoyin Development Association	200
Oginigba Community Power Project	650
Oginigba Community Royalty Project	320
Rotary Club of Mushin Metropolitan Club	200
Small World	200
The Ikoyi Club	500
Total	2,870

Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

Health, Safety and Environment

We have established and enshrined high and mandatory standards of health, safety and environment requirements in our operating environments and operational procedures.

These requirements cut across staff, contractors and third parties and have the required commitment from the top management of the Company. All relevant policies are duly signed by the Company's Managing Director and communicated to staff.

All staff and third party personnel are subjected to regular and consistent induction and drills in health, safety and environmental practices to constantly ensure that operations are performed under the best available HSE practices.

We update and monitor our HSE policies to ensure performance against set objectives and to ensure that our operations are in compliance with regulatory and statutory requirements. In the year under review, all required regulatory audits and inspections were carried out within our operating environments, we recorded no regulatory sanction on all client and third party inspections of our operations in the year under review. All required regulatory audits, inspections and monitoring were carried out within our operating environments.

We have improved on our emergency procedures and upgraded security infrastructure at our various business locations. The adoption of a 'risk based approach' in our daily activities has consistently resulted in zero Loss Time Injury (LTI) at all our operational environments.

Corporate Governance

We recognize the growing demand of good governance on our brand and we are not ignorant of the statutory and regulatory requirements for publicly quoted companies in Nigeria. We also ensure that a global best practice approach is applied in our operations as mandated by our relationship with our international partners.

The governance principles applicable to Eterna Plc are a combination of the laws of Nigeria; the Memorandum and Articles of Association of the Company; the Code of Corporate Governance in Nigeria; the Listing Rules and the Continuing Obligations as issued by the Nigerian Stock Exchange from time to time; Code of Business Ethics and Policies as approved by the Board of Directors.

We have put in place a framework that sustains high standards of corporate governance and transparency in our dealings. Our intention is to take our corporate governance compliance beyond a box-ticking exercise.

Governance Structure

Board of Directors

There are 5 members on the Board of the Company.

The members of the Board formulate policies and oversee the effective performance of the Management of the Company.

Our directors are tested professionals with varied skills that enrich the deliberations of the Board. The affairs of the Company is monitored through the existence of standing committees that ensure performance of operations on behalf of the entire Board in key areas affecting the Company's business. The Board has the duty at all times to act in the best interest of the Company.

Role of the Board

- Strategy and Policy Formulation
- Overseeing the Management and conduct of the entire business activities
- Risk identification, monitoring and management
- Ensuring the existence of an effective risk management system
- Overseeing the effectiveness and adequacy of internal control
- Ensuring effective communication with shareholders
- Ensuring the integrity of financial reports
- Ensuring that ethical standards are maintained
- Ensuring compliance with the laws of Nigeria
- Determining the terms of reference of standing committees as well as reviewing and approving the reports of the committees

The Chairman

The position of Chairman and Managing Director/CEO are held by two distinct and seasoned professionals who complement each other's skills and work well together.

The Chairman's primary responsibility is to ensure that the Company's strategic objectives are achieved. He provides overall leadership and direction for the Board and the Company. The Chairman is a Non-Executive Director who is not involved in the day-to-day operations of the Company.

Role of the Chairman

The duties of the Chairman are as follows:

- Providing overall leadership and direction for the Board and the Company
- Setting the Annual Board Plan
- Setting the agenda for Board meetings in conjunction with the Managing Director/CEO and the Company Secretary
- Playing a leading role in ensuring that the Board and its committees are composed of the relevant skills, competencies and desired experience
- Ensuring that Board meetings are properly conducted and the Board is effective and functions in a cohesive manner
- Ensuring that Board members receive accurate and clear information in a timely manner, about the affairs of the company to enable directors take sound decisions
- Acting as the main link between the Board and the CEO as well as advising the Managing Director/CEO in the effective discharge of his duties
- Ensuring that all the Directors focus on their key responsibilities and play constructive roles in the affairs of the company
- Taking a lead role in the assessment, improvement and development of the Board
- Presiding over Board Meetings and General Meetings of Shareholders

Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

The Managing Director/Chief Executive Officer

The Managing Director/CEO is the head of the management team and he reports to the Board

He is responsible for managing and controlling the Company's business and day-to-day operations with the aim of securing significant and sustained increase in the value of the Company for shareholders.

The Managing Director/CEO ensures proper implementation of the decisions of the Board of Directors. It is his duty to ensure that the Company's operations are in compliance with the laws and regulations applicable at the time.

Role of the Managing Director/CEO

The duties of the Managing Director/CEO are as follows:

- Provides the required leadership to achieve corporate objectives
- Develops and defines future strategies and goals aimed at achieving the organisation's objectives
- Ensures the establishment and maintenance of effective Community Affairs, Safety, Health, Environment and Security (CASHES) management systems, policies and procedures
- Manages relationships with Strategic Financial, Technical and Operating partners to ensure strong and effective alliances are maintained that facilitate the Company's business
- Directs and coordinates business activities to attain defined profit, return on capital & other financial targets
- Provides the necessary vision and leadership required to get the Company to grow and to prepare it for its future tasks
- Ensures that all corporate objectives are met within the defined period
- Ensures the existence of internal controls to guarantee the integrity of financial statements and reports and safeguard the Company assets
- Ensures efficient management of the Company's support services functions and prudent management of its resources
- Creates a corporate culture through shared vision with the management team and team building with staff, directs the loyalty of the staff to align with the objectives of the Company
- Networks with key industry players and relevant government functionaries to create a positive identification with the Company's Brand
- Provides oversight of Company's activities by ensuring compliance with industry, regulatory and Company policies and procedures
- Identifies, evaluates and develops new business opportunities and feasibility reports supporting growth based on the insight derived from market analysis
- Leads the formulation, execution and monitoring of Company's business development, market penetration strategies and operating plans for enhancing business growth and operating efficiency
- Performs any other responsibility as required by the Board of Directors from time to time

Board Meeting (Attendance)

In 2011, the Board of Directors convened two (2) times.

Directors	Number of Meetings attended	Date of meeting
Mr. Fola Adeola	1	28 th July, 2011
Mr. Ibrahim Boyi	2	28 th July, 2011 12 th October, 2011
Mr. Mahmud Tukur	2	28 th July, 2011 12 th October, 2011
Otunba Femi Deru	2	28 th July, 2011 12 th October, 2011
Mrs. Afolake Lawal	2	28 th July, 2011 12 th October, 2011

Committees of the Board and Summary of their Roles and Responsibilities

The Board has three permanent Committees: The Audit Committee; The Risk Management, Finance and Investment Committee and the Governance and Remuneration Committee.

The Board of Directors elect both the chairman of the Risk Management, Finance and Investment Committee and the chairman of the Governance and Remuneration Committee from its members for one year at a time. The chairman of the Audit Committee is appointed by its members.

All board committees are headed by external, non-executive directors to ensure high degree of independence necessary to provide a thorough review of management activities.

The Board of Directors has approved terms of reference that outline the key duties and operating policies for the Committees.

In addition and whenever required, the Board may also set temporary working committees to prepare subjects for the Board.

The Audit Committee

The Audit Committee is the Board's preparatory body which focuses on matters relating to the Company's financial reporting and control.

The Committee makes sure that the Company's financial reporting, accounting and financial management as well as external and internal audit and risk management systems are properly organised. The Committee meets regularly to review the internal control systems, review management control reports and ensure independence of internal and external auditors.

Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

In compliance with the provisions of section 359 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004, the Committee has two representatives of shareholders and two Directors.

In 2011, the Audit Committee convened two times (2010: four). The average attendance of the members was 100 per cent. In its meeting held after the Annual General Meeting in April, 2012, the Committee appointed Mr. M.O.T Olayiwola (a shareholder in the Company) to continue in his role as the chairman of the Audit Committee.

Composition:

- | | | | |
|----|---|---|----------|
| 1. | Engr. M.O.T Olayiwola (shareholder) | - | Chairman |
| 2. | Prince Abiodun Koyaolu (shareholder) | - | Member |
| 3. | Otunba Femi Deru (non-executive director) | - | Member |
| 4. | Mr. Mahmud Tukur (Managing Director/CEO) | - | Member |

Audit Committee Meeting (Attendance)

Members	Number of Meetings attended	Date of meeting
Engr. MOT Olayiwola	2	26 th July, 2011 8 th March, 2011
Prince Abiodun Koyaolu	2	26 th July, 2011 8 th March, 2011
Mr. Mahmud Tukur	2	26 th July, 2011 8 th March, 2011
Otunba Femi Deru	2	26 th July, 2011 8 th March, 2011

The Governance and Remuneration Committee

The Committee provides overall responsibility on organizational structuring, Company's compensation structure, promotion and discipline of management staff, review and approval of contracts beyond the Management Tender Committee's approval authority.

The Committee is the Board's preparatory body which assists the Board of Directors in matters relating to the terms and conditions of employment for senior management; Preparation and development of the Company's compensation systems; Providing oversight functions on corporate governance to Management and making recommendations to the Board.

The Committee was inaugurated in 2011 and convened meetings twice in the course of the year.

Composition:

- | | | | |
|----|--------------------|---|----------|
| 1. | Mrs. Afolake Lawal | - | Chairman |
| 2. | Mr. Ibrahim Boyi | - | Member |

Governance and Remuneration Committee (Attendance)

Members	Number of Meetings attended	Date of meeting
Mrs. Afolake Lawal	2	21 st October, 2011 24 th November, 2011
Mr. Ibrahim Boyi	2	21 st October, 2011 24 th November, 2011

The Risk Management, Finance and Investment Committee

The Committee provides overall responsibility for the financial management, risk management and investment appraisal function of the Board. It meets when investment matters above Management's threshold is required.

The Committee is an offshoot of the Company's defunct Finance and Investment Committee which was renamed and re-structured in 2011.

The Committee convened one meeting in the course of the year.

Composition:

- | | | | |
|----|---|---|----------|
| 1. | Mr. Ibrahim Boyi | - | Chairman |
| 2. | Otunba Femi Deru, FCA,
(Alternate to Chief (Dr.) M. Ade Ojo) | - | Member |

Risk Management, Finance and Investment Committee (Attendance)

Members	Number of Meetings attended	Date of meeting
Mr. Ibrahim Boyi	1	19 th December, 2011
Otunba Femi Deru	1	19 th December, 2011

Corporate Social Responsibility

We place considerable emphasis on investment strategies that are beneficial to the society at large.

We believe that embarking in socially responsible investments is an important part of our business.

We understand that local businesses and communities are closely linked and that we can have a significant impact on our host communities. We are involved in Local Chambers of Commerce, and other business group activities.

We provide work placements for students undergoing the industrial attachment and National Youth Service Corps. All our employees are required to abide by our ethical policy, which outlines our core values and approach to doing business. The protection of our reputation is of fundamental importance, and our employees are aware of the disciplinary implications of breach of policy.

Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

Our people are encouraged to promptly report any potentially illegal, improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. We believe we have an environment that enables our people to raise genuine and legitimate concerns internally.

Our Customers

We strongly believe that integrity in dealings with customers is a prerequisite for a successful and sustained business relationship. We operate a highly effective and efficient organisation, focused on meeting customer objectives.

Our customers are well established and reputable companies that have helped sustain our business over the years.

Some of them are:

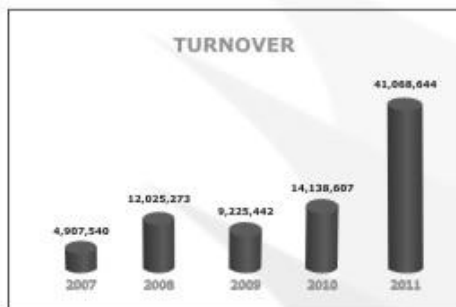
- Ashaka Cement Plc
- BUA Cement
- Cadbury Nigeria Plc
- Cameron Offshore Systems (Nig.) Limited
- Dangote Group
- Dantata & Sawoe
- Deux Projects Limited
- Elizade Motors Nigeria Limited
- ExxonMobil Nigeria Unlimited
- Halliburton
- Hyundai Motors
- Nigerian Bottling Company Plc
- Power Holding Company of Nigeria (PHCN)
- R. T. Briscoe Nigeria Plc
- SCC (Nigeria) Limited
- Schlumberger Group
- Ship & Shore Services Limited
- Sifax Group
- Sinoma International Engineering Company Limited
- Stallion Motors
- Tata Africa Services
- Total Upstream
- Transocean Nigeria
- Wapco Plc

Business Review

Financial Performance

The Company recorded 190% growth in turnover over its performance in the 2010 financial year. We also achieved an increase of 57% in gross profit when compared to the corresponding figure last year.

In the same vein, the Company recorded Profit before Tax (PBT) of N1.78 billion compared with N1.15 billion recorded in 2010 financial year.



Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

The positive performance across the Company's key performance indicators was driven primarily by the following factors:

1. Management's strategic realignment of the Company's product portfolio with focus on more profitable lines of business.
2. Putting in place a process that enhanced the streamlining and stabilization of product sourcing which has resulted in an increase in the Company's market share.
3. Management's drive for improved service delivery and efficiency resulting in cost optimization across the supply chain.

The Company's Management is confident that it will sustain the factors highlighted above and new strategic initiatives will be implemented in current and subsequent years that will lead to improved financial performance.

Marketing

Marine

Our target in 2011 was to widen our customer base and change our customer profile by migrating from customers with single lubricant grade requirements to customers with wider range and improved margins. We succeeded in doing this as we serviced about 90% of indigenous vessels regularly throughout the year. We were able to grow our overall marine revenues by 42%.

We enjoyed drastic improvement in availability of raw materials and consequently finished products in the second half of 2011. This was primarily responsible for the upsurge in volumes recorded in 2011.

The same strategy has been employed coming into 2012 and we are now positioned to acquire customers that emphasize reliability of supplier. We expect this to translate to significant business in 2012.

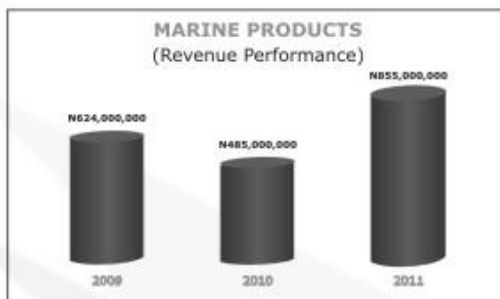
Surface Production & Drilling

In 2011 we acquired 2 new drilling companies as customers. This has increased our footprint in this sector. This sector remains traditional in its approach and partnerships are long term so we have not been able to make the desired progress. However we have made progress in terms of improving our service to our existing customers and ensuring product availability to support our push in the industry.

Subsea

This is our niche' product targeted at deep offshore drilling operations. It is highly specialized and remains very successful with our customers. Volumes for 2011 grew by over 77% with commensurate growth in Revenue and Margins. We were successful in being specified for expansion projects with our existing customers and we commenced a working relationship with a major equipment supplier in the market.

Overall, in 2011 we made significant progress in managing our raw material and inventory, reduced stock out and improved our customer profile. The specialties business remains strong, competitive and very profitable. Early signs in 2012 indicate that we are going to see about 30% – 40% growth over 2011 volumes without margin erosion.

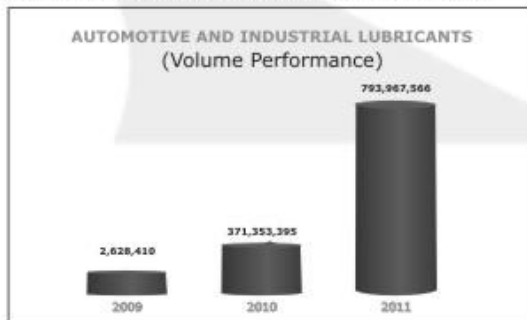


Industrial and Auto Lubes

The company increased its market share in the year under review. This was due to availability of raw materials for lubricants production, strengthening of existing business relationships with our customer base and the acquisition of new major distributors.

Our volumes increased by 55% from 1,571,711 litres in 2012 to 2,432,476 litres in 2010. Our current drive is to expand our distributor network and roll out our after sales support initiatives to our industrial customers.

We have put measures in place to ensure that we increase our 2012 volumes by over 100%.



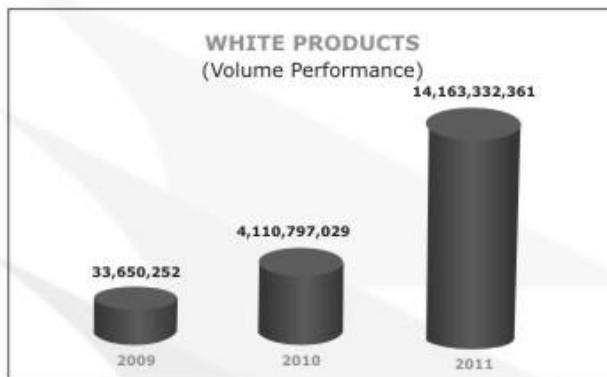
Directors' Report *(Continued)*

Financial Statements for the year ended 31st December 2011

Bulk Fuels/Trading

Our total sales volume of Premium Motor Spirit (PMS), Dual purpose Kerosene (DPK) and Automotive Gas Oil (AGO) increased by 151% from 57,915,251 litres in 2010 to 145,304,434 litres in 2011.

This stellar performance was achieved as a result of the adoption of strategies that ensured deployment of significant resources to the importation of white products and the Company's ability to acquire and improve on relationships with off-takers.



Retail/Industrial Fuels

We achieved over 100% growth at our retail outlets. Our volumes increased from the 19,010,776 litres retailed in 2010 to 39,234,850 litres in 2011. Our retail growth strategy remains value for money as we continue to assure our various customers that every litre of product paid for at our retail outlet is delivered without underhand.

Retail Outlet Development

The Company increased the number of retail outlets from 10 in 2010 to 13 in 2011 by the commissioning of a retail outlet in Yola, Adamawa State and two retail outlets in Port Harcourt, Rivers State.

We intend to further increase our retail presence in key locations within the country in order to achieve corporate visibility and tap into the guaranteed margins available when fuels are sold from the retail outlets.

We have de-affiliated our retail outlets that operate under the Nigerian National Petroleum Corporation (NNPC) franchise with a view to maximising our returns from the outlets.

Lubricant Blending Plant

Our production volumes at our lubricant blending plant located at Sagamu, Ogun State increased significantly in the year under review.

Our Products have become more widely accepted as premium customers who refuse to compromise on quality consistently identify with our brand.

In line with the Company's drive for improvement and expansion, we acquired additional multi filling machines to efficiently handle large quantity packaging.

In 2012, we have further invested in state-of –the-art laboratory equipment to continually guarantee our quality control and quality assurance processes.

ISO Certification

We continue to regulate our quality management system by the ISO 9001:2008 standard. The Managing Director remains the responsible officer for continually seeking better and safer ways to conduct our activities and deliver greater value to our customers.

In 2011 we conducted two internal audits in association with our highly specialized consultants which ensured that the level of compliance across the Company remain consistently high.

Ibafon Storage Terminal

We increased overall revenue at the Ibafon Storage Terminal by 230%. This feat was possible as a result of the installation of an additional loading arm and the cultivating of solid business relationships within the industry.

However, we anticipate that revenue from the Storage Terminal will dip in 2012 as a result of the Petroleum Products Pricing Regulatory Authority's (PPPRA) recent policy which prevents the storage of petroleum products in third party storage.

Internal Control and Audit Function

The role of the Internal Control and Audit Department has been to strengthen risk management within the Company. The department is saddled with the responsibility of evaluating the appropriateness and effectiveness of the Company's systems and processes; and to identify and manage inherent risks in the Company's normal course of business.

The department adopts and reviews processes to ensure that adequate controls are in place to achieve the overall goals of Eterna. It is also responsible for investigating fraud, misuse or misappropriation of the Company's assets.

The Internal Control and Audit Department report directly to the Company's Audit Committee, who meet regularly to review the Company's internal control systems; the internal and external auditors report; and ensure that the auditor's recommendations are implemented by Management.

The Unit is headed by a manager with vast experience in control and processes management.

Community Affairs

The Company ensures a very cordial relationship with all host communities in which her various operations are performed. This is further strengthened by ensuring that members of host communities form a reasonable percentage of our staff strength in all locations. We also maintain cordial relationship with youth groups and paramount rulers of host communities where we operate. This safeguards our operations from community/youth restiveness. In the year under review, we demonstrated support to our host communities by participating in capacity building programmes.

Staff Welfare

We are committed to attracting, developing, motivating and retaining highly skilled employees.

We have consistently provided a work environment that provide individual growth opportunities and allow our employees to maximize their potentials. In 2011, more than 50% of our workforce attended various competency development trainings locally and overseas to boost their skills, competence and overall performance of the Company.

Our performance management system is closely tied to our remuneration structure and it places strong emphasis on staff performance and contributions toward the achievement of the Group's goals. Deserving employees were promoted in accordance with the Company's performance management policies.

The health, safety and general wellbeing of staff is given top priority. Appropriate medical cover is provided through a reputable Health Management Organisation (HMO) to cater for the health needs of employees and their families. Employees are also adequately covered through a robust Workmen Compensation Insurance cover. We have gone beyond fulfilling the minimum conditions of the law by providing an adequate group life insurance scheme cover for all our staff.

Auditors

PricewaterhouseCoopers have indicated interest to continue in office in accordance with Sections 357(2) and 364 of the Companies and Allied Matters Act, Cap C 20, Laws of the Federation of Nigeria, 2004.

BY ORDER OF THE BOARD



Bunmi Agagu
Acting Company Secretary/Legal Adviser

Dated the 1st day of November, 2012

Statements of Directors' Responsibilities

Financial Statements for the year ended 31st December 2011

Statements of Directors' Responsibilities

The Companies and Allied Matters Act, Cap C 20, Laws of the Federation of Nigeria, 2004 require the Directors to prepare group financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss. The responsibilities include ensuring that the group:

- (a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act, Cap C 20, Laws of the Federation of Nigeria, 2004.
- (b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other regularities; and
- (c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.


The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Nigerian Accounting Standards and the requirements of the Companies and Allied Matters Act, Cap C 20, Laws of the Federation of Nigeria, 2004.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Companies in the group will not remain a going concern for at least twelve months from the date of this statement.



Mahmud Tukur
Director



Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)
Director

Dated the 19th day of April, 2012.



PricewaterhouseCoopers
Chartered Accountants
252E Muri Okunola Street,
Victoria Island, Lagos, Nigeria,

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ETERNA PLC.

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of Eterna Plc (the company) and its subsidiaries (together "the group") which comprise the balance sheets as of 31 December 2011 and the profit and loss accounts and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigeria Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements, that are free from material misstatements whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with international Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design an audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group at 31 December 2011 and of their profit and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and requirements of the Companies and Allied Matters Act.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants
Lagos, Nigeria



2 May 2012

Report of The Audit Committee

Financial Statements for the year ended 31st December 2011

Report of the Audit Committee

In accordance with the Statutory requirement of Section 359(6) of the Companies and Allied Matters Act, Cap C 20, Laws of the Federation of Nigeria, 2004, we, the members of the Audit Committee of Eterna Plc, having carried out our statutory functions under the Act hereby confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

In our opinion:

1. The scope and planning of the audit for the year ended 31st December, 2011 were adequate.
2. The External Auditor's findings on Management Matters and Management's responses thereto were satisfactory.

Dated the 18th day of April, 2012



Engr. M.O.T. Olayiwola

Chairman, Audit Committee

Members of the Committee

Engr. M.O.T Olayiwola

Prince Abiodun Koyaolu-Salami

Otunba Femi Deru

Mr. Mahmud Tukur

Statement of Significant Accounting Policies

Financial Statements for the year ended 31st December 2011

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (NGN), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b. Consolidation

Subsidiary undertakings, which are those companies in which the company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the company and are no longer consolidated from the date of disposal.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

c. Revenue recognition

Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Revenue represents the fair value of the consideration receivable for sales of goods, and is stated net of value-added tax (VAT), rebates and discounts.

d. Translation of foreign currencies

Transactions in foreign currencies during the year are translated into the functional currency, Nigerian Naira, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

e. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Statement of Significant Accounting Policies *(Continued)*

Financial Statements for the year ended 31st December 2011

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit and loss account.

Depreciation on assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold Land	Over lease period
Buildings	- 5%
Plant and Machinery	- 20%
Office Equipment	- 20%
Motor Vehicles	- 25%
Furniture and Fittings	- 20%
Computer and Software	- 20%

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The Directors review the carrying value of fixed assets on an annual basis, and a full revaluation exercise is carried out when considered necessary. The carrying value of fixed assets is determined by reference to the cost or valuation, less accumulated depreciation and impairment.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

f. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Statement of Significant Accounting Policies *(Continued)*

Financial Statements for the year ended 31st December 2011

g. Receivables

Trade receivables are stated net of provision for debts doubtful of collection. A debt is established to be doubtful of collection when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the profit and loss account in the year the debt becomes doubtful of collection.

h. Employee benefits

The company operates a defined contributory retirement benefit scheme for its employees in accordance with the Pension Act of 2004. A defined contributory plan is a pension plan under which the company and the employee pay fixed contributions to an approved pension fund administrator. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the company and employees. The company's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate.

i. Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA). Education tax is assessed at 2% of the assessable profits.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

j. Borrowing cost

Borrowing costs are recognised as expense in the period in which they are incurred, except when they are directly attributable to the acquisition, construction or production of property, plant and equipment. These are included as part of additions to fixed assets.

k. Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, results or assets are 10 percent or more of all the segments are reported separately. The Company predominantly has two business segments, being Retail & Industrial and Specialities.

Profit and Loss Account

Financial Statements for the year ended 31st December 2011

		Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
	Notes				
Turnover	2	41,068,644	14,138,607	40,082,352	13,721,943
Cost of sales		(38,628,478)	(12,585,157)	(37,716,084)	(12,257,125)
Gross profit		2,440,166	1,553,450	2,366,268	1,464,818
Other income	3	1,000,704	1,217,538	977,111	1,195,468
Administrative expenses		(518,875)	(341,367)	(510,073)	(329,983)
Other expenses		(771,654)	(668,676)	(712,395)	(636,751)
Earnings before interest and tax	4	2,150,341	1,760,945	2,120,911	1,693,552
Interest expense (net)	5	(360,456)	(601,215)	(360,456)	(601,215)
Profit before income tax		1,789,885	1,159,730	1,760,455	1,092,337
Income tax	9	(578,726)	(436,979)	(570,323)	(414,970)
Profit after income tax		1,211,159	722,751	1,190,132	677,367
Non - controlling interest		(3)	(14)	-	-
Profit after tax & minority interest		1,211,156	722,737	1,190,132	677,367
Earnings per share (Naira)					
Basic earnings per share (Naira)	10	0.93	0.55	0.91	0.52
Diluted earnings per share (Naira)	10	0.82	0.50	0.80	0.47


The accounting policies on pages 34 to 36 and the notes on pages 40 to 51 form an integral part of these financial statements.

Balance Sheet

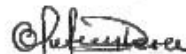
Financial Statements for the year ended 31st December 2011

	Notes	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
Non-current assets:					
Property, plant and equipment	14	1,262,248	1,107,659	1,041,980	885,703
Investments in subsidiaries	13	-	-	50,990	50,990
Long-term prepayments	15	4,831,123	5,134,143	4,831,123	5,134,143
Deferred tax asset	22	218,457	330,533	223,312	335,389
		6,311,828	6,572,335	6,147,405	6,406,225
Current assets:					
Inventory	16	1,058,452	340,533	771,135	195,377
Receivables and prepayments	17	6,186,269	2,103,834	6,068,224	1,997,708
Bank and cash	19	1,155,264	261,798	1,155,214	261,430
		8,399,985	2,706,165	7,994,573	2,454,515
Current liabilities:					
Payables and accrued expenses	18	(1,625,532)	(1,577,474)	(1,317,422)	(1,392,009)
Current income tax	9	(587,751)	(156,105)	(525,822)	(100,867)
Bank overdraft	19	(669,814)	-	(669,814)	-
Deposit for shares		-	(10,576)	-	(10,576)
Current portion of loans	20	(5,535,196)	(1,427,527)	(5,535,196)	(1,427,527)
		(8,418,293)	(3,171,682)	(8,048,254)	(2,930,979)
		(18,308)	(465,517)	(53,681)	(476,464)
Net current liabilities					
Non-current liabilities:					
Non-current portion of loans	20	(416,667)	(1,442,836)	(416,667)	(1,442,836)
Deferred tax liability	22	(41,874)	(40,162)	-	-
		(458,541)	(1,482,998)	(416,667)	(1,442,836)
		5,834,979	4,623,820	5,677,057	4,486,925
Net assets					
Capital and reserves					
Share capital	11	652,072	652,072	652,072	652,072
Share premium	11	5,796,053	5,796,053	5,796,053	5,796,053
Revaluation reserves		130,295	130,295	-	-
Accumulated deficits	12	(743,503)	(1,954,659)	(771,068)	(1,961,200)
Non-controlling interest		62	59	-	-
		5,834,979	4,623,820	5,677,057	4,486,925
Shareholders' funds					

The financial statements and notes on pages 34 to 51 were approved by the Board of Directors on April 19th, 2012 and signed on its behalf by:



Mahmud Tukur
Director



Otunba Femi Deru (Alternate to Chief (Dr.) Michael Ade Ojo)
Director

The accounting policies on pages 34 to 36 and the notes on pages 40 to 51 form an integral part of these financial statements.

Statement of Cash Flows

Financial Statements for the year ended 31st December 2011



		Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
	Notes				
Operating activities					
Cash (used in)/generated from operations	21	(2,194,061)	2,563,396	(2,218,165)	2,549,420
VAT paid		-	18,722	-	18,722
Income taxes paid	9	(33,292)	(9,763)	(33,292)	(9,763)
Net cash (used in)/generated from operating activities		(2,227,353)	2,572,355	(2,251,457)	2,558,379
Investing activities					
Purchase of property, plant and equipment	14	(250,350)	(205,539)	(225,928)	(190,806)
Payments for leasehold properties	15	(14,575)	(25,316)	(14,575)	(25,316)
Proceeds from disposal of fixed assets		5,462	3,418	5,462	2,659
Interest received		9,513	15,349	9,513	15,349
Net cash used in investing activities		(249,950)	(212,088)	(225,528)	(198,114)
Financing activities					
Net proceeds from issue of ordinary shares		-	(1,246)	-	(1,246)
Addition/(repayment) to borrowings		4,107,669	(345,250)	4,107,669	(345,250)
(Repayment)/addition to long-term borrowings		(1,026,169)	187,319	(1,026,169)	187,319
Refund of deposit for shares		(10,576)	(451,801)	(10,576)	(451,801)
Interest paid		(369,969)	(616,564)	(369,969)	(616,564)
Net cash generated from/(used in) financing activities		2,700,955	(1,227,542)	2,700,955	(1,227,542)
Net change in cash & cash equivalents		223,652	1,132,725	223,970	1,132,723
Movement in cash & cash equivalents					
At start of the year		261,798	(870,927)	261,430	(871,293)
Increase		223,652	1,132,725	223,970	1,132,723
At the end of the year	19	485,450	261,798	485,400	261,430

The accounting policies on pages 34 to 36 and the notes on pages 40 to 51 form an integral part of these financial statements.

Notes to the Financial Statement

Financial Statements for the year ended 31st December 2011

1 General information

Eterna Plc was incorporated as a private limited company on 13 January 1989. The company commenced operations in 1991 and was converted and registered as a public limited company in 1997. The company is primarily engaged in marketing activities in the downstream sector of the Nigerian petroleum industry. The company has two subsidiaries: Eterna Industries Limited and Eterna Marine Services Limited

Eterna Industries Limited was incorporated as a private company on 17 September 1993. The company commenced operations in 1994 and engages in the blending of lubricants for subsequent sale to Eterna Plc and Eterna Marine Services Limited. The Company is 99.98% owned by Eterna Plc and 0.02 % owned by Telsy Limited.

Eterna Marine Services Limited was incorporated as a private limited company on 21 June 2000. The company commenced operations on 12 July 2000 and is engaged in the sale of marine lubricants to third parties. It is a wholly owned subsidiary of Eterna Plc.

2 Turnover

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
Fuel	17,715,212	8,508,393	17,714,942	8,503,123
Lubricants	2,196,345	1,121,407	1,246,454	710,013
Gas	4,925,695	4,023,591	4,925,695	4,023,591
Marine	855,265	485,216	855,265	485,216
Crude Oil	15,376,127	-	15,339,996	-
	41,068,644	14,138,607	40,082,352	13,721,943

3 Other income

Depot storage income	959,768	297,132	959,768	297,132
Rent income	20,667	11,277	20,667	11,277
Foreign exchange loss	(122,128)	(9,161)	(122,128)	(9,161)
Bad debt recovered	59,302	36,191	59,302	36,191
Interest waiver	-	810,763	-	810,763
Other income	83,095	71,336	59,502	49,266
	1,000,704	1,217,538	977,111	1,195,468

4 Earnings before interest and tax

The following items have been charged/(credited) in arriving at earnings before interest and tax

Depreciation (Note 14)	86,774	72,756	60,664	51,128
Amortisation of leasehold (Note 15)	317,595	319,041	317,595	319,041
Auditor's remuneration	10,000	8,000	7,000	7,000
Staff costs (Note 7)	409,931	255,067	403,283	250,630
Loss on disposal	3,525	(1,467)	3,525	(707)
Provision for bad debt	641	57,316	641	57,316
Provision for litigation	-	14,795	-	14,795

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
5 Interest expense (net)				
Interest expense	233,362	586,682	233,362	586,682
Other bank charges	136,607	29,882	136,607	29,882
Interest income	<u>(9,513)</u>	<u>(15,349)</u>	<u>(9,513)</u>	<u>(15,349)</u>
	360,456	601,215	360,456	601,215

6 Segment information

a Business segments:

The group is organised into two main business segments within the energy industry;

i) Retail and Industrial

This segment involves the sale and distribution of petroleum products (white products and lubricants) in retail outlets and in small units across the country

ii) Specialties

This segment involves the manufacture and distribution of oils and bulk sale of petroleum products, industrial and marine lubricants

i) The Group's segment results are as follows:

	Dec 2011			Dec 2010		
	Retail & Industrial	Specialties	Group	Retail & Industrial	Specialties	Group
	N'000	N'000	N'000	N'000	N'000	N'000
Sales	19,984,102	21,084,542	41,068,644	9,629,800	4,508,807	14,138,607
Operating profit before depreciation and amortisation	1,582,253	972,442	2,554,695	1,542,287	610,455	2,152,742
Depreciation & amortisation	(396,847)	(7,506)	(404,353)	(384,745)	(7,052)	(391,797)
Finance cost	(306,386)	(54,070)	(360,456)	(535,823)	(65,392)	(601,215)
Profit before tax	879,019	910,866	1,789,885	621,719	538,011	1,159,730
Income tax charge			(578,726)			(436,979)
Profit after tax			1,211,159			722,751

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

- ii) The segment assets and liabilities as at 31 December 2011 and capital expenditure for the period then ended are as follows:

	Retail & Industrial	Specialties	Group
	Dec 2011		
	N'000	N'000	N'000
Assets	12,505,041	2,206,772	14,711,813
Liabilities	(7,545,309)	(1,331,525)	(8,876,834)
Capital expenditure (Notes 14 and 15)	225,186	39,739	264,925

	Retail & Industrial	Specialties	Group
	Dec 2010		
	N'000	N'000	N'000
Assets	8,714,222	564,278	9,278,500
Liabilities	(4,032,411)	(622,269)	(4,654,680)
Capital expenditure	210,512	20,344	230,856

- ii) Capital expenditure comprises additions to property, plant and equipment and long term prepayments (Notes 14 and 15);

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Dec 2011 Assets	Dec 2011 Liabilities	Dec 2010 Assets	Dec 2010 Liabilities
Segment assets/liabilities	14,493,356	(8,247,209)	8,947,967	(4,458,413)
Deferred tax asset/(liability)	218,457	(41,874)	330,533	(40,162)
Current tax	-	(587,751)	-	(156,105)
Total	14,711,813	(8,876,834)	9,278,500	(4,654,680)

b Geographical segment

The geographical location of the group operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

7 Employees' remuneration and numbers

The average number of persons, excluding directors, employed during the year was as follows:

	Group Dec 2011 Number	Group Dec 2010 Number	Company Dec 2011 Number	Company Dec 2010 Number
Administration	18	24	17	20
Operations	19	15	14	13
Sales and marketing	13	13	13	12
	50	52	44	45
Management	8	10	7	9
Senior	42	42	37	36
	50	52	44	45

The number of employees, other than directors, who earned over N500,000 in the year:

N2,000,001 - N3,000,000	-	31		26
N3,000,001 - N4,000,000	28	5	25	5
N4,000,001 - N5,000,000	4	5	3	4
Above 5,000,000	18	11	16	10
	50	52	44	45

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

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
Salaries and wages	112,283	66,155	106,662	61,718
Other employee costs and benefits	258,577	172,758	258,577	172,758
Retirement benefits costs	39,071	16,154	38,044	16,154
	409,931	255,067	403,283	250,630

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

	Group Dec 2011 Number	Group Dec 2010 Number	Company Dec 2011 Number	Company Dec 2010 Number
8 Directors' remuneration				
Fees for services as a director	4,500	4,440	4,500	4,440
Other emoluments as management	33,707	17,829	33,707	17,829
	38,207	22,269	38,207	22,269
The emoluments of the chairman of the board (excluding pension contributions)	1,500	1,150	1,500	1,150
The emoluments of the highest paid director	33,707	17,829	33,707	17,829

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

	Number Dec 2011	Number Dec 2010	Number Dec 2011	Number Dec 2010
Less than N500,001		1		1
N500,001 - N3,000,000	4	4	4	4
N8,000,001 - N12,000,000	1	1	1	1
More than N12,000,000	-	1	-	1
	5	7	5	7

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
9 Income tax expense				
Charge to profit and loss account for the year				
Company income tax	427,457	58,371	421,881	42,033
Education tax	37,481	29,793	36,366	27,984
Deferred income tax (Note 22)	113,788	348,815	112,076	344,953
	578,726	436,979	570,323	414,970

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

The movement in the tax payable balance during the year is as follows:

	1.1.2011	Charged to P & L	Paid in the year	31.12.2011
Group	N'000	N'000	N'000	N'000
Company income tax	120,940	427,457	(3,000)	545,397
Education tax	35,165	37,481	(30,292)	42,354
Deferred income tax (Note 22)	(290,371)	113,788	-	(176,583)
	<u>(134,266)</u>	<u>578,726</u>	<u>(33,292)</u>	<u>411,168</u>
Company				
Company income tax	72,883	421,881	(3,000)	491,764
Education tax	27,984	36,366	(30,292)	34,058
Deferred income tax (Note 22)	(335,388)	112,076	-	(223,312)
	<u>(234,521)</u>	<u>570,323</u>	<u>(33,292)</u>	<u>302,510</u>

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group Dec 2011	Group Dec 2010	Company Dec 2011	Company Dec 2010
Profit attributable to shareholders (N'000)	1,211,156	722,737	1,190,132	677,367
Weighted average number of ordinary shares in issue (thousands)	1,304,145	1,304,145	1,304,145	1,304,145
Basic earnings per share (Naira)	<u>0.93</u>	<u>0.55</u>	<u>0.91</u>	<u>0.52</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential shares; share options. A calculation is done to determine the number of shares that could have been acquired based on the monetary value of the subscription rights attached to the outstanding share options (Note 20). The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

	Group Dec 2011	Group Dec 2010	Company Dec 2011	Company Dec 2010
Profit attributable to shareholders (N'000)	1,211,156	722,737	1,190,132	677,367
Weighted average number of ordinary shares in issue (thousands)	1,304,145	1,304,145	1,304,145	1,304,145
Adjustments for :				
- Share options	164,707	145,101	174,707	145,101
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,468,852	1,449,246	1,478,852	1,449,246
Diluted earnings per share (Naira)	0.82	0.50	0.80	0.47

11. Share capital

	Dec 2011 N'000	Dec 2010 N'000	
Authorised 1,600 million ordinary shares of 50 kobo each			
Issued and fully paid up ordinary shares of 50 kobo each	652,072	652,072	
	No of shares (thousands)	Share capital N'000	Share premium N'000
Balance as at 1 January 2011	1,304,145	652,072	5,796,053
Additions during the period	-	-	-
Balance as at 31 December 2011	1,304,145	652,072	5,796,053

12. Accumulated deficits

The movement in reserves during the year is as follows:

	1.1.2011 N'000	Profit for the year N'000	31.12.2011 N'000
Group Retained loss	(1,954,659)	1,211,156	(743,503)
Company Retained loss	(1,961,200)	1,190,132	(771,068)

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

13. Investment in subsidiaries

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
a. Investment in subsidiaries is made up of:				
99.98% in Eterna Industries Limited	-	-	49,990	49,990
100% in Eterna Marine and Services Limited	-	-	1,000	1,000
	-	-	50,990	50,990

b. Condensed financial data of consolidated entities:

As required by SAS 27, the condensed financial data for Eterna Industries Limited and Eterna Marine Services Limited is

	Eterna Industries Limited		Eterna Marine and Services Limited	
	Dec 2011 N'000	Dec 2010 N'000	Dec 2011 N'000	Dec 2010 N'000
Condensed balance sheet				
Non-current assets	220,268	221,956	-	-
Current assets	610,592	294,584	6,196	6,321
Current liabilities	(574,045)	(281,387)	(53,465)	(53,588)
Net assets/(liabilities)	256,815	235,153	(47,269)	(47,267)
Condensed profit and loss account				
Turnover	1,145,949	658,061	-	-
Profit/(loss) before taxation	29,430	68,800	(2)	-
Taxation	(7,768)	(22,009)	-	-
Profit/(loss) after taxation	21,662	46,791	(2)	-
Condensed statement of cashflows				
Cashflow from operating activities	24,229	14,736	(125)	-
Company income tax paid	-	-	-	-
Net cash generated from operations	24,229	14,736	(125)	-
Net cash from investing activities	(24,422)	(14,734)	-	-
Net cash used in financial activities	-	-	-	-
Net increase in cash balances	(193)	2	(125)	-
Cash & cash equivalent at the beginning of the year	243	241	125	125
Cash & cash equivalent at the end of the year	50	243	-	125

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

14. Property, plant and equipment Group

	Capital WIP N'000	Leasehold land and buildings N'000	Office Equipment & Software N'000	Furniture and fittings N'000	Motor vehicles N'000	Plant and Machinery N'000	Total N'000
Cost							
At 1 January	550,532	479,943	49,228	13,307	50,812	180,489	1,324,311
Additions	3,800	144,852	19,497	1,694	23,384	57,123	250,350
Disposals	-	-	(5,701)	(6,934)	(10,575)	(7,789)	(30,999)
At 31 December 2011	554,332	624,795	63,024	8,067	63,621	229,823	1,543,662
Depreciation							
At 1 January	-	101,921	22,980	8,633	21,551	61,567	216,652
Charge for the period	-	23,095	11,018	2,021	14,308	36,332	86,774
Disposals	-	-	(5,701)	(6,934)	(5,428)	(3,949)	(22,012)
At 31 December 2011	-	125,016	28,297	3,720	30,431	93,950	281,414
Net book amount							
At 31 December 2011	554,332	499,779	34,727	4,347	33,190	135,873	1,262,248
At 31 December 2010	550,532	378,022	26,248	4,674	29,261	118,922	1,107,659
Company							
	Capital WIP N'000	Leasehold land and buildings N'000	Office Equipment & Software N'000	Furniture and fittings N'000	Motor vehicles N'000	Plant and Machinery N'000	Total N'000
Cost							
At 1 January	550,532	247,978	30,366	13,307	50,812	98,602	991,597
Additions	3,800	144,852	12,076	1,694	20,984	42,522	225,928
Disposals	-	-	(5,701)	(6,934)	(10,575)	(7,789)	(30,999)
At 31 December 2011	554,332	392,830	36,741	8,067	61,221	133,335	1,186,526
Depreciation							
At 1 January	-	23,269	14,985	8,633	21,551	37,456	105,894
Charge for the year	-	13,457	6,513	2,021	13,908	24,765	60,664
Disposals	-	-	(5,701)	(6,934)	(5,428)	(3,949)	(22,012)
At 31 December 2011	-	36,726	15,797	3,720	30,031	58,272	144,546
Net book amount							
At 31 December 2011	554,332	356,104	20,944	4,347	31,190	75,063	1,041,980
At 31 December 2010	550,532	224,709	15,381	4,674	29,261	61,146	885,703

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
15. Long-term prepayments				
At 1 January	5,134,143	5,427,868	5,134,143	5,427,868
Additions/transfers from Capital Work-in-Progress	14,575	25,316	14,575	25,316
Amortisation of leasehold	(317,595)	(319,041)	(317,595)	(319,041)
At 31 December	4,831,123	5,134,143	4,831,123	5,134,143
<p>Long term prepayments include N4.550 billion (2010: N4.822 billion) in respect of a non- cancellable sublease for a Petroleum Storage Depot in Ibafoin, Lagos for a period of 20 years. The lease amount is to be amortised over the period of the lease.</p>				
16. Inventory				
Raw materials	193,846	119,167	-	-
Finished goods	864,606	221,366	771,135	195,377
	1,058,452	340,533	771,135	195,377
17. Receivables and prepayments				
Trade receivables	2,164,667	1,448,710	2,156,639	1,434,807
Other receivables and prepayments	4,021,602	655,124	3,706,404	511,896
Net due from subsidiaries (Note 24)	-	-	205,181	51,005
	6,186,269	2,103,834	6,068,224	1,997,708
18. Payables and accrued expenses				
Trade payables	495,350	787,164	417,921	706,546
Other payables and accrued expenses	1,130,182	790,310	899,501	623,716
Net due to subsidiaries	-	-	-	61,747
	1,625,532	1,577,474	1,317,422	1,392,009
19. Cash and cash equivalents				
<p>For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities. The year-end cash and cash equivalents comprise the following:</p>				
Cash and bank balances	1,155,264	261,798	1,155,214	261,430
Short-term deposits	-	-	-	-
Bank overdraft	(669,814)	-	(669,814)	-
At 31 December	485,450	261,798	485,400	261,430

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
20. Loans				
Amount due within one year	5,535,196	1,427,527	5,535,196	1,427,527
Amount due after one year	416,667	1,442,836	416,667	1,442,836
Total	<u>5,951,863</u>	<u>2,870,363</u>	<u>5,951,863</u>	<u>2,870,363</u>

Loans due within one year are denominated in Nigeria Naira and are secured by a lien on products for resale, legal mortgages and a Petroleum Storage Depot (Note 15).

Included in the loans due within one year is the JPY750,000,000 0% bonds issued by Eterna Plc to Daewoo Securities (Europe) Limited on 29 November 2009. The bond yield is 4.75% compounded per annum and is repayable in 2 tranches; at the end of 24 months from the date of the agreement (50%) and at the end of 36 months (50%). The first tranche (50%) was repaid on schedule during the year in November 2011, the balance is repayable in 2012. The agreement also provides that Daewoo Securities (Europe) Limited has an option to subscribe in aggregate up to the Naira equivalent of JPY 750,000,000 in ordinary shares of Eterna Plc. This option is exercisable at any time between 24 November 2011 and 24 November 2029. As at 31 December 2011 this option had not been exercised by Daewoo Securities (Europe) Limited.

The loan due after 1 year represents a N1billion facility obtained from the Bank of Industry granted in April 2011 with an interest rate of 7% per annum. It is secured by a lien on the Group's Petroleum Storage Depot. The principal and interest are payable quarterly and is to be fully repaid in March 2014.

21. Cash (used in)/generated from operations

Reconciliation of earnings before income tax to cash generated from operations

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
Profit before income tax	1,789,885	1,159,730	1,760,455	1,092,337
Adjustments for:				
Depreciation (Note 14)	86,774	72,756	60,664	51,128
Interest income (Note 5)	(9,513)	(15,349)	(9,513)	(15,349)
Interest expense (Note 5)	369,969	616,564	369,969	616,564
Loss on sale of property, plant and equipment	3,525	(1,467)	3,525	(707)
Write off of property, plant and equipment	-	204,705	-	204,705
Amortised prepayment (Note 15)	317,595	319,041	317,595	319,041
Changes in working capital:				
Increase in receivables and prepayments	(4,082,435)	(502,023)	(4,070,516)	(364,777)
(Increase)/decrease in inventories	(717,919)	15,795	(575,758)	(10,140)
Increase/(decrease) in payables and accruals	48,058	693,644	(74,587)	656,618
Cash (used in)/generated from operations	<u>(2,194,061)</u>	<u>2,563,396</u>	<u>(2,218,165)</u>	<u>2,549,420</u>

Notes to the Financial Statement *(Continued)*

Financial Statements for the year ended 31st December 2011

22. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30%. The movement on the deferred income tax is as follows:

	Group Dec 2011 N'000	Group Dec 2010 N'000	Company Dec 2011 N'000	Company Dec 2010 N'000
Assets				
At start of the year	330,533	675,486	335,388	680,342
Charge to profit and loss account (Note 9)	(112,076)	(344,953)	(112,076)	(344,953)
At end of the year	<u>218,457</u>	<u>330,533</u>	<u>223,312</u>	<u>335,389</u>
Liabilities				
At start of the year	(40,162)	(36,300)	-	-
Charge to profit and loss account (Note 9)	(1,712)	(3,862)	-	-
At end of the year	<u>(41,874)</u>	<u>(40,162)</u>	<u>-</u>	<u>-</u>

23. Contingent liabilities

The directors are not aware of any material contingent liability arising out of any suit pending against the company that has not been provided for in the financial statements for the year ended 31 December 2011.

24. Related party transactions

The company has two subsidiaries: Eterna Marine Services Limited and Eterna Industries Limited. The company carried out some transactions with its subsidiaries during the year under review.

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

Company	Relationship	Amount Dec 2011 N'000	Amount Dec 2010 N'000
Eterna Industries Limited	Subsidiary	154,299	(61,747)
Eterna Marine and Services Limited	Subsidiary	50,882	51,005
		<u>205,181</u>	<u>(10,742)</u>
		Amount Dec 2011 N'000	Amount Dec 2010 N'000
Sales			
Eterna Industries Limited		<u>948,289</u>	<u>367,584</u>
Purchase			
Eterna Industries Limited		<u>1,107,945</u>	<u>608,981</u>

Value Added Statement

Financial Statements for the year ended 31st December 2011

Group	Dec 2011 N'000	%	Dec 2010 N'000	%
Turnover	41,068,644		14,138,607	
Bought in materials and services - all local	(39,422,302)		(13,267,376)	
	1,646,342		871,231	
Interest income	9,513		15,349	
Other income	1,000,704		1,217,538	
Value added	2,656,559		2,104,118	
Applied as follows:				
Staff salaries, wages and benefits	409,931	15	255,068	12
Maintenance of assets	86,774	3	72,756	4
Government taxes	578,726	22	436,979	21
Interest on borrowings	369,969	14	616,564	29
Retained for future growth	1,211,159	46	722,751	34
	2,656,559	100	2,104,118	100
Company				
Turnover	40,082,352		13,721,943	
Bought in materials and services - all local	(38,589,705)		(12,922,101)	
	1,492,647		799,842	
Interest income	9,513		15,349	
Other income	977,111		1,195,468	
Value added	2,479,271		2,010,659	
Applied as follows:				
Staff salaries, wages and benefits	255,067	10	250,630	11
Maintenance of assets	72,756	3	51,128	3
Government taxes	570,323	23	414,970	21
Interest on borrowings	369,969	15	616,564	31
Retained for future growth	1,211,156	49	677,367	34
	2,479,271	100	2,010,659	100

Five-year Financial Summary

Financial Statements for the year ended 31st December 2011

	Dec 2011 N'000	Dec 2010 N'000	Dec 2009 N'000	Dec 2008 N'000	Dec 2007 N'000
Financial performance					
Turnover	41,068,644	14,138,607	9,225,442	12,025,273	4,907,540
Profit before tax	1,789,885	1,159,730	(1,962,168)	(495,181)	(169,458)
Tax expense	(578,726)	(436,979)	466,975	88,545	33,978
Non - controlling interest	(3)	(14)	(10)	(10)	-
	1,211,156	722,737	(1,495,203)	(406,646)	(135,480)
Basic earnings per share (kobo)	0.93	0.55	(1.32)	(52.13)	(20.84)
Diluted earnings per share (kobo)	0.82	0.50	(1.32)	(52.13)	(20.84)
Financial position					
Share capital	652,072	652,072	652,072	390,000	325,000
Share premium	5,796,053	5,796,053	5,797,299	1,440,120	1,505,120
Revaluation reserves	130,295	130,295	130,295	130,295	130,295
Non - controlling interest	62	59	45	35	24
Accumulated deficits	(743,503)	(1,954,659)	(2,677,396)	(1,182,169)	(775,523)
Shareholders' funds	5,834,979	4,623,820	3,902,315	778,281	1,184,916
Property, plant and equipment	1,262,248	1,107,659	1,181,532	1,137,276	543,320
Other non-current assets	5,049,580	5,464,676	6,103,354	5,734,420	171,267
Net current (liabilities)/assets	(18,308)	(465,517)	(2,090,754)	(6,057,115)	582,765
Amount falling due after one year	(458,541)	(1,482,998)	(1,291,817)	(36,300)	(112,436)
Net assets	5,834,979	4,623,820	3,902,315	778,281	1,184,916
Net assets per share (Naira)	4.47	3.55	3.46	1.00	1.82

E-DIVIDEND MANDATE

E-DIVIDEND MANDATE

The Registrar
Wema Registrars Limited
Plot 30, Oba Akran Avenue
Ikeja Lagos
Nigeria

I/we hereby request that from now on, all dividend warrant(s) due to me/us from my/our holding(s) in Eterna Plc be paid directly to my/our Bank named below

Surname _____

First Name _____

Other Names _____

Address _____

City _____

State _____

Country _____

Postal Code _____

Mobile Phone _____

Email _____

Shareholder's Signature

1. _____

2. _____

Company Authorised Signatures/Seal _____

Bank Account Details _____

Bank Name _____

Bank Branch Address _____

Bank Account Number _____

Branch Sort Code (very important) _____

Bank's Authorised Signatures & Stamp _____



ETERNA PLC

RC.124136

(Please tear off and complete)

I/we.....
of.....

Being a member/members of ETERNA PLC hereby appoint

of.....

Or failing him/her, Mr. Fola Adeola, the Chairman of the meeting or failing him, Mr. Mahmud Tukur, Managing Director/CEO as my proxy to act and vote for me/us on an my/our behalf at the Annual General Meeting to be held at 11.00am on Tuesday, 18th December, 2012.

As witness my/our hand(s) this Day of 2012.

Signed.....

NOTE:

1. All proxy forms must be deposited at the office of the registrar, Wema Registrars Limited, Plot 30, Oba Akran Avenue, Ikeja, Lagos, not less than 48 hours before the time for holding the meeting.
2. In the case of joint shareholders, anyone of such may complete the form but the names of all joint shareholders must be stated.
3. It is a requirement of the law under the Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be duly stamped by the Commissioner for Stamp Duties.
4. If the shareholder is a corporation, this form must be under its common seal or under the hand of some officer.

PROXY FORM

	Ordinary Business: To consider and if thought fit, pass the following as an Ordinary Resolutions:	For	Against
1	To lay the Report of the Directors, the Audited Financial Statements for the year ended 31st December, 2011 and the Reports of the Auditors and the Audit Committee thereon.		
2	To re-elect a retiring Director		
3	To re-appoint the Auditors		
4	To authorize the Directors to fix the remuneration of the Auditors		
5	To elect members of the Audit Committee		
Special Business: To consider and if thought fit, pass the following as an Ordinary Resolutions:			
1	*That the Directors' fee for the year ending December 31, 2012 be and is hereby fixed at N6,500,000*.		
**Please indicate with an "x" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his discretion.			

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

ADMISSION CARD

ETERNA PLC

22nd ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE COMPANY'S 22nd ANNUAL GENERAL MEETING TO BE HELD at Agip Recital Hall, Muson Centre, Onikan, Lagos on Tuesday, 18th December 2012 at 11.00am prompt.

NAME OF SHAREHOLDER/PROXY.....SIGNATURE.....

ADDRESS.....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

Note: The attention of the Shareholder(s) is drawn to the right of the Chairman or failing him, the Managing Director/CEO to vote in his stead.

STAMP

WEMA REGISTRARS LIMITED
PLOT 30, OBA-AKRAN AVENUE
IKEJA - LAGOS
NIGERIA.



It has been observed that some shareholders have not claimed their share certificates for previous years. If you are one of such shareholders, kindly contact the Company Secretary or the Registrar at the addresses stated below:

The Company Secretary
Eterna Plc
5a, Oba Adeyinka Oyekan Avenue
(Formerly 2nd Avenue)
Ikoyi - Lagos
E-mail: investors@eternapl.com

The Registrar
Wema Registrars Limited
Plot 30, Oba Akran Avenue
Ikeja - Lagos.

