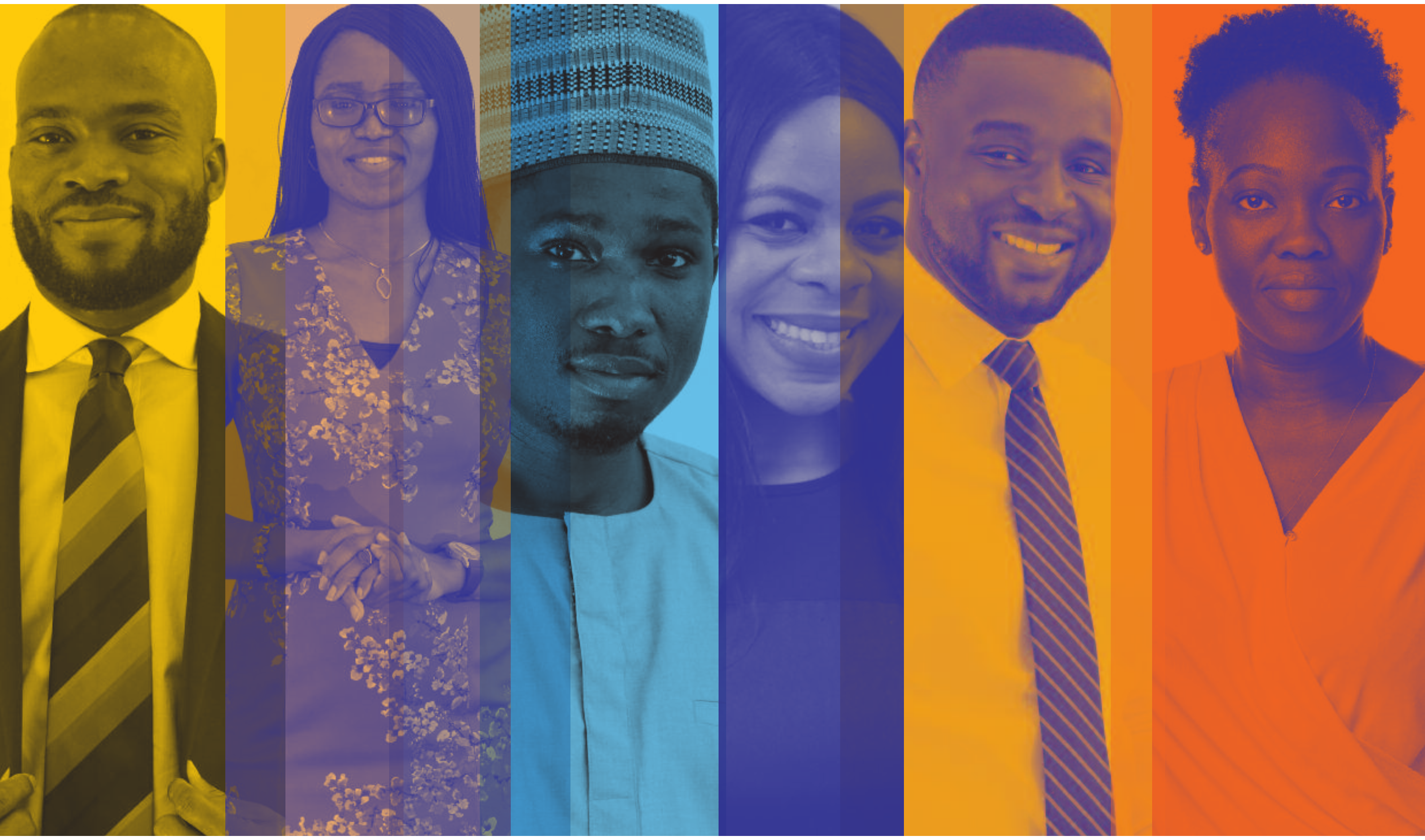
Oandorc RC 6474

...the energy to inspire

Unrelenting Drive

Annual Report & Accounts 2018



HUMANS OF OANDO

Introduction

Oando PLC is one of Africa's largest integrated energy solutions provider with a proud heritage. Primarily listed on the Nigerian Stock Exchange, we are the first African company to have a cross-border inward listing on the Johannesburg Stock Exchange. We have formed strategic alliances to maximise productivity and are positioned to contribute and deliver value to our stakeholder in an environmentally suitable manner.

MISSION

To be the leading integrated energy solutions provider

VISION

To be the premier company driven by excellence

VALUES

Teamwork, Respect, Integrity, Passion and Professionalism (TRIPP)

tenacity

professionalism

bold

innovative

integrity

ambitious

resilient

team players

committed

excellence

teamwork

audacious

respect

diligent

inclusive

hardworking

inspiring

passion

driven

passionate

HUMANS OF OANDO

INVESTMENT IN PEOPLE

At Oando, our investment in people is based on the belief that success in any situation is built around a strong gathering of minds. From the start of our journey, audacity, innovation and tenacity were at the heart of our philosophy.

HUMANS OF OANDO

audacio

2018 Highlights

2018 Highlights

FINANCIAL HIGHLIGHTS - STRONG TOP AND BOTTOM LINE

Profit After Tax
N28.8B | ▲ 46%

2018	N28.8B
2017	N19.8B

Gross Profit
N96.3B | ▲ 9%

2018	N96.3B
2017	N88.1B

Turnover
N679.5B | ▲ 37%

2018	N697.5B
2017	N497.4B

OPTIMISED BALANCE SHEET

Total Borrowings
N210.9B | ▼ 11%

2018	N210.9B
2017	N237.4B

Profit After Tax

▲ **46%**

N28.8 billion compared to **N19.8 billion** (FYE 2017)

UPSTREAM - OPERATIONAL HIGHLIGHTS

Oil Production

16,967bbls/day | ▲ **10%**

During the twelve months ended December 31, 2018, production was in line with prior year at **40,023boe/day**, compared with **40,188boe/day** in the same period of 2017. Oil production in particular increased by **10%** from **15,492bbls/day** in 2017 to **16,967bbls/day** in 2018.

2P Reserves

479.8mmboe | ▲ **2%**

Working interest 2P Reserves, as assessed by the independent qualified reserves evaluator, stood at **479.8mmboe** as at December 31 2018 compared to **470.7mmboe** in the comparative prior year period. This represents an increase in overall 2P reserves of **2%** year on year in line with the Group reserve replacement ratio.

DOWNSTREAM - OPERATIONAL HIGHLIGHTS

In 2018, Oando Trading traded over **14 million** barrels of crude oil under various contracts with the Nigerian National Petroleum Corporation (NNPC) and delivered **739,876MT** of refined products.

Oando Overview

Core Activities

EXPLORATION & PRODUCTION

~40 kboepd

FYE 2018
Net Production

TRADING

~7%

of Nigeria's Fuel Requirement is supplied by Oando

Market Capitalization

₦58bn

Enterprise Value

₦258bn

Upstream Infrastructure

22,447km²
Combined Acreage

483kbopd
Oil Handling Capacity

3,663mmscf/d
Gas Handling Capacity

3.5mmbbls
Terminal Capacity

OVER 1,255km
Pipeline Network

14
Flow Stations

Our Corporate Culture

At Oando, our investment in people is based on the belief that success in any situation is built around a strong gathering of minds. From the start of our journey, audacity, innovation and tenacity were at the heart of our philosophy. We combined these traits to create a company culture driven by 5 core values known as **TRIPP.**

I was chasing the African dream and Oando embodied that dream of succeeding in the most challenging environments. Oando is a place that gives the opportunity to learn from in-house experts and gives room for taking on responsibility as early as possible.

Teamwork

Teamwork: Everyday, our people are driven to work together towards actualising the organisation's common goals and core values.

Respect

Respect: We encourage that consideration is shown to all colleagues. By appreciating the worth of others and valuing their contributions, productivity is improved, and a work friendly environment is created.

Integrity

Integrity: Reliability, honesty, and trustworthiness are integral to all business dealings and employees' interpersonal relationships.

Professionalism

Professionalism: Proper conduct by all employees is a critical component for our achievement of business excellence.

Passion

Passion: At Oando, we perform our tasks with enthusiasm and vigor, with an underlying zeal to always perform at an extraordinary level.

Our Footprint

Oando has presence in different locations around the world. Our operations are currently focused on West Africa and include upstream, midstream and downstream activities. We are front runners in all sectors of our operations. We are a transformational company with an outstanding workforce that strive towards delivering the highest standards to guarantee a brighter future.

1. Nigeria
2. Benin Republic
3. Togo
4. Ghana
5. São Tomé & Príncipe
6. South Africa
7. United Kingdom
8. United Arab Emirates

- Primary Listing - NSE
- Secondary Listing - JSE


7
8
4
3
2
1
5
6

Directors and Professional Advisers

The Board of Directors oversee the management of Oando's business operations, and ensure the long-term interests of stakeholders are served.

Oando's Board of Directors are drawn from different facets of the society, and are successful individuals in their various professional fields, bringing a wealth of knowledge and experience to the Company. The Board met regularly during the year to discuss, review and deliberate on reports on business operations and strategic plans for the Group.

Directors:

HRM. Oba A. Gbadebo, CFR
The Alake of Egbaland
Chairman, Non-Executive Director

Jubril Adewale Tinubu
Group Chief Executive

Omamofe Boyo
Deputy Group Chief Executive

Olufemi Adeyemo
Group Executive Director

Muntari Zubairu
Group Executive Director
(Appointed with effect from February 5, 2018)

Mobolaji Osunsanya
Non-Executive Director

Oghogho Akpata
Non-Executive Director

Chief Sena Anthony
Independent Non-Executive Director

Tanimu Yakubu
Non-Executive Director

Ike Osakwe
Independent Non-Executive Director

Ademola Akinrele SAN
Independent Non-Executive Director

Alhaji Bukar Goni Aji
Non-Executive Director
(Appointed with effect from January 19, 2018)

Professional advisers:

Olufemi Adeyemo
Group Chief Financial Officer

Ayotola Jagun
Company Secretary and Chief Compliance Officer

Ngozi Okonkwo
Chief Legal Officer

Bankers

- Access Bank Plc
- Access Bank UK
- Afrexim
- Bank of Montreal, Canada
- BNP
- Diamond Bank Plc
- Ecobank Nigeria Plc
- Fidelity Bank Plc
- First Bank (UK)
- First Bank of Nigeria Limited
- First City Monument Bank Plc
- Guaranty Trust Bank Plc
- Heritage Bank Plc
- Industrial and Commercial Bank of China Ltd
- ING Bank
- Investec Bank
- Keystone Bank Limited
- National Bank of Fujairah (NBF)
- Natixis Bank
- Stanbic IBTC Bank Plc
- Standard Bank of South Africa Ltd
- Standard Chartered Bank Plc., UK
- Standard Chartered Bank(Nig.) Ltd
- Union Bank of Nigeria Plc
- United Bank for Africa Plc
- United Bank for Africa, New York
- Zenith Bank Plc
- Ecobank Sao Tome e Principe
- Mauritius Commercial Bank
- First Rand Merchant Bank
- Federated Project and Trade Finance
- Emirates NBD

Registered Office:

The Wings Office Complex (9th-12th Floor)
17a Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

Auditors:

Ernst & Young
Chartered Accountants
10th & 13th floor
UBA House
57, Marina
Lagos, Nigeria

The Registrars & Transfer Offices:

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road
Iganmu, Lagos, Nigeria

Computershare Investor Services (Proprietary) Limited
70, Marshall Street, Johannesburg 2001,
PO Box 61051, Marshalltown 2107, South Africa

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd (Forty-Second) Annual General Meeting (the "Meeting") of Oando PLC (the"Company") will be held at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Tuesday, June 11, 2019 at 10:00a.m. for the purposes of:

1. Transacting the following ordinary business:

1.1 To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2018 and the Reports of the Directors, Auditors and Audit Committee thereon;

1.2 To re-appoint Ernst & Young as Auditors and to authorise the Directors of the Company to fix their remuneration;

1.3 To re-elect the following directors who in accordance with articles 91 and 93 of the Company's Articles of Association, retire by rotation, but are eligible and offer themselves for re-election;

- HRM M.A. Gbadebo, CFR as a Director
- Mr. Mobolaji Osunsanya as a Director
- Mr. Oghogho Akpata as a Director
- Mr. Olufemi Adeyemo as a Director

Biographical details of Directors standing for re-election are available in the Annual Report and on the Company's website http://www.oandoplc.com

1.4 To elect members of the Audit Committee;

2. Transacting the following special business:

Resolution 1: Directors Remuneration

1.1 To consider, and if approved, to pass with or without modification, the following ordinary resolution to fix the remuneration of the Non-Executive Directors of the Company:

"It is hereby resolved that the fees, payable quarterly in arrears remain N5,000,000 per annum for the Chairman and N4,000,000 per annum, for all other Non-Executive Directors.

Resolution 2: Approval of Increase in Authorized Share Capital

2.1 To consider, and if approved, to pass with or without modification the following as an ordinary resolution of the Company:

THAT on the recommendation of the Directors and in accordance with Article 46 of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from N15,000,000,000 (Fifteen Billion Naira) to N25,000,000,000 (Twenty-Five Billion Naira) by the creation and addition thereto, of 20,000,000,000 (Twenty Billion) Ordinary Shares of 50 kobo (Fifty Kobo) each, such new shares to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Company."

Resolution 3: Approval of Amendment of Memorandum and Articles of Association of the Company

3.1 To consider, and if approved, to pass with or without modification the following as a special resolution of the Company:

THAT Clause 6 of the Memorandum of Association and Article 3 of the Articles of Association of the Company be and are hereby amended to reflect the new authorized share capital of N25,000,000,000 (Twenty-Five Billion Naira) divided into 50,000,000,000 (Fifty Billion) Ordinary Shares of 50 kobo each.

Resolution 4: Issuance of Shares

4. To consider, and if approved, to pass with or without modification the following as an ordinary resolution of the Company:

4.1 **THAT** the Company's issued and paid up share capital be increased by up to N60,000,000,000 (Sixty Billion Naira) through the issuance of shares out of the unissued share capital of the Company for the purposes of corporate restructuring, settlement of debts and employees and executive compensation on such terms and conditions and for such other purpose which the Directors resolve to be in the best interest of the Company subject to obtaining the approvals of relevant regulatory authorities.

4.2 **THAT** the Directors be and are hereby authorized to enter into any agreements and/or execute any other documents necessary for and incidental to effecting resolution (4.1) above;

4.3 **AND THAT** the Directors be and are hereby authorized to appoint such professional advisers and other parties and perform all such other acts and do all such other things as may be necessary for and/or incidental to effecting the above resolutions.

A. Voting and proxies

On a show of hands, every member present in person or by proxy shall have one vote, and on a poll, every member shall have one vote for each share of which he is the holder.

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote instead of that member. A proxy need not be a member of the Company.

Registered holders of certificated shares and holders of dematerialised shares in their own name who are unable to attend the Meeting and who wish to be represented at the Meeting, must complete and return the form of proxy in accordance with the instructions contained in the form of proxy to be received by the share registrars, First Registrars & Investor Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or Computershare Investor Services (Proprietary) Limited, 70, Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, South Africa **not less** than 48 hours before the time of the Meeting.

Holders of the Company's shares in South Africa (whether certificated or dematerialised) through a nominee should timely make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant ("CSDP") or broker to enable them attend and vote at the Meeting or to enable their votes in respect of their shares to be cast at the Meeting by that nominee or a proxy.

B. Re-election of Directors aged 70 years or more

In accordance with Section 256 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 (CAMA) a special notice is hereby given that HRM M.A Gbadebo, who attained the age of 70 years on September 14, 2013 will be proposed as a Director for reelection at the Meeting.

C. Closure of Register of Members

The Register of Members and Transfer Books of the Company (Nigerian and South African) will be closed between May 20, 2019 and May 22, 2019 (both days inclusive) in accordance with the provisions of Section 89 of CAMA.

D. Nominations for the Audit Committee

In accordance with Section 359(5) of CAMA, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing of such nomination to the Chief Compliance Officer and Company Secretary at least 21 days before the Meeting.

E. Right of Shareholders to Ask Questions

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting. For the good and orderly conduct of the meeting, shareholders are encouraged to submit their questions in writing ahead of the AGM and those questions will be acknowledged and answered in full at the AGM. Such questions should be addressed to the Company Secretary and submitted to the Registered Office or by electronic mail at info@oandoplc.com not later than 7 days before the Meeting.

E-Report

In order to improve efficiency and delivery of our Annual Report, we have inserted a detachable Form in the Annual Report and hereby request Shareholders who wish to receive the Annual Report of Oando PLC in electronic format to complete and return the Form to the Registrars for further processing.

In addition, Annual Reports are available online for viewing and download from our website at www.oandoplc.com.

May 10, 2019

By the Order of the Board

Ayotola Jagun

Chief Compliance Officer and Company Secretary
FRC/2013/NBA/000000003578

Registered Office

9th -12th Floor
The Wings Office Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

We conduct our operations in accordance with internationally accepted principles of good governance and best practice, whilst ensuring compliance with the regulatory requirements applicable in the countries in which we operate.

Ayotola Jagun
Chief Compliance Officer and Company Secretary

Chairman's Statement

Dear Shareholders,

I am pleased to present our Annual Report for the year ended 31 December 2018, a very eventful year from a global, local and company perspective.

2018 REVIEW

Global Macroeconomic & Political Landscape

2018 witnessed significant disruption globally, with the political landscape changing in several major countries. Trade disputes were a persistent theme, notably in terms of ongoing negotiations between the US and both China and the EU while in the UK, Brexit negotiations continued without any firm resolution. Global growth in 2018 is estimated by the World Bank to have been 3%, slightly lower than the IMF forecast of 3.9% at the start of the year. US growth in 2018 remained strong at 2.9% in line with IMF forecasts whilst activity in Europe slowed from 2.4% in 2017 to 1.9% in 2018 on the back of lower net exports. China witnessed its lowest growth rate in 10 years at 6.5% while Japan's economy contracted by 0.3%. GDP growth in emerging market and developing economies in 2018 was also lower than projected at 4.2%, a decrease of 0.1% from 2017.

Oil Price

Several political events impacted global oil prices in the year 2018. Oil-rich Venezuela witnessed a collapse of their economy and significant decline in oil production due to persistent political unrest. The US pulled out of the Iran Nuclear Agreement and the Paris Agreement on Climate change as well as kick-starting a trade war with China.

OPEC's share of global oil production fell below 40% in 2018, in part attributable to diminishing Venezuelan oil supplies and Iran sanctions. Excluding the US, non-OPEC supplies continued to decline in 2018, consistent with the trend seen in recent years. In contrast, US shale production benefited from a strengthening oil price with the US share of global oil production increasing to approximately 16% by the end of 2018 as against 2017. This all culminated in Brent prices averaging $73/bbl in 2018, an increase of 35% over 2017.

We would like to thank our shareholders for their continued support, and reassure you of the Board's commitment to delivering total shareholder returns through both dividends and capital growth in the near future.

Outlook for 2019

Oil price fluctuation is expected to continue in 2019. The US will continue to be a key determinant of the industry landscape with its policies and record increase in production. However, OPEC and allies have agreed to extend the production cut agreement for the first 6 months of 2019, which is meant to buoy prices to a $70/bbl average. The political landscape of OPEC countries like Libya and Venezuela will also impact OPEC's efforts to balance the market.

Nigeria's Oil production is expected to increase with the additional production from Total's Egina field as well as the implementation of enhanced pipeline security across the nation's asset. We expect a sustained push to improve the business environment, implement new policies and close-out on-going oil reforms in order to achieve sustained economic improvement.

At Oando, our focus will be on upstream production growth, further reduction in group wide debt and establishing sustainable partnerships towards optimizing our upstream asset portfolio to ensure value accretion to shareholders.

Nigeria

The Nigerian economy continued to fluctuate, struggling to find a balance after exiting recession last year with the GDP growth of 1.95% at the beginning of the year contracting to 1.50% by the end of the year. This contraction could be attributed to the oil price crash in December and further highlights the need for a diversified economy.

In the Oil and Gas industry, crude production levels increased by 16% to 1.92mmbpd in 2018 compared to 1.66mmbpd in 2017 as oil theft and pipeline vandalism continue to decline. NNPC's honouring of its cash call obligations has also restored confidence in the industry and is expected to lead to further production and reserves growth.

Oando

As a Company, four years ago, in response to the global crash in oil prices, we initiated a set of strategic initiatives focused on optimizing our balance sheet and reducing our leverage. The past three years have been focused on achieving these initiatives with the effect being that we have successfully reduced our overall group debt obligations from US$2.5 billion as at FYE 2014 to US$579 million as at December 2018 – a 77% reduction. This has placed us in a much healthier position to reap the full benefits of our asset portfolio and deliver value to our shareholders.

Governance

The year 2018 kicked off on a positive note with a Peace Accord, between Alhaji Mangal and the Company, mediated by His Royal Highness Muhammadu Sanusi II (CON), the Emir of Kano, on January 7, 2018 resulting in resolution of all differences between the two parties.

Also, after a 176 day technical suspension on the trading of the Company's shares, the Nigerian Stock Exchange (NSE) lifted said suspension on April 12, 2018 with the Company's share price hitting the NSE daily price ceiling of 10% within 3 hours of the lifting. Correspondingly, the Johannesburg Stock Exchange (JSE) lifted its full suspension on the trading of the Company's shares.

In the spirit of goodwill, transparency and full disclosure, the Company continued to fully cooperate with the SEC to ensure a smooth and swift conclusion of the forensic audit.

Conclusion

2018 was a year of sustained progress for your company and we enter 2019 with renewed optimism. We would like to thank our shareholders for their continued support, and reassure you of the board's commitment to delivering total shareholder returns through both dividends and capital growth in the near future.

HRM Oba Michael A. Gbadebo, CFR
Chairman
FRC/2018/IODN/00000018566

Group Chief Executive's Report

"Existing within a constantly changing landscape, it sometimes feels safer to stand still, but innovation only happens when we keep things moving. Over the years, we have taken bold steps; building, diversifying and partnering to create the company that exists today."

Dear Shareholders,

It is with great pleasure that I present to you, your company's operational and financial performance for the year ended 2018, as well as our strategic outlook for 2019.

2018 Review

Bullish opening global crude prices set the tone for the year with an average Brent Price for January of $69.08 per barrel compared to the 2017 year average of $54.58 per barrel. Geopolitical uncertainty in several nations ensured crude prices rallied by 35% during the course of the year, positively impacting revenues from oil & gas players such as ourselves.

Locally, NNPC achieved a second straight year without incurring additional cash call arrears and has repaid over $1.5 billion of total cash call arrears due to industry operators. This coupled with a steady decline in oil theft and pipeline vandalism, resulted in a 16% growth in near term production to 1.92mmbpd in 2018 compared to 1.66mmbpd in 2017.

Oando Group

Over the last few years following our landmark acquisition of Conoco Philips' Nigerian assets, we have concentrated mainly on reducing our debt profile by divesting from our naira earning businesses while increasing focus on our upstream dollar earning portfolio.

We made further progress in this regard in 2018, with an 11% decrease in total Group Borrowings to N210.9 billion from N237.4 billion in 2017 whilst in our upstream specifically, our borrowings reduced by 21% to $255.6 million compared to $324.6 million in FYE 2017. Since FYE 2014, the Group has reduced its debt by 55% from N473.3 billion while our upstream borrowings have reduced by approximately 70% from $801.6 million in 2014 to $260 million (FYE 2018).

Growth in our oil production as well as higher commodity prices resulted in an increase in turnover of 37%, N679.5 billion compared to N497.4 billion in FYE 2017 while lower finance costs, following a reduction in Borrowings, as well as tax credits resulted in a 46% increase in Profit-After-Tax to N28.8 billion compared to N19.8 billion (FYE 2017).

Upstream

In 2018, our net hydrocarbon production remained steady at an average of 40,023 boe/ day, as compared to 40,188 boe/day in 2017 while oil production in particular increased by 10% to 16,967bbls/day, as against 15,492bbls/day in 2017, as a result of increased rigless activities and a gradual ramp up in our drilling activities. At OML 61, we achieved an early restart of our Ebocha flow station restoration project adding ~570boepd of production from facility/well optimization and previously unplanned workovers.

Buoyant global oil prices in 2018 resulted in a 33% increase in our gross sales price for oil to $69.44/bbl from $52.10/bbl in 2017.

Our 2P Reserves Working interest, as assessed by an independent reserves evaluator, stood at 479.8mmboe as at December 31, 2018 compared to 470.7mmboe in the comparative prior year period. This represents an increase in overall 2P reserves of 2% year on year in line with the Group's reserve replacement ratio.

Oil Production Up

10% ▲

16,967bbls/day compared to **15,492bbls/day** (FYE 2017)

Steady Hydrocarbon Production

40,023 boe/day

Group Chief Executive's Report - continued

In 2018, the Oando Foundation enrolled

27,361

Out of School Children (OOSC) across 16 states into OF adopted schools, bringing the total to

61,000 OOSC enrolments in 3 years

Downstream

Oando Trading traded over 14 million barrels of crude oil under various contracts with the Nigerian National Petroleum Corporation (NNPC) as well as delivering 739,876 MT of refined products. The company continues to solidify its relationships with leading international and local banks, maintaining the sizeable and well diversified structured Trade Finance facilities required to support future growth.

Oando Foundation

In 2018, the Oando Foundation (OF) enrolled 27,361 Out of School Children (OOSC) across 16 states into OF adopted schools, bringing the total to 61,000 OOSC enrolments in 3 years. In addition, 30 scholarships were awarded to students from poor socio-economic background. Beyond student enrolment, the Foundation also upgraded infrastructure in 7 adopted schools by completing 6 blocks of 18 classrooms and supplying 525 desks. Sanitation and water facilities were also provided across 17 schools.

In line with the Foundation's commitment to long-term education development, 750 teachers and 45 School Support Officers were trained across 35 adopted schools in 11 states. Over 3,000 teaching and learning materials were provided to improve teaching and learning experiences.

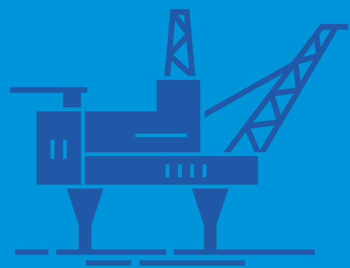
Promoting digital literacy, the foundation established 15 solar-powered ICT centers across Kaduna, Niger, Adamawa, Plateau, Bauchi, and Kwara states, with our renewed partnership with Sumitomo Chemical resulting in the establishment of 3 additional solar-powered ICT Centers, bringing the total number of ICT centers across our schools to 44. Over 45,000 students and teachers now have access to technology for learning and self-improvement.

Outlook for 2019

In 2019, our focus will be on driving profitability via growth in our upstream business and achieving further reduction of borrowings to ensure value accretion to shareholders. We intend to launch a number of strategic initiatives aimed at positioning us on the path to resumption of dividend payments to shareholders.

In the upstream, we will pursue production growth initiatives through strategic alliances, whilst ensuring operational efficiency and fiscal prudence. We will also continue to work with our partners to achieve cost optimization on our Joint Venture operations, ensuring the gains from higher revenues are not lost to increasing operating costs.

Our trading business's primary focus will be geared towards protecting and growing our existing market share in Nigeria while leveraging on our relationships with international financiers to structure partnership agreements with certain West African refineries to capture additional value through feedstock supply and offtake of refined products.



The Foundation continues to work in close collaboration with partners including government stakeholders; raising over N435million for projects in adopted schools. In partnership with the Universal Basic Education Commission (UBEC), the Foundation championed the 1st private sector meeting for corporate organizations supporting the basic education sub-sector in Nigeria, which resulted in the formation of the Private Sector Coalition for Basic Education (PSCBE).

Conclusion

2018 was a year of progress for our organization, and we are optimistic of further progress in 2019 through the execution of our strategic objectives centered on the pillars of Growth, Deleverage and Profitability aimed at delivering superior shareholder return. We have put in place the right strategy to achieve this and are confident in our ability to deliver significant value to shareholders in the years ahead as well as resuming our dividend payments.

Jubril Adewale Tinubu
Group Chief Executive
FRC/2013/NBA/00000003348

HUMANS OF OANDO

tenacit

The company's DNA thrives in making the unrealistic a reality. Guided by the consciousness that we are far from ordinary, we have refused to settle for just being a company that sells petroleum products. Our ultimate goal is changing the Nigerian oil and gas landscape and shaping the future of energy in Africa.

Business Review

Business Review
Exploration and Production

2018 GLOBAL OIL & GAS INDUSTRY REVIEW:

In the year 2018, the oil and gas industry experienced growth following the upward trajectory in commodity prices compared to 2017 driven mainly by supply shortfalls from extended production cuts from OPEC, Russia and other non-OPEC producers. This effectively lifted Brent oil prices from an average of $56.09/bbl., in 2017 to $73/bbl. in 2018.

In 2019, key indicators such as the decision to extend production cuts by OPEC, Russia, and other non-OPEC producers, global demand improvements, and geopolitical tensions will be key in evaluating 2018's recovery and momentum potential.

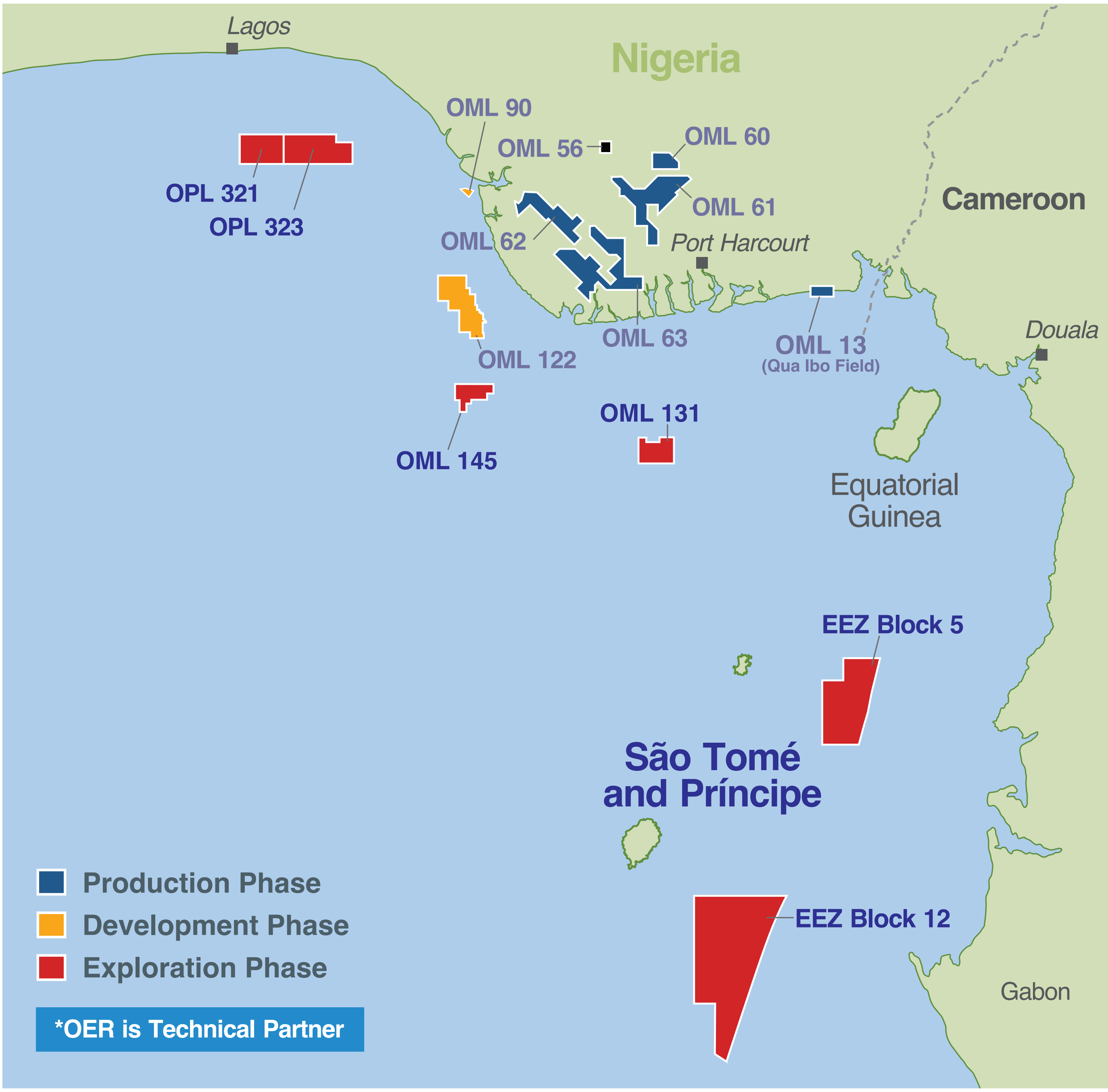
22,447 km^2

Combined Acreage

3,663 mmscf/d

Gas Handling Capacity

ASSET PORTFOLIO



ASSET	WORKING INTEREST	OPERATOR
OML 60	20%	ENI/NAOC
OML 61	20%	ENI/NAOC
OML 62	20%	ENI/NAOC
OML 63	20%	ENI/NAOC
OML 56	45%	Energia
OML 13*	40%	Network E&P

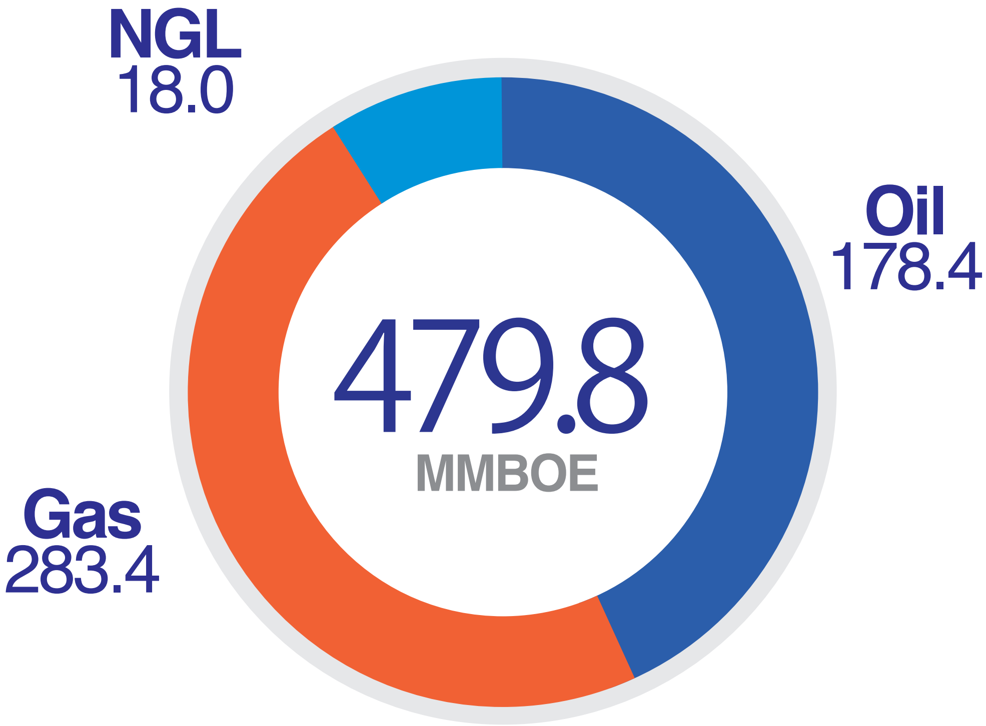
ASSET	WORKING INTEREST	OPERATOR
OML 90*	40%	Sogenal
OML 122*- Bilabri	4.08% Oil	Peak
OML 122*- Owanare	10.19% Gas	Peak

ASSET	WORKING INTEREST	OPERATOR
EEZ 5	16.3%	Kosmos
EEZ 12	18.3%	Kosmos
OPL 321 & 323	24.5%	OER
OML 131	100%	OER
OML 145	21.05%	ExxonMobil

Oando Energy Resources holds 81.5% equity interest in Equator Exploration Limited, which holds a 5% Working Interest (W.I) in the oil in OML 122, 12.5% equity interest in the gas in OML 122, 30% W.I in OPL 321 and 323, 20% W.I in EEZ 5, and 22.5% W.I in EEZ 12.

Business Review
Exploration and Production - continued

2P Reserves (MMBOE)



OML 60-63

Overview

The NAOC JV (20% OER WI; NAOC 20% and operator; NNPC 60%) holds OMLs 60, 61, 62 and 63, located onshore in the Niger Delta and the Licenses have an expiry date of June 14, 2027.

OML 60 is located on land, in the northern Niger Delta and covers an area of 358 km2 (88,464 acres). OML 61 is also located on land, in the northern Niger Delta and covers an area of 1,499 km2 (370,410 acres). OML 62 terrain varies eastwards from swamp to land and is located in the central Niger Delta, covering an area of 1,221 km2. OML 63 is located along the coastal swamp area of the Niger Delta and covers an area of 2,246 km2 (554,998 acres).

The assets of the NAOC JV also include extensive infrastructure, comprising 12 Flow stations, an oil processing center, an oil export terminal, two gas plants (Kwale, Ob-Ob and Ogbainbiri), the Okpai IPP, a network of approximately 1,190 km of pipelines and associated infrastructure including, roads, power stations and heliports. Some of the NAOC JV's main export pipelines are used by third parties and agreements are in place for transportation and processing.

Production

2018 production at OMLs 60 to 63 averaged 37,410 boe/day, consisting of 14,355 bbl. /day of crude oil, 3,134 boe/day of NGLs and 119,529 mcf/day (19,922 boe/day) of natural gas, as compared to combined average production of 36,557 boe/day in 2017. The 2% daily production increase at OMLs 60 to 63 is primarily related to reduced sabotage activities on the asset.

Reserves

As of December 31, 2018, OER held a net share in the NAOC JV 2P reserves of 465.6MMboe (comprised of 168.0 MMbbls of oil, 18.0 MMbbls of natural gas liquids and 1,678 Bscf of gas), compared to 460 MMboe in 2017.

Capital Projects Expenditure:

In 2018, capital expenditures on OMLs 60 to 63 was $109.2 million. Capital expenditures during the period included $61.6 million spent on Kwale IPP Phase II, $29.6 million on development drilling, $18.1 million on maintenance of facilities offset by prior year adjustments of $10.2 million. Capital spending at OMLs 60 to 63 was focused on projects that were a necessity to maintain operations and would maximize shorter term cash flows.

OML 56 (Ebendo)

Overview

Ebendo Marginal License (45% OER WI; Energia Limited, an indigenous company and operator, 55% WI), was carved from OML 56 in the central Niger Delta, approximately 100 km north-west of Port Harcourt. The License covers an area of 65 km2 (16,062 acres). The License includes two fields, the Ebendo field (producing), Obodeti field (undeveloped) and one prospect, Ebendo North. Ebendo operates under Marginal Field terms that benefit from advantageous fiscal terms.

Production

Ebendo's 2018 daily crude oil production increased by 5% to 1,898 bbl/day from 1,812 bbl/day in 2017.

Reserves

As of December 31, 2018, the Ebendo License held net 2P reserves of 9.2 MMboe (comprised 5.3 MMbbls oil and 23.4 Bscf of gas), compared to 6.8 MMboe in 2017.

Capital Projects Expenditure

A total of $5.7 million was written-back on Capital expenditure incurred at OML 56. This was a recommendation resulting from an audit and reconciliation exercise with the JV partners. The costs were largely drilling costs and were reclassified from capital expenditure and expensed as the drilling activities failed to enhance production.

OML 145

Overview

OML145 (21.05% Oando WI; operator Exxon Mobil) is located offshore 110 km south of the Niger Delta coastline near the Shell Bonga field in water depth of between 800m to 2,000m. The OML 145 license covers an area of approximately 1,288km2 within which four (4) discoveries have been made including Uge, which is currently in the development planning stage, three other discoveries, namely, Orso, Uge North and Nza.

The OML 145 joint venture partners on the license are Exxon Mobil (21.05%), Chevron (21.05%), Svenska (21.05%), Oando (21.05%) & NPDC (15.8%).

In 2018, the joint venture embarked on a renewed look at optimizing the development concepts on the Uge field. A pre-FEED study was commissioned with specific focus on delivering production from the Uge field in a timely and cost effective manner utilizing a leased Floating, Production, Storage and Offloading ("FPSO") vessel for hydrocarbon evacuation and export from the field.

Capital Projects Expenditure

The Corporation incurred capital expenditure of $0.1 million to advance exploration with geological and technical studies.

OML 13 (Qua Ibo)

Overview

Qua Ibo (40% OER WI and technical partner; Network Exploration and Production Nigeria Limited ("NEPN"), an indigenous company, 60% WI and operator) is located onshore Nigeria, near the mouth of the Qua Ibo River, immediately adjacent to the ExxonMobil Qua Ibo Terminal. The License covers an area of 14 km^2 (3,459 acres) and includes one producing field (Qua Ibo). The Qua IboLicense was acquired by OER during 2013 and it operates under Marginal Field terms. Production from the Qua Ibo field began in 2015.

In its capacity as technical services provider, Oando Reservoir and Production Services Limited ("ORPSL") oversees, together with NEPN, the operations on Qua Ibo. ORPSL agreed to fund some of NEPN's costs on Qua Ibo until first oil, following which ORPSL will be entitled to 90% of NEPN's net sales proceeds following deduction of cash calls and financing obligations.

Production

Qua Ibo recorded a 20% decrease in production to 715 bbl./day in 2018 compared to 898 bbl./day in 2017 as a result of industrial action by Petroleum and Natural Gas Senior Staff Association of Nigeria ("PENGASSAN") at the Qua Ibo terminal thereby causing a downtime of 26 days in the year.

Reserves

As of December 31, 2018, Qua Ibo License held net 2P reserves of 5.0 MMbbls of oil, compared to 3.7 MMboe in 2017.

Capital Projects Expenditure

As at December 2018, the Corporation incurred capital expenditure of $0.5 million at Qua Ibo for seismic studies and facility maintenance.

OML 131

Overview

OML131 (100% OER WI; operator OER) is located offshore in water depths ranging from 500m to 1,200m approximately 70km from the western Nigerian coast. OML 131 covers an area of 1,204km2 and includes two undeveloped discoveries (Chota and Ebitemi) and a number prospects including Chota East and Ebipre in South of the block and the Pulolulu in the North of the Block.

The Chota discovery is under Unitization discussions with OML 135, east of OML 131 with the Bolia discovery. The Bolia Chota unit area has an executed Pre-Unit Agreement ("PUA") and Contractor Pre-Unit Agreement ("CPUA") with the provisional party share allots 40% of the Unit area to OML 131.

In 2018, Oando's agenda was on delineating the entire OML 131 license area with a focus on validating the understanding of resources within the license area and the Preowei Discovery in OML 130, an adjacent block south of the license area, which has proven reserves of 300 MMbbls and is believed to straddle into OML 131.

Capital Projects Expenditure

The Corporation incurred capital expenditure of $0.6 million to advance exploration with geological and technical studies.

Business Review
Exploration and Production - continued

Blocks 5 & 12, EEZ of Sao Tome & Principe (STP)

Overview

EEZ Blocks 5 and 12 (16.3% and 18.3% OER WI, operator Kosmos) are located within the Exclusive Economic Zone ("EEZ") of the Democratic Republic of São Tomé and Príncipe. The Block 5 contract area has an area of 2,844km2 and the Block 12 contract area has an area of 7,032km2 both being within water depths ranging from 2000m to 2600m.

OER holds its interest in EEZ Blocks 5 and 12 through its 81.5% interest in Equator Exploration Limited ("EEL"). In February 2010, in accordance with agreements signed in 2001 and 2003, the government of STP awarded EEL. Existing 2D seismic data over the block were reprocessed in 2014 and interpreted to identify several prospects. In 2015, EEL acquired and processed 1400km2 of 3D seismic data. Interpretation continued into Q1 2016.

In December 2015, the EEL entered into farm out agreements with Kosmos Energy on EEZ Blocks 5 and 12. EEL executed the Block 12 PSC and farm out transaction in 2016. The transaction consisted of a transfer of a 65% participating interest in each of Blocks.

5 and 12 and the transfer of operatorship status to Kosmos Energy. EEL retained 20% and 22.5% in Blocks 5 and 12 respectively. In December 2016, Kosmos assigned 20% of its interests in each of Block 5 and Block 12 to Galp retaining a 45% interest in both blocks.

Between February and August 2017, the joint venture engaged CGG for a seismic acquisition for 2,567km2 and 4,117km2 in Blocks 5 and 12 respectively, as part of a larger acquisition campaign which covered 16,800km2.

During 2018, EEL progressively received the various products of processing – On board, Fast Track, Pre-Stack Time Migration ("PSTM") and Pre-Stack Depth Migration, until the processing was finished in August 2018. The processing products have been installed on our work station. Throughout, EEL monitored the interpretation work by Kosmos Energy. So far, the fairways have been evaluated and prospects identified. The work continues with estimation of prospect volumes through detailed evaluation of the AVO (Amplitude Variation with Offset) and other attributes, such as the geological risking. At the Technical Committee Meeting ("TCM") held in early December 2018, Kosmos presented its recommended drillable prospects for Block 5.

Phase I of the EEZ Block 5 PSC expires in May of 2019 and a notice of the intention to enter Phase II must be given 60 days before the Phase expiry i.e. mid-March 2019. The drill or drop decision for Block 12 must be made by mid-December 2019, 60 days before the expiry of Phase I of the PSC in February 2020. Kosmos is focused on delivering on the Block 5 milestones in order to achieve the Work Program commitments as prescribed under the PSC for Block 5. Once achieved Kosmos will focus on delivering on the requirements for Block 12.

Capital Projects Expenditure

During the year, $1.2 million was incurred on EEL for exploratory, geographical and geological studies.

OML 90 (Akepo)

Overview

Akepo Marginal License (40% OER WI and technical partner; Sogenal Limited, operator, 60% WI) was carved from OML 90 and located in shallow waters (<20m) of the western Niger Delta. The License covers an area of 26 km2 (6,425 acres). The License includes one undeveloped field (Akepo) and two prospects (A and B, collectively referred to as Akepo North).

OML 122

Overview

OML 122 (10.19% gas OER WI and 4.08% oil OER WI; Peak Petroleum Industries Nigeria Limited, an indigenous company, 87.5% gas WI and 95.0% oil WI) is located in the offshore Niger Delta, 40 km from the coastline of southern Nigeria, at a water depth of between 40 m to 300 m. The License covers an area of 1,599 km2 (395,122 acres). The License includes three discoveries (Bilabri, Orobiri and Owanare). There has been no production from OML 122 to date.

OPL 321 & OPL 323

Overview

OPL 321 and OPL 323 (24.5% OER WI; operator KNOC) are located adjacent to OML 125, offshore from the Nigerian coast, at a water depth of 950 m to 2,000 m. The Licenses cover a combined area of 2,147 km2 (530,535 acres). The Licenses have recently been the subject of a dispute between the operator, KNOC, and the Nigerian Government. Due to this ongoing dispute, activities on these Licenses have been suspended since 2008 The License includes five sizeable prospects (Gorilla, Lobster, Octopus and Whale (OPL 323) and Elephant (OPL 321).

OPL 236

Overview

Oando Exploration and Production Limited (OEPL) was awarded this block in May 2007 and the PSC was signed with NNPC in February 2008. This conferred OEPL with a 95% working interest and operatorship of the block. RFO Ventures is the local content vehicle (LCV) with a 5% participatory interest. The block is located onshore Akwa Ibom State with a total acreage of 1,650 km2. A Global Memorandum of Understanding (GMOU) was signed with the Ukana community in August 2008.

OPL 236 is currently in the exploration stage. In 2010, 2D seismic data for OPL 236 was purchased and digitized.

OPL 278

Overview

In January 2006, OEPL acquired a 60% working interest in OPL 278. OPL 278 is operated by OEPL under a joint operating agreement ("JOA") made between OEPL, CAMAC, Allied Energy and First Axis. OPL 278 is located offshore of Rivers State in a transition zone (swamp to shallow marine) on an area of 91.9 km2. Three prospects have been identified in OPL 278, which are Key, Prospect A and Prospect B.

OPL 282

Overview

On 8 August 2006, OEPL acquired a 4% working interest in the PSC between NAOC, Alliance Oil Producing Nigeria Limited ("AOPN") and NNPC, in respect of OPL 282 (the "OPL 282 PSC"). NAOC holds a 90% working interest in the OPL 282 PSC, while AOPN, which represents the LCV in OPL 282, holds the remaining 10% working interest. The Group holds 40% of the shares in AOPN, while ARC Oil and Gas Nigeria Limited holds the remaining 60%. OPL 282 is operated by NAOC under a JOA made between NAOC and AOPN. OPL 282 is located in a transition zone (onshore to shallow marine) in Bayelsa State, on an area of 695 km2. This block is currently in the exploration phase.

An exploratory drilling campaign in the block was kicked off with the Tinpa 1 Dir well, which spudded in Q4, 2011. Tinpa 1 was successfully drilled to a TD of 3700 MD, and it encountered the oil and associated gas in three sands, which were successfully tested and completed. Tinpa 2 was drilled and completed in Q2, 2013 but did not encounter hydrocarbon bearing sands. The well was subsequently plugged and abandoned.

Business Review - **Trading**

Experienced international commodities supply and trading company

Trading desks and operations in Nigeria, South Africa, East Africa & Dubai

Trading desks in the United Kingdom & Singapore

Overview

Oando Trading DMCC (OTD) is a supply and trading company and a fully-owned subsidiary of Oando PLC, which has investments spanning the entire energy value chain from upstream oil field services and exploration to refinery and terminal operations, oil trading, marketing and distribution of refined petroleum products and gas and power services. OTD is a key participant in international oil markets, with a significant presence in the International oil trading marketspace, and direct access to major energy markets via its office in the United Arab Emirates.

OTD's activities cover the trading and supply of Crude Oil and Petroleum Products including Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Aviation Turbine Kerosene (ATK), Naphtha, Fuel (LPFO), and Liquefied Petroleum Gas (LPG). Fortified by a strong capital base, local and international expertise and strategic partnerships, OTD is focused on enhancing market performance and maximising value through dependable products supply and trading.

1.4 million

Metric Tonnes of refined products traded

2018 Operating and Financial Review

2018 proved to be a challenging year for OTD, primarily due to a tough market, driven by great volatility, strong competition and political uncertainty in major operating markets, all conditions that affected trading volumes and squeezed margins on most business lines.

Despite the demanding market environment, OTD maintained steady levels of growth in 2018 through a number of carefully designed and well executed global initiatives. The Crude Oil business performed exceptionally well, providing good support to both the gross and net profit margin levels.

Gross profit for the financial year was USD 8.7 million, an increase of 6 percent from the USD 6.8 million reported in 2017.

Turnover grew by a commendable 18 percent to USD 1.5 billion, compared to USD 1.3 billion in 2017, again underlining the benefits deriving from newly created, value-adding, revenue streams.

Over 14 million barrels of Crude Oil was traded during the year, with an additional 740,000 MT of Refined Petroleum Products. In terms of access to capital, OTD continued to solidify its relationships with leading international and local banks, maintaining its sizeable and well diversified structured Trade Finance facilities required to support existing business flows and drive future growth.

2019 Outlook

A number of initiatives announced after the 2018 year-end will be of particular importance in 2019. These include (but are not limited to):

- Deepening our relationships with major international refineries in North America and Asia, with the aim of capturing additional revenues through greater involvement in the crude oil trading value chain.
- Commencement of strategic Government to Government flows in the Southern African region and the Far East facilitated and executed by OTD following significant business development efforts made in the region in the past year.
- Leveraging our regional expertise and finance relationships to structure partnership agreements with certain West African refineries with the aim of capturing additional value through greater involvement in feedstock supply, offtake of refined products and strategic investments in infrastructure.
- The development of key strategic joint venture partnerships in and around the Middle East and North Africa region enabled by OTD's advantageous position of operating out of the UAE. This important initiative is being developed with a great potential to foster trade in the region.

These initiatives are geared towards protecting and growing our existing market share by improving our comparative advantage in these regions.

HUMANS OF OANDO

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“We do not take the trust imposed in us by our respective stakeholders for granted but we continue to build and develop a transparent, accountable and robust corporate governance structure that will yield long term sustainable value for generations to come.”

Governance

Oando PLC Board of Directors

Oando's Board of Directors are drawn from different facets of the society. The Board members are successful individuals in their various professional fields and bring a wealth of knowledge and experience to the Company. The Board met regularly during the year to discuss, review and deliberate on reports on the business and strategic plans for the Group. The long-term success of the Company is the collective responsibility of the Board who are accountable to the shareholders for the creation of long term shareholder value.

HRM Oba Michael Adedotun Gbadebo, CFR

(The Alake of Egbaland)
Chairman

HRM Oba Michael Adedotun Gbadebo, CFR, is the Alake (King) of Egbaland, Ogun State, Nigeria and Chairman of the Board.

He was appointed as a Non-Executive Director of the Company on April 10, 2006. Prior to his coronation as the Alake of Egbaland in 2005, HRM Gbadebo had a successful career in the Nigerian Army culminating in his appointment as the Principal Staff Officer to the Chief of Staff, Supreme Headquarters from January 1984 to September 1985. He was also awarded military honours such as the Forces Service Star and the Defence Service Medal. He has served on the boards of several companies including Ocean and Oil Services Limited and currently serves on the boards of Global Haulage Resources Limited and Dolphin Travels Limited.

HRM Oba Gbadebo obtained a Bachelor of Arts degree from the University of Ibadan, Nigeria in 1969 and he graduated from the Staff College of the Nigerian Armed Forces in 1979.

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Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Yes

Mr Jubril Adewale Tinubu

Group Chief Executive of Oando PLC and an Executive Director on the Board

He has been pivotal to the successful transformation of Oando as a leading indigenous integrated energy solutions group. Widely recognised as a leading business executive and entrepreneur in Africa, Mr. Tinubu has at different times, received awards for Africa's Business Leader of the Year from African Business Magazine, Africa Investor and the Commonwealth Business Council for his contributions to the development of the African oil and gas industry.

Mr Tinubu obtained a Bachelor of Laws degree from the University of Liverpool, United Kingdom in 1988 and a Master of Laws degree from the London School of Economics and Political Science, United Kingdom in 1989 where he specialised in International Finance and Shipping. He is a member of the Institute of Directors, Nigeria and the Nigerian Bar Association and he serves on the boards of various blue-chip companies as Chairman and Director.

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Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Not applicable

Mr Omamofe Boyo

Deputy Group Chief Executive of Oando PLC and an Executive Director on the Board

Prior to his appointment as Deputy Group Chief Executive in 2006, Mr Boyo held a number of senior positions at Oando PLC including Executive Director, Marketing from 2000 to 2002 and Deputy Managing Director/Chief Operating Officer from 2002 to 2006. He was also the Chief Executive Officer of Oando Supply and Trading where he spearheaded initiatives for the representation of the industry's position on the proposed changes to the trade union laws. He started his career with Chief Rotimi Williams' Chambers specialising in shipping and oil services and has worked on several joint venture transactions between the Nigerian National Petroleum Corporation and major international oil companies.

Mr. Boyo obtained a Bachelor of Laws degree from Kings College, London, United Kingdom in 1989. He is a member of the Institute of Directors of Nigeria and also a member of the Nigerian Bar Association. He currently serves on the boards of several companies.

Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Not applicable

Mr Olufemi Adeyemo

Chief Financial Officer of Oando PLC and an Executive Director on the Board

Mr Adeyemo has been the Chief Financial Officer at Oando PLC since October 2005 and was appointed as an Executive Director on the Board on July 30, 2009. He has extensive experience in strategic consulting, especially in the areas of mergers and acquisitions, operations review, strategy development and implementation as well as organisation redesign and financial management. He was an auditor with PricewaterhouseCoopers from 1988 to 1992, Financial Controller and Head of Operations at First Securities Discount House Limited (now FSDH Merchant Bank Limited) from 1994 to 1997 and Management Consultant at McKinsey & Co from 1998 to 2005.

Mr Adeyemo obtained a Bachelor of Mechanical Engineering degree from the University of Ibadan, Nigeria in 1987, a Master of Mechanical Engineering degree from the University of Lagos, Nigeria in 1988 and a Master of Finance degree from the London Business School, United Kingdom in 1998. He is a member of the Institute of Chartered Accountants of Nigeria.

Date of appointment
- 2009

Committee membership
- Not applicable

Independent
- Not applicable

Board of Directors - continued

Mr. Muntari Zubairu

Group Executive Director, Corporate Services and Operations

Mr. Zubairu joined the Board of Oando Plc as Group Executive Director, Corporate Services and Operations in February 5, 2018.

Mr. Zubairu has over 3 decades of progressive experience in the financial services industry. His experience and achievements cover key aspects of Banking, including International Banking, Treasury Operations, Retail, Corporate and Commercial Banking. He was until recently, a Deputy General Manager and Group Head Commercial Banking North, at Access Bank Plc.

Prior to working with Access Bank, Mr. Zubairu worked at various times as Group Head Retail Banking and Public Sector at First Bank (2010-2017), Group Head Commercial Banking and Divisional Head Public Sector at Diamond Bank (1998-2010), and at FSB International Bank (1995-1998) and Citibank Nigeria (1992-1995) amongst other leadership roles.

Mr. Zubairu holds an MSc in Project Management from the University of Salford, an MBA from the University of Abuja and a B. Engr., Electrical Engineering from Ahmadu Bello University Zaria. He is also a member of Chartered Institute of Bankers of Nigeria, Nigerian Society of Engineers and Council for the Regulation of Engineering in Nigeria.

Date of appointment
- 2018

Committee membership
- Not applicable

Independent
- Not applicable

Mr Mobolaji Osunsanya

Chief Executive Officer of Axxela Limited (Formerly Oando Gas & Power Limited) and Non-Executive Director

Mr Mobolaji Osunsanya is the Chief Executive Officer of Axxela Limited (Formerly Oando Gas & Power Limited).

Mr Osunsanya was appointed as an Executive Director on the Board of Oando PLC on June 27, 2007. He had held a number of senior positions within Oando PLC prior to his elevation to the Board. Prior to joining Oando PLC, Mr Osunsanya worked as a consultant with Arthur Andersen, Nigeria (now KPMG professional services) gaining experience in the banking, oil and gas and manufacturing industries. He was an Assistant General Manager at Guaranty Trust Bank Plc from 1992 to 1998 and an Executive Director at Access Bank Plc from November 1998 to March 2001. Following the partial divestment of Oando Gas & Power Limited from the Oando Group in 2016, Mr. Osunsanya was retained on the Board as a non-Executive Director.

Mr Osunsanya obtained a Bachelor of Economics degree from the University of Ife, Nigeria in 1985 and a Master of Economics degree from the University of Lagos, Nigeria in 1987.

Date of appointment
- 2007

Committee membership
- Audit
- Strategic Planning and Finance

Independent
- No

Oghogho Akpata

Non-Executive Director

Mr Oghogho Akpata is a Non-Executive Director on the Board and was appointed November 11, 2010.

Mr Akpata is the Managing Partner and Head of the Energy and Projects Group at Templars Barristers & Solicitors. He has over 20 years of experience in transactional dispute resolution in the Nigerian oil and gas industry and advises a broad range of clients including international oil companies, oil service contractors and a number of multinationals operating in Nigeria. He has been listed among the leading energy and natural resources lawyers in Nigeria by Chambers Globals' guide to the legal profession from 2005 to date. He is currently a director of a number of companies including FMC Technologies Limited and BlueWater Offshore Production Systems Limited.

Mr Akpata obtained a Bachelor of Laws degree from the University of Benin in 1990 and was called to the Nigerian Bar in 1991. He is also a member of the Association of International Petroleum Negotiators (AIPN), Chartered Institute of Taxation, Nigeria and the International Bar Association's Section on Energy, Environment, Natural Resources and Infrastructure Law.

Date of appointment
- 2010

Committee membership
- Governance and Nominations
- Risk, Environmental, Health, Safety, Security and Quality

Independent
- No

Chief Sena Anthony

An independent Non-Executive Director

Chief Sena Anthony is an independent Non-Executive Director on the Board and was appointed January 31, 2010.

Chief Anthony is an oil and gas law consultant and a UK chartered arbitrator. She started her career working with the Federal Ministry of Justice before joining the Nigerian National Petroleum Corporation (NNPC) in 1978 where she worked for over 30 years. She held various positions at NNPC including in-house Counsel providing advice on various oil and gas projects. She was subsequently promoted to the position Group General Manager, Corporate Secretariat and Legal Division in July 1999 and later appointed Group Executive Director in May 2007. Chief Antony was the first female to be appointed Executive Director at NNPC. She retired in January 2009.

Chief Anthony obtained a Bachelor of Laws degree from the University of Lagos in 1973 and was called to the Nigerian Bar in 1974. She is also a member of the Chartered Institute of Arbitrators.

Date of appointment
- 2010

Committee membership
- Strategic Planning and Finance
- Governance and Nominations (Chairperson)

Independent
- Yes

Tanimu Yakubu

An independent Non-Executive Director

Tanimu Yakubu had held key positions in both the private and public sectors in Nigeria, the most notable being as Chief Economic Adviser to the President, Commander in Chief of the Federal Republic of Nigeria, during which he also served as a member of the National Economic Management team from 2007 – 2010. He was also appointed as the Deputy Chief of Staff to the then President, Umaru Yar-Adua in 2007. His other notable public service appointment was as the Honourable Commissioner, Ministry of Finance, Budget and Economic Planning, Katsina State from 1999 to 2002. He was Managing Director/Chief Executive Officer of the Federal Mortgage Bank from 2003 - 2007. He currently serves on the boards of The Infrastructure Bank Plc and APT Pension Funds Managers Limited.

Tanimu Yakubu holds a first degree in Economics and an MBA in Finance from Wagner College Staten Island, New York, USA. He also obtained certificates in Commercial Loans to Business and Commercial Lending and Bank Management, from Omega, USA; Marketing Research from the University of Ibadan; and Housing and Infrastructure Finance from the World Bank, Fannie Mae & Wharton School of the University of Pennsylvania, USA.

Date of appointment
- 2015

Committee membership
- Audit
- Strategic Planning and Finance (Chairman)

Independent
- Yes

Ike Osakwe

An independent Non-Executive Director

Ike Osakwe is a Chartered Accountant and practising Management Consultant. He holds bachelors' and masters' degrees in Chemistry from the University of Oxford, and is an associate Member of the Institutes of Chartered Accountants both for Nigeria, and for England and Wales. Initially trained for four years at KPMG Audit in London, Ike now serves as the Managing Director of GRID Consulting Ltd. – a company that he established in 1986 and which specializes in financial management advisory for commerce, industry, governments and NGOs.

Mr. Osakwe has over 35 years' experience in financial, strategic and corporate planning, as well as organisational and financial management systems development, both in Nigeria and internationally. He has brought his vast experience in the dynamics of most major industrial sectors to bear in his work on corporate governance.

He has held several government and board appointments and currently serves on the boards of Leadway Pensure PFA and Notore Chemical Industries. He previously served on the board of Red Star Express Nigeria Ltd; and chaired the boards of Thomas Wyatt Nig. Plc. and UBA Trustees Ltd.

Date of appointment
- 2016

Committee membership
- Audit (Chairman)
- Strategic Planning and Finance

Independent
- Yes

Board of Directors - continued

Ademola Akinrele, SAN

Non-Executive Director

Mr. Ademola Akinrele is the Managing Partner of F. O. Akinrele & Co., Mr. Akinrele is a commercial advocate who traverses all aspects of Commercial Law and represents a variety of national and multinational entities before Nigerian Courts and international arbitral tribunals. He was described in the Chamber Global directory for international lawyers as a "cerebral and focused" Senior Advocate of Nigeria (SAN) with vast experience in litigation. A "forceful and persuasive" advocate, who has built up a strong reputation in aviation and maritime-related matters.

Mr. Akinrele is a graduate of University College, London, LL.B (Hons.) 1982; University of Cambridge, LL.M. 1984. Admitted to the Nigerian Bar in 1983. He was an Associate Counsel in Chief Rotimi Williams Chambers from 1984 – 1987. Co-Editor, Nigerian Legal Practitioners Review; Former Country Correspondent, Euromoney International Financial Practice Law Files 1990; Recipient of Award of Fifteen Legal Practitioners of Distinction in Nigeria by the body of Nigerian Universities and Law School Students 1990. Former Secretary Oxford and Cambridge club of Nigeria and was Commodore of Lagos Motor Boat Club. He was elevated to the rank of Senior Advocate of Nigeria ("SAN") in 1999, making history as the youngest SAN at that time. Mr. Ademola Akinrele is a Fellow of the Chartered Institute of Arbitrators.

Date of appointment
- 2016

Committee membership
- Governance and Nominations
- Risk, Environmental, Health, Safety, Security and Quality (Chairman)

Independent
- No

Alhaji Bukar Goni Aji, OON

Non-Executive Director

Alhaji Bukar Goni Aji, OON, joined the Board of Oando Plc in January 19, 2018 as a Non-Executive Director. He attended Government College, Maiduguri; Borno, College of Basic Studies, Maiduguri and graduated from the University of Maiduguri in 1984.

He began his civil service career in Yobe State where he held several key positions, including Chief Administrative Officer, Governor's Office, Maiduguri (1989-1991), Principal Secretary to the Military Administrator of Yobe State (1992-1993), Principal Secretary to the first civilian governor of Yobe State (1992-1993), and Principal Secretary to the second military Administrator of the State (1993-1995).

In year 2000, he was appointed into the Federal Civil Service and served as the Director, Planning, Research and Statistics (PRS) at the Federal Ministry of Women Affairs in 1995 and was later posted to the Federal Ministry of Defence in year 2000 as Director, Personnel Management. He also headed various Departments in the Ministry of Defence until his posting to the Office of the Secretary to the Government in 2008 as the Director, International Organizations.

In 2009, he was appointed Permanent Secretary and posted to the Ministry of Defence. He later served as Permanent Secretary, Ministry of Police Affairs (August 2009-2010) and Permanent Secretary, Federal Ministry of Works (September 2011-November 2012); and Permanent Secretary, Common Service Office, Office of the Head of the Civil Service of the Federation.

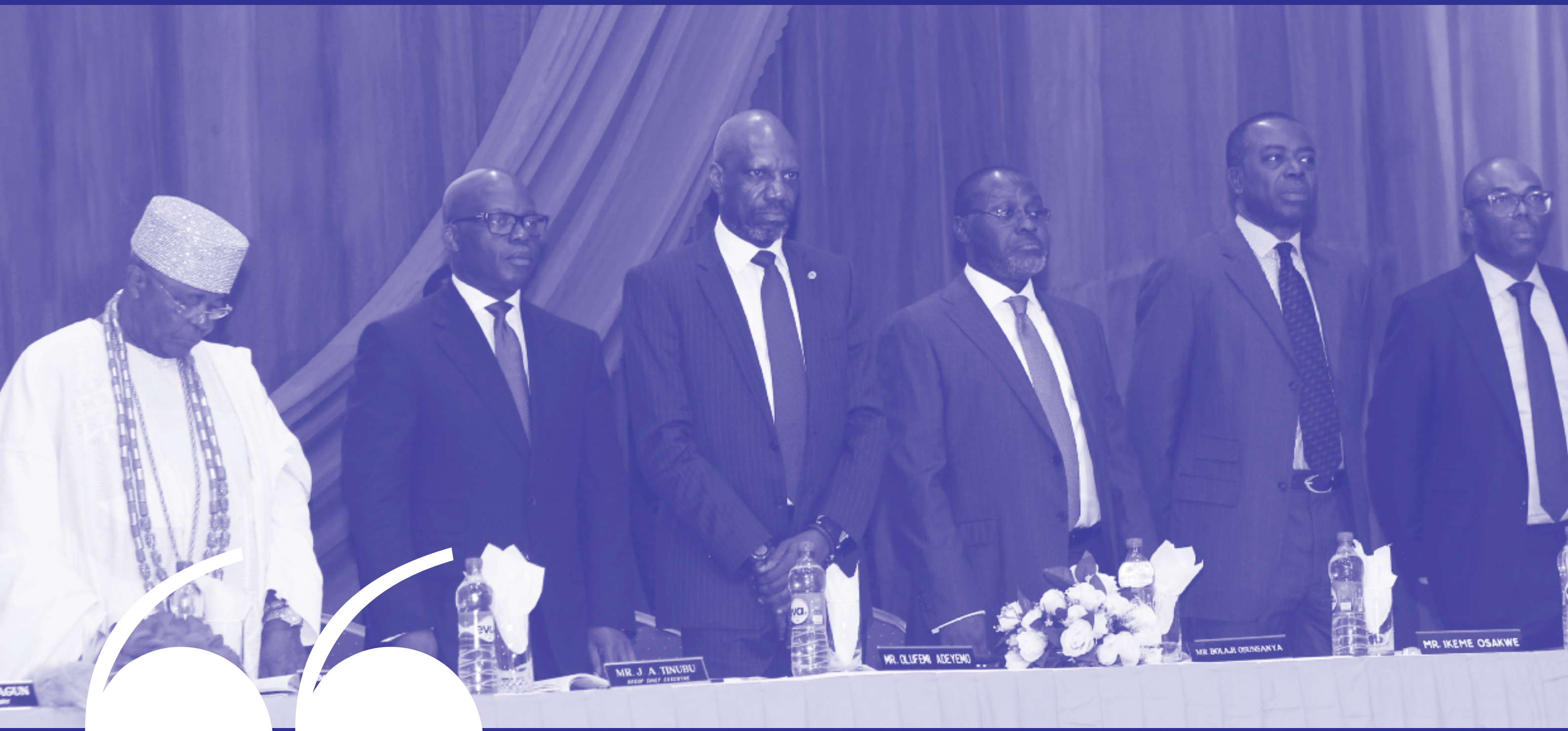
Alhaji Aji was appointed the 17th Head of the Civil Service of the Federation on Monday, 25th March, 2013 until his retirement on 18 August 2014.

Date of appointment
- 2018

Committee membership
- Governance and Nominations
- Risk, Environmental, Health, Safety, Security and Quality

Independent
- No

HUMANS OF OANDO



"The Board ensures that the statutory and general rights of shareholders are protected at all time and ensures that all shareholders are treated equally. In this regard, shareholders are given equal access to information and no shareholder is given preferential treatment."

Report of the Directors

Report of the Directors

In accordance with the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (“CAMA”), the Board of Directors of Oando PLC hereby present to the members of the Company the audited consolidated financial statements for the year ended December 31, 2018. The preparation of the annual financial statements is the responsibility of the Board and it should give a true and fair view of the state of affairs of the Company. The Directors declare that nothing has come to their attention to indicate that the Company will not remain a going concern for at least twelve (12) months from the date of this report.

Legal Form

The Company commenced operations in 1956 as a petroleum-marketing company in Nigeria under the name ESSO West Africa Inc., a subsidiary of Exxon Corporation (“Exxon”), and was incorporated under Nigerian Law as Esso Standard Nigeria Limited (“Esso”) in 1969. In 1976, the Federal Government acquired Exxon’s interest in Esso; Esso was nationalised and rebranded as Unipetrol Nigeria Limited (“Unipetrol”).

A process of privatisation began in 1991 when the Federal Government divested 60% of its shareholding in Unipetrol to the public. Unipetrol’s shares were listed on the Nigerian Stock Exchange (the “NSE”) in February 1992, quoted as Unipetrol Nigeria PLC.

Under the second phase of the privatisation process, the Federal Government sold its remaining shareholding in Unipetrol. In 2000, Ocean and Oil Investments (Nigeria) Limited, the Company’s major shareholder (“OOIN”), acquired 30% in Unipetrol from the Federal Government. The residual 10% stake held by the Federal Government was sold to the public in 2001.

In August 2002, Unipetrol acquired a 60% stake in Agip Nigeria Plc (“Agip”) from Agip Petroli International. The remaining 40% of the shares in Agip was acquired by Unipetrol by way of a share swap under a scheme of merger. The combined entity that resulted from the merger of Unipetrol and Agip was rebranded as Oando PLC in December 2003.

In 1999, Unipetrol acquired a 40% stake in Gaslink Nigeria Limited (“Gaslink”); this stake was subsequently increased to 51% in 2001.The Company’s Gas and Power division emerged as a result of the consolidation of Gaslink’s gas distribution franchise and the Company’s customer base in 2004.
On 25 November 2005, the Company was listed on the main market of the Johannesburg Stock Exchange (the “JSE”) and thereby became the first African company to achieve a cross border inward listing.

In June 2007, the Company entered into a scheme of arrangement (the “Scheme”) with certain minority shareholders of Gaslink and with OOIN. Under the Scheme, the minority shareholders of Gaslink transferred their equity holdings in Gaslink to the Company in consideration for ordinary shares in the Company. In addition, OOIN transferred its interests in Oando Supply and Trading Limited, Oando Trading (Bermuda) Limited, Oando Production and Development Company Limited, Oando Energy Services Limited and Oando Exploration and Production Company Limited to the Company in consideration for ordinary shares in the Company.

On July 24, 2012, the Company acquired a 94.6% stake in Exile Resources Inc., (“Exile”), a Canadian public company whose shares are listed on the Toronto Stock Exchange (the “TSX”), through a reverse takeover (“RTO”) which saw the transfer of the upstream exploration and production division of the Company to Exile, now renamed Oando Energy Resources (“OER”). The Company became the first Nigerian company to have three trans-border listings – the NSE, JSE and TSX.

In May 2016, the Company completed a plan of arrangement which had Oando E&P Holdings Limited (a wholly-owned subsidiary of Oando Plc) acquire all the issued and outstanding common shares of Oando Energy Resources for a cash consideration of US$1.20. The conclusion of the plan of arrangement effectively led to the voluntary de-listing of the common shares of OER from the TSX.

In In 2016, the Group restructured to focus on its dollar earning businesses by partially divesting interests in some subsidiaries within the Upstream, Downstream and Gas and Power divisions. Effective 31 March 2016, the Company disposed Oando Energy Services and Akute Power Limited. In July 2016 the Company divested 60% stake in its downstream and retail business; to reflect its new ownership structure the new company was named OVH Energy.

The Company also divested 75% of its stake in the Gas and Power division on 19 December 2016 and entire interest in Alausa Power Limited in March 2017.

The Company retains its significant ownership in its Upstream businesses and its trading division, Oando Trading DMCC.

Business Review

The Company is required by CAMA to set out in the Annual Report a fair review of the business of the Group during the financial year ended December 31, 2018, the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group (the “Business Review”). The information that fulfils these requirements can be found within the Chairman’s Report and the Group Chief Executive’s Report.

DIRECTORS

The Board

The names of Directors who held office during the year and at the date of this report are as follows:

Non-Executive Directors

1. HRM Oba Michael Adedotun, Gbadebo, CFR (Independent)
2. Mr Oghogho Akpata
3. Chief Sena Anthony (Independent)
4. Mr. Tanimu Yakubu (Independent)
5. Mr. Ademola Akinrele, SAN
6. Mr. Ike Osakwe (Independent)
7. Mr. Mobolaji Osunsanya
8. Alhaji Bukar Goni Aji, OON

Executive Directors

9. Mr. Jubril Adewale Tinubu
10. Mr. Omamofe Boyo
11. Mr. Olufemi Adeyemo
12. Mr. Muntari Zubairu

Board Composition and Independence

The Board is made up of a group of individuals from diverse academic and professional backgrounds. The Board size is in line with the prescriptions of Article 78 of the Company's Articles of Association which provides that the number of directors shall not be less than 10 or more than 15.

A majority of the directors on the Board are non-executive directors of which four are independent; with no material relationship with the Company except as directors. The positions of the Chairman and Group Chief Executive are vested in different individuals in accordance with governance best practice.

Re-election of Directors

Annually, a maximum of one third of the Directors, who are longest in office since their last appointment or election, are required to retire by rotation and, if eligible, offer themselves for re-election. The Board has the power to appoint a new director and any director so appointed is subject to shareholder election at the next Annual General Meeting ("AGM").

In accordance with Section 259(1) and (2) of CAMA and Articles 91-93 of the Company's Articles of Association, the following Directors, who are longest in office since their last election are retiring by rotation and present themselves for re-election at the Company's 2018 AGM:

- HRM M.A. Gbadebo, CFR;
- Mr. Mobolaji Osunsanya;
- Mr. Oghogho Akpata; and
- Mr. Olufemi Adeyemo

Board Appointment Process

To ensure the highest standards of corporate governance, the Company has in place a Board Appointment Process to guide the appointment of its directors (executive and non-executive). The policy is in line with corporate laws, rules, regulations, Code of Corporate Governance, international best practice and the Company's Articles of Association.

The Governance and Nominations Committee has the overall responsibility for the appointment process subject to approval by the Board. The fundamental principles of the process include: evaluation of the balance of skills, knowledge and experience on the Board, leadership needs of the Company and ability of the candidate to fulfil his/her duties and obligations as a Director.

Training and Access to Advisers

The Company has a mandatory induction programme for new directors on the Company's business and other information that will assist them in discharging their duties effectively. The Company believes in and provides continuous training and professional education to its Directors. The Board of Directors and Board Committees have the ability to retain and/or engage independent external counsel to advice on matters, as they deem necessary.

Information and Professional Development

New Directors receive relevant information about the Group upon appointment such as the role of the Board and matters reserved for its decision, the terms of reference of the Committees of the Board and the Group corporate governance policies and procedure. On appointment the Directors are also advised of their legal and other duties and obligations as Directors of a listed company. Alhaji Bukar Goni Aji and Mr. Muntari Zubairu participated in the induction programme in 2018.

Throughout their period in office, the Directors are updated regularly on the Group's business and environment in which it operates, by Board papers and by meetings with senior executives, who are invited to attend and present at Board and Committee meetings from time to time. Directors are also updated on changes to the legal and governance requirements of the Group and those which affect themselves as Directors. Regular reports and papers are circulated to the Board and are further supplemented by any information specifically requested by the Directors from time to time.

Directors are able to attend trainings to ensure they are kept up-to-date on relevant new legislation and changing commercial risks. Some trainings attended by Directors during the year include,the IOD's Independent Directors Masterclass; the IOD's Company Direction Course I and II and the Society for Corporate Governance Nigeria's (SCGN) Corporate Governance Programme on Regulatory Compliance and Risk Management. A number of directors. In addition, a total of seven (7) directors successfully passed the Fiduciary Awareness Certification Test as part of the Company's re-application process for the NSE's Corporate Governance Rating System (CGRS).

Access to Advisers

The Board Charter and Committees' Charters provide that the Board of Directors and its Committees have the ability to retain and/or engage, at the Company's expense, independent external counsel or consultants should they consider it necessary to do so in order to carry out their responsibilities. The Board in the course of the year, engaged the services of a law firm to provide the advice on certain legal and reputational risks being faced by the Company in order to make appropriate decisions to protect the Company and the interests of its shareholders.

Report of the Directors - continued

Board Performance Evaluation

The Board of Directors selected an external consultant, SIAO Partners, to evaluate the functioning of the Board of Directors and its respective Committees for the fiscal year 2017. The external consultant was also required to analyse the effectiveness of the Company's corporate governance framework, identify the strengths and weaknesses of individual directors, articulate ways to bridge the gaps and identify opportunities for improvement to ensure proper compliance with existing obligations and make recommendations in these areas. The results of the formal and rigorous evaluation of the Board's performance and that of the individual Directors were presented to the whole Board. No significant findings were identified as a result of the Board Evaluation exercise performed, except for some minor improvements for which an Action Plan was immediately initiated in 2018 and its implementation will be concluded in 2019.

For the fiscal year 2018, the Board Evaluation has been scheduled for Q1 2019.

Board Authority

A range of decisions are specifically reserved for the Board to ensure it retains proper direction and control of the Oando Group. These are listed in the Schedule of Matters Reserved for the Board. The Board is authorised to delegate some of these functions to Executive Directors who are responsible for the day to day management of the business or to Committees of the Board. The Delegation of Authority Policy sets the financial limits on the decisions that can be taken by Executive Directors and various Committees of the Board.

The Schedule of Matters Reserved for the Board includes (but is not limited to) the following:
- Strategy and objectives
- Business plans and budgets
- Changes in capital and corporate structure
- Accounting policies and financial reporting
- Internal controls
- Major contracts
- Capital projects
- Acquisitions and disposals
- Communications with shareholders and
- Board membership

The day-to-day operational management of the Group's activities and operations is delegated to the Group Chief Executive (GCE), who has direct responsibility. He is supported in this by the Deputy Group Chief Executive (DGCE) and the Group Leadership Council which comprises, in addition to the GCE and DGCE, the Chief Executive Officers of operating subsidiaries, the Group Chief Financial Officer, Group Chief Corporate Services and Operations Officer, Chief Compliance Officer and Company Secretary, Chief Legal Officer and Chief Human Resources Officer.

Board Duties and Responsibilities

The Directors act in good faith, with due care and in the best interest of the Company and all its stakeholders. Each Director is expected to attend and actively participate in Board meetings.

The Company does not prohibit its Directors from serving on other boards. However, directors are required to ensure that their other commitments do not interfere with the effective discharge of their duties on the Board. Directors are also enjoined from divulging or using confidential or inside information gained as a result of their role on the Board in their other activities and/or for personal gain.

The Board adopts the following best practice principles in the discharge of its duties:
- The Company believes that the Chairman of the Board should be a Non-Executive Director;
- To maintain an appropriate balance of interest and ensure transparency and impartiality, a number of the Directors are independent. The independent directors are those who have no material relationship with the Company beyond their directorship;
- Directors are to abstain from actions that may lead to "conflict of interest" situations; and shall comply fully with the Company's Related Party Transactions Policies.

Protection of shareholder rights

The Board ensures that the statutory and general rights of shareholders are protected at all time and ensures that all shareholders are treated equally. In this regard, shareholders are given equal access to information and no shareholder is given preferential treatment.

Remuneration

The remuneration of Non-Executive Directors is competitive and comprises of an annual fee and a meeting attendance allowance. The Board, through its Remuneration Committee, periodically reviews the remuneration packages of Non-Executive Directors which is structured in a manner that does not compromise a Director's independence.

The Company does not provide personal loans or credit to its Non-Executive Directors and publicly discloses the remuneration of each Director on an annual basis. In addition, the Company does not provide stock options to its Non-Executive Directors unless approved by shareholders at a general meeting.

The Chief Compliance Officer and Company Secretary is available to advise individual Directors on corporate governance matters.

Working Procedures

The Board meet at least once every quarter. Additional meetings are scheduled whenever matters arise which require the attention of the Board. There were ten (10) Board meetings held during the year ended 31 December, 2019.

Prior to meetings, the Governance Office circulates the agenda for the meeting along with all documents the Directors would be required to deliberate upon. This enables the Directors to contribute effectively at Board meetings.

The Board, through the Chief Compliance Officer and Company Secretary, keeps detailed minutes of its meetings that adequately reflect Board discussions.

Committee Membership during the year ended December 31, 2018

Director	Audit	Governance and Nominations	Risk, Environmental, Health, Safety Security and Quality	Strategic Planning and Finance
HRM M.A. Gbadebo, CFR	-	-	-	-
J. A. Tinubu	-	-	-	-
O. Boyo	-	-	-	-
O. Adeyemo	-	-	-	-
M. Zubairu	-	-	-	-
M. Osunsanya	√	-	-	√
O. Akpata	-	√	√	-
S. Anthony	-	√	-	√
Tanimu Yakubu	√	-	-	√
Ike Osakwe	√	-	-	√
Ademola Akinrele SAN	-	√	√	-
B.G. Aji	-	√	√	-

Attendance at meetings during the year ended 31 December 2018

Nmaes	Board	Audit	Governance and Nominations	Risk, Environmental, Health, Safety Security and Quality	Strategic Planning and Finance
Executive Directors					
J. A. Tinubu	10/10	-	-	-	-
O. Boyo	10/10	-	-	-	-
O. Adeyemo	10/10	-	-	-	-
M. Zubairu	6/10	-	-	-	-
Non-Executive Directors					
HRM M.A. Gbadebo, CFR	10/10	-	-	-	-
O. Akpata	10/10	-	5/5	4/4	-
S. Anthony	10/10	-	5/5	-	4/5
M. Osunsanya	10/10	9/10	-	-	4/5
Tanimu Yakubu	10/10	10/10	-	-	5/5
Ike Osakwe	10/10	10/10	-	-	5/5
Ademola Akinrele SAN	10/10	-	5/5	4/4	-
B.G. Aji	8/10	-	4/5	3/4	-
Shareholder Members of the Audit Committee					
J. Asaolu	-	10/10	-	-	-
O. Oguntoye*	-	10/10	-	-	-
Jackson Edah*	-	10/10	-	-	-

Report of the Directors - continued

"At Oando, a practical and implementable corporate governance structure is our highest priority. We maintain our reputation for transparency by ensuring that good corporate governance is the basis upon which our decision making and control processes are both derived and adhered to."

Dates of Board/Committee meetings held in 2018

Board Meetings:

- January 8, 2018
- January 12, 2018
- January 29, 2018
- March 27, 2018
- April 10, 2018
- April 26, 2018
- July 26, 2018
- August 31, 2018
- October 30, 2018
- December 13, 2018

Audit Committee:

- January 26, 2018
- February 22, 2018
- March 26, 2018
- April 10, 2018
- April 24, 2018
- April 25, 2018
- July 24, 2018
- July 25, 2018
- October 24, 2018
- October 29, 2018

Governance and Nominations Committee:

- January 9, 2018
- January 26, 2018
- March 26, 2018
- July 25, 2018
- October 24, 2018

Risk, EHSSQ Committee:

- January 26, 2018
- March 26, 2018
- July 24, 2018
- October 24, 2018

Strategic Planning & Finance Committee:

- January 26, 2018
- March 26, 2018
- April 10, 2018
- July 25, 2018
- October 29, 2018

Board Committees

Under the Company's Articles of Association, the Directors may appoint Committees consisting of members of the Board and such other persons as they think fit and may delegate any of their powers to such Committees. The Committees are required to use their delegated powers in conformity with the regulations laid down by the Board.

Committee members are expected to attend each Committee meeting, unless exceptional circumstances prevent them from doing so. All the Committees have terms of reference which guide the members in the execution of their duties.

All Committees report to the Board of Directors and provide recommendations to the Board on matters reserved for Board authorisation. The following Committees are currently operating at Board level:

- Statutory Audit Committee
- Governance and Nominations Committee
- Risk, Environmental, Health, Safety, Security and Quality Committee
- Strategic Planning and Finance Committee

Audit Committee (Statutory Committee with shareholder members)

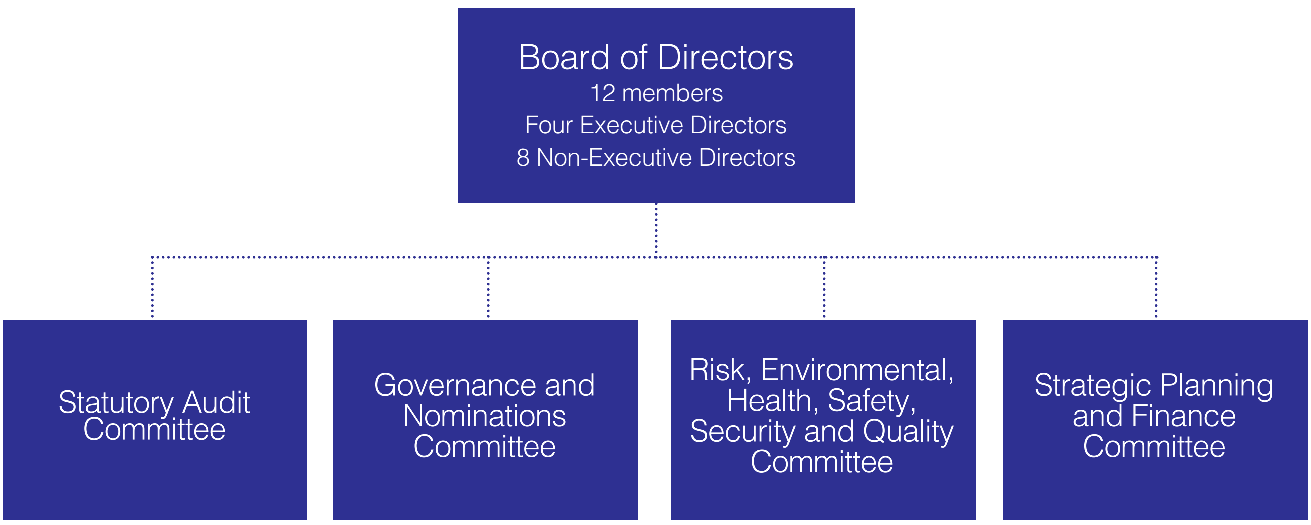
The Audit Committee was established in compliance with Sections 359(3) and (4) of CAMA, which requires every public company to have an audit committee made up of not more than six members and which consists of an equal number of directors and representatives of the shareholders of the Company.

The Audit Committee is made up of six members, three Non-Executive Directors and three shareholders of the Company, who are elected each year at the Annual General Meeting.

The Audit Committee members meet at least three times a year, and the meetings are attended by appropriate executives of the Company, including the Group Chief Financial Officer, the Head of Internal Control and Audit and the Head, Risk Management and Control. In the financial year ended December 31, 2018, the Audit Committee held ten meetings.

The Audit Committee's duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Committee also keeps under review internal financial controls, compliance with laws and regulations, processes for the safeguarding of Company assets and the adequacy of the internal audit unit plans and audit reports.

The Company's Board Committee structure is as follows:



Report of the Directors - continued

The members of the 2018 Audit Committee are:

Mr. Ike Osakwe – Chairman	Non-Executive Director
Mr. Mobolaji Osunsanya	Non-Executive Director
Mr. Tanimu Yakubu	Non-Executive Director
Dr. Joseph Asaolu.	Shareholder Member
Mr. Olusegun Oguntoye	Shareholder Member
Mr. Jackson Edah	Shareholder Member

Curriculum Vitae of shareholder members of the Audit Committee

Dr. Joseph Asaolu – Shareholder Member
Dr. Joseph Asaolu is a chartered accountant with close to 40 years working experience. He retired in March 2013 as the Managing Partner of Balogun Badejo & Co. (now BBC Professionals), a reputable firm of Chartered Accountants after working there from 1973 to 2013. He is currently the Managing Partner of JOA Professional Services (Chartered Accountants).

He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Fellow of the Chartered Institute of Taxation of Nigeria (FCTI) and Associate Member of the Nigerian Institute of Management (NIM).

Mr. Olusegun David Oguntoye – Shareholder Member
Mr. Olusegun David Oguntoye is a certified Fellow of the Association of National Accountants of Nigeria (ANAN) and an Associate member of the Nigerian Institute of Management. He bagged a B.Sc. (Hon) in Zoology from the University of Lagos and an MBA degree in financial management from the Lagos State University.

He started his accounting career in 1990 as a senior auditor in a leading tax consulting firm and has worked in various capacities within the accounting and audit industry in the last twenty years. He has undergone numerous IFRS trainings for audit committee members of listed companies thereby gathering a wealth of experience in the accounting profession.

Currently, he is the managing director/ chief executive officer of Wale Ayo Nigeria Limited.

Mr. Jackson Edah – Shareholder Member
Mr. Jackson Edah is a fellow of the Institute of Chartered Accountants of Nigeria and an Associate member of the Chartered Institute of Taxation of Nigeria. He is also an authorized clerk of the Nigerian Stock Exchange and an Associate member of the Nigerian Institute of Management. He holds a B.Sc. in Economics from the Obafemi Awolowo University and an MBA from the University of Lagos.

He started his career in the accounting field as a trainee accountant with Coopers and Lybrand Co. He then rose to the position of senior accountant with the firm. He also worked with S.S. Afemikhe & Co. as a Senior Manager/Consultant for years before moving to PriceWaterhouse Coopers where he worked as a Senior Consultant.

He rose to the peak of his career when he served as the Deputy General Manager (Audit) with N.E.M. Insurance Plc. He also worked with Tega Venture Nigeria Limited as the Head of Finance and Administration. As an Authorized Clerk with the Nigerian Stock Exchange, he has worked as a Stockbroker and Financial Analyst with Hephzibah Capital & Trust Limited, he also worked as Head of Portfolio Management with Oasis Capital Portfolio Limited.

He is currently the Chief Dealing Officer with Pyramid Securities Limited.

For the curriculum vitae of the Board of Directors, including the Non-Executive Director members of the Audit Committee please see pages 38 to 42.

Governance and Nominations Committee

Acting under the delegation of the Board, the Governance and Nominations Committee ("GNC") is responsible for overseeing the Corporate Governance Framework of the Company. The GNC meets regularly to ensure compliance and periodic review of the Company's corporate governance policies and practices, the review and monitoring of policies concerning shareholder rights, conflict resolution, ethics, disclosure and transparency, evaluation and review of the Company's internal documents (organisation and process), the review and setting of the by laws of all Board Committees, and ensuring that the Company's policies, including the Board Appointment Process, support the successful identification, recruitment, development and retention of directors, senior executives and managers.

The members of the 2018 Governance and Nominations Committee are:

Chief Sena Anthony - Chairperson	Chairperson
Mr. Oghogho Akpata	Non-Executive Director
Mr. Ademola Akinrele, SAN	Non-Executive Director
Alhaji Bukar Goni Aji	Non-Executive Director

Risk, Environmental, Health, Safety, Security and Quality Committee

The Risk, Environmental, Health, Safety, Security and Quality (REHSSQ) Committee is responsible for the risk management policies of the Company's operations and oversight of the operation of its risk management framework. The Committee assists the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Company and the risk management and compliance framework and the governance structure that supports it. The REHSSQ is also responsible for oversight of the Company's performance regarding protection of the environment and occupational health and safety and quality. This involves, amongst other things, the development and review of policies and processes aimed at improving oversight over environmental, health, safety and quality management within the organisation and ensuring the Company's compliance with international standards in these key areas.

Directors' shareholdings

The holdings of ordinary shares by the Directors of Oando as at December 31, 2018 being the end of Oando's immediately preceding financial year, are set out in the table below:

	2018		2017	
	Direct	Indirect	Direct	Indirect
HRM. Oba A. Gbadebo, CFR	437,500	Nil	437,500	Nil
Mr. J.A. Tinubu*	Nil	3,670,995	Nil	3,670,995
Mr O. Boyo*	Nil	2,354,713	Nil	2,354,713
Mr O. Adeyemo	75,000	1,723,898	75,000	1,723,898
M. Zubairu	1,000,000	Nil	Nil	Nil
Mr. Oghogho Akpata	Nil	Nil	Nil	Nil
B. Goni. Aji**	Nil	Nil	Nil	Nil
Chief Sena Anthony	299,133	Nil	299,133	Nil
Ademola Akinrele	96,510	Nil	96,510	Nil
Ike Osakwe	139,343	Nil	139,343	Nil
Mr. B. Osunsanya	269,988	1,890,398	269,988	1,890,398
Tanimu Yakubu	5,997,315	5,998,700	5,997,315	5,998,700

Additional shares: Ocean and Oil Investments Limited (OOIL) owns approximately 159,701,243 (1.28% of total number of shares) shares in the Company. Mr. Jubril Adewale Tinubu and Mr. Omamofe Boyo own 0.70% and 0.28% respectively in the Company through OOIL.

* Ocean and Oil Development Partners Limited (OODP) owns 7,131,736,673 (57.37% of total number of shares) shares in the Company. At December 31, 2018, OODP has confirmed that its Oando shares are ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Chief Executive of the Company.

** Alhaji Bukar Goni Aji does not hold any shares directly or indirectly in Oando. However, he represents the interest of Alhaji Mangal and the Companies represented within the Mangal Group. Mangal Group owns 15.92% of Oando PLC.

The members of the 2018 Risk, Environmental, Health, Safety, Security and Quality Committee are:

Mr. Ademola Akinrele, SAN – Chairman	Non-Executive Director
Mr. Oghogho Akpata	Non-Executive Director
Alhaji Bukar Goni Aji	Non-Executive Director

Strategic Planning and Finance Committee

The Strategic Planning and Finance Committee is responsible for, together with the main Board, defining the Company's strategic objectives, determining its financial and operational priorities, making recommendations to the Board regarding the Company's strategic direction and dividend policy and evaluating the long-term productivity of the Company's operations. The Committee was established to assist the Board in performing its guidance and oversight functions efficiently and effectively.

The members of the 2018 Strategic Planning and Finance Committee are:

Mr. Tanimu Yakubu - Chairman	Non-Executive Director
Mr. Ike Osakwe	Non-Executive Director
Chief Sena Anthony	Non-Executive Director
Mr. Mobolaji Osunsanya	Non-Executive Director

Directors' declarations

None of the directors have:

- ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- ever been declared bankrupt or sequestrated in any jurisdiction
- at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities
- ever been involved in any receiverships, compulsory liquidations or creditors voluntary liquidations
- ever been barred from entry into a profession or occupation
- ever been convicted in any jurisdiction of any criminal offence or an offence under any Nigerian or South African legislation.

Interests of Oando's Directors in terms of the Equity Incentive Scheme

The Executive Directors stand to benefit from the Oando Employee Equity Incentive Scheme. For further details please see page 57.

Directors' interests in transactions

Some of the Directors hold directorships in other companies or are partners in firms with which Oando had material transactions during the current financial year, as summarised in page 166.

Report of the Directors - continued

Corporate Governance Structure and Statement of Compliance

The Board of Directors of the Company is responsible for setting the strategic direction for the Company and overseeing its business affairs. The Board develops and implements sustainable policies which reflect the Company's responsibility to all its stakeholders. The affairs of the Board are administered to comply with the requirements of all applicable corporate governance principles and global best practice.

The Company is dedicated to the protection and promotion of shareholder interests. The Company recognises the importance of the adoption of superior management principles, its valuable contribution to sustainable business prosperity and accountability to its shareholders.

The Company observes the highest standards of transparency, accountability and good corporate governance in its operations by complying with the requirements of Nigerian and international corporate governance regulations, particularly, the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria 2011.

Oando's Compliance Framework

Oando PLC's Governance Office is responsible for developing, implementing and monitoring the corporate governance framework of the Company and its subsidiaries as approved by the Board of Directors. The Governance Office also measures the Company's level of compliance and periodically reviews the company's governance policies to ensure that they continually align with best practice.

The Company is committed to the global fight against corruption and actively participates in this fight through its membership and active participation in the following local and international organisations.

1. Partnering Against Corruption Initiative ("PACI") of the World Economic Forum

Oando joined PACI, an initiative of the World Economic Forum, in 2008 and continues to an active member. This forum offers a risk mitigation platform to help companies design and implement effective policies and systems to prevent, detect and address corruption issues.

The PACI Principles for Countering Corruption (the "Principles") as revised in 2013 and launched at the 2014 World Economic Forum Annual Meeting in Davos to expand the focus of the initiative beyond bribery. The Principles are intended to be a guiding framework for businesses ready to assume a leading role in combating corruption in all its forms. The core aspirational principles reinforce the drive for transparency, integrity and ethical conduct amongst businesses.

2. United Nations Global Compact ("UNGC")

The UNGC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles covering the core areas of human rights, labour, environment and anti-corruption and reporting publicly on progress made in implementing these principles in their business operations. Oando became a signatory to the UNGC in July 2009 and has been an active participant in the Local Network of the Global Compact in Nigeria. Oando PLC is also a pioneer member of the Global Compact LEAD platform. The Company continues to be an active participant in UNGC initiatives.

3. Convention on Business Integrity ("CBi")

Oando is a member of the Core Group of signatories to the CBi and became its 21st member on November 16, 2009. CBi is a declaration for the maintenance of ethical conduct, competence, transparency and accountability by private sector operators. It was established to empower business transactions within Nigeria against corruption and corrupt practices.

In 2014, CBi in partnership with the Nigerian Stock Exchange (NSE) developed a Corporate Governance Rating System (CGRS) for companies listed on the NSE. The CGRS is designed to rate companies listed on the NSE based on their corporate governance and anti-corruption culture thereby improving the overall perception of and trust in Nigeria's capital markets and business practices. Oando successfully participated in the pilot programme in 2014 prior to the official launch of the CGRS and the majority of its directors passed the Fiduciary Awareness Certification Test ("FACT"). With the changes to the Company's Board, the new directors are in the process of completing the FACT.

Corporate Code of Business Conduct and Ethics

Oando, together with its subsidiaries, maintain a Corporate Code of Business Conduct and Ethics (the "Code") which is a core policy document applicable to all Directors, Managers, Employees, Consultants and all third parties who work for or on behalf of Oando. The Code sets out the Company's values and standards of ethical behaviour expected of all persons when conducting the Company's business.

Oando's Internal Policies and Processes Governing Ethics and Compliance

In order to provide guidance on Corporate Governance issues, the Company has implemented various internal policies and practices which are reviewed periodically and revised as appropriate for continued relevance. The Governance Office supports the business units and entities in implementing these policies and monitoring compliance.The key governance policies and practices have been developed, approved by the Board and implemented throughout the Group. They include, but are not limited to, the following:

- Group Corporate Governance Framework
- Anti-Corruption Policy
- Blacklisting Policy
- Board Appointment Process
- Corporate Code of Business Conduct and Ethics
- Delegation of Authority
- Dividend Policy
- Environmental, Health, Safety and Security Policy
- Gift and Benefits Policy
- Information Disclosure Policy
- Insider Trading Policy
- Know Your Customer Policy

- Matters Reserved for the Board
- Records Management Policy
- Related Party Transactions Policies
- Remuneration Policy
- Whistle Blowing Policy
- Transfer Pricing Policy
- Complaints Management Policy

Whistleblowing Hotline

The Hotline was set up as an avenue for employees and other stakeholders to confidentially report unlawful and/or unethical conduct involving the Company, members of staff and directors.

KPMG Professional Services manages the Whistleblowing Hotlines and weblink and ensure that all reports made through the hotline are kept confidential and channelled to the appropriate authorities for investigation and resolution.

Employees are also encouraged to report grievances through any of the following channels:
- Visits, calls or emails to members of the Governance Office;
- Escalation of issues through appointed TRIPP Champions, who volunteer from the employee base and assist the Governance Office in entrenching Oando's core values within their entities or business units.

The details of the KPMG Ethics are as follows:

Toll free numbers for calls from MTN numbers only:

0703-000-0026 (8.00 am – 5.00 pm on weekdays only

0703-000-0027 (8.00 am – 5.00 pm on weekdays only

Toll free numbers for calls from Airtel numbers only:

0808-822-8888 (8.00 am – 5.00 pm on weekdays only

Toll free numbers for calls from Etisalat numbers only:

0809-993-6366 (8.00 am – 5.00 pm on weekdays only

Toll free numbers for calls from Globacom numbers only

0705-889-0140 (8.00 am – 5.00 pm on weekdays only)

Email:

kpmgethicsline@ng.kpmg.com

Weblink:

http://apps.ng.kpmg.com/ethics

Complaint Management Policy

In compliance with the Securities and Exchange Commission's Rules Relating to the Complaints Management Framework (the 'Framework') which requires every listed company to establish a clearly defined complaint management policy to resolve complaints arising from issues covered under the Investment and Securities Act 2007, the Company has developed its Complaint Management Policy in line with the Framework. The Policy is available on the Company's website and a copy is included in this annual report.

Due Diligence Process

The Company is committed to doing business with only reputable, honest and qualified business partners. Oando, through its employees, exercises due care and takes reasonable steps and precautions, geared towards evaluating business partners' tendencies towards corruption in making selections and/or choosing whom to transact business with.

In an increasingly complex global business environment, it is crucial for us as a company to know exactly who our business partners are and the possible risks when dealing with them as the integrity of a business partner could have a huge impact on our Company's reputation.

The Company has licences to Thomson Reuters' World-Check One Risk Screening solution, a source of intelligence on heightened risk individuals and companies covering aspects of Know Your Customer (KYC) and Anti-Money Laundering (AML). This tool augments the Company's existing policies and procedures that identify and manage financial, regulatory and reputational risks associated with doing business with new business partners, suppliers and counter parties.

Anti-Corruption Initiatives

In order to fully inculcate an ethical culture in the organisation, new entrants into the Group are trained on the Company's policies and practices through a compliance on-boarding process.

Furthermore, there is an annual re-certification exercise for all directors and employees of Oando PLC and its subsidiaries which involves a refresher course on the relevant policies and anti-corruption principles, with tests conducted online. Certificates of compliance are generated for all participants who pass the tests.

The Company also ensures that all employees in sensitive business units such as Sales and Marketing, Procurement, Legal, Finance and Human Resources are specifically trained on ways of dealing with the different ethical dilemmas that may arise in the execution of their duties.

Monthly compliance newsletters and creatives are published and circulated to all employees and business partners to educate them on different ethical and compliance issues and promote a culture of doing the right thing even when no one is watching.

Report of the Directors - continued

Risk management organization

The Board through the Risk and EHSSQ Committee ("REHSSQC") has the primary responsibility for reviewing the adequacy and overall effectiveness of the company's risk management framework and its implementation by management. All risk information, including risk data, the analysis of the data and risk reports prepared by the Risk Management and Controls function are reviewed and approved by the Board upon the recommendation of the REHSSQC.

The Group Risk Management and Control (GRM&C) function facilitates the identification and, assessment of any downside risk that may impact on the organization's ability to meet its corporate objectives. The function also monitors the controls established to mitigate identified risks and identifies opportunities that may improve the overall risk culture within the company. The function utilises systematic, coordinated and pro-active analysis and activities aimed at the evaluation and treatment of uncertainties and events which can negatively impact the achievement of strategic business objectives. This includes amongst other things the organisation's ability to:

- Influence the probability of positive or negative impact of events
- Understand/exploit the correlation between various types of risk
- Monitor development of business, transactional and project risk profile over time
- Initiate activities which align the path of development with the required strategic direction
- Build a culture which ensures the implementation of risk activities and leads to sound risk management and strategic decision making.

The key risks relating to each business segment are managed by the respective subsidiary with input from the Group Risk Management and Control function. The GRM&C assists the board with its oversight role and established policies and procedures and ensures that we have a structured approach to identifying and managing risks inherent in our day to day processes by designing effective controls to mitigate these risks.

A risk register is updated throughout the year in line with current realities and flags emerging risk on the horizon. The effectiveness of control activities specified and agreed against each risk is reviewed by our internal auditors periodically. The top risks assessed as high - medium are reported to the board including the current mitigation efforts adopted and our assessment of the effectiveness of these efforts.

Enterprise Risk Management

A number of risks and uncertainties could impact our ability to deliver on our strategic objectives and create long-term shareholder value. Industry specific risk factors separately or in combination, could also have a material adverse effect on the implementation of our strategy, our business, financial performance, results of operations, cash flows, liquidity, shareholder returns and reputation. Globally, the major indices that drive economic growth within our sector have been subjected to volatility in the last four years, primarily oil prices.

Nigeria was excluded from the OPEC production-cut agreement as the country attempted to restore supply restricted by internal conflict. However OPEC agreed in late 2018 that Nigeria's oil production will be capped in the coming months as exemptions granted from OPEC production cuts would cease.

"To manage our market risk exposure in the trading business, we utilize back to back pricing terms to mitigate downside price volatility. We maintain optionality in order to take advantage of pricing disparity."

We successfully divested more of our interest in the midstream arm of Oando in line with our aim to deleverage on some assets as part of our strategic plan. Against this background, we continue to identify and assess those key risks that could impact our medium to long term goals and business sustainability. The top risks are as follows:

Macroeconomic Risk

This is the risk that changes in national and international economic factors (such as interest rates, exchange rates, commodity prices, inflation, systemic financial crisis etc.) will negatively affect corporate performance and sustainability.

Inflation and MPR rates where stable in 2018. We however experienced significant pressure from the banks to re-evaluate and renegotiate the terms of our corporate and MTL facilities while the RBL facility was consistently paid down. We managed this risk by negotiating with the bankers, and sought to restructure some of our loan facilities. There was no breach in our loan covenants and interest payments on the MTL and RBL facilities.

Liquidity risk as a result of the volatility in oil prices

This continues to be a key risk for the Group. The Dated Brent oil benchmark price is the benchmark price received by the Exploration and Production (E&P) business for its Nigerian oil production. The E&P business' gross sales price for oil increased by 33% to $69.44/bbl in 2018 from an average of $52.10/bbl in 2017. The Dated Brent oil price in 2018 increased by 26% to $70.52/bbl from $56.09/bbl in 2017. As at December 31, 2018, the Group had economic hedges through the use of financial commodity contracts on crude oil that represented 12% of its crude oil production (2,500 bbls/day) based on full year production. The economic hedges reduced our exposure to fluctuations in crude oil prices and the associated financial effect. This was necessary as the outlook to date still indicates that volatility in prices may be sustained. This hedge will preserve the value of our investment and we will continue to review for appropriateness and sufficiency.

The crude oil price is an upside to our supply and trading business. In order to meet the country's refined products requirements, NNPC engaged in DSDP contracts with major oil traders and refiners. These contracts entail an exchange of crude oil for refined products, predominantly gasoline, whereby the trader/refiner lifts crude and delivers refined products back to NNPC.

To manage our market risk exposure in the trading business, we utilize back to back pricing terms to mitigate downside price volatility. We maintain optionality in order to take advantage of pricing disparity. We have secured credit risk insurance on deliveries that we make to NNPC. This is a cover to facilitate financing of the deliveries and manage the performance risk on NNPC.

Reputational Risk

Reputational risk is the changes in stakeholders' opinion, changes in perception of company's behavior, or failure to comply with standards which could have an impact on our ability to meet our strategic objectives.

In 2017, our reputation came under scrutiny due to allegations of financial mismanagement and poor corporate governance from certain stakeholders. This prompted a protracted investigation by the Securities and Exchange Commission (SEC) into the Company, and on the basis of unconfirmed findings led to a suspension of trading of our shares on the NSE and JSE. A forensic audit aimed at establishing the veracity of the SEC's initial findings, was also instituted by the SEC and the audit commenced in April 2018. Whilst maintaining its innocence with regards to the allegations and initial findings of the SEC, Company management cooperated with directives of the SEC and the forensic auditors throughout the duration of the audit in 2018, Whilst the report of the forensic audit report is yet to be released, the regulatory scrutiny, and media coverage therefrom, has had a negative impact on the business and capital market perception, stifling attempts to raise capital, as investors remain concerned about the outcome of the audit.

Notwithstanding these allegations, amongst various rankings, Oando is still listed amongst the top companies to work for in Nigeria and continues to serve as the flagship for indigenous oil and gas firms.

Regulation and Regulatory Risk

This is the risk that changes in legislation, fiscal and regulatory policies may threaten the group's competitive position and capacity to conduct business efficiently. It is also the risk of reputational loss resulting from violation or non -compliance with the law.

Oando has presence in multiple jurisdictions (Africa, Europe, and Dubai). Any changes to the laws of these jurisdictions, including tax laws could adversely affect the group. For example, an upward review of tax rates could adversely affect our liquidity position and result of operations. Non-compliance with FCPA rules, UK anti-bribery, anti-corruption laws and ethical standards could lead to legal liability, reputational damage and adversely affect the advantages derived from current corporate structures.

We are also exposed to legal liability that could result from mishaps and fatalities at our oil and gas installations.

Our strong governance and compliance department ensures that we have access to specialist advice in our various jurisdictions of operations. The department closely monitors events in all jurisdiction where we have a presence. Oando is committed to high ethical standards and compliance to the laws of the jurisdictions in which it operates.

Existing personnel, new hires and contract staff are required to undertake a recertification exercise that commits everyone to uphold the company's code of conduct.

Our Quality Management Systems are certified to the minimum requirements of ISO 9001:2008 standard. All operations are

Report of the Directors - continued

carried out in line with the requirements of the Mineral Oil Safety Regulations (MOSR) as well as Environmental Guidelines and Standards for the Petroleum Industry (EGASPIN).

Niger Delta militants' attacks and threats expose the company to the risk of shut down of the joint venture assets

The risk of sabotage to Brass Terminal and other Oando joint venture oil installations in the Niger Delta by agitating militants remains high, however sabotage incidences were not as rampant as in previous years. We witnessed a consistent drop in sabotage incidences over the last 3 quarters in 2018.

Continuous and frequent engagement with the local communities has made a big difference in helping resolve the internal conflict. We ensure that the communities are carried along with our operational activities, while also implementing social intervention plans. Oando with its joint venture partners, NAOC, increased surveillance of the crude oil pipeline facilities during the year. We are continuously enhancing our environmental health, safety and security processes and procedures.

There is no certainty that there will be an end to restiveness in the Niger Delta. This will depend largely on joint efforts of the government and the oil companies operating in the region.

Cyber risk

Organizations rely on information technology as an essential tool for meeting business objectives as well as safeguarding intellectual property, financial information and the company's reputation. Concurrently, critical digital assets are being targeted and the potential impact on businesses has never been greater. In 2018, Ransomware still remained the biggest malware threat across the globe, in addition to other cyber security threats that crystallized for major companies across the globe.

In order to adequately protect the organization from threats that might impinge on future cash flows and shareholder value, the Company's approach to cybersecurity has kept pace with on-going developments within the cyber security spectrum. To mitigate cyber risk, we have been proactive with the security of our IT infrastructure; undertaking remediation activities for issues noted from Vulnerability and Penetration Testing activities, ensuring that our IT systems are updated with the latest patch releases from security vendors, and also a general improvement in enterprise security awareness, including training sessions held for staff. A couple of intrusion attempts were noted during the year by cyber hackers, however such attempts were unsuccessful. Oando continues to employ the latest developments in Information Technology security to combat these cyber risks.

Relations with shareholders

Communications

The Board considers effective communication with its investors, whether institutional, private or employee shareholders, to be of utmost importance.

The Company reports formally to shareholders four times a year, with the quarterly results announcement and the preliminary announcement of the full-year results. Shareholders are issued with the full-year Annual Report and Accounts. These reports are posted on the Company's website.

The Company also makes other announcements from time to time, which can be found on its website.

Members of the Group Leadership Council meet institutional investors on a regular basis, providing an opportunity to discuss, in the context of publicly available information, the progress of the business. Institutional investors and analysts are also invited to attend briefings by the Company following the announcements of the full and quarterly results. Copies of the presentations given at these briefings are available on the website.

The Company hosts quarterly conference calls, giving investors an opportunity to interact with senior management and ask any questions they have with regards to the running of the business. The investor relations team also attend numerous conferences and roadshows within and outside Nigeria with the aim of reaching out to existing and potential investors globally.

Oando PLC values the importance and role of our investors and the part they have played in the Company's progress. We therefore make a conscious effort to keep investors updated on the Company's activities and keep communication lines open for constructive feedback. We plan to continue in this light in 2019.

Constructive use of the Annual General Meeting (the "AGM")

The notice of meeting is sent to shareholders at least 21 working days before the AGM. The Directors encourage the participation of shareholders at the AGM, and are available, both formally during the meeting and informally afterwards, for questions. The Chairperson of each Committee are available to answer questions at the AGM.

SEC Investigation into the affairs of the Company

The SEC on October 18, 2017 issued a public notice to the effect that it had directed the NSE to implement a full suspension in the trading of Oando shares for a period of forty-eight hours followed by a technical suspension until further notice. The SEC also directed that a forensic audit into the affairs of the Company be conducted by a team of independent firms. The was actions of the SEC were predicated upon supposed initial findings by the SEC into two petitions brought against the Company in May 2017 by Alhaji Dahiru Mangal (a Shareholder) and Ansbury Inc (an indirect investor).

The Company recognising the authority of the SEC immediately took cogent steps to protect the Company and its shareholders whilst ensuring that its day to day operations were not unduly disrupted. The Company was able to successfully address and provide clarifications to the concerns raised by Alhaji Mangal in his petition to the SEC which led to a withdrawal by him of the petition that he had filed against the Company. A Peace Accord mediated by Emir Muhammadu Sanusi II (CON), the Emir of Kano was successfully concluded on January 7, 2018 between the Company and Alhaji Mangal. Oando has always encouraged oversight over its affairs by all its shareholders. In the same vein, the Company encouraged Alhaji Mangal to exercise such rights to enable him gain a better understanding of the Company's business development plans, initiatives and operations. On 19 January 2018, the Company appointed a non-executive director in the person of Alhaji Bukar Goni Aji, as Alhaji Mangal's representative on the Board of Oando PLC from a pool of potential nominees presented to the Board.

On April 12, 2018, the NSE lifted the technical suspension which had earlier been placed on the Company's shares whilst the forensic audit into the affairs of the Company continued. The Company has been fully cooperative with both the SEC and Deloitte Nigeria (SEC appointed forensic team lead).

In the spirit of goodwill, transparency and full disclosure, the Company, in the interest of all stakeholders, will continue to cooperate with the SEC in the discharge of its duties as capital market regulator whilst the Company awaits the final outcome of the forensic audit, optimistic that the allegations levelled against it will be cleared.

Compliance Statement

The Board confirms that the Company has complied with the principles and the relevant provisions set out in the SEC Code of Corporate Governance throughout the financial year ended December 31, 2018. In addition to complying with applicable corporate governance requirements, the Company continues to adhere to the Listing requirements, Rules and Regulations of the Nigerian Stock Exchange and the Johannesburg Stock Exchange.

2018 Annual Report on the Oando Staff Equity Participation Scheme

The Oando Staff Equity Participation Scheme was extended for an additional 3-year period by resolution of the Board. As at 31st December 2018 a total of 6,997,361 shares are held under the Scheme for the benefit of 68 Eligible Employees.

No additional units of Shares were offered to employees under the Stock Option Plan during the 2018 period.

Shareholder Range Analysis as at December 31, 2018

Register Date: December 31, 2018	(Nigerian share register)
Issued Share Capital:	12,431,412,481 shares

Major shareholder

According to the register of members, the following shareholder of the Company holds more than 5% of the issued ordinary share capital of the Company.

NAME	UNITS	PERCENTAGE
Ocean and Oil development Partners Limited	5,004,643,096	57.37%
Mangal Group	1,980,224,041	15.92%

Environmental, Health, Safety, Security and Quality (EHSSQ)

Oando continues to build on its safety culture and capability. In 2018, there was a focus by the company to improve employees' productivity by promoting healthy lifestyles.

The company met the 2018 set target of zero Lost Time Injury (LTI) and a Total Recordable Incident Rate (TRIR) not greater than 0.2 as part of maintaining its Environment Health Safety (EHS) culture. In addition, the company did not record any minor or major accidents within its self-managed operations.

Safety Awareness & Trainings:
The company continues to focus on the EHS competency of its personnel through training, coaching, town hall meetings and awareness sessions. EHS Trainings were classroom- based while creatives were deployed to promote EHS awareness within the company. As part of ensuring a productive and healthy state of mind among the workforce, certain topics were discussed and employees were provided with professional contacts should they require help. Topics included preventing and managing mental illness as well as drug & alcohol dependencies. Security awareness sessions continue to feature in our meetings to ensure employees' safety at all times.

EHS Initiatives:
The company commemorated the World Environment Day with the theme "Beat Plastic Pollution" with the cleaning of the creek behind the Company's Head Office in Lagos. This activity doubled in creating awareness on the impact of marine pollution by plastics as well as serving as a form of Environmental social responsibility. A total of 5,000kg of waste and approximately 30,000 pieces of recyclable plastic were recovered from the creek.

As part of maintaining a healthy workforce, the company organized its 1st annual EHSSQ Sports Day. The company used this event to strongly promote the benefits of recreation and sports, not only for the physical benefits, but also for the impact on emotional and mental wellbeing. The sports day was beneficial in teaching team work and problem solving skills, encouraging playful competition, building camaraderie within the organisation, boosting self-esteem and reducing stress.

The company encouraged its employees to participate in the World Blood Donor Day by running a blood donation drive. The event was aimed at thanking donors for the lifesaving gift of blood as well as to raise awareness of the need for frequent blood donation to ensure the quality and availability of blood for patients in need.

Report of the Directors - continued

2018 Oando PLC Statistics:

	2015	2016	2017	2018	COMMENTS
Man hours	2,945,060	4,014,451	213,922	311,088	Man hours from Oando divested entities is not included
Fatalities	0	0	0	0	There were no fatalities among employees, contractors or third party personnel
LTI	0	0	0	0	LTI has consistently remained atZero (0) for the last 4 years of reporting
LTIF[1]	0	0	0	0	Zero LTIF recorded for the Oando Operations
TRIR or TRCF[2]	0.68	0.75	0	0	Zero (0) TRIR achieved as a result of awareness, adherence to processes, ownership by employees and active participation in the health & safety programs organized by the company
Product Spills (Litre)	201, 129	165,724	0*	0*	No spill recorded within Oando's EHS management system. Results do not include spills recorded from operations in which Oando has partnerships
Fire	5	6	0	0	No fire incidents
HIR[3]	8,746	16,926	57	237	Increased HIR reporting from the Ebocha Restoration Project

[1] Lost Time Injury Frequency
[2] Total Recordable Case Frequency (also known as Total Recordable Incident Rate - TRIR)
[3] Hazard Identification Reporting

Acquisition of Own Shares

The Company did not acquire its own shares in year 2018.

Market Value of Fixed Assets

Information regarding the Group's asset value and notes thereon are contained in Note 15 of the financial statements on page 137 of this Report. In the opinion of the Directors, the market value of the Company's properties is not lower than the value shown in the financial statements.

Auditors

Ernst & Young, have indicated their willingness to continue in office as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act 2004

By Order of the Board

Ayotola Jagun
Chief Compliance Officer and Company Secretary
FRC/2013/NBA/000000003578

Report of the Audit Committee

We have exercised our statutory functions in compliance with Section 359 (6) of the Companies and Allied Matters Act 2004 and we the members of the Oando PLC Audit Committee have, on the documents and information made available to us:

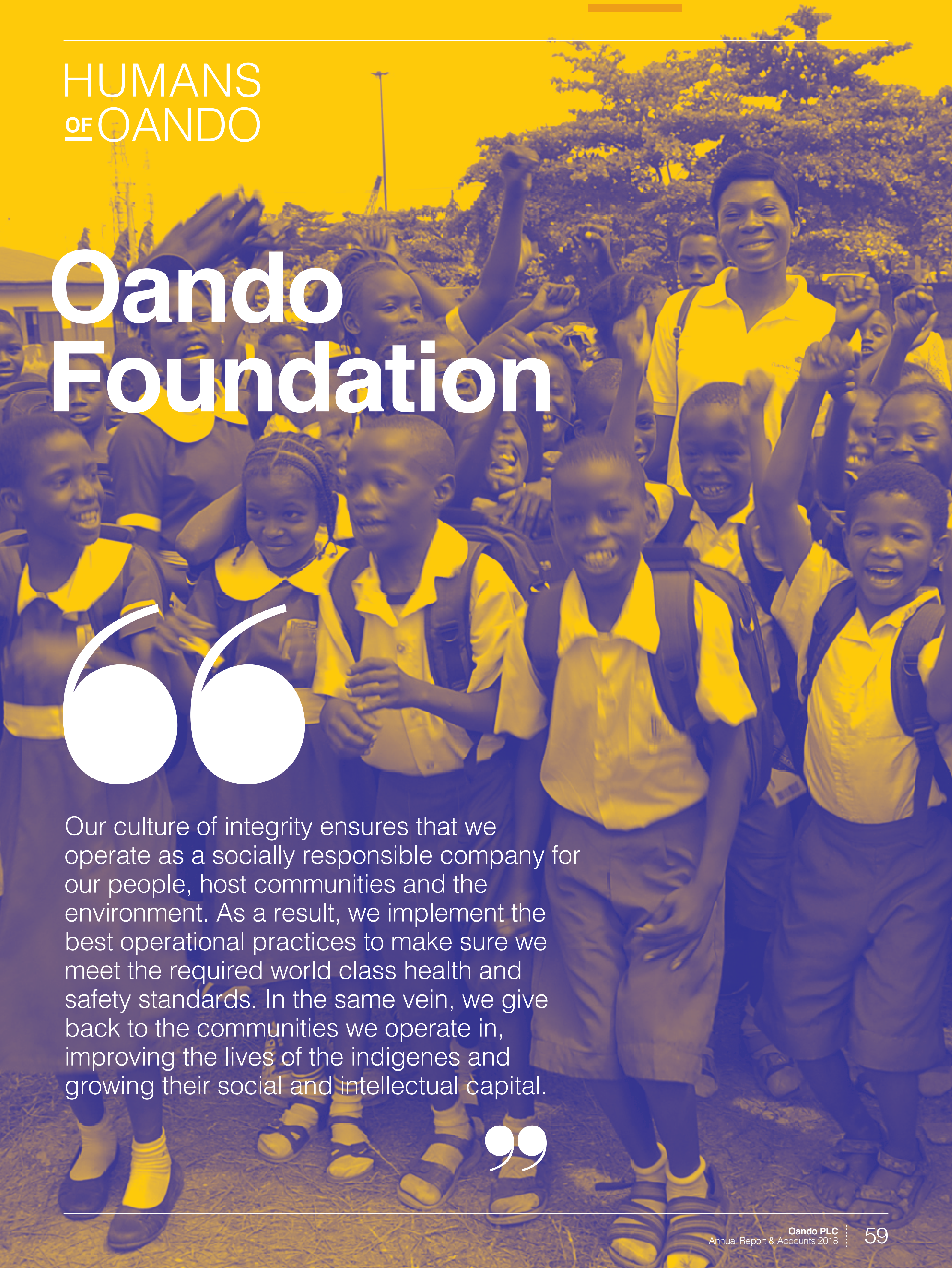
a. Reviewed the scope and planning of the audit requirements and found them satisfactory;
b. Reviewed the External Auditors' Management Controls Report for the year ended December 31, 2018 as well as the Management response thereto;
c. Appraised the Financial Statements for the year ended 31 December 2018 and are satisfied with the explanations provided.

We ascertain that the accounting and reporting policies of the Company for the year ended December 31, 2018 are in accordance with legal requirements and agreed ethical practices.

Dated this 27th day of March 2019

Ike Osakwe
Chairman, Audit Committee
FRC/2017/ICAN/00000016455

Mr. Mobolaji Osunsanya	(Non-Executive Director)
Mr. Tanimu Yakubu	(Non-Executive Director)
Dr. Joseph Asaolu	(Shareholder Member)
Mr. Jackson Edah	(Shareholder Member)
Mr. Olusegun Oguntoye	(Shareholder Member)



HUMANS OF OANDO

Oando Foundation

Our culture of integrity ensures that we operate as a socially responsible company for our people, host communities and the environment. As a result, we implement the best operational practices to make sure we meet the required world class health and safety standards. In the same vein, we give back to the communities we operate in, improving the lives of the indigenes and growing their social and intellectual capital.

Oando Foundation - 2018 Annual Report

Introduction

Oando Foundation (OF) through its Adopt-A-School Initiative is increasing access to and quality of basic education in 88 school communities across 23 states in Nigeria. The AASI school improvement model adopts a holistic approach to addressing critical supply and demand factors that affect learning, teaching, management, parental/community participation and responsiveness to children's needs.

Documenting our achievements since inception, through our partnerships cutting across all levels of governance in the basic education sub-sector, we can proudly state that more than sixty thousand (60,000) out of school children, particularly girls and vulnerable children, are on the path to acquiring literacy and numeracy skills that will improve their lives and impact positively on their communities. Two thousand, eight hundred and thirty four (2,834) school teachers have improved their subject content knowledge and pedagogical practices and are passing on this knowledge to pupils in adopted schools in simple, engaging, and effective methods that builds their cognitive and socio-emotional skills. Our teacher and learning materials (TLMs) further aid the transfer of knowledge and enrich the students' learning experiences.

We have continued to build on the goodwill and commitment demonstrated by state and local partners, working through government and community systems to create ownership and sustained participation in the programme. We are improving skills and building capacity of the State Universal Basic Education Boards (SUBEBs), Local Government Education Authorities (LGEAs), and School Based Management Committees (SBMCs) to deliver basic education dividends to their communities, whilst strategically contextualizing our approaches and solutions for sustainability, replication and scale up.

We remain focused on changing behavior towards education in the communities we serve by empowering our partners, community groups, and grassroots mobilizers with evidence-based messaging on the importance of basic education, and their role in ensuring increased enrolment, retention and transition within the school system. Our strategic partnership with key technical and funding organizations is contributing to the overall quality of projects implemented, providing opportunities for increased awareness and project scale up.

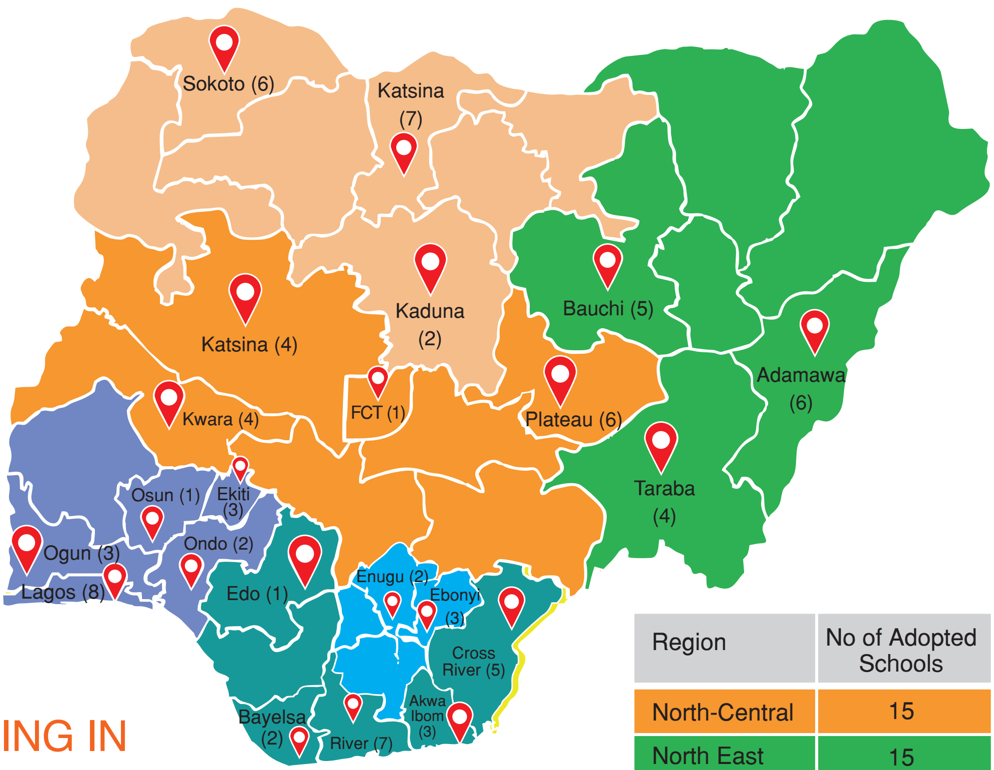
As we roll over to 2019, we celebrate the commitment and hard work of our staff, volunteers, partners and allies. We are immensely grateful to all our partners in 2018 – Government, School Administrators and Teachers, Community Members, Development Agencies, Private Foundations and Corporate Organizations, whose direct support contributed to the actualization of our core objectives for the year.

In a world of growing educational devastation, we choose optimism. We choose to invest in our common future, improving access to quality basic education for many underserved children. The challenges are enormous but with your continued support and unwavering commitment, we are confident that together we can achieve even bigger victories and reverse the tide of poor quality basic education in the years to come.

60,000

More than sixty thousand (60,000) out of school children are on the path to acquiring literacy and numeracy skills that will improve their lives and impact positively on their communities.

Oando Foundation is working in 88 communities across 23 states, improving the deplorable state of basic education in Nigeria. If you would like to get involved by taking action or making a donation, please visit **www.oandofoundation.org**



Region	No of Adopted Schools
North-Central	15
North East	15
North West	15
South West	5
South South	18
South West	17

WORKING IN **88** **communities** across **23** States

2,834 school teachers have improved their subject content knowledge and pedagogical practices and are passing on this knowledge to pupils in adopted schools

Oando Foundation - 2018 Annual Report - continued

Our Impact (2011 - 2018)

54
Infrastructure improvements across 54 schools

2,673
5 Early Childhood Care Centres established benefiting 2,673 children

46
Solar powered ICT Centres established

1,153
Scholarships awarded to vulnerable children

103,676
Teaching and learning materials supplied to schools benefitting 103,676 pupils

56
Improved data management systems in 56 LGEAs across the country

140,000
Children supported across Oando adopted schools

2,714
2,714 teachers trained

150
150 school support officers trained

Review of 2018 Activities

1. 27,361 Out of School Children (OOSC) Enrolled into OF Adopted Schools

Oando Foundation mobilizes and enrolls children between the ages of 7 -14 years who have never attended school or have had their schooling interrupted due to varying socio-economic reasons.

We are focused on changing behavior towards education in communities we serve by empowering our partners, SBMCs, community groups, and grassroots mobilizers with key messaging on the importance of basic education.

Through 2018, the Foundation enrolled Twenty Seven Thousand, Three Hundred and Sixty One (27,361) OOSC across 16 states; bringing the total number of enrolled OOSC to 61,000 in 3years. We deploy effective community engagement practices and provide ancillary support where necessary, to encourage OOSC enrolment and retention.

Our approach ensures the entire process – OOSC enrollment, retention and monitoring is community driven, sustainable and cost effective.

2. Seven (7) Adopted Schools Receive Infrastructure Upgrade to Support Learners' Needs

Public primary schools are characterized by poor learning environments and fast deteriorating infrastructure that cannot adequately support learners' needs. Severe shortages of classroom space result in class sizes that sometimes triple the prescribed teacher-pupil ratio for Nigeria of 1:40.

Oando Foundation improves the quality of learning infrastructure in its adopted schools through construction of new classrooms, renovation of existing structures, provision of age-appropriate furniture and ensuring access to clean water and sanitation facilities.

To ensure intervention is targeted at schools with the most pressing infrastructure needs, we work with the SUBEBs and SBMCs, giving consideration to current school population, level of deterioration, and net ratio of out-of-school children within the community.

The Foundation completed 6 blocks of 18 classrooms during this period, supplied 525 units of double desk furniture, and provided sanitation and water facilities across 17 schools.

3. Education Quality Assurance and School Improvement Officers Trained in Focal States

To ensure quality delivery of education services, programmatic ownership and sustainability, the Foundation works with government education stakeholders – State Universal Basic Education Board (SUBEB) and Local Government Education Authorities (LGEAs) in the efficient management, mentoring and coaching of teachers, proper and efficient data management (EMIS) and timely distribution of TLMs and mobilization of community support for learning.

The Foundation is strengthening the effectiveness of key partners vested with the mandate of school development by investing, planning, capacity building, institutional development, and learning.

In 2018, we trained 59 School Managers (on school management and leadership), 45 School Support Officers (to provide support and mentorship for trained teachers), as well as 66 Quality Assurance Officers (on effective use and application of Education Management Information Systems – EMIS). In addition, 15 laptops were provided to the trained EMIS teams, to digitally support post training implementation. Collectively, we are supporting performance monitoring and evaluation, especially the quality of data collection, analysis, and dissemination in public schools.

4. Capacity Strengthening for School Based Management Committees (SBMC) in 42 Adopted Schools to Support School Improvement Processes

Oando Foundation effectively integrates community participatory approaches in programme planning, implementation, monitoring and evaluation; encouraging the development of democratic processes in school improvement at community level, and higher levels of resource mobilization and use, volunteerism and rejuvenated community spirit.

We train and empower School Based Management Committees in effective school governance, enrolment drives for out-of-school children, resource mobilization, and advocacy across various levels. 363 SBMC members where trained and 237 supported across Plateau, Kaduna, Katsina, Niger, Adamawa, Bauchi, and Sokoto states in 2018.

We have witnessed with great excitement the transformation of SBMCs in most adopted schools from docile, ill-equipped school groups unable to champion effective changes in their schools, now becoming key agents of change, springing hope for sustained community involvement in school improvement process. To date, the Foundation has trained and supported 1,594 SBMC members across adopted school communities.

3,000

Over 3,000 teaching and learning materials such as teacher guides, lesson plans, and audio-visual materials were provided to improve teaching and learning experiences.

Oando Foundation - 2018 Annual Report - continued

5. Improving Learning Outcomes for Students in Adopted Schools through Teacher Capacity Development

The quality of teaching and learning has direct impact on the learning outcomes of students. Result from an earlier Teacher Development Need Assessment (TDNA) conducted in adopted schools confirmed a weak capacity base for teachers and existing gaps in classroom management and subject content knowledge especially numeracy, literacy and science and technology. The Foundation's teacher training programme is aimed at improving teachers' skills in modern pedagogy and subject content knowledge. It is also expected to strengthen the capacity of head teachers and assistants in school management and leadership, and empower school support officers to mentor and monitor teachers' performance post training.

In 2018, the Foundation trained 45 LGEA School Support Officers, 750 teachers (including 59 Head Teachers/Assistants, 634 classroom teachers, and 57 ICT Teachers) across 35 adopted schools in 11 states. Over 3,000 teaching and learning materials such as teacher guides, lesson plans, and audio-visual materials were provided to improve teaching and learning experiences.

6. Promoting Digital Literacy and STEM Education in Adopted Schools

Through Oando Foundation's digital literacy programme, we are bridging the existing gaps in the implementation of ICT education in public primary schools by providing students access to ICT facilities in adopted schools, and empowering them with technology skills through creativity and learning. We achieve these through the establishment of ICT centers in adopted schools; strengthening the capacity of in-school ICT educators to transfer knowledge to the learners, entrench practical application of the national ICT curriculum, and provide ICT textbooks and software to support teaching and learning experiences. The Center also serves as a hub to aid teachers' self-study, utilizing audio-visual teaching materials for lesson preparation.

The Foundation established 15 solar-powered ICT centers across Kaduna, Niger, Adamawa, Plateau, Bauchi, and Kwara states in 2018; bringing the total number of ICT centers across our schools to Forty Four (44). Over Forty Five Thousand (45,000) students and teachers now have access to technology for learning and self-improvement.

1,153

Through the scholarship programme, Oando Foundation has directly impacted 1,153 students from poor socio-economic background to date.

7. Oando Scholarship Programme

Financial exclusion from education is a major barrier prohibiting many children from accessing education. While progress has been made, such as the near-universal provision of free basic education (2015 Global Monitoring Report), user costs remain a significant barrier to education access. Oando Scholars programme supports transition and retention of intellectually gifted pupils from adopted schools through secondary education. The award covers tuition where applicable, as well as other ancillary costs including transportation, study materials, and uniforms.

Through the scholarship programme, Oando Foundation has directly impacted 1,153 students from poor socio-economic background to date. Fifty Six percent (56%) of them have recorded remarkable strides, performing consistently above the 70% average; others have represented their states and local governments at different academic competitions. In 2018, Thirty (30) additional scholarships were awarded, making a total of Five Hundred and Twelve (512) scholars currently on the scheme.

8. Partnerships and Advocacy

The Adopt-A-School Initiative thrives on synergy among various stakeholders; harnessing the strength of each partner in a coherent and systemic way to ensure sustainability-centered activities in cross-cutting intervention states, Value for Money (VFM), and increased scale and impact.

Working in close collaboration with partners including government stakeholders; the Foundation raised over N435million as direct contributions for projects in adopted schools.

Our partnership with the World Bank-assisted Community Social and Development Project (CSDP) under the government's social protection agenda, is providing economic empowerment opportunities in overlapping states where our school communities are located. Our renewed partnership with Sumitomo Chemical – a Japanese Chemical Company – resulted in the establishment of 3 additional solar-powered ICT Centres in schools across Niger, Plateau and Katsina; benefitting over 4,000 students.

In partnership with the Universal Basic Education Commission (UBEC), we championed the first Private Sector Convening for corporate organizations supporting the basic education sub-sector in Nigeria, resulting in the formation of the Private Sector Coalition for Basic Education (PSCBE) with a mandate to bridge the access and information gap between organized private sector and UBEC, and contribute to basic education planning and delivery.

Oando Foundation - 2018 Annual Report - continued

Partnerships and collaborations established/sustained by the Foundation in 2018.

STRATEGIC PARTNERS	TECHNICAL COMPONENT
Educate A Child (EAC)	OF partners with EAC, a global initiative launched by Her Highness Sheikha Moza bint Nasser of Qatar. This joint partnership is aimed at reducing the number of out of school children (OOSC) in Nigeria by enrolling 60,000 OOSC across the Foundation's adopted schools over a 3-year period. The partnership is a matching fund grant.
Sumitomo Chemical	Partnership is aimed at promoting ICT and STEM education by establishing solar powered ICT Centers in Oando adopted schools. 3 ICT Centers were established under this partnership in 2017, and 3 additional Centers are currently being established in Plateau, Niger, and Katsina. All 6 Centers are funded by Sumitomo.
North-East Regional Initiative (NERI)	USAID-NERI was established to provide rehabilitation support to communities ravaged by the Boko Haram insurgency. OF established a strategic partnership with USAID-NERI to support access and quality of learning in rebuilt schools across supported communities in Adamawa state. Two schools rebuilt by NERI have been adopted by the Foundation in Dzangula and Muchalla communities. We are supporting OOSC mobilization and enrolment, teacher capacity building, training of LGEA and SBMC in Education Management Information Systems and school governance, provision of learning materials, and award of scholarships, among others.
Universal Basic Education Commission (UBEC)	Oando Foundation is partnering with UBEC to accelerate the organized private sector support towards basic education in Nigeria. In this role, we are championing strategic engagements between UBEC and the private sector through an established platform.
DFID Education Sector Support Programme in Nigeria (ESSPIN)	The Foundation is replicating the DFID-ESSPIN training model and manuals for the SBMC and LGEA programme components. We are also utilizing the services of Consultants who worked with ESSPIN for training in adopted schools.
UKAID Teacher Development Programme (TDP)	The Foundation partners with the DFID-TDP to replicate its training model for teacher capacity building in adopted schools. TDP provided technical support for the Foundation's WIC component. We also reproduce teacher guides and lesson plans developed by TDP for use in adopted schools. This is a technical partnership with zero funding implication. Utilizing these models allow us leverage existing capacity and knowledge thereby reducing project cost and ensuring sustainability.
National Home Grown School Feeding (HGSF) Programme	In 2016, the Federal Government announced its intention to commence the National Home Grown School Feeding Programme (HGSF) aimed at providing breakfast for children in primary school. Partnership for Child Development (PDC) – a key partner of the Federal government saddled with the responsibility of strengthening the evidence on the costs and benefits of the HGSF reached out to the Foundation on the need for collaboration in adopted schools. The outcome of this engagement informed the reconsideration of our school feeding approach to providing ancillary facilities (water, sanitation, and hygiene) in adopted schools, as support for the HGSF programme.
USAID North East Initiative Plus (NEI Plus)	The Foundation is partnering with USAID-NEI Plus to support the mainstreaming of OOSC (including internally Displaced Persons) from non-formal learning centers supported by the programme into mainstream adopted schools in Sokoto and Bauchi.
World Bank-assisted Community and Social Development Project (CSDP)	Our partnership with the Community and Social Development Project (CSDP) under the government's social protection agenda, is providing economic empowerment opportunities in overlapping states where our school communities are located.

Schedule of 2018 Activities

Oando Foundation Adopt-A-School Scholarship Award for 512 students

ICT Centers

Established solar-powered ICT Centers (fully equipped with furniture, solar powered inverters, computers, server, projectors, printers, ICT educational software and text books) in 15 adopted schools:

- Chanchaga Primary School, Niger
- Imburu Primary School, Adamawa
- Sabon Gari Yolde pate primary school Yola, Adamawa
- Transfer Baptist Science primary School Shendam, Plateau
- LEA Science Pilot School, Jos, Plateau
- Daurama Primary School, Katsina
- Bayan Banki Primary School Alkaleri, Bauchi
- Tafida Aminu Model Primary School, Sokoto
- Central Primary School Gamawa, Bauchi.
- Central Primary School, Liman Katagum, Bauchi.
- Baptist BLGEA Primary School Okuta, Kwara.
- Maitunbi Primary School,Niger.
- Our Lady of Fatima Primary School Jos, Plateau.
- Mabera Magaji Model Primary School Sokoto.
- Ibrahim Gusau N.I Model Primary School Sokoto

Infrastructure Development:

- Construction of 2 blocks of 6 classrooms and 1 motorized borehole (kitted with power generating set and water storage facility) at LGEA Primary School, Bungha Gida, Mangu, Plateau
- Construction of 1 block of 3 classrooms and provision of Wash bay at Tafida Aminu Primary School, Sokoto
- Construction of 1 block of 3 classrooms, 1 motorized borehole (kitted with power generating set and water storage facility), and provision of Wash bay at Shehu Malami Primary School, Sokoto
- Construction of 1 block of 3 classrooms at Bayan Banki Primary School, Bauchi
- Renovation of 1 block of 3 classrooms at LGEA Ipata Primary School, Ipata, Kwara
- Construction of 3 units of child friendly toilets, 1 motorized borehole (kitted with power generating set, water storage facility and wash bay) at Baptist Primary School Shendam, Plateau
- Construction of 1 motorized borehole (kitted with power generating set and water storage facility)
  - St Paul's Township Primary School, Jos North, Plateau
  - LEA Pilot Science Primary School, Jos North, Plateau
  - Galadima Primary School, Mulun Fashi, Katsina
  - Radda Primary School, Radda, Katsina
  - Gidado Primary School, Gidado, Katsina
  - Model Primary School, Batagarawa, Katsina
  - General Muhammad Buhari Model Primary School, Katsina
  - Ibrahim Gusau Nizz. Islamiyat Model Primary School, Sokoto
  - Salihu Anka Model Primary School Sokoto
  - Imburu Primary School, Numan, Adamawa
  - Nyibango Primary School, Yola, Adamawa
  - Sabon Gari Primary School, Sangere, Adamawa
  - Chanchaga Primary School, Minna, Niger
  - Jauro Gbadi Primary School, Jalingo, Taraba

Furniture

- Provision of 525 units of twin desks for students and 21 units of teachers' desks in 6 Schools

Capacity Building:

- 634 Teachers trained in key subject competence and modern pedagogy, 59 School Administrators in leadership and management; and 57 ICT Teachers
- 111 School Support Officers and Principal Quality Assurance Officers trained to provide school improvement support
- 363 SBMC members trained and 237 members mentored to support effective school management and governance
- Over 3,000 learning and instructional materials distributed across 60 schools

Special Projects:

- Scholarship award for 5 indigenous pupils of Ogun State to Nobelhouse College
- Scholarship grant to 4 university beneficiaries on the Ebola Education Trust Fund
- Donation of school supplies (books, school bags, stationery, raincoats) and furniture through the #OandoGivesBack Campaign to Idi-Odo Primary School, Gbagada, Lagos, Ogo-Oluwa Primary School, Gbagada, Lagos, and Temidire Primary School, Gbagada, Lagos
- Donation of exercise books, Tshirts, math sets and school bags towards the annual school interhouse sports competition of Archbishop Taylor Memorial Primary School, Victoria Island, Lagos, Idi-Odo Primary School, Gbagada, Lagos, Ogo-Oluwa Primary School, Gbagada, Lagos, and Temidire Primary School, Gbagada, Lagos
- Partnership with AMA Foundation to conduct eye examination and provision of corrective
- glasses to pupils and teachers of Olisa Primary and Inclusive Unit and Methodist Primary Schools, Papa Ajao, Lagos
- Partnership with Lafarge Africa on its 5th Annual National Literacy Competition

525

Provision of 525 units of twin desks for students and 21 units of teachers' desks in 6 Schools

HUMANS OF OANDO

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Financial Statements

Statement of Directors' responsibilities

For the year ended 31 December 2018

i. Responsibilities in respect of the financial statements

The Companies and Allied Matters Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiaries and comply with the requirements of International Financial Reporting Standards (IFRS), Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No.6, 2011;
(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements 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 judgements and estimates, in conformity with the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act.

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 Company and of its profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls over financial reporting.

Nothing has come to the attention of the Directors to indicate that the Company will not continue as a going concern for at least twelve months from the date of this Statement.

ii. Responsibilities in respect of Corporate Governance

The Company is committed to the principles and implementation of good corporate governance. The Company recognises the valuable contribution that it makes to long term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximises long term shareholder value and takes into account the interests of all of its stakeholders.

The Company believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notes to the accounts, the business adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements

iii. The Board of Directors

The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of the executive management. The Board presents a balanced and understandable assessment of the Company's progress and prospects.

The Board consists of the Chairman, seven non-executive directors and four executive directors. The non-executive directors have experience and knowledge of the industry, markets, financial and/or other business information to make valuable contributions to the Company's progress. The Group Chief Executive is a separate individual from the Chairman and he implements the management strategies and policies approved by the Board. The Board meet at least four times a year.

iv. The Audit Committee

The Audit Committee (the "Committee") is made up of six members - three directors (all of whom are non-executive) and three shareholders in compliance with section 359(4) of the Companies and Allied Matters Act. The Committee members meet at least four times a year.

The Committee's duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Committee also keeps under review the risk and controls over financial reporting, compliance with laws and regulations and the safeguarding of assets. In addition, the Committee reviews the adequacy of the internal audit plan and implementation status of internal audit recommendations.

v. Systems of Internal Control

The Company has well-established internal control system for identifying, managing and monitoring risks. The Risk and Controls and Internal Audit functions have reporting responsibilities to the Audit Committee. Both functions have appropriately trained personnel and undergo training on current business and best practices.

vi. Code of Business Ethics

Management has communicated the principles of business ethics in the Company's Code of Business Conduct and Ethics to all employees in the discharge of their duties. This Code sets the professionalism and integrity required for business operations which covers compliance with laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices.

Director
Mr. Jubril Adewale Tinubu
March 28, 2019
FRC/2013/NBA/00000003348

Director
Mr. Olufemi Adeyemo
March 28, 2019
FRC/2013/ICAN/00000003349

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Independent Auditors' Report to the Members of Oando Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oando Plc ("the Company") and its subsidiaries (together "the Group") set out on pages 75 to 183, which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Group. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 44 in the consolidated and separate financial statements, which indicates that the Company recorded total comprehensive losses for the year of ₦18.3 billion (2017: comprehensive losses ₦30.6 billion) and as at that date, its current liabilities exceeded current assets by ₦63 billion (2017: net current assets of ₦6.8 billion). The Company also reported net liabilities of ₦60.9 billion (2017: net liabilities – ₦10.5 billion). As at year-end, the Group recorded net current liabilities of ₦318.5 billion (2017: net liabilities of ₦293.1 billion). As stated in the note, these conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

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Key Audit Matter	How the matter was addressed in the audit
Impact of the estimation of the quantity of oil and gas reserves on impairment testing, depreciation, depletion and amortisation (DD&A), decommissioning provisions and the going concern assessment. The estimation and measurement of oil and gas reserves impacts a number of material elements of the consolidated financial statements including DD&A, impairments and decommissioning provisions as it relates to Oando Energy Resources (OER); a major subsidiary. Therefore, any misstatement in reserves estimation could lead to a material misstatement of the consolidated financial statements. We consider the estimation of reserve and resources a key audit matter due to the technical uncertainty in assessing reserve quantities and the high level of judgement applied. Moreover, reserves and resources are a fundamental indicator of the future potential of the Group's performance.	We focused on management's estimation process, including whether bias exists in the determination of reserves and resources. We carried out the following procedures: • performed procedures to assess the competence and objectivity of the expert involved in the estimation process to satisfy ourselves that they were appropriately qualified to carry out the volumes estimation. • reviewed controls over the reserves review process; • ensured that significant movements in reserves are compliant with guidelines and policies; • performed analytical review procedures on reserve revisions; • confirmed that the reserve information at year end is supported by underlying documentation and data; • confirmed that the updated reserves and resources estimates were included appropriately in the Group's consideration of impairment and in accounting for DD&A.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Audit Committee's Report and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, 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 and Group, in so far as it appears from our examination of those books;

iii) the consolidated and separate statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account; and

iv) in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

Esther Ajibola, FCA
FRC/2012/ICAN/00000000174
For: Ernst & Young
Lagos, Nigeria

28 March 2019

Annual Consolidated and Separate Financial Statements

Statement of profit or loss

For the year ended 31 December 2018

N'000

	Notes	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Continuing operations					
Revenue from contract with customers	8c	679,465,339	497,422,483	488,518,160	-
Cost of sales		(583,191,386)	(409,341,126)	(488,938,074)	-
Gross profit/(loss)		96,273,953	88,081,357	(419,914)	-
Other operating income	9	11,006,460	46,490,127	2,652,401	25,989,048
Reversal/(impairment) of assets	10c	7,178,323	(5,335,741)	6,775,164	(2,696,080)
Administrative expenses		(70,457,124)	(72,558,025)	(10,939,966)	(37,652,722)
Operating profit/(loss)		44,001,612	56,677,718	(1,932,315)	(14,359,754)
Finance costs	12a	(42,706,619)	(43,743,860)	(17,582,406)	(19,166,179)
Finance income	12b	10,265,496	9,959,732	1,819,411	2,926,404
Finance costs - net		(32,441,123)	(33,784,128)	(15,762,995)	(16,239,775)
Share of loss of associates	18	(372,369)	(2,129,005)	-	-
Profit/(loss) before income tax from continuing operations		11,188,120	20,764,585	(17,695,310)	(30,599,529)
Income tax credit/(expense)	13(a)	17,609,623	(7,295,366)	(626,567)	(15,904)
Profit/(loss) for the year from continuing operations		28,797,743	13,469,219	(18,321,877)	(30,615,433)
Discontinued operations					
Profit after tax for the year from discontinued operations	28c	-	6,303,557	-	-
Profit/(loss) for the year		28,797,743	19,772,776	(18,321,877)	(30,615,433)
Profit/(loss) attributable to:					
Equity holders of the parent		24,432,941	13,941,744	(18,321,877)	(30,615,433)
Non-controlling interest		4,364,802	5,831,032	-	-
		28,797,743	19,772,776	(18,321,877)	(30,615,433)
Earnings per share from continuing and discontinued operations attributable to ordinary equity holders of the parent during the year (expressed in kobo per share):					
Basic and diluted earnings per share	14				
From continuing operations		197	62		
From discontinued operations		-	51		
From profit for the year		197	113		

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements

Certain prior year balances have been re-aligned for comparability purposes only.

Annual Consolidated and Separate Financial Statements

Statement of other comprehensive income

For the year ended 31 December 2018

N'000

	Notes	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Profit/(loss) for the year		28,797,743	19,772,776	(18,321,877)	(30,615,433)
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		9,275,443	51,258,513	-	-
Share of associate's foreign currency translation reserve	30	5,631	3,237,573	-	-
Fair value gain on financial assets available for sale	25	-	17,690	-	17,690
		9,281,074	54,513,776	-	17,690
Reclassification to profit or loss					
Reclassification of share of OWDL's/OVH Energy BV foreign currency translation reserve	30	5,268	(3,291,936)	-	-
Other comprehensive income for the year, net of tax		9,286,342	51,221,840	-	17,690
Total comprehensive income/(loss) for the year, net of tax		38,084,085	70,994,616	(18,321,877)	(30,597,743)
Attributable to:					
- Equity holders of the parent		34,727,989	51,634,878	(18,321,877)	(30,597,743)
- Non-controlling interests		3,356,096	19,359,738	-	-
Total comprehensive income/(loss) for the year, net of tax		38,084,085	70,994,616	(18,321,877)	(30,597,743)
Total comprehensive income/(loss) attributable to equity holders of the parent arises from:					
- Continuing operations		34,727,989	45,331,321	(18,321,877)	(30,597,743)
- Discontinued operations		-	6,303,557	-	-
		34,727,989	51,634,878	(18,321,877)	(30,597,743)

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated Financial Statements

Consolidated statement of financial position

As at 31 December 2018

N'000

	Notes	Group 2018 N'000	Group 2017 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	355,020,085	343,466,113
Intangible assets	16	432,321,760	426,866,570
Investment property	17	1,033,000	1,033,000
Investment in associates	18	6,424,732	7,540,014
Deferred tax assets	19	45,093,156	46,108,713
Financial assets at fair value through profit or loss	25a	11,106,341	-
Finance lease receivables	21	73,612,863	72,539,702
Non-current receivables	22	13,079,187	23,202,580
Prepayments		493,705	-
Restricted cash	27	6,807,064	12,479,146
		944,991,893	933,235,838
Current assets			
Inventories	23	28,392,500	2,583,094
Derivative financial assets	20	1,853,245	18,572
Trade and other receivables	24	84,791,443	93,798,956
Prepayments		4,113,394	2,582,527
Financial assets at fair value through profit or loss	25b	53,219	61,856
Cash and cash equivalents (excluding bank overdrafts)	27	10,914,741	7,895,061
		130,118,542	106,940,066
Total assets		**1,075,110,435**	**1,040,175,904**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Share capital	29	6,215,706	6,215,706
Share premium	29	176,588,527	176,588,527
Retained loss		(126,534,432)	(138,677,099)
Other reserves	30	144,604,935	131,475,022
		200,874,736	175,602,156
Non controlling interest		76,241,975	87,833,624
Total equity		277,116,711	263,435,780
Liabilities			
Non-current liabilities			
Borrowings	31	76,848,651	99,587,920
Deferred tax liabilities	19	214,662,084	222,207,944
Provision and other liabilities	32	56,717,572	54,880,692
		348,228,307	376,676,556
Current liabilities			
Trade and other payables	34	265,417,181	187,935,945
Borrowings	31	134,052,667	137,854,339
Current income tax liabilities	13b	47,245,129	72,405,657
Provision and other liabilities	32	237,578	217,350
Dividend payable	35	1,650,277	1,650,277
		448,602,832	- 400,063,568
Liabilities of disposal group classified as held for sale	28d	1,162,585	-
Total liabilities		797,993,724	776,740,124
Total equity and liabilities		**1,075,110,435**	**1,040,175,904**

The financial statements and notes on pages 75 to 185 were approved and authorised for issue by the Board of Directors on 28th March 2019 and were signed on its behalf by:

Group Chief Executive
FRC/2013/NBA/00000003348

Group Chief Financial Officer
FRC/2013/ICAN/00000003349

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Annual Separate Financial Statements

Statement of financial position

As at 31 December 2018

N'000

Assets	**Notes**	**Company 2018 N'000**	**Company 2017 N'000**
Non-current assets			
Property, plant and equipment	15	1,705,378	1,507,722
Investment property	17	1,033,000	1,033,000
Investment in associates	18	2,716,431	2,716,431
Financial assets at fair value through profit or loss	25a	11,106,341	-
Non-current receivables	22	2,977,040	9,365,366
Investment in subsidiaries	26	51,932,598	55,368,549
Prepayments		493,705	-
		71,964,493	69,991,068
Current assets			
Inventories	23	26,514,991	-
Trade and other receivables	24	135,177,498	141,588,922
Prepayments		1,023,376	1,289,580
Financial assets at fair value through profit or loss	25b	50,716	59,895
Cash and cash equivalents (excluding bank overdrafts)	27	1,635,634	915,653
		164,402,215	143,854,050
Total assets		**236,366,708**	**213,845,118**
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	29	6,215,706	6,215,706
Share premium	29	176,588,527	176,588,527
Retained earnings		(243,703,801)	(193,330,038)
Other reserves	30	-	17,690
Total Equity		(60,899,568)	(10,508,115)
Liabilities			
Non-current liabilities			
Borrowings	31	69,856,667	87,320,834
		69,856,667	87,320,834
Current liabilities			
Trade and other payables	34	184,967,900	117,389,268
Borrowings	31	39,392,034	17,239,886
Current income tax liabilities	13b	1,161,820	535,618
Provision and other liabilities	32	237,578	217,350
Dividend payable	35	1,650,277	1,650,277
		227,409,609	137,032,399
Total liabilities		297,266,276	224,353,233
Total equity and liabilities		**236,366,708**	**213,845,118**

The financial statements and notes on pages 75 to 185 were approved and authorised for issue by the Board of Directors on 28th March 2019 and were signed on its behalf by:

Group Chief Executive
FRC/2013/NBA/00000003348

Group Chief Financial Officer
FRC/2013/ICAN/00000003349

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated Financial Statements

Consolidated statement of changes in equity

For the year ended 31 December 2018

N'000

Group	Share capital & Share premium[1] N'000	Other reserves[2] N'000	Retained earnings N'000	Equity holders of parent N'000	Non controlling interest N'000	Total equity N'000
Balance as at 1 January 2017	180,824,232	93,407,737	(151,868,568)	122,363,401	69,981,178	192,344,579
Profit for the year	-	-	13,941,744	13,941,744	5,831,032	19,772,776
Other comprehensive income for the year	-	37,693,134	-	37,693,134	13,528,706	51,221,840
Total comprehensive income	-	37,693,134	13,941,744	51,634,878	19,359,738	70,994,616
Transaction with owners						
Proceeds from shares issued (note 29)	1,980,001	-	-	1,980,001	-	1,980,001
Total transaction with owners	1,980,001	-	-	1,980,001	-	1,980,001
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (note 41c)	-	374,151	(750,275)	(376,124)	(1,507,292)	(1,883,416)
Total transactions with owners of the parent, recognised directly in equity	1,980,001	374,151	(750,275)	1,603,877	(1,507,292)	96,585
Balance as at 31 December 2017	182,804,233	131,475,022	(138,677,099)	175,602,156	87,833,624	263,435,780
Balance as at 1 January 2018	182,804,233	131,475,022	(138,677,099)	175,602,156	87,833,624	263,435,780
Effect of adoption of IFRS 9 (note 45)	-	(17,690)	(10,245,238)	(10,262,928)	(10,411,535)	(20,674,463)
Restated total equity at the beginning of the financial year	182,804,233	131,457,332	(148,922,337)	165,339,228	77,422,089	242,761,317
Profit for the year	-	-	24,432,941	24,432,941	4,364,802	28,797,743
Other comprehensive income/(loss) for the year	-	10,295,048	-	10,295,048	(1,008,706)	9,286,342
Total comprehensive income for the year	-	10,295,048	24,432,941	34,727,989	3,356,096	38,084,085
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (note 41c)	-	2,852,555	(2,045,036)	807,519	(4,536,210)	(3,728,691)
Total transactions with owners of the parent, recognised directly in equity	-	2,852,555	(2,045,036)	807,519	(4,536,210)	(3,728,691)
Balance as at 31 December 2018	182,804,233	144,604,935	(126,534,432)	200,874,736	76,241,975	277,116,711

[1] Share capital includes ordinary shares and share premium
[2] Other reserves include currency translation reserves, financial assets available for sale and share based payment reserves (SBPR). See note 29.

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Annual Financial Statements

Separate statement of changes in equity

For the year ended 31 December 2018

N'000

Company	Share Capital & Share premium N'000	Other reserves[1] N'000	Retained earnings N'000	Equity holders of parent/ Total equity N'000
Balance as at 1 January 2017	180,824,232	-	(162,714,605)	18,109,627
Loss for the year	-	-	(30,615,433)	(30,615,433)
Other comprehensive income for the year	-	17,690	-	17,690
Total comprehensive income/(loss)	-	17,690	(30,615,433)	(30,597,743)
Transaction with owners -Conversion of OODP's convertible debt (note 29)	1,980,001	-	-	1,980,001
Total transaction with owners	1,980,001	-	-	1,980,001
Total transactions with owners of the parent, recognised directly in equity	1,980,001	-	-	1,980,001
Balance as at 31 December 2017	182,804,233	17,690	(193,330,038)	(10,508,115)
Balance as at 1 January 2018	182,804,233	17,690	(193,330,038)	(10,508,115)
Effect of adoption of IFRS 9 (note 45)	-	(17,690)	(32,051,886)	(32,069,576)
Restated total equity at the beginning of the financial year	182,804,233	-	(225,381,924)	(42,577,691)
Loss for the year	-	-	(18,321,877)	(18,321,877)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(18,321,877)	(18,321,877)
Transaction with owners	-	-	-	-
Acquisition of non controlling interest				
Total transactions with owners of the parent, recognised directly in equity	-	-	-	-
Balance as at 31 December 2018	182,804,233	-	(243,703,801)	(60,899,568)

[1] Other reserves comprise of financial assets available for sale. See note 30.

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated and Separate Financial Statements

Consolidated and Separate Statement of Cash flows

For the year ended 31 December 2018

N'000

	Notes	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Cash flows from operating activities					
Cash generated from operations	36	115,946,230	80,063,681	9,446,038	5,402,480
Interest paid		(28,172,017)	(24,404,228)	(11,889,679)	(14,608,602)
Income tax paid*	13b	(29,096,210)	(10,351,862)	(365)	(1,741)
Gratuity benefit paid	33	-	(1,285,161)	-	(754,311)
Net cash from/(used in) operating activities		58,678,003	44,022,430	(2,444,006)	(9,962,174)
Cash flows from investing activities					
Purchases of property plant and equipment* [1]	15	(37,861,804)	(19,822,073)	(528,824)	(1,280,732)
Proceeds from disposal of subsidiary, net of cash	28b	1,092,000	871,978	-	-
Proceeds from disposal of investment in associate	22b	-	609,184	-	-
Investment in an associate	18	-	(2,444)	-	-
Refund to a prospective buyer of a subsidiary	32	-	(308,278)	-	(308,279)
Purchase of investment property	17	-	(127,983)	-	(127,983)
Proceeds from contingent consideration from Helios with respect to the sale of the gas & power entities	28b	-	2,253,879	-	2,253,879
Proceeds from disposal of financial assets available for sale	25a	-	71,780	-	71,780
Purchase of intangible exploration assets*	16	(871,605)	(1,475,010)	-	-
Proceeds from sale of property, plant and equipment		2,402,219	19,203	13,957	4,606
Proceeds from early hedge settlement		-	5,175,929	-	-
Finance lease received		7,947,069	7,719,125	-	-
Interest received		61,600	745,635	61,537	745,575
Net cash (used in)/from investing activities		(27,230,521)	(4,269,075)	(453,330)	1,358,846
Cash flows from financing activities					
Proceeds from long term borrowings		-	305,900	-	-
Repayment of long term borrowings		(5,683,766)	(7,350,185)	-	-
Proceeds from other short term borrowings		17,900,337	32,037,524	3,318,633	11,311,834
Repayment of other short term borrowings		(43,333,273)	(63,502,898)	-	(16,562,576)
Proceeds from loan note from Helios with respect to the sale of the gas & power entities	22b	-	2,198,358	-	2,198,358
Acquired minority interest	41c	(3,575,048)	(1,883,416)	-	-
Restricted cash		5,795,940	(5,603,461)	-	4,682,749
Net cash (used in)/from financing activities		(28,895,810)	(43,798,178)	3,318,633	1,630,365
Net change in cash and cash equivalents		2,551,672	(4,044,823)	421,297	(6,972,963)
Cash and cash equivalents at the beginning of the year		7,895,061	10,596,470	915,653	7,752,128
Exchange gains/(losses) on cash and cash equivalents		173,811	1,343,414	4,487	136,488
Cash and cash equivalents at end of the year		10,620,544	7,895,061	1,341,437	915,653
Cash and cash equivalent at year end is analysed as follows:					
Cash and bank balance	27	10,914,741	7,895,061	1,635,634	915,653
Bank overdrafts	31	(294,197)	-	(294,197)	-
		10,620,544	7,895,061	1,341,437	915,653

[1] Purchases of property, plant and equipment exclude capitalised interest (2017: nil)
* Disclosures are for both continuing and discontinued operations.

The statement of significant accounting policies and notes on pages 82 to 183 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

1. General information

Oando PLC (formerly Unipetrol Nigeria Plc.) was registered by a special resolution as a result of the acquisition of the shareholding of Esso Africa Incorporated (principal shareholder of Esso Standard Nigeria Limited) by the Federal Government of Nigeria. It was partially privatised in 1991 and fully privatised in the year 2000 following the disposal of the 40% shareholding of Federal Government of Nigeria to Ocean and Oil Investments Limited and the Nigerian public. In December 2002, the Company merged with Agip Nigeria Plc. following its acquisition of 60% of Agip Petrol's stake in Agip Nigeria Plc. The Company formally changed its name from Unipetrol Nigeria Plc. to Oando PLC in December 2003.

Oando PLC (the "Company") is listed on the Nigerian Stock Exchange and the Johannesburg Stock Exchange. In 2016, the Company embarked on a reorganisation and disposed some subsidiaries in the Energy, Downstream and Gas & Power segments. The Company disposed Oando Energy Services and Akute Power Ltd effective 31 March 2016 and also target companies in the Downstream division effective 30 June 2016. It also divested its interest in the Gas and Power segment in December 2016 with the exception of Alausa Power Ltd which was disposed off on 31 March 2017. The Company retains its significant ownership in Oando Trading Bermuda (OTB), Oando Trading Dubai (OTD) and its upstream businesses (See note 8 for segment result), hereinafter referred to as the Group.

On October 13, 2011, Exile Resources Inc. ("Exile") and the Oando Exploration and Production Division ("OEPD") of Oando PLC ("Oando") announced that they had entered into a definitive master agreement dated September 27, 2011 providing for the previously announced proposed acquisition by Exile of certain shareholding interests in Oando subsidiaries via a Reverse Take Over ("RTO") in respect of Oil Mining Leases ("OMLs") and Oil Prospecting Licenses ("OPLs") (the "Upstream Assets") of Oando (the "Acquisition") first announced on August 2, 2011. The Acquisition was completed on July 24, 2012 (Completion date"), giving birth to Oando Energy Resources Inc. ("OER"); a company which was listed on the Toronto Stock Exchange between the Completion date and May 2016. Immediately prior to completion of the Acquisition, Oando PLC and the Oando Exploration and Production Division first entered into a reorganization transaction (the "Oando Reorganization") with the purpose of facilitating the transfer of the OEPD interests to OER (formerly Exile).

OER effectively became the Group's main vehicle for all oil exploration and production activities.

In 2016, OER previously quoted on Toronto Stock Exchange (TSX), notified the (TSX) of its intention to voluntarily delist from the TSX. The intention to delist from the TSX was approved at a Board meeting held on the 18th day of December, 2015. The shares of OER were delisted from the TSX at the close of business on Monday, May 16th 2016. Upon delisting, the requirement to file annual reports and quarterly reports to the Exchange will no longer be required. The Company believes the objectives of the listing in the TSX was not achieved and the Company judges that the continued listing on the TSX was not economically justified.

To effect the delisting, a restructuring of the OER Group was done and a special purpose vehicle, Oando E&P Holdings Limited ("OEPH") was set up to acquire all of the issued and outstanding shares of OER. As a result of the restructuring, shares held by the previous owners of OER (Oando PLC (93.49%), the institutional investors in OER (5.08%) and certain Key Management Personnel (1.43%) were required to be transferred to OEPH, in exchange for an equivalent number of shares in OEPH. The share for share exchange between entities in the Oando Group is considered as a business combination under common control not within the scope of IFRS 3.

OEPH purchased the remaining shares in OER from the remaining shareholders who did not partake in the share exchange arrangement for a cash consideration. The shareholders of the 5,733,277 shares were paid a cash consideration of US$1.20 per share in accordance with the plan of arrangement. As a result of the above, OEPH Holdings now owns 100% of the shares in OER.

Pursuant of the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender""/"SS") and Oando Plc (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US$32m (WAIL: US$27m, SS: US$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando Exploration and Production Holdings Limited (OEPH), a subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando Plc to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to the Calabar Power Limited, a wholly owned subsidiary of

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS and Oando PLC now owns 78.18% (2016: 77.74%) shares in OEPH Holdings (see note 41c). The Borrower and Lenders are not related parties to the Guarantor. On May 19, 2018, Oando Plc (through its subsidiary Calabar Power) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2017: 78.18%) shares in OEPH.

During the last quarter in 2018, Calabar Power further paid $8.3mn out of the indebtedness to WAIL. The amount paid has been reflected as deposit for shares as the corresponding shares are yet to be transferred to Calabar Power by WAIL. The payment further reduced the exposure to WAIL under the guarantee provided by Oando Plc."

2. Basis of preparation

The consolidated financial statements of Oando Plc. have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The annual consolidated financial statements are presented in Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 6.

3. Changes in accounting policies and disclosures

a) *New standards, amendments and interpretations adopted by the Group*

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are disclosed in note 45.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

b) New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2018

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (e.g., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group currently has an existing operating lease arrangement which is as follows:

Building

In 2018, the Group performed an impact assessment and assessed that, due to the differences between the accounting requirements for operating leases in IAS 17 and the requirements for lease accounting by lessees in IFRS 16, that the impact is likely to be significant. The Group currently recognises the prepaid amount for the lease as its current and non-current assets and expense the lease payment annually.

At the date of initial application of this standard, the Group will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Group will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

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Aircraft

XRS II (the Company's indirect subsidiary) leases an aircraft (Bombardier Global Express XRS MSN 9374) to the Company where lease payments are recognised on a monthly basis. At the date of initial application of this standard, the Company will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The Company will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. These will be eliminated on consolidation as such there will be no impact on the Group.

In 2018, the Group performed an impact assessment and assessed that, due to the differences between the accounting requirements for operating leases in IAS 17 and the requirements for lease accounting by lessees in IFRS 16, that the impact will likely not be significant. However, the Company will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires the Group to make more extensive disclosures than under IAS 17.

The Group plans to adopt IFRS 16 using a modified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group does not have contracts that meet the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be as follows:

Impact on the statement of financial position as at 31 December 2018:

	Group Increase/ (decrease) N'000	Company Increase/ (decrease) N'000
Assets		
Property, plant and equipment (right-of-use assets)	39,377,781	58,052,022
Prepayments	(300,230)	(300,230)
Liabilities		
Lease liabilities	(39,077,551)	(57,751,792)
Net impact on equity	-	-

The net impact on equity is nil because the Group has chosen the modified retrospective approach where the right of use asset equals lease liability.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to

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IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

(c) New and amended standards and interpretations that do not relate to the Group

- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 Effective 1 January 2019
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 17 Insurance Contracts - Effective 1 January 2021
- Amendments to IAS 19 Employee Benefits -The amendments apply to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

(d) Annual Improvements 2015-2017 Cycle

Following is a summary of the amendments from the 2015-2017 annual improvements cycle.

IFRS 3 Business Combinations

Previously held interests in a joint operation

- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements

Previously held interests in a joint operation

- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes

Income tax consequences of payments on financial instruments classified as equity

- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs

Borrowing costs eligible for capitalisation

- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

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4. Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has power or control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the entity's return. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In the separate financial statement, investment in subsidiaries is measured at cost less accumulated impairments. Investment in subsidiary is impaired when its recoverable amount is lower than its carrying value and when there are indicators of impairments.

The Group considers all facts and circumstances', including the size of the Group's voting rights relative to the size and dispersion of other vote holders in the determination of control.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, amounts, balances and income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from transactions that are recognised in assets are also eliminated. Accounting policies and amounts of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in loss of control as equity transactions. For purchases from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified as cash flows from financing activities.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investment in associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in the associate's net assets after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.
The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding

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adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long term receivables, loans or unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of profit or loss.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

In the separate financial statements of the Company, investment in associates are measured at cost less impairment. Investment in associate is impaired when its recoverable amount is lower than its carrying value.

(v) Joint arrangements

The group applies IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

For the arrangements determined to be joint operations, the Group recognises in relation to its interest the following:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses

Transactions with other parties in the joint operations

When the Group enters into a transaction in a joint operation, such as a sale or contribution of assets, the Group recognises gains and losses resulting from such a transaction only to the extent of its interests in the joint operation.

When such transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are recognised fully by the Group.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

(vi) Functional currency and translation of foreign currencies

Functional and presentation currency

These consolidated financial statements are presented in Naira, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The Company's functional and presentation currency is Naira.

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(vi) Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. 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 statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(viii) Consolidation of Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position items presented, are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates where it is impracticable to translate using spot rate. Where the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expense are translated at a rate on the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(ix) Common Control Business Combinations

Business combinations involving entities ultimately controlled by the Oando Group are accounted for using the pooling of interest method (also known as merger accounting).

A business combination is a "common control combination" if:

i. The combining entities are ultimately controlled by the same party both before and after the combination and
ii. Common control is not transitory.

Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:

i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value
ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).
iii. No goodwill is recorded in the consolidated financial statement. The difference between the acquirer's cost of investment and the acquiree's equity is taken directly to equity.
iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
v. Any expenses of the combination are written off immediately in the statement of comprehensive income.
vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and
vii. Adjustments are made to achieve uniform accounting policies

(ix) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5. Other significant accounting policies

(a) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Leadership Council (GLC).

(b) Revenue

Revenue from Contracts with Customers under IFRS 15

The Group has adopted IFRS 15 as issued in May 2014 which has resulted in changes in the accounting policy of the Group. IFRS 15 replaces IAS 18 which covers revenue arising from the sale of goods and the rendering of services, IAS 11 which covers construction contracts, and related interpretations. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated as the Group has applied the modified retrospective approach in adopting this standard.

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of Group's activities and is stated net of value-added tax, rebates and discounts and after eliminating sales within the group. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future benefits will flow to the entity and when specific criteria have been met for each of the its activities.
A valid contract is recognised as revenue after:

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

IFRS 15 introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

a) Revenue recognition
It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of a customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.
Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil and natural gas liquid, this occurs when the products are lifted by the customer (buyer). Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas, revenue is recognised as the

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product is being passed through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time. The surplus or deficit of the product sold during the period over the Group's ownership share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. If the over-lifter meets the definition of a customer, revenue is recognised and a corresponding receivable.

Conversely, when an overlift occurs, cost of sale is debited and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income or cost of sales.

▪ Definition of a customer
A customer is a party that has contracted with the Group to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Group has entered into collaborative arrangements with its joint venture partners to share in the production of oil. Collaborative arrangements with its joint venture partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

▪ Identification of performance obligation
At inception, the Group assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in oil and gas contract with no additional contractual promises. Additional performance obligations may arise from future contracts with the Group and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

▪ Contract enforceability and termination clauses
The Group may enter into contracts that do not create enforceable rights and obligation to parties in the contract. Such instances may include where the counterparty has not met all conditions necessary to kick start the contract or where a non-contractual promise exists between both parties to the agreement. In these instances, the agreement is not yet a valid contract and therefore no revenue can be recognised.

It is the Group's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provides that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.

The Group may enter into contracts that do not meet the revenue recognition criteria. In such cases, the consideration received will only be recognised as revenue if either of the following has occurred;

- the Group has no remaining obligations to transfer goods/services to the customer and all or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable
- the contract has been terminated and the consideration received from the customer is non-refundable.

The Group may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Group has not yet transferred any promised goods or services to the customer and the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

b) Transaction price
Transaction price is the amount that an entity within the Group allocates to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Group's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group may recognise revenue in the amount to which it has a right to invoice.

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Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Group's incremental borrowing rate) on contracts that have a repayment period of more than 12 months. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Group receives advance payment for agreed volumes of crude oil or receivables take or pay deficiency payment on gas sales. Take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer.

The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest revenue.

Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. Examples include barging costs incurred, demurrage and freight costs. These do not represent a distinct service transferred and is therefore recognised as a direct deduction from revenue.

c) Contract modification and contract combination
Contract modifications relates to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract.

Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group enters into new contracts with its customers only on the expiry of the old contract. In the new contracts, prices and scope may be based on terms in the old contract. In gas contracts, prices change over the course of time. Even though gas prices change over time, the changes are based on agreed terms in the initial contract i.e. price change due to consumer price index. The change in price is therefore not a contract modifications. Any other change expected to arise from the modification of a contract is implemented in the new contracts.

The Group combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

d) Portfolio expedients
As a practical expedient, the Group may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS to individual contracts within that portfolio.

e) Contract assets and liabilities
The Group recognises contract assets for unbilled revenue from crude oil and gas sales. A contract liability is consideration received for which performance obligation has not been met.

f) Disaggregation of revenue from contract with customers
The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the revenue disaggregation disclosure requirement of IFRS 15 as it depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue recognition under IAS 18

Revenue is measured at the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Group's activities and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

(i) Sale of goods

Revenue from sales of oil, natural gas, chemicals and all other products is recognized at the fair value of consideration received or receivable, after deducting sales taxes, excise duties and similar levies, when the significant risks and rewards of ownership have been transferred.

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In Exploration & Production, transfer of risks and rewards generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. For sales to refining companies, it is either when the product is placed on-board a vessel or delivered to the counterparty, depending on the contractually agreed terms. For wholesale sales of oil products and chemicals it is either at the point of delivery or the point of receipt, depending on contractual terms. Revenue resulting from the production of oil and natural gas properties in which Oando has an interest with other producers is recognised on the basis of Oando's working interest (entitlement method).

Sales between subsidiaries, as disclosed in the segment information.

(ii) Rendering of services

Services rendered are recognised in the period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;
(b) it is probable that the economic benefits associated with the transaction will flow to the entity;
(c) the stage of completion of the transaction at the reporting date can be measured reliably; and
(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(iii) Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(iv) Dividend

Dividend income is recognised when the right to receive payment is established.

(c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings and plant & machinery. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. 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.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant & equipment are credited to other comprehensive income and shown as a component of other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss. Revaluation surplus is recovered through disposal or use of property plant and equipment. In the event of a disposal, the whole of the revaluation surplus is transferred to retained earnings from other reserves. Otherwise, each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the assets original cost is transferred from "other reserves" to "retained earnings".

Freehold land is not depreciated. Depreciation on other 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:

Buildings	20 – 50 years	(2 – 5%)
Plant and machinery	8 – 20 years	(5 – 121/2 %)
Equipment and motor vehicles	3 – 5 years	(20 – 331/3 %)
Production wells	Unit-of-production (UOP)	

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Where the cost of a part of an item of property, plant and equipment is significant when compared to the total cost, that part is depreciated separately based on the pattern which reflects how economic benefits are consumed. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised within "operating profit/(loss)" in the statement of profit or loss .

Property, plant and equipment under construction is not depreciated until they are available for use.

(d) Intangible assets

(a) Goodwill

Goodwill arises from the acquisition of subsidiaries and is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any interest previously held over the net identifiable assets acquired, liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGU's) for the purpose of impairment testing. The allocation is made to those CGU's expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Each unit or group of units to which goodwill is allocated represents the lower level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight line method to allocate the cost over their estimated useful lives of three to five years. The amortisation period and residual values are reviewed at each balance sheet date. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(c) Concession contracts

The Group, through its subsidiaries have concession arrangements to fund, design and construct gas pipelines on behalf of the Nigerian Gas Company (NGC). The arrangement requires the Group as the operator to construct gas pipelines on behalf of NGC (the grantor) and recover the cost incurred from a proportion of the sale of gas to customers. The arrangement is within the scope of IFRIC 12.

Under the terms of IFRIC 12, a concession operator has a twofold activity:

- a construction activity in respect of its obligations to design, build and finance a new asset that it makes available to the grantor: revenue is recognised over time in accordance with IFRS 15;
- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

The intangible asset model: The operator has a right to receive payments from users in consideration for the financing and construction of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator to the extent of use of the infrastructure by users, but with no guarantees as to the amounts that will be paid to the operator .

Under this model, the right to receive payments (or other remuneration) is recognised in the concession operator's statement of financial position under "Concession intangible assets". This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the entry into service of the asset.

Amortisation on the intangible assets is calculated using the straight line method to write down their cost amounts to their residual values over their estimated useful life of 20 years.

(e) Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The

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recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, it is included within the recoverable amount of those group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(f) Financial instruments

Financial instruments under IFRS 9

The Group's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy. However, the cumulative impact of IFRS 9 as of January 1, 2018 has been recognised in retained earnings.

a) Classification and measurement

- Financial assets
  It is the Group's policy to initially recognise financial assets at fair value plus transaction costs.
  Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group classifies its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income (OCI).

Financial assets classified at amortised cost

The Group's financial asset are measured at amortised cost only if they meet both of the following conditions:
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at fair value through other comprehensive income (debt instruments)
A financial asset shall be measured at fair value through other comprehensive income only if it meets both of the following conditions:
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets classified at fair value through profit or loss

A financial asset that does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income should be measured at fair value through profit or loss. Also, the Group, at initial recognition, designate a financial asset as measured at fair value through profit or loss if so doing eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

All the Group's financial assets as at 31 December 2018 satisfy the conditions for classification at amortised cost, fair value through profit or loss and as fair value through other comprehensive income under IFRS 9.
The Group's financial assets include trade receivables, other receivables, non-current receivables and cash and cash equivalents.

Financial liabilities

Financial liabilities of the Group are classified and subsequently recognised at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss. Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables and interest bearing loans and borrowings.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information, that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the three-stage approach is applied to loans, other receivables, non-current receivables and cash & cash equivalents.
The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.
Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. These three components are multiplied together and adjusted using macro-economic indicators. This effectively calculates an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

d) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information on the entities, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Financial assets that have been identified to be more than 30 days past due but less than 360 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 30 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

Financial instruments under IAS 39

Financial assets classification

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss (FVTPL) at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by directors. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date. Otherwise, they are classified as non-current. The Group's derivatives are categorized as FVTPL unless they are designated as hedges and hedge accounting is applied; hedge accounting has not been applied for the Group's derivatives in the periods presented.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services and funding directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise of non-current receivables; trade and other receivables and cash and cash equivalents.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the Group intend to dispose of the investment within twelve months of the reporting date.

Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date, which is the date at which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction cost are expensed in the statement of profit or loss.

Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss within ""operating profit/(loss) in the period in which they

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arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Group's right to receive payment is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as "gains and losses from investment securities".

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

(i) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For loans and receivables category, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit loss that have been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Objective subsequent decreases in impairment loss are reversed against previously recognized impairment loss in the consolidated statement of profit or loss.

(ii) Financial assets available for sale

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in a) above. In the case of equity investment classified as available for sale, a significant or prolonged decline in the fair share of the security below its cost is also evidence that the assets are impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

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Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment. An impairment allowance of receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that debtor will enter bankruptcy and default or delinquency in payment (more than 90 days overdue), are the indicators that a trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the consolidated statement of profit or loss.

The amount of the allowance is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If collection is expected within the normal operating cycle of the Group they are classified as current, if not they are presented as non-current assets.

Derivative financial instruments

A derivative is a financial instrument or contract whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying'); requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and is settled at a future date.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gains or losses are recognised in profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates or other variable (provided in the case of a non-financial variable that the variable is not specific to a party to the contract).

An embedded derivative is only separated and reported at fair value with gains and losses being recognised in the profit or loss component of the statement of comprehensive income when the following requirements are met:

- where the economic characteristics and risks of the embedded derivative are not clearly and closely related to those of the host contract.
- the terms of the embedded derivative are the same as those of a stand-alone derivative; and
- the combined contract is not held for trading or designated at fair value through profit or loss.

Offsetting financial instruments

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging

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instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs
Borrowing costs are recognised as an expense in the period in which they are incurred, except when they are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. These are added to the cost of the assets, until such a time as the assets are substantially ready for their intended use or sale.

Convertible debts
On issue, the debt and equity components of convertible bonds are separated and recorded at fair value net of issue costs. The fair value of the debt component is estimated using the prevailing market interest rate for similar non-convertible debt. This amount is classified as a liability and measured on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and is recognised in equity, net of income tax effects. The carrying amount of the equity component is not re-measured in subsequent years. On early repurchase of the convertible bond, the consideration paid is allocated to the liability and equity components at the date of transaction. The liability component at the date of transaction is determined using the prevailing market interest rate for similar non-convertible debt at the date of the transaction, with the equity component as the residual of the consideration paid and the liability component at the date of transaction. The difference between the consideration paid for the repurchase allocated to the liability component and the carrying amount of the liability at that date is recognised in profit or loss. The amount of consideration paid for the repurchase and transaction costs relating to the equity component is recognised in equity. Where the convertible notes are issued in foreign currency, it gives rise to an embedded derivative which is split from the host contract (See 5fii).

Payables
Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current if they are due within one year or less. If not, they are presented as non-current liabilities.

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

(g) Accounting for leases

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Group as a lessee

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

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A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

Embedded leases

All take-or-pay contracts and concession contracts are reviewed at inception to determine whether they contain any embedded leases. If there are any embedded leases, they are assessed as either finance or operating leases and accounted for accordingly.

Group as a lessor

Leases where the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred to the lessee, and a lease receivable is recognized which is equal to the net investment in the lease. The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using 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 estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(i) Share capital

Ordinary shares are classified as equity. Share issue costs net of tax are charged to the share premium account.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(k) Employee benefits

(i) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group’s contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate. The assets of the scheme are funded by contributions from both the Group and employees and are managed by pension fund custodians in line with the National Pension Commission (PenCom) Pension Reform Act (PRA).

Defined benefit scheme

The Group operated a defined benefit gratuity scheme in Nigeria, where members of staff who had spent 3 years or more in employment are entitled to benefit payments upon retirement. This defined benefit plan was curtailed in 2012 and 2013 for management and non-management staff respectively.

The liability recognized in respect of the discontinued defined benefit plan at the time of curtailment was based on the final settlement amounts communicated to each employee. The settlement amounts bore an interest rate equivalent to 90 days deposit rate from the time of curtailment up until when they were paid to an external funds manager in 2017. Prior to the obligation being funded, the interest costs accruing to the employees are recorded in the statement of profit or loss and included as part of the liability in the statement of financial position.

After the settlement was paid to the fund manager during the year, the Group no longer has any obligation on the statement of financial position.

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(ii) Employee share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options/ awards) of the Group. The fair value of the employee services received in exchange for the grant of the option/awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any market performance conditions (for example, an entity's share prices); excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and including impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to share-based payment reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Share-based compensation are settled in Oando PLC’s shares, in the separate or individual financial statements of the subsidiary receiving the employee services, the share based payments are treated as capital contribution as the subsidiary entity has no obligation to settle the share-based payment transaction.

The entity subsequently re-measures such an equity-settled share-based payment transaction only for changes in non-market vesting conditions.

In the separate financial statements of Oando PLC, the transaction is recognised as an equity-settled share-based payment transaction and additional investments in the subsidiary.

(iii) Other share based payment transactions

Where the Group obtains goods or services in compensation for its shares or the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the Group settles the transaction in cash (or other assets) or by issuing equity instruments, such transactions are accounted as share based payments in the Group's financial statements.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss.

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate which reflects current market assessments of the time value of money and the specific risk. The increase in the provision due to the passage of time is recognised as interest expense.

Decommissioning liabilities

A provision is recognised for the decommissioning liabilities for underground tanks described in Note 6v. Based on management estimation of the future cash flows required for the decommissioning of those assets, a provision is recognised and the corresponding amount added to the cost of the asset under property, plant and equipment for assets measured using

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the cost model. For assets measured using the revaluation model, subsequent changes in the liability are recognised in revaluation reserves through OCI to the extent of any credit balances existing in the revaluation surplus reserve in respect of that asset. The present values are determined using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Subsequent depreciation charges of the asset are accounted for in accordance with the Group's depreciation policy and the accretion of discount (i.e. the increase during the period in the discounted amount of provision arising from the passage of time) included in finance costs.

Estimated site restoration and abandonment costs are based on current requirements, technology and price levels and are stated at fair value, and the associated asset retirement costs are capitalized as part of the carrying amount of the related tangible fixed assets. The obligation is reflected under provisions in the statement of financial position.

(m) Current income and deferred tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current 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 relevant tax legislation. Education tax is provided at 2% of assessable profits of companies operating within Nigeria. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in OCI or equity respectively. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred 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 amount in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Current income deferred tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax liability is settled.

Deferred 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to significance of their nature and amount.

(o) Dividend

Dividend payable to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which they are declared (i.e. approved by the shareholders).

(p) Upstream activities

Exploration and evaluation assets

Exploration and evaluation ("E&E") assets represent expenditures incurred on exploration properties for which technical feasibility and commercial viability have not been determined. E&E costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired, these costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting oil and gas resources. OER will expense items that are not directly attributable to the exploration and evaluation asset pool. Costs that are incurred prior to obtaining the legal right to explore, develop or extract resources are expensed in the statement of income (loss) as incurred. Costs that are capitalized are recorded using the cost model with which they will be carried at cost less accumulated impairment. Costs that are capitalized are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Once technical feasibility and commercial viability of extracting the oil or gas is demonstrable, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within Property Plant and Equipment ("PP&E") referred to as oil and gas development assets and oil and gas assets. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Pre-license cost are expensed in the profit or loss in the period in which they occur.

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Farm-out arrangements for E&E assets for which OER is the farmor are accounted for by recognizing only the cash payments received and do not recognize any consideration in respect of the value of the work to be performed by the farmee. The carrying value of the remaining interest is the previous cost of the full interest reduced by the amount of cash consideration received for entering the agreement. The effect will be that there is no gain recognized on the disposal unless the cash consideration received exceeds the carrying value of the entire asset held.

Oil and gas assets

When technical feasibility and commercial viability is determinable, costs attributable to those reserves are reclassified from E&E assets to a separate category within Property Plant and Equipment (“PP&E”) referred to as oil and gas properties under development or oil and gas producing assets. Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive loss as incurred.

Oil and gas assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Oil and gas assets are incorporated into Cash Generating Units “CGU’s” for impairment testing.

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Refer to note "5L" and note 32 for information on the provision for estimated site restoration, abandonment costs and decommissioning costs.

(q) Impairment

The Group assesses its assets for indicators of impairments annually. All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows.

Estimates of future cash flows used in the evaluation for impairment of assets related to hydrocarbon production are made using risk assessments on field and reservoir performance and include expectations about proved reserves and unproved volumes, which are then risk-weighted utilising the results from projections of geological, production, recovery and economic factors.

Exploration and evaluation assets are tested for impairment by reference to group of cash-generating units (CGU). Such CGU groupings are not larger than an operating segment. A CGU comprises of a concession with the wells within the field and its related assets as this is the lowest level at which outputs are generated for which independent cash flows can be segregated. Management makes investment decisions/allocates resources and monitors performance on a field/concession basis. Impairment testing for E&E assets is carried out on a field by field basis, which is consistent with the Group’s operating segments as defined by IFRS 8.

Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Impairment charges and reversals are reported within depreciation, depletion and amortisation. As of the reporting date, an impairment charge of N5.98 billion (2017: N162 million) was recognised in intangibles assets. See note 16.

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(r) Non-current assets (or disposal groups) held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at lower of carrying amount and fair value less costs to sell.

(s) Production underlift and overlift

The Group receives lifting schedules for oil production generated by the Group's working interest in certain oil and gas properties. These lifting schedules identify the order and frequency with which each partner can lift. The amount of oil lifted by each partner at the balance sheet date may not be equal to its working interest in the field. Some partners will have taken more than their share (overlifted) and others will have taken less than their share (underlifted). The initial measurement of the overlift liability and underlift asset is at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Overlift balances are subsequently measured at fair value, while Underlift balances are carried at lower of carrying amount and current fair value.

(t) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 —	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 —	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 —	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as available for sale financial assets, and significant liabilities. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Board, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Board and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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(u) Offshore processing arrangements

An offshore processing arrangement involves the lifting of crude oil from an owner (usually government/third party) in agreed specifications and quantities for a swap for agreed yields and specifications of refined petroleum products. Under such arrangements, the owner of the crude oil may not attach monetary value to the crude oil delivered to the Group or the refined products received from the Group. Rather, the owner defines the yields and specification of refined products expected from the Group. Sometimes, the owner may request the Group to deliver specific refined products, increase quantity of certain products contrary to previously agreed quantity ratios, or make cash payments in lieu of delivery of products not required ("retained products"). It is also possible that the owner may request the Group to pre-deliver refined products against future lifting of crude oil. Parties to offshore processing arrangements are often guided by terms and conditions codified in an Agreement/Contract. Such terms may include risk and title to crude oil and refined products, free on board or cost, insurance and freight deliveries by counterparties, obligations of counterparties, costs and basis of reimbursements, etc. Depending on the terms of an offshore processing arrangement, the Group may act as a principal or an agent.

The Group acting in the capacity of a principal under IFRS 15

The Group acts as a principal in an offshore processing arrangement when it controls the promised good or service before transferring that good or service to the customer. When it is unclear whether the Group controls the promised good or service after consideration of the definition of control, then the following indicators are considered to determine if the Group has control:

- it has the primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- it has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return); and
- the entity has discretion in establishing the price for the specified good or service. Establishing the price that the customer pays for the specified good or service may indicate that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits.

The gross amount of the crude oil received by the Group under an offshore processing arrangement represents consideration for the obligation to the counterparty. Control passes to the counter party upon delivery of refined products. At this point, the Group determines the value of crude oil received using the market price on the date of receipt and records the value as revenue. In addition, the Group records processing fees received/receivable from the counterparty as part of revenue. The Group determines the value of refined products at cost and includes the value in cost of sales in the Statement of profit or loss. All direct costs relating to an offshore processing arrangement that are not reimbursable are included in cost of sales, where applicable, in the Statement of profit or loss. Such costs may include processing, freight, demurrage, insurance, directly attributable fees and charges, etc. All expenses, which are not directly related to an offshore processing arrangement is included as part of administrative expenses.

Where the Group lifted crude oil but delivered petroleum products subsequent to the accounting period, it does not record the value of the crude oil received as part of revenue. Rather, the Group records the value of crude oil received as deferred revenue under current liabilities.

Where the Group pre-delivered products in expectation of lifting of crude oil in future, it does not record the value in the Statement of profit or loss in order to comply with the matching concept. Rather, it will deplete cash (where actual payment was done) or increase trade payables and receivables. The Group transfers the amount recognised from trade receivables to cost of sales and recognise the value of crude oil lifted as turnover, when crude oil is eventually lifted in respect of the pre-delivery.

The Group discloses letters of credit and amounts outstanding at the reporting date under contingent liabilities in the notes to the financial statements.

The Group acting in the capacity of an agent under IFRS 15

The Group acts as an agent in an offshore processing arrangement where the gross inflows of economic benefits include amounts collected on behalf of a third party. Such amounts do not result in increases in equity for the Group. Thus, the amounts collected on behalf of the counterparty are not revenue. Instead, revenue is the amount of commission earned for acting as an agent. Costs incurred by the Group are done on behalf of the counterparty and they are fully reimbursable.

The Group acting in the capacity of a principal under IAS 18

The Group acts as a principal in an offshore processing arrangement and has significant risks and rewards associated with the sale of products or rendering of services when the following conditions are met:

- it has the primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- it has inventory risk before or after the customer order, during shipping or on return;
- it has latitude in establishing prices, either directly or indirectly, for example by providing additional products or services; and
- it bears the customer's credit risk on the receivable due from the customer.

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The Group shall recognise revenue from the sale of products when all the following conditions have been satisfied:

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

The gross amount of the crude oil received by the Group under an offshore processing arrangement represents consideration for the obligation to the counterparty. Risk and rewards transfer to the counter party upon delivery of refined products. At this point, the Group determines the value of crude oil received using the market price on the date of receipt and records the value as revenue. In addition, the Group records processing fees received/receivable from the counterparty as part of revenue. The Group determines the value of refined products at cost and includes the value in cost of sales in the Statement of profit or loss. All direct costs relating to an offshore processing arrangement that are not reimbursable are included in cost of sales, where applicable, in the Statement of profit or loss. Such costs may include processing, freight, demurrage, insurance, directly attributable fees and charges, etc. All expenses, which are not directly related to an offshore processing arrangement is included as part of administrative expenses.

Where the Group lifted crude oil but delivered petroleum products subsequent to the accounting period, it does not record the value of the crude oil received as part of revenue. Rather, the Group records the value of crude oil received as deferred revenue under current liabilities.

Where the Group pre-delivered products in expectation of lifting of crude oil in future, it does not record the value in the Statement of profit or loss in order to comply with the matching concept. Rather, it will deplete cash (where actual payment was done) or increase trade payables and receivables. The Group transfers the amount recognised from trade receivables to cost of sales and recognise the value of crude oil lifted as turnover, when crude oil is eventually lifted in respect of the pre-delivery.

The Group discloses letters of credit and amounts outstanding at the reporting date under contingent liabilities in the notes to the financial statements.

The Group acting in the capacity of an agent under IAS 18

The Group acts as an agent in an offshore processing arrangement where the gross inflows of economic benefits include amounts collected on behalf of a third party. Such amounts do not result in increases in equity for the Group. Thus, the amounts collected on behalf of the counterparty are not revenue. Instead, revenue is the amount of commission earned for acting as an agent. Costs incurred by the Group are done on behalf of the counterparty and they are fully reimbursable.

(v) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The Group has elected to state investment properties at fair value in accordance with IAS 40.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

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Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Joint arrangements (Note 43b)

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 4i.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from: the legal form of the separate vehicle; the terms of the contractual arrangement; and other facts and circumstances, considered on a case by case basis. This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

(b) In 2016, the Group recognised a liability of N16.8 billion ($55million) in respect of the adjustment to the consideration received on disposal of some of the entities in the Downstream segment. This liability was based on the assumption that the unrecognised contingent liability of N17.5billion ($57.4million) arising from agreed pass-through items from Ebony oil and gas, Ghana would be collected in 2017. In 2017, the completion amount was agreed between the buyer and seller, thereby increasing the liability to $112 million. The liability became due but was extinguished in exchange for the issuance of 210,000 Class A shares only to the HV Shareholder by OVH Energy BV (formerly Copper JV/BV). This mode of settlement of the liability resulted in the seller's interest in OVH Energy BV through Oando Netherlands Holdings 2 Cooperative U.A. being diluted to 5% from 40%. The dilution has been accounted for in these consolidated financial statements under note 18.

(c) Capitalisation of borrowing costs

Management exercises sound judgement when determining which assets are qualifying assets, taking into account, among other factors, the nature of the assets. An asset that normally takes more than one year to prepare for use is usually considered as a qualifying asset.

(d) Exploration costs

Exploration costs are capitalised pending the results of evaluation and appraisal to determine the presence of commercially producible quantities of reserves. Following a positive determination, continued capitalisation is subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessment of reserves and the economic and operating viability of the project. In making decisions about whether to continue to capitalise exploration costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in any period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the statement of profit or loss.

(e) Offshore processing arrangements

Judgement is required in order to determine whether the Group or any of its affiliates acts as a principal or an agent in an offshore processing arrangement. In doing so, the Group considers the nature of arrangements, terms and conditions agreed to by the Group and counterparties and other relevant information. A different conclusion about the role of the Group in an offshore processing arrangement may materially impact the accounting for offshore processing arrangements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

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i Fair value estimation

Financial instruments

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances. See Note 7 on details of fair value estimation methods applied by the Group.

The carrying value less (impairment) provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Employee share based payments

The fair value of employee share options is determined using valuation techniques such as the binomial lattice/black scholes model . The valuation inputs such as the volatility, dividend yield is based on the market indices of Oando PLC's shares.

Property, plant and equipment

Land and building are carried at revalued amounts. Formal revaluations are performed every three years by independent experts for these asset classes. Appropriate indices, as determined by independent experts, are applied in the intervening periods to ensure that the assets are carried at fair value at the reporting date. Judgement is applied in the selection of such indices. Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach.

The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The useful life of each asset group has been determined by independent experts based on the build quality, maintenance history, operational regime and other internationally recognised benchmarks relative to the assets.

ii Defined Benefits (Gratuity)

The present value of the defined benefits obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the benefits include appropriate discount rate. Any changes in these assumptions will impact the carrying amount of the obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity obligation.

Other key assumptions for the obligations are based in part on current market conditions. Additional information is disclosed in Note 33.

iii Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 5e. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See Note 16 for detailed assumptions and methods used for impairment calculation.

If the estimated pre-tax discount rate applied to the discounted cash flows of the Exploration & Production segment had been higher by 8.99% (i.e. 26.59% instead of 17.6%), the Group would have recognised an impairment against goodwill of N27 million. The goodwill for the Trading segment has been fully impaired (Note 16b).

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iv Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

v Provision for environmental restoration

The Group records a liability for the fair value of legal obligations associated with the decommissioning of oil and gas assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the decommissioning cost, which is depleted on a unit-of-production basis over the life of the reserves. The liability is adjusted each reporting period to reflect the passage of time using the risk free rate, with the interest charged to earnings, and for revisions, to the estimated future cash flows. The changes in the estimate for decommissioning obligation are recorded both under the related asset and liability. When the estimate results in a reduction, the changes deducted from the carrying amount of the asset shall not exceed the carrying amount of the asset. Actual costs incurred upon settlement of the obligations are charged against the liability

vi Estimation of oil and gas reserves

Oil and gas reserves are key elements in Oando's investment decision-making process that is focused on generating value. They are also an important factor in testing for impairment. Changes in proved oil and gas reserves will affect the standardised measure of discounted cash flows and unit-of-production depreciation charges to the statement of profit or loss.

Proved oil and gas reserves are the estimated quantities of crude oil that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning and restoration provisions) that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

vii Impairment of assets

For oil and gas properties with no proved reserves, the capitalisation of exploration costs and the basis for carrying those costs on the statement of financial position are explained above. For other properties, the carrying amounts of major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Impairments can also occur when decisions are taken to dispose off assets

Impairments, except those relating to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed. Estimates of future cash flows are based on current year end prices, management estimates of future production volumes, market supply and demand and product margins. Expected future production volumes, which include both proved reserves as well as volumes that are expected to constitute proved reserves in the future, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows, used as a measure of value in use.

Estimates of future cash flows are risk-weighted to reflect expected cash flows and are consistent with those used in the Group's business plans. A discount rate based on the Group's weighted average cost of capital (WACC) is used in impairment testing. Expected cash flows are then risk-adjusted to reflect specific local circumstances or risks surrounding the cash flows. Oando reviews the discount rate to be applied on an annual basis. The discount rate applied in 2018 was 17.60% (2017: 17.94%). Asset impairments or their reversal will impact income.

viii Useful lives and residual value of property, plant and equipment
The residual values, depreciation methods and estimated useful lives of property, plant and equipment are reviewed at least on an annual basis. The review is based on the current market situation.

The residual value of the various classes of assets were estimated as follows:

Land and building	10%
Plant and machinery	10%
Motor vehicles	10%
Furniture and fittings	10%
Computer and IT equipment	10%

These estimates have been consistent with the amounts realised from previous disposals for the various asset categories.

ix Investment property
The Company acquired an investment property (a land) in 2017. The fair value of the property was determined during the year using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

x Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7.

7 Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors. The Group's liquidity, credit, foreign currency, interest rate and price risks are continuously monitored. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk. The Group uses derivative financial instruments to manage certain risk exposures.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade and other receivables and payables, non current receivables, available-for-sale financial assets and derivative financial instruments.

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(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from various product sourcing activities as well as other currency exposures, mainly US Dollars. Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign currency denominated loans, purchases and sales transactions etc. The Group manages their foreign exchange risk by revising cost estimates of orders based on exchange rate fluctuations, forward contracts and cross currency swaps transacted with commercial banks. The Group also apply internal hedging strategies with subsidiaries with USD functional currency.

Instrument	Sensitivity Range	2018 Pre-tax impact on total equity		2017 Pre-tax impact on total equity	
		Increase in variable N'000	Decrease in variable N'000	Increase in variable N'000	Decrease in variable N'000
Group					
US Dollar denominated bank balances and receivables	+/- 12%	17,122,194	(17,122,194)	17,407,687	(17,407,687)
US Dollar denominated trade payables and borrowing balances	+/- 12%	(38,817,928)	38,817,928	(36,886,458)	36,886,458

Instrument	Sensitivity Range	2018 Pre-tax impact on total equity		2017 Pre-tax impact on total equity	
		Increase in variable N'000	Decrease in variable N'000	Increase in variable N'000	Decrease in variable N'000
Company					
US Dollar denominated bank balances and receivables	+/- 12%	1,306,932	(1,306,932)	1,784,436	(1,784,436)
US Dollar denominated trade payables and borrowing balances	+/- 12%	(6,608,506)	6,608,506	(1,267,336)	1,267,336

(ii) Price risk

Equity price risk

The Group is exposed to equity security price risk because of its investments in the marketable securities classified as available-for-sale. The shares held by the Group are traded on the Nigerian Stock Exchange (NSE). A 10% change in the market price of the instrument would result in N5.1 million gain/loss (2017: N6 million), to be recognised in equity.

Commodity price risk

Fluctuations in the international prices of crude oil would have corresponding effects on the results of operations of the Group. In order to mitigate against the risk of fluctuation in international crude oil prices, the Group hedges its exposure to fluctuations in the price of the commodity by entering into hedges for minimum volumes and prices in US$ per barrel of oil.

The table below provides a summary of the impact of changes in crude oil prices and interest rates on income before tax, with all other variables held constant for the year ended December 31, 2018 and December 31, 2017.

Instrument	Sensitivity Range	2018 Income/(loss) before tax Increase in variable N'000	2018 Income/(loss) before tax Decrease in variable N'000	2017 Income/(loss) before tax Increase in variable N'000	2017 Income/(loss) before tax Decrease in variable N'000
Financial commodity contracts	+/- $10 per barrel change in Brent crude oil price	(1,051,250)	919,844	(8,688)	35,995

(iii) Interest rate risk

The Group had a short term, highly liquid bank deposits of N200 million at a fixed interest rate of 4.5% as at 31 December 2018 (2017:nil). No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group does not have any investments in quoted corporate bonds that are of fixed rate and carried at fair value through profit or loss. Therefore the Group is not exposed to fair value interest rate risk arising from corporate bonds.

The Group has borrowings at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

Management enters into derivative contracts as an economic hedge against interest and foreign currency exposures. As at the reporting date, the Group does not have any outstanding derivatives with respect to interest and foreign currency hedge.

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Instrument	Sensitivity Range	2018 Income/(loss) before tax Increase in variable N'000	2018 Income/(loss) before tax Decrease in variable N'000	2017 Income/(loss) before tax Increase in variable N'000	2017 Income/(loss) before tax Decrease in variable N'000
Group					
Variable rate borrowings	+/- 100 basis points	(1,047,153)	1,047,153	(1,321,027)	1,321,027

Instrument	Sensitivity Range	2018 Income/(loss) before tax Increase in variable N'000	2018 Income/(loss) before tax Decrease in variable N'000	2017 Income/(loss) before tax Increase in variable N'000	2017 Income/(loss) before tax Decrease in variable N'000
Company					
Variable rate borrowings	+/- 100 basis points	(63,110)	63,110	(62,474)	62,474

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, non-current receivables and deposits with banks as well as trade and other receivables. The Group has policies in place to ensure that credit limits are set for commercial customers taking into consideration the customers' financial position, past trading relationship, credit history and other factors.

Credit risk is monitored by the credit risk department of the Group's Financial Control Unit. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparties are assigned a risk rating and risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records

Impairment of financial assets

The Group has five types of financial assets that are subject to the expected credit loss model. These financial assets have been assessed using the simplified approach and general approach. See classification below:

Simplified approach:

- trade receivables from sales of goods and provision of services

General approach:

- other receivables; comprises of inter-company receivables and inter-company loan receivables
- non-current receivables
- restricted cash and short term fixed deposits
- finance lease receivable

Simplified approach

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the payment profiles of sales over a period of 12 months before 1 January 2018 and the corresponding historical credit losses experienced within this period for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group has identified the gross domestic product (GDP) growth rate, oil prices, unemployment rate, interest rate, inflation rate and the exchange rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 23. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions.

Trade receivables are written off where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full. Impairment losses on trade receivables are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2018	Current	1 and 30 days past due	31 and 60 days past due N'000	61 and 90 days past due N'000	91 and 360 days past due N'000	360 days past due N'000	Total N'000
Group							
Expected credit loss	2,102	12,523	180	837	422	2,338,793	2,354,857
Oando Energy Resources (OER)	2,091	595	180	828	303	1,301,354	1,305,351
Oando Trading DMCC Dubai (OTD)	-	11,925	-	-	94	1,037,439	1,049,458
Oando Logistics Services (OLS)	11	3	-	9	25	-	48
Gross carrying amount – trade receivables	6,850,627	41,712,147	585,536	2,770,807	1,391,696	2,338,793	55,649,606
Oando Energy Resources (OER)	6,813,716	1,951,040	583,856	2,741,284	995,066	1,301,354	14,386,316
Oando Trading DMCC Dubai (OTD)	-	39,750,062	-	-	312,882	1,037,439	41,100,383
Oando Logistics Services (OLS)	36,911	11,045	1,680	29,523	83,748	-	162,907

The breakdown of the above table is shown below;

Oando Energy Resources (OER)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	4,726,540	2,087,176	6,813,716	0.031%	0.03%	1,465	626	2,091
1 and 30 days past due	930,748	1,020,292	1,951,040	0.031%	0.03%	289	306	595
31 and 60 days past due	478,660	105,196	583,856	0.031%	0.03%	148	32	180
61 and 90 days past due	561,288	2,179,996	2,741,284	0.031%	0.03%	174	654	828
91 and 360 days past due	449,794	545,272	995,066	0.031%	0.03%	139	164	303
360 days past due	1,301,354	-	1,301,354	100.00%	100.00%	1,301,354	-	1,301,354
Total	**8,448,384**	**5,937,932**	**14,386,316**			**1,303,569**	**1,782**	**1,305,351**

Oando Trading DMCC Dubai (OTD)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	-	-	-	0.03%	-	-	-	-
1 and 30 days past due	39,750,062	-	39,750,062.00	0.03%	-	11,925	-	11,925
31 and 60 days past due	-	-	-	0.03%	-	-	-	-
61 and 90 days past due	-	-	-	0.03%	-	-	-	-
91 and 360 days past due	312,882	-	312,882	0.03%	-	94	-	94
360 days past due	1,037,439	-	1,037,439	100.00%	-	1,037,439	-	1,037,439
Total	**41,100,383**	**-**	**41,100,383**			**1,049,458**	**-**	**1,049,458**

Oando Logistics Services (OLS)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas	Total	Individuals	Oil & Gas	Individuals	Oil & Gas	
Current	3,515	33,396	36,911	0.03%	0.03%	1	10	11
1 and 30 days past due	1,336	9,709	11,045	0.03%	0.03%	-	3	3
31 and 60 days past due	1,470	210	1,680	0.03%	0.03%	-	-	-
61 and 90 days past due	1,384	28,139	29,523	0.03%	0.03%	-	9	9
91 and 360 days past due	7,006	76,742	83,748	0.03%	0.03%	2	23	25
360 days past due	-	-	-	100.00%	100.00%	-	-	-
Total	**14,711**	**148,196**	**162,907**			**3**	**45**	**48**

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1 January 2018	Current	1 and 30 days past due	31 and 60 days past due N'000	61 and 90 days past due N'000	91 and 360 days past due N'000	360 days past due N'000	Total N'000
Expected credit loss	76,915	13,859	3,912	-	6,465	2,843,282	2,944,433
Oando Energy Resources (OER)	61,115	13,859	3,912	-	6,465	1,773,006	1,858,357
Oando Trading DMCC Dubai (OTD)	7,393	-	-	-	-	1,026,979	1,034,372
Oando Logistics Services (OLS)	8,407.00	-	-	-	-	43,297	51,704
Gross carrying amount – trade receivables	39,862,876	1,742,768	527,612	-	274,078	2,843,282	45,250,616
Oando Energy Resources (OER)	15,142,423	1,742,768	527,612	-	274,078	1,773,006	19,459,887
Oando Trading DMCC Dubai (OTD)	24,641,993	-	-	-	-	1,026,979	25,668,972
Oando Logistics Services (OLS)	78,460.00	-	-	-	-	43,297	121,757

The difference of N90 billion between the gross trade receivable above and the statement of financial position represents balances with counterparties which the Group also has payables to offset against it. The impairment on these balances have been considered immaterial.

The breakdown of the above table is shown below;

Oando Energy Resources (OER)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	12,097,595	3,044,828	15,142,423	0.03%	1.89%	3,629	57,486	61,115
1 and 30 days past due	1,025,002	717,766	1,742,768	0.03%	1.89%	308	13,551	13,859
31 and 60 days past due	358,334	169,278	527,612	0.03%	2.25%	108	3,804	3,912
61 and 90 days past due	-	-	0	0.03%	3.50%	-	-	-
91 and 360 days past due	115,306	158,772	274,078	0.03%	4.05%	35	6,430	6,465
360 days past due	-	1,773,006	1,773,006	100.00%	100.00%	-	1,773,006	1,773,006
Total	**13,596,237**	**5,863,650**	**19,459,887**			**4,080**	**1,854,277**	**1,858,357**

Oando Trading DMCC Dubai (OTD)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	24,641,993	-	24,641,993	0.03%	-	7,393	-	7,393
1 and 30 days past due	-	-	-	0.03%	-	-	-	-
31 and 60 days past due	-	-	-	0.03%	-	-	-	-
61 and 90 days past due	-	-	-	0.03%	-	-	-	-
91 and 360 days past due	-	-	-	0.03%	-	-	-	-
360 days past due	1,026,979	-	1,026,979.00	100.00%	-	1,026,979	-	1,026,979
Total	**25,668,972**	**-**	**25,668,972**			**1,034,372**	**-**	**1,034,372**

Oando Logistics Services (OLS)	Gross carrying amount– trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas	Total	Individuals	Oil & Gas	Individuals	Oil & Gas	
Current	17,968	60,492	78,460	34.83%	3.55%	6,258	2,149	8,407
1 and 30 days past due	-	-	-	35.25%	3.79%	-	-	-
31 and 60 days past due	-	-	-	100.00%	100.00%	-	-	-
61 and 90 days past due	-	-	-	100.00%	100.00%	-	-	-
91 and 360 days past due	-	-	-	100.00%	100.00%	-	-	-
360 days past due	10,611	32,686	43,297	100.00%	100.00%	10,611	32,686	43,297
Total	**28,579**	**93,178**	**121,757**			**16,869**	**34,835**	**51,704**

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The Company does not have trade receivables

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Grouzp 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Balance as at 1 January - under IAS 39	1,773,006	1,450,898	-	-
Adjustment upon application of IFRS 9	1,171,427	-	-	-
Opening loss allowance as at 1 January 2018/1 January 2017 – As restated	2,944,433	1,450,898	-	-
Increase in trade receivables loss allowance recognised in profit or loss during the year	-	435,626	-	-
Receivables written off during the year as uncollectible	-	(113,518)	-	-
Reversal from expected credit losses	(581,069)	-	-	-
Exchange difference	(8,507)	-	-	-
At 31 December	**2,354,857**	**1,773,006**	**-**	**-**

General approach - Expected credit loss measurement

The Group applied the IFRS 9 general approach to measuring expected credit losses which uses a three-stage approach in recognising the expected loss allowance for inter-company receivables, other receivables, non-current receivables, restricted cash and short-term fixed deposits.

Expected credit loss (ECL) recognised for the period is a probability of weighted estimate of credit losses under different scenarios discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). For those credit exposures that have already defaulted, a loss allowance equal to the exposure is recognised.

The ECL is determined by projecting the probability of default(PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Basis of inputs to the ECL model

Probability of default (PD)

The credit rating of the countries of the counterparties was used to reflect the assessment of the probability of default on these receivables. This was derived from Standard & Poor's (S&P) 2017 - 2018 annual global rating scale to arrive at a PD for the respective countries. The PD for Stage 3 receivables was 100% as these amounts were deemed to be in default using the days past due criteria. The PD was adjusted for macro economics factors.

Loss given default (LGD)

The LGD is the average recovery rate for Moody's Senior Unsecured Corporate Bonds.

Exposure at default (EAD)

This is the amount that best represents the maximum exposure to credit risk at the end of the reporting period without taking account of any collateral.

Macroeconomic indicators

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation rate, unemployment rate and crude oil price were identified as the key economic variables impacting the credit risk on these receivables. Forecasts of these economic variables (the "base economic scenario") provide the best estimate view of the economy in the last thirty (30) years. In addition to the base economic scenario, two additional scenarios (upturn and downturn) were derived as the scenario weightings.

The probability weight attached to each of the scenarios was determined using the GDP growth rates. The historical GDP growth rates were evaluated at 95% confidence interval. Based on this confidence interval, 78.81% (2017:77.97%) of historical GDP growth rate observation falls within the acceptable bounds, 10.17%(2017:10.17%) of the observation relates to upturn while 11.02%(2017:11.86%) of the observation relate to periods of recession/downturn.

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Staging

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Stage 1 includes receivables that are less than 30 days past due (performing).

Stage 2 includes receivables that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amount are more than 30 days past due but less than 360 days past due) and other qualitative indicators such as the operational performance of the counterparty, increase in political risk concerns or other macro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

Stage 3 receivables are receivables that have been assessed as being in default (i.e. receivables that are more than 360 days past due) or there is a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

Definition of default and credit impaired financial assets

The Group considers a financial asset in default when contractual payments are 30 days past due except for receivables from Nigeria Bulk Electricity Trading Plc which is 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group (if any). A financial asset is written off where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

Group

Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2018 Stage1 N'000	2018 Stage2 N'000	2018 Stage3 N'000	2018 Total N'000	2017 Total N'000
Performing:					
Neither past due nor impaired					
- Group 2*	27,656,936	-	-	27,656,936	46,341,982
Non - performing					
Individually impaired	-	-	20,869,092	20,869,092	19,973,091
	27,656,936	-	20,869,092	48,526,028	66,315,073

*Group 2 represents counter parties without external rating who are existing customers (more than 6 months) with no defaults in the past

An analysis of changes in the gross carrying amount in relation to other receivables is, as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	32,018,193	-	34,296,880	66,315,073
New assets originated or purchased	8,123,838	-	-	8,123,838
Assets derecognised or repaid	(12,485,095)	-	(12,874,356)	(25,359,451)
Exchange difference	-	-	(553,432)	(553,432)
Gross carrying amount as at 31 December 2018	27,656,936	-	20,869,092	48,526,028

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The closing loss allowances for other receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	28,801	-	34,296,880	34,325,681
New assets originated or purchased	53,844	-	-	53,844
Assets derecognised or repaid	(3,746)	-	(12,874,356)	(12,878,102)
Exchange difference	-	-	(553,432)	(553,432)
At 31 December 2018	78,899	-	20,869,092	20,947,991

Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2018 Stage1 N'000	2018 Stage2 N'000	2018 Stage3 N'000	2018 Total N'000	2017 Total N'000
Performing:					
Neither past due nor impaired					
- Group 2*	13,155,911	-	-	13,155,911	23,202,580
Non - performing					
Individually impaired	-	-	47,800,996	47,800,996	40,751,790
	13,155,911	-	47,800,996	60,956,907	63,954,370

*Group 2 represents counter parties without external rating who are existing customers (more than 6 months) with no defaults in the past.

An analysis of changes in the gross carrying amount in relation to non-current receivables is, as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	16,802,442	-	47,151,928	63,954,370
Changes to contractual cash flows due to changes in exchange rates	-	-	173,489	173,489
Assets derecognised or repaid	(3,646,531)	-	-	(3,646,531)
Exchange difference	-	-	475,579	475,579
Gross carrying amount as at 31 December 2018	13,155,911	-	47,800,996	60,956,907

The closing loss allowances for non-current receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	231,415	-	47,151,928	47,383,343
Changes to contractual cash flows due to changes in exchange rates	80,410		173,489	253,899
Assets derecognised or repaid	(1,094)	-	-	(1,094)
Exchange difference	-	-	241,572	241,572
At 31 December 2018	310,731	-	47,566,989	47,877,720

Finance lease receivables

The table below shows the credit quality of finance lease receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2018 Stage1 N'000	2018 Stage2 N'000	2018 Stage3 N'000	2018 Total N'000	2017 Total N'000
Performing:					
Neither past due nor impaired					
- Group 2*	73,707,569	-	-	73,707,569	72,539,702
Non - performing					
Individually impaired	-	-	-	-	-
	73,707,569	-	-	73,707,569	72,539,702

*Group 2 represents counter parties without external rating who are existing customers (more than 6 months) with no defaults in the past

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An analysis of changes in the gross carrying amount in relation to finance lease receivables is, as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	72,539,702	-	-	72,539,702
New assets originated or purchased	9,114,936	-	-	9,114,936
Assets derecognised or repaid	(7,947,069)	-	-	(7,947,069)
Gross carrying amount as at 31 December 2018	73,707,569	-	-	73,707,569

The closing loss allowances for finance lease receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	97,698	-	-	97,698
New assets originated or purchased	2,734	-	-	2,734
Assets derecognised or repaid	(5,726)	-	-	(5,726)
At 31 December 2018	94,706	-	-	94,706

Company

Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Company	2018 Stage1 N'000	2018 Stage2 N'000	2018 Stage3 N'000	2018 Total N'000	2017 Total N'000
Performing:					
Neither past due nor impaired					
- Group 2*	132,555,901	-	-	132,555,901	138,771,677
Non - performing					
Individually impaired	-	-	66,043,755	66,043,755	54,304,370
	132,555,901	-	66,043,755	198,599,656	193,076,047

*Group 2 represents counter parties without external rating who are existing customers (more than 6 months) with no defaults in the past

An analysis of changes in the gross carrying amount in relation to other receivables is, as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	113,304,090	-	79,771,957	193,076,047
New assets originated or purchased	19,251,811	-	-	19,251,811
Assets derecognised	-	-	(3,264,282)	(3,264,282)
Assets repaid	-	-	(10,463,920)	(10,463,920)
Gross carrying amount as at 31 December 2018	132,555,901	-	66,043,755	198,599,656

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The closing loss allowances for other receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	197,592	-	79,771,957	79,969,549
New assets originated or purchased	5,776	-	-	5,776
Assets derecognised	-	-	(3,264,282)	(3,264,282)
Assets repaid	-	-	(10,463,919)	(10,463,919)
At 31 December 2018	203,368	-	66,043,756	66,247,124

Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2018 Stage1 N'000	2018 Stage2 N'000	2018 Stage3 N'000	2018 Total N'000	2017 Total N'000
Performing:					
Neither past due nor impaired					
- Group 2*	3,060,615	-	-	3,060,615	9,365,366
Non - performing					
Individually impaired	-	-	23,607,246	23,607,246	17,033,619
	3,060,615	-	23,607,246	26,667,861	26,398,985

*Group 2 represents counter parties without external rating who are existing customers (more than 6 months) with no defaults in the past

An analysis of changes in the gross carrying amount in relation to non-current receivables is, as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	2,965,228	-	23,433,757	26,398,985
Changes to contractual cash flows due to changes in exchange rates	95,387	-	173,489	268,876
Gross carrying amount as at 31 December 2018	3,060,615	-	23,607,246	26,667,861

The closing loss allowances for non-current receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage1 N'000	Stage2 N'000	Stage3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	4,259	-	23,433,757	23,438,016
Changes to contractual cash flows due to changes in exchange rates	79,316	-	173,489	252,805
At 31 December 2018	83,575	-	23,607,246	23,690,821

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

Group	Stage1 N'000	Stage2 N'000	Stage3 N'000	Simplified model N'000	Total N'000
Other receivables measured at amortised cost	50,098	-	(12,874,356)	-	(12,824,258)
Non-current receivables measured at amortised cost	-	-	252,805	-	252,805
Finance lease receivables measured at amortised cost	(2,992)	-	-	-	(2,992)
Trade and other receivables measured at amortised cost	-	-	-	(581,069)	(581,069)
	47,106	-	(12,621,551)	(581,069)	(13,155,514)

Company	Stage1 N'000	Stage2 N'000	Stage3 N'000	Simplified model N'000	Total N'000
Other receivables measured at amortised cost	-	-	(10,463,920)	-	(10,463,920)
Non-current receivables measured at amortised cost	-	-	252,805	-	252,805
	-	-	(10,211,115)	-	(10,211,115)

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Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors cash forecast on a periodic basis in response to liquidity requirements of the Group. This helps to ensure that the Group has sufficient cash to meeting operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Group	**Less than 1 year N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
At 31 December 2018:					
Borrowings	164,100,749	67,099,467	26,692,316	-	257,892,532
Trade and other payables*	257,835,503	-	-	-	257,835,503
Total	421,936,252	67,099,467	26,692,316	-	515,728,035

* Trade and other payables excludes statutory payables.

Group	**Less than 1 year N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
At 31 December 2017:					
Borrowings	169,456,415	27,284,322 -	136,509,931	-	333,250,668
Trade and other payables*	182,248,908	-	-	-	182,248,908
Total	351,705,323	27,284,322	136,509,931	-	515,499,576

* Trade and other payables excludes statutory payables.

Company	**Less than 1 year N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
At 31 December 2018:					
Borrowings	45,878,065	61,722,011	23,285,556	-	130,885,632
Trade and other payables*	180,529,155	-	-	-	180,529,155
Total	226,407,220	61,722,011	23,285,556	-	311,414,787

* Trade and other payables excludes statutory payables.

Company	**Less than 1 year N'000**	**Between 1 and 2 years N'000**	**Between 2 and 5 years N'000**	**Over 5 years N'000**	**Total N'000**
At 31 December 2017:					
Borrowings	15,490,288	18,379,059	129,483,663	-	163,353,010
Trade and other payables*	114,569,897	-	-	-	114,569,897
Total	130,060,185	18,379,059	129,483,663	-	277,922,907

* Trade and other payables excludes statutory payables.

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Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new capital or sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a quarterly basis to monitor and support the key objectives set out above. These ratios and targets include:

- Gearing ratio;
- Earnings before interest, tax, depreciation and amortisation (EBITDA);
- Fixed/floating debt ratio;
- Current asset ratio;
- Interest cover;

The Group's objective is to maintain these financial ratios in excess of any debt covenant restrictions and use them as a performance measurement and hurdle rate. The failure of a covenant test could render the facilities in default and repayable on demand at the option of the lender.

Accordingly, in situations where these ratios are not met, the Group takes immediate steps to redress the potential negative impact on its financial performance. Such steps include additional equity capital through rights issue and special placement.

Total capital is calculated as equity plus net debt. During 2018, the Group's strategy was to maintain a gearing ratio between 50% and 75% (2017: 50% and 75%). The gearing ratios as at the end of December 2018 and 2017 were as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Total borrowings	210,901,318	237,442,259	109,248,701	104,560,720
Less: cash and cash equivalents (Note 27)	(10,914,741)	(7,895,061)	(1,635,634)	(915,653)
Restricted cash	(6,807,064)	(12,479,146)	-	-
Net debt	193,179,513	217,068,052	107,613,067	103,645,067
Total equity	277,116,711	263,435,780	(60,899,568)	(10,508,115)
Total capital	470,296,224	480,503,832	46,713,499	93,136,952
Gearing ratio	41%	45%	230%	111%

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Fair Value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018.

Financial instruments measured at fair value	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	53,219	-	-	53,219
Derivative financial assets				
- Commodity option contracts	-	1,853,245	-	1,853,245
- Convertible loan	-	-	11,106,341	11,106,341
Investment property	-	-	1,033,000	1,033,000
Total assets	**53,219**	**1,853,245**	**12,139,341**	**14,045,805**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets available for sale				
- Equity securities	61,856	-	-	61,856
Derivative financial assets				
- Commodity option contracts	-	18,572	-	18,572
Investment property	-	-	1,033,000	1,033,000
Total assets	**61,856**	**18,572**	**1,033,000**	**1,113,428**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	50,716	-	-	50,716
- Convertible loan	-	-	11,106,341	11,106,341
Investment property	-	-	1,033,000	1,033,000
Total assets	**50,716**	**-**	**12,139,341**	**12,190,057**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2017.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets available for sale				
- Equity securities	59,895	-	-	59,895
Investment property	-	-	1,033,000	1,033,000
Total assets	**59,895**	**-**	**1,033,000**	**1,092,895**

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Financial instruments not measured at fair value but for which fair values are disclosed

Group	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
31 December 2018				
Finance lease receivable	-	-	66,491,653	66,491,653
Non-current receivables	-	-	15,653,269	15,653,269
31 December 2017				
Finance lease receivable	-	-	63,981,672	63,981,672
Non-current receivables	-	-	18,463,613	18,463,613
Liabilities				
31 December 2018				
Borrowings	-	-	193,902,455	193,902,455
31 December 2017				
Borrowings	-	-	246,034,268	246,034,268

Company	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
31 December 2018				
Non-current receivables	-	-	10,242,087	10,242,087
31 December 2017				
Non-current receivables	-	-	10,776,983	10,776,983
Liabilities				
31 December 2018				
Borrowings	-	-	99,878,270	99,878,270
31 December 2017				
Borrowings	-	-	101,399,730	101,399,730

The fair value of borrowings and finance lease receivables is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The own non-performance risk for borrowings as at 31 December 2018 and 2017 has been considered in the determination of the fair value and is immaterial. For receivables, the models incorporate various inputs including the credit quality of counterparties. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The individual credit worthiness of the customers have been considered in the valuation. The discount rate used for finance lease receivables and borrowing are 15% (2017: 15.0%) and 15% (2017: 15.0%) respectively.

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, and pricing market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of Nigerian Stock Exchange (NSE) listed instruments classified as available-for-sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily of interest swaps and derivatives. Their fair values are determined based on marked to market values provided by the counterparty financial institutions. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.Specific valuation techniques used to value financial instruments include:

- The fair value of commodity contracts are calculated based on observable inputs which include forward prices of crude oil.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

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- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) Financial instruments in level 3

The level 3 instruments comprises of convertible notes to Ocean and Oil Development Partners (OODP), convertible loans with OES Integrated Services Limited ("OES") and investment property.

The tables below presents the changes in level 3 instruments for the year ended 31 December 2018.

The fair value changes on the instruments were recognized in other operating income.

i Convertible option - Derivative liability

Ocean and Oil Development Partners is a private company, whose business values are a significant input in the fair value of the financial instruments. Option derivative on the convertible loan notes were valued using the Goldman Sachs model. The business value comprise of unobservable inputs such as risk free rate, volatility, credit spread, dividend yield, etc.

In the comparative period, OODP notified the Company of its intention to convert a total of N1.98billion in exchange for 396,793,587 fully paid Ordinary Shares of the Company's common equity. See note 36 for the details.

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At 1 January	-	199,137	-	180,928
Fair value on initial recognition	-	-	-	-
Gain recognised in statement of profit or loss	-	(180,928)	-	(180,928)
Converted during the year	-	(18,209)	-	-
At 31 December	-	-	-	-

ii Convertible loans - Financial assets at fair value through profit or loss

OES Integrated Services Limited ("OES") was incorporated as the Special Purpose Vehicle used to purchase the shares from Oando Plc, following which OES Energy Services Limited ("OESL") became a standalone company fully divested from the Oando Group. OES is a leading indigenous energy services company that provides oilfield services, particularly drilling rig services, to exploration & production companies operating in Nigeria.

On 22nd October 2018, a Convertible Note Purchase Agreement ("CNPA") was executed between Oando Plc and OES Integrated Services Limited ("OES") as part of the Management Buy Out transaction. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando Plc with a face value equal to the debt amount and no interest shall accrue on the Note. As at 31st December 2018, the debt amount of N12,485,094,736.70 was owed by OES to Oando Plc. See note 25a for the details.

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	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At 1 January	-	-	-	-
Fair value on initial recognition	11,462,091	-	11,462,091	-
Loss recognised in statement of profit or loss	(355,751)	-	(355,751)	-
At 31 December	11,106,340	-	11,106,340	-

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2018 is as shown below:

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of the input to fair value	
Convertible option - Derivative assets at fair value through profit or loss	Discounted cash flow technique	Discount rate	12%	0.5% decrease in the discount rate would result in an increase in fair Value by N2.84 million	0.5% increase in the discount rate rate would result in a decrease in the fair value by N2.56 million

iii Investment property

In 2017, the Company acquired an investment property (a land). The fair value of the property was determined using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At 1 January	1,033,000	-	1,033,000	-
Purchase	-	127,983	-	127,983
Fair value gain recognised in statement of profit or loss	-	905,017	-	905,017
At 31 December	1,033,000	1,033,000	1,033,000	1,033,000

The fair value gain on the investment property has been recognized in other operating income.

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Description of significant unobservable inputs to valuation:

The derivative liability was fully extinguished in 2017.

Description of valuation techniques used and key inputs to valuation of investment properties:

2018	Valuation technique	Significant unobservable inputs	Sensitivity Range	Sensitivity of the input to fair value	
Investment property	Direct market Comparism Method	Estimated value per square metre (N200,000)	5%	5% decrease in estimated value per sqm would result in a decrease in the fair value by N51.7 million.	5% increase in estimated value/ sqm would result in an increase in the fair value by N51.7 million.
			10%	10% decrease in estimated value per sqm would result in a decrease in the value by N103.3 million.	10% increase in estimated value/ sqm would result in increase in fair value by N103.3 million.
			15%	15% decrease in estimated value per sqm would result in a decrease in the fair value by N154.9 million.	15% increase in estimated value/ sqm would result in an increase in fair value by N154.9 million.

2017	Valuation technique	Significant unobservable inputs	Sensitivity Range	Sensitivity of the input to fair value	
Investment property	Direct market Comparism Method	Estimated value per square metre (N200,000)	5%	5% decrease in estimated value per sqm would result in a decrease in the fair value by N51.7 million.	5% increase in estimated value/ sqm would result in an increase in the fair value by N51.7 million.
			10%	10% decrease in estimated value per sqm would result in a decrease in the value by N103.3 million.	10% increase in estimated value/ sqm would result in increase in fair value by N103.3 million.
			15%	15% decrease in estimated value per sqm would result in a decrease in the fair value by N154.9 million.	15% increase in estimated value/ sqm would result in an increase in fair value by N154.9 million.

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8. Segment information

The Group Leadership Council (GLC) is the Group's chief operating decision-maker. Management has determined the operating segments based on the performance reports reviewed monthly by Group Leadership Council (GLC) and these reports are used to make strategic decisions. GLC considers the businesses from a divisional perspective. Each of the division's operations may transcend different geographical locations.

The GLC assesses the performance of the operating segments by reviewing actual results against set targets on revenue, operating profit and profit after tax for each division. Interest expenses suffered by the Corporate division on loans raised on behalf of the other divisions and similar operating expenses are transferred to the relevant divisions. Transactions between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group was re-organised following the sale of target entities in the marketing, refining and terminals segment, gas and power segment (excluding Alausa Power Ltd) and energy services segment. The Group discontinued the energy services segment, marketing, refining and terminals segment and gas and power segment (excluding Alausa Power Ltd) effective 31 March 2016, 30 June 2016 and 31st December 2016 respectively whereas Alausa Power Ltd was discontinued 31 March 2017. At 31 December 2018, the Group has three operating segments namely:

(i) Exploration and production (E&P) – involved in the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore.
(ii) Supply and Trading – involved in trading of crude refined and unrefined petroleum products.
(iii) Corporate and others

(a) The segment results for the period ended 31 December, 2018 are as follows:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Other N'000	Total N'000
Total gross segment revenue	147,344,583	541,038,917	-	494,266,127	1,182,649,627
Inter-segment revenue	-	-	-	(503,184,288)	(503,184,288)
Revenue from external customers	147,344,583	541,038,917	-	(8,918,161)	679,465,339
Operating profit	19,312,748	661,854	-	24,027,010	44,001,612
Finance cost	(24,647,124)	(557,625)	-	(17,501,870)	(42,706,619)
Finance income	8,446,022	-	-	1,819,474	10,265,496
Finance cost, net	(16,201,102)	(557,625)	-	(15,682,396)	(32,441,123)
Share of profit/(loss) in associate	307,170	-	-	(679,539)	(372,369)
Profit before income tax	3,418,816	104,229	-	7,665,075	11,188,120
Income tax credit/(expense)	18,610,090	-	-	(1,000,467)	17,609,623
Profit for the year	22,028,906	104,229	-	6,664,608	28,797,743

The segment results for the period ended 31 December, 2017 are as follows:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Other N'000	Total N'000
Total gross segment revenue	103,549,482	392,287,509	140,510	6,944,152	502,921,653
Inter-segment revenue	-	-	-	(5,358,660)	(5,358,660)
Revenue from external customers	103,549,482	392,287,509	140,510	1,585,492	497,562,993
Operating profit/(loss)	52,344,298	(1,307,605)	(42,082)	11,856,431	62,851,042
Finance cost	(24,507,156)	(36,270)	(23,397)	(19,200,434)	(43,767,257)
Finance income	7,033,268	-	153,630	2,926,464	10,113,362
Finance (cost)/income, net	(17,473,888)	(36,270)	130,233	(16,273,970)	(33,653,895)
Share of profit/(loss) in associate	330,553	-	-	(2,459,558)	(2,129,005)
Profit/(loss) before income tax	35,200,963	(1,343,875)	88,151	(6,877,097)	27,068,142
Income tax expense	(6,653,964)	(621,536)	-	(19,866)	(7,295,366)
Profit/(loss) for the year	28,546,999	(1,965,411)	88,151	(6,896,963)	19,772,776

**Discontinued operations (Alausa Power Ltd)

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(b) Reconciliation of reporting segment information

2018	Revenue N'000	Operating profit/(loss) N'000	Finance income N'000	Finance cost N'000	(Loss) /profit before Income tax N'000	Income tax expense N'000
As reported in the segment report	1,182,649,627	44,001,612	10,265,496	(42,706,619)	11,188,120	17,609,623
Elimination of inter-segment transactions on consolidation	(503,184,288)	-	-	-	-	-
Reclassified as discontinued operations	-	-	-	-	-	-
Share of loss in associate	-	-	-	-	-	-
As reported in the statement of profit or loss	679,465,339	44,001,612	10,265,496	(42,706,619)	11,188,120	17,609,623

2017	Revenue N'000	Operating profit/(loss) N'000	Finance income N'000	Finance cost N'000	(Loss) /profit before Income tax N'000	Income tax expense N'000
As reported in the segment report	502,921,653	62,851,042	10,113,362	(43,767,257)	27,068,142	(7,295,366)
Elimination of inter-segment transactions on consolidation	(5,358,660)	-	-	-	-	-
Reclassified as discontinued operations	(140,510)	(6,173,324)	(153,630)	23,397	(6,303,557)	-
Share of loss in associate	-	-	-	-	-	-
As reported in the statement of profit or loss	497,422,483	56,677,718	9,959,732	(43,743,860)	20,764,585	(7,295,366)

Inter-segment revenue represents intercompany dividend income, sales between subsidiaries. Profit on inter-segment sales and intercompany dividend income have been eliminated on consolidation.

Other information included in the statement of profit or loss by segment are:

Year ended 31 December 2018:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Depreciation (Note 10)	19,775,644	56,055	-	701,472	20,533,171
Amortisation of intangible assets (Note 10)	-	-	-	-	-
Impairment of assets (Note 10)	23,642,446	139,973	-	(30,960,742)	(7,178,323)

Year ended 31 December 2017:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	*Group* N'000
Depreciation (Note 15)*	17,275,046	10,054	-	1,474,612	18,759,712
Amortisation of intangible assets (Note 16)*	166,243	-	-	19,773	186,016
Impairment of assets*	3,007,416	-	13,074	2,328,325	5,348,815

*Depreciation, amortisation and impairments presented above represents both continuing and discontinued operations.

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The segment assets and liabilities and capital expenditure for the year ended 31 December, 2018 are as follows:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Assets	854,295,264	12,492,479	-	208,322,692	1,075,110,435
Investment in an associate	699,090	-	-	5,725,642	6,424,732
Liabilities	533,342,361	31,172,498	-	233,478,865	797,993,724
Capital Expenditure*	38,180,409	18,819	-	534,181	38,733,409

The segment assets and liabilities as of 31 December, 2017 and capital expenditure for the year then ended are as follows:

	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Assets	927,512,819	38,954,637	-	73,708,448	1,040,175,904
Investment in an associate	386,289	-	-	7,153,725	7,540,014
Liabilities	548,501,776	31,523,321	-	196,715,027	776,740,124
Capital Expenditure	19,823,532	184,856	-	1,288,695	21,297,083

*Capital expenditure comprises additions to property, plant and equipment and intangible asset, excluding Goodwill.

The Group's business segments operate in three main geographical areas. The group derives revenue from the transfer of goods and services over time and at a point in time.

Segment information on a geographical basis for the year ended 31 December 2018 are as follows:

Segment Revenue	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Within Nigeria	147,344,583	-	-	494,266,127	641,610,710
Other West African countries	-	-	-	-	-
Other countries	-	541,038,917	-	-	541,038,917
Inter-segment revenue	-	-	-	(503,184,288)	(503,184,288)
Revenue from external customers	147,344,583	541,038,917	-	(8,918,161)	679,465,339
Total assets					
Within Nigeria	852,044,288	-	-	208,350,044	1,060,394,332
Other West African countries	-	104,345	-	-	104,345
Other countries	2,250,976	12,388,134	-	(27,352)	14,611,758
	854,295,264	12,492,479	-	208,322,692	1,075,110,435
Capital expenditure					
Within Nigeria	38,180,409	-	-	530,748	38,711,157
Other West African countries	-		-	-	-
Other countries	-	18,819	-	3,433	22,252
	38,180,409	18,819	-	534,181	38,733,409

Segment information on a geographical basis for the year ended 31 December 2017 are as follows:

Segment revenue:	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Within Nigeria	103,549,482	-	140,510	6,944,152	110,634,144
Other West African countries	-	-	-	-	-
Other countries	-	392,287,509	-	-	392,287,509
Inter-segment revenue	-	-	-	(5,358,660)	(5,358,660)
Revenue from external customers	103,549,482	392,287,509	140,510	1,585,492	497,562,993

Total Assets	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Within Nigeria	925,702,161	-	-	73,708,448	999,410,609
Other West African countries	-	122,011	-	-	122,011
Other countries	1,810,658	38,832,626	-	-	40,643,284
	927,512,819	38,954,637	-	73,708,448	1,040,175,904

**Discontinued operations (Alausa Power Ltd)

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	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Capital expenditure					
Within Nigeria	19,823,532	-	-	1,284,654	21,108,186
Other West African countries	-	-	-	-	-
Other countries	-	184,856	-	4,041	188,897
	19,823,532	184,856	-	1,288,695	21,297,083

Revenue are disclosed based on the country in which the customer is located. Total assets are allocated based on where the assets are located. The Nigerian National Petroleum Corporation (NNPC) and Vitol SA contributes up to 10% of the Group's revenue.

Capital expenditure is allocated based on where the assets are located.

(c) Disaggregated revenue information

Group

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2018:

Segments	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Sale of crude oil	136,095,529	541,038,917	-	(8,918,161)	668,216,285
Sale of gas	2,367,364	-	-	-	2,367,364
Sale of energy	4,177,169	-	-	-	4,177,169
Sale of natural gas liquid	3,787,709	-	-	-	3,787,709
Terminal service	916,812	-	-	-	916,812
Total revenue from contracts with customers	147,344,583	541,038,917	-	(8,918,161)	679,465,339
Geographical markets					
Within Nigeria	147,344,583	-	-	(8,918,161)	138,426,422
Other West African countries	-	-	-	-	-
Other countries	-	541,038,917	-	-	541,038,917
Total revenue from contracts with customers	147,344,583	541,038,917	-	(8,918,161)	679,465,339
Timing of revenue recognition:					
Goods transferred at a point in time	144,060,407	541,038,917	-	(8,918,161)	676,181,163
Services transferred over time	3,284,176	-	-	-	3,284,176
	147,344,583	541,038,917	-	(8,918,161)	679,465,339

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2017:

Segments	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Type of goods or service					
Sale of crude oil	90,343,280	392,287,509	-	1,585,492	484,216,281
Sale of gas	2,201,876	-	140,510	-	2,342,386
Sale of energy	3,497,748	-	-	-	3,497,748
Sale of natural gas liquid	3,680,770	-	-	-	3,680,770
Terminal service	3,825,808	-	-	-	3,825,808
Total revenue from contracts with customers	103,549,482	392,287,509	140,510	1,585,492	497,562,993
Geographical markets					
Within Nigeria	103,549,482	-	140,510	1,585,492	105,275,484
Other West African countries	-	-	-	-	-
Other countries	-	392,287,509	-	-	392,287,509
Total revenue from contracts with customers	103,549,482	392,287,509	140,510	1,585,492	497,562,993
Timing of revenue recognition:					
Goods transferred at a point in time	97,521,798	392,287,509	140,510	1,585,492	491,535,309
Services transferred over time	6,027,684	-	-	-	6,027,684
	103,549,482	392,287,509	140,510	1,585,492	497,562,993

**Discontinued operations (Alausa Power Ltd)

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Company

Set out below is the disaggregation of the Company's revenue from contracts with customers for the year ended 31 December 2018:

Segments	Exploration & Production N'000	Supply & Trading N'000	Gas & power** N'000	Corporate & Others N'000	Total N'000
Type of goods or service					
Sale of crude oil	-	488,518,160	-	-	488,518,160
Terminal service	-	-	-	-	-
Total revenue from contracts with customers	-	488,518,160	-	-	488,518,160
Geographical markets					
Within Nigeria	-	-	-	-	-
Other West African countries	-	-	-	-	-
Other countries	-	488,518,160	-	-	488,518,160
Total revenue from contracts with customers	-	488,518,160	-	-	488,518,160
Timing of revenue recognition:					
Goods transferred at a point in time	-	488,518,160	-	-	488,518,160
Services transferred over time	-	-	-	-	-
	-	488,518,160	-	-	488,518,160

**Discontinued operations (Alausa Power Ltd)

(d) Assets and liabilities related to contracts with customers

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Trade receivables	55,649,606	45,340,699	-	-
Loss allowance	(2,354,857)	(1,773,006)	-	-
	53,294,749	**43,567,693**	**-**	**-**

(e) Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of oil, gas and energy

For the sale of crude oil, the Group delivers its promised goods to customers in volumes depending on annual contract quantity and all variations provided by the contract. The Group recognizes its revenue for oil and energy at a point in time. Revenue for gas is recognised over time with an appropriate measure of progress. This measure is based on volumes delivered.

Provision of technical service

For provision of technical service, the Group recognizes revenue as the service is being performed.

9. Other operating income

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Foreign exchange gain (note 10)	4,743,501	23,458,246	1,798,445	15,595,876
Fair value gain on commodity options and derivative liability (note 10)	2,491,434	4,650,927	-	180,929
Fair value loss on convertible loans (note 10)	(1,378,754)	-	(1,378,754)	-
Fair value gain on investment property	-	905,017	-	905,017
Gain on sale of 5% interest in Glover BV	-	75,364	-	-
Gain on deemed disposal of 35% interest in OVH Energy BV	-	12,181,634	-	4,821,973
Gain on sale of subsidiaries	-	-	-	143,176
Sundry income	5,150,279	5,218,939	2,232,710	4,342,077
	11,006,460	46,490,127	2,652,401	25,989,048

During the year, the Group realised a net derivative gain of N2.5 billion (2017 - gain of N4.7 billion) on commodity contracts and a nil derivative gain (2017 - gain of N181 million) on convertible options in the consolidated and separate statement of profit or loss respectively. See note 20 for further details of fair value (loss)/gain on the financial commodity contract.

The Group's sundry income largely relates to crude marketing services income of N2.6 billion (2017: N2.3 billion), other direct charges to customers of N621 million (2017: N2.9 billion), trading income of N1.30 billion and loss on deemed disposal of Oando Wings Development Limited (OWDL) of N749 million (2017: Nil). The Company's sundry income largely relates to income from service agreements with related parties of N2.2 billion (2017: N4.3 billion).

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10. Expenses by nature of operating profit

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
The following items have been charged/(credited) in arriving at the operating profit:				
Included in cost of sales:				
Inventory cost	266,461,121	380,095,536	-	-
(a) Included in other operating income:				
Foreign exchange gain (Note 9)	4,743,501	23,458,246	1,798,445	15,595,876
Profit on disposal of property, plant and equipment	-	16,039	-	4,399
Fair value gain/(loss) on commodity options and derivative liability (Note 9)	2,491,434	4,650,927	-	180,929
Fair value loss on derivative assets (Note 9)	(1,378,754)	-	(1,378,754)	-
(b) Included in administrative expenses				
Depletion/depreciation on property plant and equipment (Note 15)	20,533,171	18,759,712	301,598	152,622
Amortisation of intangible assets (Note 16)	-	186,016	-	19,774
Foreign exchange loss	4,711,194	21,170,831	2,540,647	29,861,339
Employees benefit scheme (Note 11)	11,029,287	6,959,928	454,315	460,905
Auditors remuneration	434,097	414,394	105,000	99,750
Legal & consultancy services	18,747,894	5,335,280	4,413,037	190,022
Repair and maintenance	4,187,089	3,963,988	36,912	5,055
Write off of receivables	-	2,789,967	-	-
Loss on disposal of property, plant and equipment	446,537	-	15,613	-
Rent and other hiring costs	5,067,135	6,040,976	2,590,894	3,420,954
Non-audit fees	22,050	-	22,050	-
(c) Impairment of assets				
Impairment of non-financial assets				
Impairment of intangible assets (Note 16)	5,977,191	162,377	-	162,377
Impairment of investment (Note 26)	-	-	3,435,951	-
Total impairment of non-financial assets	5,977,191	162,377	3,435,951	162,377
Impairment of financial assets				
Reversal of impairment loss on finance lease	(2,991)	-	-	-
Impairment losses of non-current receivables (Note 22)	252,805	1,844,201	252,805	-
(Reversal)/impairment losses of trade and other receivables (Note 24)	(13,405,328)	3,329,163	(10,463,920)	2,533,703
Total impairment of financial assets	(13,155,514)	5,173,364	(10,211,115)	2,533,703
Total impairment of assets	(7,178,323)	5,335,741	(6,775,164)	2,696,080
The following items have been charged/(credited) in arriving at the loss from discontinued operations:				
Impairment losses of trade and other receivables	-	13,074	-	-

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11. Employee benefit expenses

(a) Directors' remuneration

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
The remuneration paid to the directors who served during the year was as follows:				
Chairman fees	5,556	5,556	5,556	5,556
Other non-executive fees	212,112	162,424	31,111	26,667
	217,668	167,980	36,667	32,223
Executive directors' salaries	1,214,759	682,451	1,044,775	682,451
	1,432,427	850,431	1,081,442	714,674
Other emoluments	652,863	621,100	493,582	450,434
	2,085,290	1,471,531	1,575,024	1,165,108

The directors received emoluments (excluding pension contributions) in the following ranges:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
N1,000,000 - N10,000,000	-	-	-	-
Above N10,000,000	17	12	12	10

Included in the above analysis is the highest paid director at N568 million (2017: N340 million).

(b) Staff costs

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Wages, salaries and staff welfare cost	10,059,587	6,368,456	399,707	376,141
Severance payment	125,482	-	-	-
Pension costs - defined contribution scheme	844,218	537,407	54,608	38,240
Retirement benefit - defined benefit scheme (Note 33)	-	54,065	-	46,524
	11,029,287	6,959,928	454,315	460,905

Analysis of staff cost for the year:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
- Continuing operations (Note 10)	11,029,287	6,959,928	454,315	460,905
	11,029,287	6,959,928	454,315	460,905

The average number of full-time persons employed during the year was as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Executive	2	2	2	2
Management staff	72	70	14	16
Senior staff	63	60	14	12
	137	132	30	30

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

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
N8,000,001 - N10,000,000	1	1	-	1
Above N10,000,000	129	126	26	26
	130	127	26	27

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12. Finance costs, net

Finance cost	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
On bank borrowings	(33,970,880)	(35,794,297)	(17,582,406)	(19,166,179)
	(33,970,880)	(35,794,297)	(17,582,406)	(19,166,179)
Unwinding of discount on provisions* (Note 32)	(8,735,739)	(7,949,563)	-	-
Total finance cost	(42,706,619)	(43,743,860)	(17,582,406)	(19,166,179)
Finance income:				
Interest income on bank deposits	1,934,415	2,867,556	1,390,499	2,558,650
Intercompany interest	-	-	428,912	367,754
Interest income on finance lease	8,331,081	7,092,176	-	-
Total finance income	10,265,496	9,959,732	1,819,411	2,926,404
Net finance costs	(32,441,123)	(33,784,128)	(15,762,995)	(16,239,775)

*In 2017, unwinding of discount on provisions includes N955 million which relates to OML 125 & 134 disposed (Note 28b). No borrowing costs were capitalised in 2018 (2017: nil). Actual borrowing rate approximate effective interest rate.

13. Income tax (expense)/credit

Analysis of income tax charge for the year	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Continuing operations				
Current income tax	13,820,534	11,626,089	-	-
Minimum tax	626,186	15,539	626,186	15,539
Capital gains tax	795	365	381	365
Education tax	896,542	834,163	-	-
Adjustments in respect of prior years tax	(25,408,402)	-	-	-
	(10,064,345)	12,476,156	626,567	15,904
Deferred income tax (Note 19):				
Deferred income tax credit for the year	(7,545,278)	(5,180,790)	-	-
Income tax (credit)/expense	(17,609,623)	7,295,366	626,567	15,904

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Profit/(loss) before income tax	11,188,120	20,764,585	(17,695,310)	(30,599,529)
Tax calculated at Nigeria's domestic rates applicable to profits in respective countries - 30% (2017: 30%)	3,356,436	6,229,376	(5,308,593)	(9,179,859)
Minimum tax	626,186	15,539	626,186	15,539
Education tax	896,542	834,163	-	-
Capital gains tax	795	365	381	365
Tax effect of income not subject to tax	(13,730,124)	(8,168,413)	-	(2,985,060)
Effect of associate tax	111,711	638,702	-	-
Effect of tax rate differential	(5,700,886)	(4,749,790)	-	-
Expenses not deductible for tax purposes	25,725,745	28,981,578	2,554,584	6,410,910
Utilization of previous year unrecognized tax losses	-	(48,093,099)	-	-
Over-provisions for income tax	(25,408,402)	-	-	-
Tax losses for which no deferred tax was recognised	(19,220,855)	640,333	2,754,009	5,754,009
Impact of unutilised tax credits carried forward	15,733,229	30,966,612	-	-
Income tax expense/(credit)	(17,609,623)	7,295,366	626,567	15,904
Effective tax rate	-157%	35%	-3.54%	0%

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Current income tax liabilities	**Group 2018 N'000**	**Group 2017 N'000**	**Company 2018 N'000**	**Company 2017 N'000**
Movement in current income tax for the year:				
At 1 January	72,405,657	59,108,565	535,618	521,455
Effect of adoption of IFRS 9 (Note 45)	(849,290)	-	-	-
Restated balance as at 1 January	71,556,367	59,108,565	535,618	521,455
Payment during the year	(29,096,210)	(10,351,862)	(365)	(1,741)
Increase/(reduction) in indemnified liability*	14,204,522	(1,124,389)	-	-
Adjustments in respect of prior years tax**	(25,408,402)	-	-	-
Charge for the year:				
Income tax charge during the year - Continuing operations (Note 13a)	14,446,720	11,641,628	626,186	15,539
Education tax charge during the year- Continuing operations (Note 13a)	896,542	834,163	-	-
Capital gains tax - Continuing operations	795	365	381	365
Exchange difference	644,795	12,297,187	-	-
At 31 December	47,245,129	72,405,657	1,161,820	535,618

* On April 18, 2018, OER paid N14.2 billion ($39 million) to the FIRS representing agreed settlement amount and amicable resolution of the tax assessments totaling N29 billion($79.7 million) received by Oando Oil Limited (OOL) in 2017 relating to additional Petroleum Profit and Education Taxes for 2006, 2007 and 2009. Since the liabilities relate to the tax years before January 1, 2012, the payment made by OER was received from the previous owner of the Company, ConocoPhillips Company and Phillips Investment Company LLC as it was covered under the indemnity provided in the share purchase agreement of December 20, 2012 between OER and the previous owner. Since the matters have now been settled, OER has withdrawn the tax appeals filed on the assessments.

**This relates to over provision of 2014 and 2015 Company Income and Education Taxes for OOL.

14. Earnings and dividend per share

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 outstanding during the year.

	Group 2018 N'000	**Group 2017 N'000**
Profit/(loss) from continuing operations attributable to equity holders of the parent	24,432,941	7,638,187
Profit from discontinued operations attributable to equity holders of the parent	-	6,303,557
	24,432,941	13,941,744
Weighted average number of ordinary shares outstanding (thousands) :		
Opening balance	12,431,412	12,034,618
Conversion of debt to equity	-	371,790
	12,431,412	12,406,408
Basic/diluted earnings per share (expressed in kobo per share)		
From continuing operations	197	62
From discontinued operations	-	51
	197	113

Weighted average number of shares outstanding at 31 December 2018 includes the total number of shares issued in 2017.

Diluted earnings per share

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. However, there were no convertible debts at the year end.

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15. Property, plant and equipment

Group	Upstream Asset [1] N'000	Land & Buildings N'000	Plant & machineries N'000	Fixtures, fittings Computer, equipment & vehicles N'000	Capital work in progress N'000	Total N'000
At January 2017						
Cost or valuation	387,303,188	380	16,162,458	3,655,017	223,909	407,344,952
Accumulated depreciation	(105,770,627)	(380)	(4,944,036)	(3,088,207)	-	(113,803,250)
Net book amount	281,532,561	-	11,218,422	566,810	223,909	293,541,702
Year ended 31 December 2017						
Opening net book amount	281,532,561	-	11,218,422	566,810	223,909	293,541,702
Decommissioning cost/remeasurement of estimate (Note 32)	(1,055,562)	-	-	-	-	(1,055,562)
Additions	18,264,089	868,929	-	689,055	-	19,822,073
Transfer/reclassification	(221,582)	-	(167,394)	388,976	-	-
Disposals	-	-	-	(3,164)	-	(3,164)
Write off*	-	-	-	-	(223,909)	(223,909)
Depletion/depreciation charge - continuing operations (Note 10)	(17,145,435)	(7,241)	(1,080,135)	(526,901)	-	(18,759,712)
Exchange difference	48,308,560	-	1,854,892	(18,767)	-	50,144,685
Net book amount at 31 December 2017	329,682,631	861,688	11,825,785	1,096,009	-	343,466,113
At 31 December 2017						
Cost or valuation	474,663,959	869,378	19,066,506	4,807,087	-	499,406,930
Accumulated depreciation	(144,981,328)	(7,690)	(7,240,721)	(3,711,078)	-	(155,940,817)
Net book amount	329,682,631	861,688	11,825,785	1,096,009	-	343,466,113

Group	Upstream Asset [1] N'000	Land & Buildings N'000	Plant & machineries N'000	Fixtures, fittings Computer, equipment & vehicles N'000	Capital work in progress N'000	Total N'000
Year ended 31 December 2018						
Opening net book amount	329,682,631	861,688	11,825,785	1,096,009	-	343,466,113
Decommissioning costs (Note 32)	(6,296,520)	-	-	-	-	(6,296,520)
Additions	37,098,663	-	-	763,141	-	37,861,804
Disposals	-	-	(2,824,134)	(24,622)	-	(2,848,756)
Depletion/depreciation charge - continuing operations (Note 10)	(19,676,773)	(86,893)	(200,040)	(569,465)	-	(20,533,171)
Exchange difference	3,249,187	-	(104,284)	225,712	-	3,370,615
Net book amount at 31 December 2018	344,057,188	774,795	8,697,327	1,490,775	-	355,020,085
At 31 December 2018						
Cost or valuation	499,579,207	869,383	11,696,642	4,872,192	-	517,017,424
Accumulated depreciation	(155,522,019)	(94,588)	(2,999,315)	(3,381,417)	-	(161,997,339)
Net book amount	344,057,188	774,795	8,697,327	1,490,775	-	355,020,085

[1] See Note 43(a) for details of upstream assets.

* Write off represents capital projects that are deemed irrecoverable.

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Company	**Land & Buildings N'000**	**Plant & machineries N'000**	**Fixtures, fittings Computer, equipment & vehicles N'000**	**Total N'000**
At 1 January 2017				
Cost or valuation	-	154,241	1,316,467	1,470,708
Accumulated depreciation	-	(110,829)	(980,060)	(1,090,889)
Net book amount	-	43,412	336,407	379,819
Year ended 31 December 2017				
Opening net book amount	-	43,412	336,407	379,819
Additions	868,929	-	411,803	1,280,732
Disposal	-	-	(207)	(207)
Depreciation charge (Note 10)	(7,241)	(11,020)	(134,361)	(152,622)
Closing net book amount	861,688	32,392	613,642	1,507,722
At 31 December 2017	N'000	N'000	N'000	N'000
Cost or valuation	868,929	154,241	1,722,574	2,745,744
Accumulated depreciation	(7,241)	(121,849)	(1,108,932)	(1,238,022)
Net book amount	861,688	32,392	613,642	1,507,722
Year ended 31 December 2018				
Opening net book amount	861,688	32,392	613,642	1,507,722
Additions	-	-	528,824	528,824
Disposal	-	(12,135)	(17,435)	(29,570)
Depreciation charge (Note 10)	(86,893)	(4,777)	(209,928)	(301,598)
Closing net book amount	774,795	15,480	915,103	1,705,378
At 31 December 2018				
Cost/Valuation	868,929	123,641	2,187,751	3,180,321
Accumulated depreciation	(94,134)	(108,162)	(1,272,647)	(1,474,943)
Net book amount	774,795	15,479	915,104	1,705,378

See note 31 for PPE pledged as security.

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16. Intangible assets

Group	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
At 1 January 2017				
Cost or valuation	319,366,225	1,776,534	74,541,429	395,684,188
Accumulated amortization and impairment	(696,031)	(1,430,982)	(32,026,707)	(34,153,720)
Net book amount	318,670,194	345,552	42,514,722	361,530,468
Year ended 31 December 2017				
Opening net book amount	318,670,194	345,552	42,514,722	361,530,468
Additions	-	-	1,475,010	1,475,010
Amortisation charge - continuing operations (Note 10)	-	(186,016)	-	(186,016)
Impairment	-	(162,377)	-	(162,377)
Exchange difference	56,494,056	2,841	7,712,588	64,209,485
Closing net book amount as at 31 December 2017	375,164,250	-	51,702,320	426,866,570

	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
Year ended 31 December 2017				
Cost	375,860,280	1,892,261	89,538,986	467,291,527
Accumulated amortisation and impairment	(696,030)	(1,892,261)	(37,836,666)	(40,424,957)
Net book amount as at 31 December 2017	375,164,250	-	51,702,320	426,866,570

	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
Year ended 31 December 2018				
Opening net book amount	375,164,250	-	51,702,320	426,866,570
Addition	-	-	871,605	871,605
Impairment	(5,977,191)	-	-	(5,977,191)
Exchange difference	10,034,182	-	526,594	10,560,776
Closing net book amount as at 31 December 2018	379,221,241	-	53,100,519	432,321,760
Cost	385,894,461	-	91,322,555	477,217,016
Accumulated amortisation and impairment	(6,673,220)	-	(38,222,036)	(44,895,256)
Net book amount as at 31 December 2018	379,221,241	-	53,100,519	432,321,760

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Company	**Software costs N'000**
At 1 January 2017	
Cost	1,138,606
Accumulated amortisation and impairment	(956,455)
Net book amount	182,151
Year ended 31 December 2017	
Opening net book amount	182,151
Additions	-
Amortisation charge	(19,774)
Impairment	(162,377)
Closing net book amount	-
At 31 December 2017	
Cost	1,138,606
Accumulated amortisation and impairment	(1,138,606)
Net book value	-
Year ended 31 December 2018	
Opening net book amount	-
Additions	-
Amortisation charge	-
Closing net book amount	-
At 31 December 2018	
Cost	-
Accumulated amortisation and impairment	-
Net book value	

i. Impairment of intangible assets

a. Exploration and evaluation asset impairment losses

The above exploration and evaluation assets represent expenditures arising from the exploration and evaluation of oil and gas interests. The costs relate to oil and gas properties primarily located in Nigeria and São Tomé and Príncipe "STP". The technical feasibility and commercial viability of extracting oil and gas has not yet been determined in relation to the above properties, and therefore, they remain classified as exploration and evaluation assets at December 31, 2018.

Key assumptions in the determination of cash flows from reserves include crude oil, natural gas and natural gas liquids "NGL" prices, loss factors and the discount rate. Reserves as at December 31, 2018 have been evaluated by independent qualified reserves evaluators. The table below summarizes the forecast prices used to determine cash flows from crude oil reserves and resources which is based on the average Brent price forecast of Canadian consultants.

Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Dated Brent (US$/barrel)	66.32	68.46	71.37	73.91	75.48	77.51	79.58
NGL (US$/barrel)	11.75	11.87	12.02	12.16	12.24	12.35	12.47
Natural gas (US$/mcf)	1.71	1.74	1.78	1.81	1.84	1.86	1.89

Year	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**Beyond**
Dated Brent (US$/barrel)	81.40	83.35	85.02	86.70	8.40	90.20	+2%
NGL (US$/barrel)	12.57	12.67	12.76	12.85	12.95	13.04	+1%
Natural gas (US$/mcf)	1.92	1.94	1.97	1.99	2.01	2.04	+1%

Crude oil loss factors applied ranged from 10.5% on an annual basis for the first four years then declining to 0% over the next three years (with the exception of Ebendo where a 15% annual loss factor was applied to the remaining field life). The discount rate applied on the cash flows was 17.6%. For exploration and evaluation assets, OER used $2.51/boe as the implied value/boe on 2C unrisked contingent resources based on comparable market transactions and consideration of forward price declines.

Management determined that exploration and evaluation assets are qualifying assets and therefore eligible for capitalisation of borrowing cost. However, no borrowing cost was capitalised during the year reviewed. The assessment above did not lead to any impairment loss.

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b. Goodwill impairment losses

Goodwill impairment of N6bn relating to Oando Trading Bermuda's (OTB) has been impaired in these consolidated financial statements (2017:nil). The key assumptions in an impairment test for goodwill are the cash flow projections, growth rate and the pre-tax risk adjusted discount rates. Based on management's view on OTB's past performance and its expectations of market development, there are no budgeted cash flows for this company hence the impairment.

As per the Group's accounting policy, goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments. However, OTB has been recognized as a cash-generating-unit (CGU) for the purpose of this impairment test as prior to now, the impairment losses on the company had been covered by increases in value from other profitable companies in the trading segment.

Impairment tests for goodwill

Key assumptions

In determining the recoverable amount of a CGU, management has made key assumptions to estimate the present value of future cash flows. These key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Cash flows

The cash flow projections are from financial budgets approved by senior management covering a 5year period.

Pre-tax risk adjusted discount rates

Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territory in which the CGU operates. A relative risk adjustment has been applied to risk-free rates to reflect the risk inherent in the CGU. The cash forecast covered five years.

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments. A segment-level summary of the goodwill allocation is presented below:

At 31 December 2017

	Nigeria N'000	Other countries N'000	Total N'000
OER	372,568,853	-	372,568,853
Oando Trading Bermuda (OTB)	-	2,595,397	2,595,397
	372,568,853	**2,595,397**	**375,164,250**

At 31 December 2018

	Nigeria N'000	Other countries N'000	Total N'000
OER	379,221,241	-	379,221,241
	379,221,241	**-**	**379,221,241**

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates for the CGU in future as disclosed below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.
The key assumptions used for value-in-use calculations were as follows:

	At 31 December 2018		At 31December 2017	
	OER	Oando Trading Bermuda	OER	Oando Trading Bermuda
Growth rate	8.0%	0.0%	18.3%	13.9%
Discount rate	17.6%	0.0%	8.9%	6.6%

Management determined estimated cash flows based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecast performance of the oil and gas industry in which the CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and CGU.

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17. Investment property

In 2017, a land in Nigeria, purchased by Oando PLC for N127.9 million and valued at N1 billion was classified as an investment property as management's intention for use is yet to be determined. A fair value gain of N905 million was recognised in the statement of profit or loss at 31 December 2017. This carrying value represents the fair value of the property. The fair value of the property was determined using the direct market comparison method of valuation by an independent estate valuer, Ubosi Eleh and Co - Emeka D. Eleh (FRC/2015/NIESV/00000013406).

An assessment to ascertain the fair value of the Company's investment property by the independent estate valuer as at 31 December 2018 was completed for the year ended 31 December 2018. The valuer has ascertained that the value of this property remains unchanged.

There was no rental income and related operating expenses from this property during the year. The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance and enhancements.

18. Investment in associates accounted for using the equity method

The amounts recognised in the statement of financial position are as follows;

	Group 2018 N'000	Group 2017 N'000	Group 2018 N'000	Group 2017 N'000
Investment in associates	6,424,732	7,540,014	2,716,431	2,716,431
The amounts recognised in the statement of profit or loss are as follows:				
Share of loss	(372,369)	(2,129,005)	-	-

Investment in associate

Set out below are the associates of the Group at 31 December 2018, which, in the opinion of the directors, are material to the Group. The associates have share capital consisting solely of Ordinary Shares, which are held directly by the Group. The countries of incorporation or registration of the associates are also their principal places of business.

	Place of business	Country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Oando Wings Development Limited					
2018					
Oando Wings Development Limited (OWDL)	Nigeria	Nigeria	23.3%	Associate	Equity Accounting
Glover BV	Netherlands	Netherlands	25.0%	Associate	Equity Accounting
Umugini Asset Company Limited	Nigeria	Nigeria	11.25%	Associate	Equity Accounting
2017					
Oando Wings Development Limited (OWDL)	Nigeria	Nigeria	25.8%	Associate	Equity Accounting
Glover BV	Netherlands	Netherlands	25.0%	Associate	Equity Accounting
Umugini Asset Company Limited	Nigeria	Nigeria	11.25%	Associate	Equity Accounting

Oando Wings Development Limited

Oando Wings Development Limited (OWDL) is a special purpose vehicle incorporated in 2011 in Nigeria to invest in real estate and to undertake, alone or jointly with other companies or persons the development of property generally for residential, commercial or any other purpose including but not limited to the development of office complexes and industrial estates. The company is a private company and therefore there is no quoted market price available for its shares. The company has an authorised share capital of ten million ordinary shares of N1 each.

The company was a fully owned subsidiary of Oando PLC until December 20, 2013, when it issued 3,710,000 ordinary shares of N1 each to RMB Westpoint. The issue of ordinary shares to RMB Westpoint Wings diluted Oando Plc's interest to 41% and OWDL was subsequently accounted for as ""investment in associate"". On May 8, 2014, Standard Bank Group International Limited (SBGI) exercised its option and an additional 3,710,000 ordinary shares of N1 each was taken up by SBGI. As a result, Oando Plc's interest (""investment in associate"") was further diluted to 25.8%.

On 2nd November 2016, Oando PLC ('the Borrower') entered into a rental funding facilities agreement with RMB Westpoint, SB Wings Development Limited (together referred to as 'the Lenders') and Oando Wings Development Limited ('the Lessor') amended on 7 March 2017. The Lenders will make available to the Borrower, $20,500,000 divided into Facility A $10,725,000 and Facility B

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$9,775,000. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of ordinary shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the agreement.

Following from the above, on 8th June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 23.3%. Oando Plc ought to have been diluted to 20.79% as of 31 December 2018, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 23.3% has been accounted for in these consolidated financial statements.

As at 31 December 2018, the Lenders had given a loan of N7.2 billion ($19.8 million) ((2017:N3.8 billion ($10.7 million) (Note 31d) to the Borrower. The borrowing has been accounted for at amortized cost and the effect reflected in the consolidated and separate statement of profit or loss.

OVH Energy BV (formerly Copper JV/BV) & Glover BV

Oando PLC acquired two associates namely OVH Energy BV (formerly Copper JV/BV) (40%) and Glover BV (30%) on 01 July 2016 and 31st December 2016 respectively by virtue of the consideration shares for the sale of targeted companies in the marketing, refining and terminals, and gas & power segments of the Group. The fair values of the interest received were N10.44billion & N2.34billion respectively and they were taken as the carrying value of the associate.

The Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. The sale and residual interest have been accounted for in these audited consolidated and separate financial statements (note 22b).

The values of the assets and liabilities used in determining the net asset are provisional amount applicable under measurement period in line with IFRS 3. As of 31 December 2018 and date of this report, the fair value of Glover BV has not been finalised. Since measurement period ended on 31 December 2017, subsequent changes in the provisional amount will be treated as a change in accounting estimate and will be recognised in the period of the change.

OVH Energy BV (formerly Copper BV/JV) which was previously an associate in 2016 became an investment in 2017.

Umugini Asset Company Limited

The principal activity of Umugini Asset Company Limited "UACL" is to carry on the business of planning, design, construction, ownership and provision of crude pipeline and fiscal metering facilities for the custody, operation, maintenance, handling and transportation by pipeline of stabilized crude on behalf of the shareholders and other oil and gas producing companies to downstream crude oil terminal facilities.

The associate has share capital consisting solely of Ordinary Shares, which are held in trust by Energia Limited for the Company's indirect subsidiary, Oando Production and Development Company Limited (OPDCL). Through the shareholder and heads of terms agreement, OPDCL is guaranteed a seat on the board of UACL and participates in all significant financial and operating decisions even though it only holds 11.25% ownership.

Oando PLC exerts significant influence over these associates as the Group has representatives on the board of directors and is involved in management decisions taken by the entities. All the associates above have been fully accounted for in these consolidated financial statements.

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Summarised financial information of the associate

Set out below are the summarised financial information of the associates:

2018	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000
Total current assets	13,665,652	16,609,355	2,388,747
Total non-current assets	23,251,956	56,234,588	65,107,007
Total current liabilities	(23,047,388)	(26,300,078)	(5,005,565)
Total non-current liabilities	(7,656,092)	(33,974,748)	(36,181,749)
Net asset/(liabilities)/equity	6,214,128	12,569,117	26,308,440
Summarised statement of comprehensive income			
Revenue	5,799,615	55,679,343	64,004,643
Profit/(loss) after tax	2,730,403	2,522,224	(5,430,013)
Other comprehensive loss	-	-	-
Total comprehensive income/(loss)	2,730,403	2,522,224	(5,430,013)
Share of profit/(loss) in associate*	307,170	630,557	(1,310,095)
Percentage holdings of the Group	11.25%	25.00%	23.30%

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

2018	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000	TOTAL 2018 N'000
Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates				
	11.25%	25.0%	23.3%	
Share of net asset	699,090	3,142,279.0	6,129,867	9,971,236
Goodwill	-	456,042.0	-	456,042
Equity contribution by promoters	-	-	(4,055,602)	(4,055,602)
Carrying value of the associate	**699,090**	**3,598,321**	**2,074,265**	**6,371,676**

2018	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000	TOTAL 2018 N'000
Carrying value:				
As at beginning of the year	386,289	3,020,821	4,132,904	7,540,014
Share of profit/(loss) in associate	307,170	889,610	(1,310,095)	(113,315)
Effect of adopting IFRS 9 amendments	-	(259,054)	-	(259,054)
Loss on deemed disposal	-	-	(748,544)	(748,544)
Exchange difference	5,631	-	-	5,631
As at end of the year	**699,090**	**3,651,377**	**2,074,265**	**6,424,732**

* The carrying value of Glover BV has been accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).
** OVH Energy BV is now accounted for as an investment as such the carrying value of the associate has been derecognised.

The associates had no capital commitments at 31 December 2018 (2017: nil)
No dividend was received from the associates in the year under review (2017: nil)

The Group does not have any significant restrictions such as borrowing or any regulatory restrictions that impede the ability of the associates to transfer funds in form of dividend or cash to the Group.

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Summarised financial information of the associate

Set out below are the summarised financial information of the associates:

Summarised statement of financial position	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OWDL 2017 N'000	TOTAL 2017 N'000
Total current assets	8,001,128	17,025,362	-	2,388,747
Total non-current assets	24,585,316	54,910,239	-	70,536,963
Total current liabilities	(21,162,902)	(25,601,736)	-	(5,005,565)
Total non-current liabilities	(7,989,867)	(36,074,747)	-	(36,181,749)
Net asset/equity	**3,433,675**	**10,259,118**	**-**	**31,738,396**
Summarised statement of comprehensive income				
Revenue	2,208,423	42,171,580	250,476,178	5,327,758
Profit/(loss) after tax	2,938,254	4,269,547	(11,791,495)	4,622,322
Other comprehensive loss	-	-	8,229,840	(210,710)
Total comprehensive income/(loss)	2,938,254	4,269,547	(3,561,655)	4,411,612
Share of profit/(loss) in associate*	330,553	1,064,481	(4,716,598)	1,192,559
Share of other comprehensive income/(loss) in associate	-	-	3,291,936	(54,363)
Percentage holdings of the Group	11.25%	25.0%	0.0%	25.8%

*The carrying value of Glover BV has been accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).
**Included in OWDL's share of profit for 2017 is N1.3 billion relating to the difference between the estimated and final results for 2016 year.

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OVH Energy BV 2017 N'000	OWDL 2017 N'000	TOTAL 2017 N'000
Percentage holdings of the Group	11.25%	25.0%	0.0%	25.8%	
Share of net asset	386,289	2,564,779	-	8,188,506	11,139,574
Goodwill	-	456,042	-	-	456,042
Equity contribution by promoters	-	-	-	(4,055,602)	(4,055,602)
Carrying value of the associate	**386,289**	**3,020,821**	**-**	**4,132,904**	**7,540,014**

	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OVH Energy BV 2017 N'000	OWDL 2017 N'000	TOTAL 2017 N'000
As at beginning of the year	-	2,344,121	5,314,596	2,994,708	10,653,425
Investment in Umugini Asset Company Limited	2,444	-	-	-	2,444
Share of profit/(loss) in associate	330,553	1,064,481	(4,716,598)	1,192,559	(2,129,005)
Share of associate's foreign currency translation reserve	-	-	3,291,936	(54,363)	3,237,573
Sale of 5% interest in Glover BV		(387,781)	-	-	(387,781)
Derecognition of the carrying value of investment in associate following the deemed disposal of 35% interest in OVH Energy BV	-	-	(3,889,934)	-	(3,889,934)
Deemed disposal of interest in OWDL		-	-	-	-
Exchange difference	53,292	-	-	-	53,292
As at end of the year	386,289	3,020,821	-	4,132,904	7,540,014

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*The carrying value of Glover BV has been accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).

Company	**Oando Wings** N'000	**OVH Energy BV** N'000	**Glover BV** N'000	**TOTAL** N'000
Investment in associates				
At 1 January 2017	2,716,431	10,440,000	2,344,121	15,500,552
Investment transferred to Oando Netherlands Holdings 2 Cooperative U.A	-	(10,440,000)	-	(10,440,000)
Investment transferred to Oando Netherlands Holdings 3 Cooperative U.A	-	-	(2,344,121)	(2,344,121)
At 31 December 2017	2,716,431	-	-	2,716,431
At 1 January 2018	2,716,431	-	-	2,716,431
Investment transferred to Oando Netherlands Holdings 2 Cooperative U.A	-	-	-	-
Investment transferred to Oando Netherlands Holdings 3 Cooperative U.A	-	-	-	-
At 31 December 2018	2,716,431	-	-	2,716,431

19. Deferred income tax liabilities and deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	Group 2018 N'000	**Group 2017** N'000
The analysis of deferred tax liabilities and deferred tax assets is as follows:		
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12months	214,662,084	222,207,944
Deferred tax liability to be recovered within 12months	-	-
Total deferred tax liabilities	214,662,084	222,207,944

	Group 2018 N'000	**Group 2017** N'000
Deferred tax assets		
Deferred tax assets to be recovered after more than 12months	1,118,869	2,360,368
Deferred tax assets to be recovered within 12months	43,974,287	43,748,345
Total deferred tax assets	45,093,156	46,108,713
Total deferred tax liabilities (net)	169,568,928	176,099,231
The gross movement in deferred income tax account is as follows:		
At start of the year	176,099,231	154,150,804
Effect of adoption of new accounting standards	(729,515)	-
Restated opening balance	175,369,716	154,150,804
Credited to profit or loss (Note 13a)	(7,545,278)	(5,180,790)
Exchange differences	1,744,490	27,129,217
At end of year	169,568,928	176,099,231

Consolidated deferred income tax assets and liabilities, deferred income tax charge/(credit) in the statement of profit or loss, in equity and other comprehensive income are attributable to the following items:

Group	**1.1.2017: Continuing operations**	**Charged/ (Credited) to P/L** N'000	**Reclassification** N'000	**Exchange Differences** N'000	**31.12.2017** N'000
2017					
Deferred income tax liabilities					
Property, plant and equipment and Exploration and evaluation assets	180,721,528	(11,320,456)	192,561	30,959,559	200,553,192
Finance Leases	18,187,455	144,601	-	3,322,696	21,654,752
	198,908,983	(11,175,855)	192,561	34,282,255	222,207,944
Deferred income tax assets					
Provisions	(41,681,100)	4,866,784	(162,605)	(6,771,424)	(43,748,345)
Tax losses	(3,107,035)	1,128,281	-	(381,614)	(2,360,368)
Retirement benefit obligation	29,956	-	(29,956)	-	-
	(44,758,179)	5,995,065	(192,561)	(7,153,038)	(46,108,713)
Net deferred income tax liabilities	154,150,804	(5,180,790)	-	27,129,217	176,099,231

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	1.1.2018 Continuing Operations N'000	Effect of adoption of new accounting standards N'000	Restated openig as at January 1,2018 N'000	Charged/ (credited) toP/L N'000	Exchange Differences N'000	31.12.2018 N'000
2018						
Deferred income tax liabilities						
Property, plant and equipment and Exploration and evaluation assets	200,553,192	-	200,553,192	(9,883,347)	1,988,075	192,657,920
Finance Leases	21,654,752	-	21,654,752	128,148	221,264	22,004,164
	222,207,944	-	222,207,944	(9,755,199)	2,209,339	214,662,084
Deferred income tax assets						
Provisions	(43,748,345)	(497,736)	(44,246,081)	718,478	(446,684)	(43,974,287)
Tax losses	(2,360,368)	(231,779)	(2,592,147)	1,491,443	(18,165)	(1,118,869)
	(46,108,713)	(729,515)	(46,838,228)	2,209,921	(464,849)	(45,093,156)
Net deferred income tax liabilities	176,099,231	(729,515)	175,369,716	(7,545,278)	1,744,490	169,568,928

	2018 N'000	2017 N'000
Analysis of deferred tax charge for the year:		
- Continuing operations (Note 13)	(7,545,278)	(5,180,790)
- Discontinued operations (Note 13)	-	-
	(7,545,278)	**(5,180,790)**

Deferred tax asset relating to unutilised tax losses carried forward are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 December 2018, the Group had unused tax losses of N348.3 billion (2017: N304.3 billion) relating to tax losses from Oando PLC (Company) and OER which were not recognised. Management is of the view that due to the structure of the companies, sufficient taxable profit may not be generated in the nearest future to absorb the reversal of the deferred tax. The tax losses can be carried forward indefinitely. Oando PLC and OER do not have any unrecognised deferred tax liability.

At 31 December 2018, there was no recognised deferred tax liability (2017: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture. The Group has determined that undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future.

The company has unused tax losses of N180 billion (2017: N137 billion) for which no deferred tax was recognised. There is no time limit within which the tax assets could be utilised.

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20. Derivative financial assets

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Commodity option contracts - current asset	1,853,245	18,572	-	-

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. Further information about the derivatives used by the group is provided below.

Commodity option contracts

The table below summarizes the details of the financial commodity contracts in place as at December 31, 2018 as a result of these arrangements:

Position	Remaining term	Fixed ($)	Price/Unit Strike ($)	Premium	Volume (bbl/d)[2]	Fair value =N=
- Purchased put[1]	Jan 2019 to Apr 2019	-	70.00	-	2,500	1,853,245
Total					2,500	1,853,245

[1] Financial commodities contract.
[2] Average volume over the remaining life of the contract.

In December 2018, the hedges related to the Corporate Finance Facility expired. No proceeds received on the hedges.

OER entered into a hedge arrangement effective November 2018. Those hedges account for 2,500 bbl/day. The effect of the hedges is to fix the price of oil OER receives on the specific volumes at $70.0/bbl. Once dated Brent crude oil price goes below the strike price, OER receives proceeds on the floating differential.

OER received a net cash of $3.8 million during the year, relating to crystalized hedges.

Hedge accounting in line with IFRS 9 has not been applied to this transaction.

Derivatives, including financial commodity contracts, are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value with the resulting gains or losses recognized as income or expense in the statement of profit or loss in the period. For the year ended December 31, 2018, OER recorded net fair value gain on financial commodity contracts of N1.1 billion (2018: $3.0 million; 2017-N2.6 billion; $8.3 million loss). OER also realized net gains of N1.4 billion (2018:$3.9 million; 2017 - N7.1 billion; $22.7 million) from monthly settlements on the financial commodity contracts.

The fair value of commodity contracts is calculated based on observable inputs which include forward prices of crude oil.

21. Finance lease receivables

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Finance lease receivable - Non Current	73,612,863	72,539,702	-	-

OER is party to a power purchase agreement which is accounted for as a finance lease. OER, as a party to the NAOC/POCNL/NNPC JV entered into a power purchase agreement with Power Holding Company of Nigeria (now Nigerian Bulk Electricity Trading "NBET") in 2001. The agreement is to develop, finance, construct, own, maintain and operate as a joint operation an upstream gas project. The gas project is located in Kwale for the production of electric power ("the Kwale-Okpai Independent Power Plant" or "Kwale IPP"). The gas plant utilizes fuel source from the natural gas reserves in jointly operated oil fields operated by Nigeria Agip Oil Company Limited (NAOC). The agreement will continue in full force and effect for 20 years from the Commercial operations date with the option of renewal of 5 years. At the end of the 25th year, PHCN shall have the option to purchase the Kwale IPP at a fair price determined by an expert. PHCN will pay a contracted sum to the Joint operation partners throughout the tenure for capacity and for the purchase of electricity from the plant. The transaction has been accounted for as a finance lease

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The unguaranteed residual value has been estimated as N59.9 billion ($164.7million). The lease payments grow over time but are lower than the interest income for the first five years and as such the finance lease receivables have been considered as non-current.

The net investment in finance lease receivables by the Group amounted to N73.6 billion ($202.5 million) at December 31, 2018 (2017: N72.5 billion; $201.3 million) and will bear interest until their maturity dates of N90.6 billion; $248.8 million (2017: N98 billion; $271.8 million). The increase in net investment in finance lease is attributable to exchange difference. The fair value of the lease receivable as at 31 December 2018 is N66.5 billion; $182.7 million (2016: N63.9 billion; $177.6 million).

The receivables under the finance leases are as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Finance lease - gross receivables	164,279,212	170,489,824	-	-
Unearned finance income	(90,570,665)	(97,950,122)	-	-
Impairment	(94,706)	-	-	-
Exchange difference	(978)	-	-	-
	73,612,863	72,539,702	-	-
Current receivables				
Finance lease - gross receivables	-	-	-	-
Unearned finance income	-	-	-	-
	-	-	-	-

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
No later than one year:				
Total future value	8,050,061	7,866,944	-	-
Unearned interest income	(8,418,085)	(8,292,494)	-	-
Present value	(368,024)	(425,550)	-	-
Between one and five years:				
Total future value	34,673,218	33,485,827	-	-
Unearned interest income	(33,651,763)	(33,370,882)	-	-
Present value	1,021,455	114,945	-	-
Later than five years:				
Total future value	61,527,648	69,808,718	-	-
Unguaranteed residual value	59,932,600	59,328,335	-	-
Unearned interest income	(48,500,816)	(56,286,746)	-	-
Present value	72,959,432	72,850,307	-	-
Finance lease receivable	73,612,863	72,539,702	-	-
Gross receivables from finance lease				
Not later than one year	8,050,061	7,866,944	-	-
Later than one year and not later than five years	34,673,218	33,485,827	-	-
Later than five years	121,460,248	129,137,053	-	-
	164,183,527	170,489,824	-	-
Unearned future finance income on finance lease	(90,570,664)	(97,950,122)	-	-
Net investment in finance lease	73,612,863	72,539,702	-	-
The net investment in finance lease may be analysed as follows:				
Not later than one year	(368,024)	782,480	-	-
Later than one year and not later than five years	1,021,455	3,968,970	-	-
Later than five years	72,959,432	2,958,237	-	-
	73,612,863	7,709,687	-	-

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22. Non-current receivables

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
FiUnderlift receivables (Note 22a)	26,462,707	26,195,899	17,207,108	17,033,619
Other non-current receivables	34,494,200	37,758,471	9,460,753	9,365,366
	60,956,907	63,954,370	26,667,861	26,398,985
Less: Allowance for impairment of non-current receivables	(47,877,720)	(40,751,790)	(23,690,821)	(17,033,619)
	13,079,187	23,202,580	2,977,040	9,365,366

Movement in allowance for impairment of non-current receivables for the year is as detailed below:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At start of the year	40,751,790	32,681,515	17,033,619	14,418,044
Effect of IFRS 9	6,631,553	-	6,404,397	-
Restated opening balance	47,383,343	32,681,515	23,438,016	14,418,044
Allowance for receivables impairment - Continuing operations (Note 10)	252,805	1,844,201	252,805	-
Exchange difference	241,572	6,226,074	-	2,615,575
At end of year	47,877,720	40,751,790	23,690,821	17,033,619

(a) Underlift receivables

Under lift receivables represent the Group's crude oil entitlements as a result of operations on OML 125. These balances are owed by the Nigerian National Petroleum Corporation (NNPC). The NNPC is the state oil corporation through which the federal government of Nigeria regulates and participates in the Country's petroleum industry. OER is currently in a dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009 and which, in the view of OER and Nigeria Agip Exploration Limited ("NAE"), the operator of OML 125, exceeded the NNPC's entitlements due to a dispute between OER and the NNPC in relation to OER's tax obligations associated with oil production from OML 125. This dispute was referred to arbitration by NAE and the OER and, in October 2011, the arbitral tribunal issued an award which was in favour of NAE and the OER.

Later in October 2011, NNPC filed a lawsuit in the Nigerian Federal High Court challenging the award and it obtained an injunction restraining further action in the arbitration. The NNPC also filed an action requesting the court to retain an injunction pending final determination of the case before the Federal High Court. In response to the NNPC law suit, NAE and the OER filed an application to discharge the injunction. The case is still pending before the Nigerian Federal High Court. Although not a party to the arbitration proceedings described above, in October 2011, the Federal Inland Revenue Service ("FIRS") began an action in the Federal High Court challenging the jurisdiction of the arbitral tribunal to determine tax issues in the proceedings between the NNPC, NAE and the OER. In response to this, in October 2011, NAE and OER filed a jurisdictional challenge against the FIRS on the ground that the FIRS lacked the ability to demonstrate sufficient connection to the matter between NNPC and NAE/OER.
On February 28, 2014, the injunction obtained by the NNPC restraining the arbitration was set aside by the Court of Appeal. NAE and OER have subsequently communicated the value of final award expected to the arbitration panel. The award has not been granted neither has NNPC appealed the setting aside of the injunction to date.

On completion of the Oando Reorganization on July 24, 2012, OER retained the contractual rights to receive the cash flows associated with N26.5 billion (2017: N26.2 billion) of the underlift receivable and also assumed a contractual obligation to pay a portion of those cash flows (2018: N17.21 billion; 2017: N17.03 billion) to the Group. As part of the terms, OER has no obligation to pay amounts to Oando PLC unless it collects the equivalent amounts from the original receivable.

The Group has made full provision for the receivables due to the uncertainty associated with the timing of collectability and the related dispute. The increase in the underlift receivables is as a result of exchange rate differential, which also impacted on the translated accumulated impairment amount.

(b) Other non-current receivable

Other non-current receivables include a joint operations receivable of N25.0 billion and N10.1 billion represents the maximum credit risk exposure on this instrument. As at December 31, 2018 the carrying amount of the joint operations receivable related to OER's Interest in Qua Ibo has been reduced to its recoverable amount through the recognition of an impairment loss of N227.2 million ($0.6 million); (2017: N1.8 billion ($5.9 million)).

Also included is N2.97 billion (2017: N9.4 billion) outstanding loan note receivable from Glover BV as part of consideration for the sale of Oando Gas and Power in December 2016. Its recoverable amount has been reduced through the recognition of an impairment loss of N6.5 billion (2017: nil).

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The initial amount of N9.7 billion ($31.8 million) was the present value of the $42 million loan note as at 31 December 2016. On 24 January 2017, the Group through Oando Netherlands Cooperatief 3 ("Coop 3"), issued a Transfer Interest Notification to HIP Glover S.a.r.l ("Luxco") in accordance with SHA Side Letter dated 13 September 2016. In particular, Coop 3 offered 5,000 A Shares with a nominal value of USD 0.01 each in the capital of Glover Gas & Power B.V. ("Glover BV"), comprising 5% of the total issued share capital of Glover BV and 5% of Oando's loan notes issued by Glover BV at closing in the principal amount of $7,033,811.49. Both transfers amounted to USD 8,275,072.36 (N2.6 billion). Luxco accepted the Transfer Interest Notification on 31 January 2017 and paid N3.1billion to the Company on 8 March 2017.

Consequently, the Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017. The transfers and residual interest have been accounted for in these consolidated and separate financial statements (note 18).

Classification of non-current receivables at amortised cost

The Group classifies its non-current receivables at amortised cost only if both of the following criteria are met: (i) the asset is held within a business model whose objective is to collect the contractual cash flows, and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

23. Inventories

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Crude oil	1,006,055	1,644,019	-	-
Materials	935,300	935,097	-	-
Products-in-transit	26,449,402	-	26,514,991	-
Consumables and engineering stock	1,743	3,978	-	-
	28,392,500	2,583,094	26,514,991	-

The cost of inventories recognised as an expense (written down to NRV) and included in 'cost of sales' was nil (2017: nil).

24. Trade and other receivables

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Trade receivables	55,649,606	45,340,699	-	-
Less: allowance for impairment of trade receivables	(2,354,857)	(1,773,006)	-	-
	53,294,749	43,567,693	-	-
Other receivables	48,526,028	66,315,073	22,588,714	41,601,804
Withholding tax receivable	3,905,661	3,884,340	2,824,966	2,817,245
Deposit for import	12,996	4,941	-	-
Amount due from related parties (Note 37)	-	-	176,010,942	,474,243
Less: allowance for impairment of other receivables	(20,947,991)	(19,973,091)	(66,247,124)	(54,304,370)
	84,791,443	93,798,956	135,177,498	141,588,922

Classification of trade receivables at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days past due except for receivables from Nigeria Bulk Electricity Trading Plc which is 60 days past due and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 5.

The Group's other receivables largely relates to cash call made to JV partners of N18.46 billion (2017:N20.27billion), dividend receivable of N2.17billion (2017:N2.03billion), interest receivable of N3.20billion(2017:N2.80billion),receivable from associates of N14.29billion(2017:N14.64million) and receivable from staff of N1.03billion(2017:748.95million).

The Company's other receivables largely relates to dividend receivable of N2.17billion (2017:N2.03billion), interest receivable of N3.20billion (2017:N2.80billion),receivable from associates of N14.29billion(2017:N14.64million) and receivable from staff of N357.63million(2017:263.39million)

The carrying amounts of trade and other receivables for 2018 and 2017 respectively approximate their fair values due to their short term nature. The fair values are within level 2 of the fair value hierarchy.

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Movement in provision for impairment of receivables for the year is as detailed below:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
As previously stated:				
At start of the year	21,746,097	17,375,789	54,304,370	51,595,951
Adjustment to opening balances	15,524,018	-	22,406,672	-
Allowance for receivables impairment (Note 10)	(13,405,328)	3,329,163	(10,463,919)	2,533,702
Receivables written off during the year as uncollectible	-	(113,518)	-	-
Exchange difference	(561,939)	1,154,663	-	174,717
At end of year	23,302,848	21,746,097	66,247,123	54,304,370

Trade & other receivables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other receivables for 2018 and 2017 respectively approximate their fair values.

25. Financial assets at fair value through profit or loss

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Convertible loans - Non current (a)	11,106,341	-	11,106,341	-
Quoted equity instruments - Current (b)	53,219	61,856	50,716	59,895
Total	11,159,560	61,856	11,157,057	59,895

a. Convertible loans- Non current

On 22nd October 2018, a Convertible Note Purchase Agreement ("CNPA") was executed between Oando Plc and OES Integrated Services Limited ("OES") an ex-subsidiary of the Company as part of the Management Buy Out transaction. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando Plc with a face value equal to the debt amount and no interest shall accrue on the Note. As at 31st December 2018, the debt amount of N12,485,094,736.70 was owed by OES to Oando Plc.

According to the CNPA, Oando Plc has the right to convert the whole (and not part) of the outstanding Principal Amount of the Note to fully paid and non-assessable Ordinary shares. The number of shares to be issued pursuant to the CNPA shall be such number of Ordinary shares that would result in Oando holding 60% of the shares on a fully diluted basis.

Based on the valuation done by an external valuer, if Oando Plc opts to convert the Note at 22nd October 2018 and 31st December 2018, the value of Oando Plc's 60% shareholding in OES is valued at N11.46 billion ($31.53 million) and N11.11 billion ($11.11 billion) respectively compared to the value of the debt N12.5 billion ($34.3 million).

The loss on fair valuation of N1.38 billion has been recognised in these audited financials.

b. Quoted equity instruments - Current

This represents the Company's investments in listed securities on the Nigerian Stock Exchange, and they all relate to equity instruments. Each investment is carried at fair value based on current bid price at the Nigerian Stock Exchange.

The movement is as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At start of the year	61,856	115,642	59,895	113,985
Disposal	-	(71,780)	-	(71,780)
Fair value gain	(9,179)	17,690	(9,179)	17,690
Exchange difference	542	304	-	-
At the end of year	53,219	61,856	50,716	59,895

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Classification of financial assets at fair value through profit or loss (2017: Available for sale financial assets)

In 2017, the Group classified its quoted equity shares as available for sale equity investments with gains and losses recorded in other comprehensive income. The financial assets were presented as current assets as they are held for trading.

In 2018, the Group has classified the following financial assets at fair value through profit or loss (FVPL):
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

26. Investment in subsidiaries

Investment in subsidiaries (Cost)	Company 2018 N'000	Company 2017 N'000
Oando Exploration and Production Limited	3,895,788	3,895,788
Oando Benin	3,997	3,997
Oando Trading Limited Bermuda	3,435,950	3,435,950
OML 112 & 117 Limited	6,538	6,538
Oando Terminal and Logistics Limited	2,500	2,500
Oando Liberia Limited	6,538	6,538
OES Passion Limited	1,752	1,752
OES Professionalism Limited	10,000	10,000
Oando Resources Limited	2,500	2,500
Oando Trading DMCC	917,717	917,717
Oando Equator Holdings Limited	1,816	1,816
Oando Servco Nig Limited	-	-
XRS 1 Limited	18	18
Oando Energy Resources Inc.	50,997,513	50,997,513
	59,282,627	59,282,627
Allowance for impairment	(7,350,029)	(3,914,078)
	51,932,598	55,368,549

Movement in allowance for impairment of investments for the year is as detailed below:

Investment in subsidiaries (Cost)	Company 2018 N'000	Company 2017 N'000
At start of the year	3,914,078	3,914,078
Impairment on investment (Note 10)	3,435,951	-
At end of year	7,350,029	3,914,078

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27. Cash and cash equivalents (excluding bank overdrafts)

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Cash at bank and in hand	10,694,513	7,895,061	1,415,406	915,653
Short term deposits	220,228	-	220,228	-
	10,914,741	7,895,061	1,635,634	915,653
Restricted cash	6,807,064	12,479,146	-	-
	17,721,805	20,374,207	1,635,634	915,653

The weighted average effective interest rate on short-term bank deposits at the year-end was 4.50% (2017: 6.25%). These deposits have an average maturity of 30 days. Management assessed that fair value of cash and short term deposits approximates their carrying amounts.
Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flow purposes.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities. The year-end cash and cash equivalents comprise the following:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Cash at bank and in hand	10,914,741	7,895,061	1,635,634	915,653
Bank overdrafts (Note 31)	(294,197)	-	(294,197)	-
	10,620,544	7,895,061	1,341,437	915,653

Classification of cash and cash equivalents at amortised cost

The Group holds the cash and cash equivalents with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 5.

28. Discontinued operations and disposal groups held for sale

(a) Subsidiary previously classified as held for sale and presented as discontinued operations in 2016 now disposed in 2017

Sale of Alausa Power Limited

On 28th September 2016, the board of Oando PLC passed a resolution to dispose 100% of the issued shares of Alausa Power Ltd. The sale, which was concluded on 31 March 2017, was made to Elektron Petroleum Energy & Mining Nigeria Limited (the buyer) following a no objection consent obtained from SEC on the same date. Consequently, the Group lost control and derecognized assets & liabilities of the entity.

A gain on disposal of N132 million (Group) and N939 million (Company), have been recognized in these consolidated and separate financial statements.

Sale of OML 125 & 134

In December 2015, the Group signed a Sale and Purchase Agreement (SPA), with Nigerian Agip Exploration Limited (NAE) for the sale of its non-operated interests in OMLs 125 and 134. As a result of this, the associated assets and liabilities were classified as held for sale as at December 31, 2015. Although the Group (through OER) was able to secure lenders consent in 2016, the minister's consent was obtained in 2017 and the sale became effective 30 June 2017. Consequently the Group lost control and derecognized assets & liabilities of the entity in these audited financial statements. As part of the arrangement with NAE, the Group retains its rights to the N22.2billion ($72.7million) underlift receivable from NNPC (See Note 22a). Consequently, the underlift amount is excluded from the disposal group.

A gain on disposal of N4.7 billion ($15 million) was recognized in these consolidated statement of profit or loss.

*The gains on disposal of Alausa and OML 125 & 134 have been presented as part of the profit from discontinued operations in the comparative year in the consolidated statement of profit or loss.

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(b) Effect of disposal and liquidation on the financial position of the Group

	Group 2018 N'000	Group 2017 N'000
Assets:		
Property, plant and equipment	-	49,541,747
Intangible assets	-	1,350,164
Inventories	-	128,810
Trade and other receivables	-	3,483,678
Finance lease receivables	-	4,157,580
Prepayment	-	48,249
Cash and cash equivalents disposed of	-	28,847
Foreign currency translation reserve	-	753,566
Liabilities:		
Total borrowing	-	(1,553,928)
Government grant	-	(449,434)
Current income tax liabilities	-	(78,299)
Deferred income tax liabilities	-	(8,468,886)
Provision for other liabilities & charges	-	(14,874,401)
Trade and other payables	-	(36,759,253)
	-	(2,691,560)
Profit on disposal	-	6,215,406
Effect of disposal and liquidation on the financial position of the Group	-	3,523,846
Satisfied by:		
Consideration received, satisfied in cash (less cost to sell)	-	90,083
Purchase price adjustment	-	913,485
Net intercompany payable net off	-	(410,647)
Deferred consideration	-	2,930,925
	-	3,523,846

Proceeds of cash in statement of cash flows

The Group received N1.092 billion out of the 2017 deferred consideration of N2.93billion.

In 2017, the Group received N900.33 million for the sale of OML 125 and disposed off N28.85 million during the sale of Alausa Power Limited. This resulted to a net cash of N871.99 million as shown in the cash flows statement. The Group also received N2.23 billion contingent consideration from Helios with respect to the sale of the gas & power entities.

(c) Results of discontinued operations

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	Group 2018 N'000	Group 2017 N'000
Revenue	-	140,510
Expenses	-	(52,359)
Profit/(loss) before income tax from discontinued operations	-	88,151
Profit/(loss) after tax from discontinued operations	-	88,151
Gain on sale of discontinued operations	-	6,215,406
	-	6,215,406
Profit after tax for the year from discontinued operations	-	6,303,557

*Income tax expense represents income, education and changes in deferred tax.

Cash flows used in discontinued operations

	Group 2018 N'000	Group 2017 N'000
Net cash used in operating activities	-	(300,527)
Net cash from investing activities	-	197,688
Net cash used in financing activities	-	(74,198)
Net cash flows for the year	-	(177,037)

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(d) Analysis of the result of assets and liabilities from the subsidiary classified as held for sale after re-measurement of assets from the disposal group is as follows:

Sale of OML 90

In August 2018, the Group (through OER) signed a Sale and Purchase Agreement (SPA) with Tate Akepo Oil and Gas Limited (""TATE"") for the sale of its 40% non-operated interests in OML 90 for a cash consideration $5 million. The transaction is expected to be completed in 2019 subject to the receipt of consents from Minister of Petroleum Resources, Lenders under the Corporate Facility, NNPC and Chevron Nigeria Limited.

The asset has been classified as held for sale under IFRS 5.

Assets of disposal group classified as held for sale

	Group 2018 N'000	Group 2017 N'000
Property, plant and equipment	-	-
Total assets	-	-
Liabilities of disposal group classified as held for sale		
Provision for other liabilities & charges	1,162,585	-
Total liabilities	1,162,585	-

29. Share capital & share premium

	Number of shares (thousands)	Ordinary shares N'000	Share premium N'000	Total N'000
At 1 January 2017	12,034,618	6,017,309	174,806,923	180,824,232
Conversion of OODP's debt to equity	396,794	198,397	1,781,604	1,980,001
At 31 December 2017	12,431,412	6,215,706	176,588,527	182,804,233
At 1 January 2018	12,431,412	6,215,706	176,588,527	182,804,233
At 31 December 2018	12,431,412	6,215,706	176,588,527	182,804,233

Authorised share capital

The total authorised number of Ordinary Shares is thirty (30) billion (2017: 15 billion) with a par value of 50 Kobo per share. The increase in the authorised number of Ordinary Shares of fifteen (15) billion in 2018, which was approved by the Corporate Affairs Commission on 12th September 2018, is yet to be issued. All issued shares are fully paid.

Ocean and Oil Development Partners ("OODP") notified the Company of its intention to convert N1.98billion in exchange for 396,793,587 fully paid Ordinary Shares of the Company's common equity. The Company filed the conversion notice with the Securities and Exchange Commission ("SEC") in 2016 and received SEC's approval in 2017. The shares have been allotted to OODP and recognised under equity in these consolidated and separate financial statements.

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30. Other reserves

	Share based payment reserve[1] N'000	Currency translation reserve[2] N'000	Financial assets available for sale reserve[3] N'000	Total N'000
Group				
At 1 January 2017	2,090,499	91,317,238	-	93,407,737
Exchange difference on translation of foreign operations	-	42,848,217	-	42,848,217
Change in ownership interests in subsidiaries that do not result in a loss of control	-	374,151	-	374,151
Exchange differences on net investment in foreign operations	-	(5,118,410)	-	(5,118,410)
Reclassification of share of OVH Energy BV's foreign currency translation reserve	-	(3,291,936)	-	(3,291,936)
Share of associate's foreign currency translation reserve	-	3,237,573	-	3,237,573
Fair value (loss)/gain on financial assets available for sale	-	-	17,690	17,690
At 31 December 2017	2,090,499	129,366,833	17,690	131,475,022

	Share based payment reserve[1] N'000	Currency translation reserve[2] N'000	Financial assets available for sale reserve[3] N'000	Total N'000
At 1 January 2018	2,090,499	129,366,833	17,690	131,475,022
Exchange difference on translation of foreign operations	-	10,430,782	-	10,430,782
Exchange loss on net investment in foreign operations	-	(146,633)	-	(146,633)
Change in ownership interests in subsidiaries that do not result in a loss of control	-	2,852,555	-	2,852,555
Reclassification of share of OWDL's foreign currency translation reserve	-	5,268	-	5,268
Share of associate's foreign currency translation reserve	-	5,631	-	5,631
Reclassification of fair value gain on financial assets available for sale	-	-	(17,690)	(17,690)
At 31 December 2018	2,090,499	142,514,436	-	144,604,935

*In line with IFRS 10, items previously recognised in OCI have been transferred to retained earnings upon disposal of subsidiary.

	Financial assets available for sale reserve[3] N'000	Total N'000
At 1 January 2017	-	-
Fair value (loss)/gain on available for sale financial assets	17,690	17,690
At 31 December 2017	17,690	17,690

	Financial assets available for sale reserve[3] N'000	Total N'000
At 1 January 2018	17,690	17,690
Reclassification of fair value gain on financial assets available for sale	(17,690)	(17,690)
At 31 December 2018	-	-

Share based payment reserve(1)

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Share based payment reserve is not available for distribution to shareholders. As a result of the delisting from the TSX in 2016, all outstanding stock options became fully vested.

Share options issued to employees and officers of OER as compensation for services received had different strike prices and vesting periods. As these options were accounted for as equity settled share based payments, a share based payment reserve had been created in OER's books until the time of vesting per the share option contract held with the employee.

As a result of the delisting from the TSX, all outstanding stock options became fully vested. All option holders with exercise price (converted to US$ at close date) less than the offer price of US$1.20 will get the difference in value between the converted exercise price and the offer price. These category of option holders are deemed to be in-the-money, a total payment of N613 million ($1.7 million) has been made during the year (December 31, 2017 - $0.5 million) and no obligation as at December 31, 2018 (December 31, 2017- $1.7 million) is outstanding as all beneficiaries have been settled.

Currency translation reserve(2)

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations, as well as intercompany balances arising from net investment in foreign operations.

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Available for sale reserve(3)

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (e.g. equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

31. Borrowings

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Borrowings are made up as follows:				
(a) Non-current - Bank loans	76,848,651	99,587,920	69,856,667	87,320,834
(b) Current				
Bank overdraft	294,197	-	294,197	-
Bank loans	133,758,470	137,854,339	39,097,837	17,239,886
	134,052,667	137,854,339	39,392,034	17,239,886
Total borrowings	210,901,318	237,442,259	109,248,701	104,560,720

In 2015, borrowings included secured bank borrowings amounting to N23.4 billion. Oando PLC (the borrower) by a security trust deed (“STD”) dated 9 October 2009 and amendments in 2010 (Supplemental Security Trust Deed), 2011 (Second Supplemental Security Trust Deed), and 2014 (Third Supplemental Security Trust Deed), created Security over its assets in favour of FBN Trustees Limited (Security Trustee and formerly known as First Trustees Nigeria Limited). In 2016, as part of the company’s corporate strategic objective of divestment in the downstream segment, it absorbed the outstanding debts of these subsidiaries into its global debt portfolio and restructured outstanding obligations under the Existing Facilities into a Medium Term Loan (MTL). In furtherance of the above, the then existing MTL and other short term lenders of the disposed subsidiaries agreed to refinance the Existing Facilities up to the sum of N108 billion. The STD creates a first ranking fixed and floating charges over plant, machinery, vehicles, computers, office and other equipment, all book and other debts, accounts receivables, all stock, shares, bonds, notes or loan capital, all copyrights, patents, licenses, trademarks, etc., of the borrower for and on behalf of the Lender.

Medium Term Loan

One of the conditions precedent for the sale of the target companies of the downstream segment (included under Marketing, Refining & Terminals and Supply & Trading) to Helios and Vitol to happen, was for Oando Marketing Limited (OML) formerly "Oando Marketing Plc" to be debt free, and Oando PLC to assume all external non-trading debts (i.e. debts taken by OML on behalf of Oando Plc and transferred to Oando PLC through intercompany account) of OML before the sale completion date. This was achieved through a Deed of assumption of debts, with the backing of the external lenders. A total of N74 billion debt was transferred from OML to Oando PLC. In addition. the external lenders restructured Oando PLC's existing loans of N34 billion and the N74 billion to a new medium-term loan facility of N108 billion with Access bank as the lead arranger. The tenure of the initial loan which ranged from overdraft to term loans was extended to 5 years. Floating interest rates were converted to a fixed rate at 15%.

At the date of restructuring, all USD loans were converted at the prevailing market rate of N290 to USD. The rate, was conditioned on the fact that the banks would be able to source for equivalent dollar amounts in the open market. Where these rates are not obtainable in the market, the banks have a window to transfer any exchange loss to Oando PLC. The restructuring amounted to a significant modification thereby resulting in extinguishment of the previous medium term loan. The extinguishment was accounted for in line with IAS 39.

The various sources of the loan and amounts recognised in OML & Oando PLC at 30 June 2016 are as detailed below and although the MTL had a 3 year moratorium, the loan was preliquidated with N21 billion on 20 December 2016 with income from the sale of our Gas and power business as a result of the mandatory prepayment clause of the MTL agreement.

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Bank	Tenure	Oando PLC (N'bn)	Balance as at 31 December 2017 (N'bn)	Balance as at 31 December 2018 (N'bn)
Access	5 years	28.30	22.82	22.82
Diamond	5 years	0.94	0.75	0.75
Ecobank	5 years	16.57	13.36	13.36
FBN	5 years	1.17	0.94	0.94
Fidelity	5 years	12.23	9.86	9.86
Keystone	5 years	3.71	2.99	2.99
Stanbic	5 years	5.78	4.66	4.66
Union bank	5 years	8.07	6.50	6.5
Zenith	5 years	15.67	12.63	12.63
FCMB	5 years	12.82	10.34	10.34
UBA	5 years	3.07	2.47	2.47
Total		**108.33**	**87.32**	**87.32**

(c) Non-current borrowings are analysed as follows:

Loan type	Purpose	Tenure/Interest rate	Security	Available Facility	Balance 2018 N'000	Balance 2017 N'000
Group						
Medium Term Loan	Restructuring of Short to Long Term Debt	634 days/15%	Mortgage on assets of Oando PLC and some subsidiaries	108,320,834	87,320,834	87,320,834
Term Loan	Medium term borrowing/ Augmentation of Working capital	18 months/ 12.5%+Libor		14,560,000	5,377,456	8,905,263
Term Loan	Finance of aircraft purchase	7 years / 5.23% p.a.	Security Assignment, Share Charge	9,239,166	3,140,939	5,176,515
				132,120,000	95,839,229	101,402,612
Less current portion				-	(18,990,578)	(1,814,692)
Total non-current borrowing (See a above)				132,120,000	76,848,651	99,587,920
Company						
Medium Term Loan	Restructuring of Short to Long Term Debt	634 days/15%	Mortgage on assets of Oando PLC and some subsidiaries	108,320,834	87,320,834	87,320,834
Less current portion				-	(17,464,167)	-
Total non-current borrowing (See a above)				108,320,834	69,856,667	87,320,834

(d) Current borrowings are analysed as follows:

Loan type	Purpose	Tenure/Interest rate	Security	Balance 2018 N'000	Balance 2017 N'000
Group					
Import finance	To purchase petroleum products for resale	30-90days	Sales proceeds of products financed	-	-
Other loans				107,365	1,849,753
Corporate finance facility	Acquisition of the COP assets	6 years/9.5% + Libor p.a	Oando Legacy assets	79,923,356	78,221,878
RBL	Acquisition of COP assets	5 years/8.5% + Libor p.a	COP Assets	13,103,501	38,728,130
Bridge Facility	Working Capital Facility	180 days/15%		7,995,541	7,043,835
Promissory Note	Term loan	1year libor+2%		6,311,010	6,247,380
Term loan	Term loan	-		107,736	107,736
RFF Loan	OWDL rental funding facility	-		7,219,383	3,840,935
Bank overdraft		30-90days	Corporate guarantee/security deed	294,197	-
				115,062,089	136,039,647
Current portion of non-current borrowings				18,990,578	1,814,692
Total current borrowing (See b above)				134,052,667	137,854,339

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Loan type	Purpose	Tenure/Interest rate	Security	Balance 2018 N'000	Balance 2017 N'000
Bridge Facility	Working Capital Facility	180 days/15%		7,995,541	7,043,835
Promissory Note	Term loan	1year libor+2%		6,311,010	6,247,380
Term loan	Term loan			107,736	107,736
RFF Loan	Wings Funding	-		7,219,383	3,840,935
Bank overdraft				294,197	-
				21,927,867	17,239,886
Current portion of non-current borrowings				17,464,167	-
Total current borrowing (See b above)				39,392,034	17,239,886

Weighted average effective interest rates at the year end were:	2018	2017
- Bank overdraft	0.0%	0.0%
- Bank loans	15.0%	15.0%
- Import finance facility	4.0%	3.00%
- Other loans	1 year Libor+2%	1 year Libor+2%

Fair values are based on cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the reporting date. Set out below is a comparison of the carrying amounts and fair values of the Company's borrowings that are carried in the financial statements.

	Carrying amounts		Fair values	
Group	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Bank loans	210,901,318	237,442,259	193,902,455	246,034,268

	Carrying amounts		Fair values	
Company	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Bank loans	109,248,701	104,560,720	99,878,270	101,399,730

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Nigerian Naira	95,718,308	94,472,405	95,648,636	94,472,405
US Dollar	115,075,645	142,969,854	13,600,065	10,088,315
British Pounds	107,365	-	-	-
	210,901,318	237,442,259	109,248,701	104,560,720

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32. Provision and other liabilities

Provisions for liabilities relate to oil and gas assets abandonment restoration obligation and other liabilities as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Oil and gas fields provision	56,717,572	54,880,692	-	-
Other liabilities	237,578	217,350	237,578	217,350
	56,955,150	55,098,042	237,578	217,350

The decommissioning provision represent the present value of decommissioning cost relating to oil & gas assets. These provisions have been created based on internal estimates, and the estimates are reviewed regularly to take account of material changes to the assumptions.

The Group accounted for an increase in the decommissioning obligation as a corresponding increase in the value of the decommissioning asset under property, plant and equipment. IFRIC 1 requires that any increase in the decommissioning costs for assets measured under the revaluation model be recognised as a decrease in the revaluation surplus account. The key assumption upon which the carrying amount of the decommissioning obligation is based is a discount rates ranging from 14.99% to 15.54% (2017: 15.61% to 15.82%) and an inflation rate of 12.4% (2017: 12.7%). These obligations are expected to be settled over the next one to thirty-five years.

Movement during the year in provisions for decommissioning cost is as follows:

	Company 2018 N'000	Company 2017 N'000
At 1 January		
- Opening balance	54,880,692	40,549,807
- (Reduction)/additional provisions on decommissioning in the year*	(6,343,479)	(1,146,956)
- Unwinding of discount**	8,735,739	6,994,106
- Exchange differences	607,206	8,483,735
Transfer to disposal group classified as held for sale (Note 28d)	(1,162,586)	-
Balance at 31 December	56,717,572	54,880,692

*In 2018, N47 million (2017: N91.4 million) of this amount was expensed as this relates to decommissioning cost on OML 90 for which the carrying value of PPE has been fully impaired and deemed irrecoverable.

Other liabilities in 2018 relates to bid deposits received on the sale of Alausa which is yet to be fully refunded to the initial buyer of N217.4million (2017: 217.4 million) and N20.2 million under charge of interest. This was classified as current as the sale was finalised in Q1 2017 (see Note 28c).

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Movement in other liabilities during the year is as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
At 1 January	217,350	525,629	217,350	525,629
Additions	20,228	-	20,228	-
Settlement	-	(308,279)	-	(308,279)
	237,578	217,350	237,578	217,350

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Analysis of total provisions and other liabilities				
Non current	56,717,572	54,880,692	-	-
Current	237,578	217,350	237,578	217,350
Total	56,955,150	55,098,042	237,578	217,350

33. Retirement benefit obligations

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
(a) Statement of financial position obligations for:				
Gratuity	-	-	-	-
(b) Statement of profit or loss charge (Note 11b):				
Gratuity	-	54,065	-	46,524
(c) Other comprehensive income				
Remeasurement losses recognised in the statement of other comprehensive income in the period	-	-	-	-

The gratuity scheme is funded.

The movement in the defined benefit obligation over the year is as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Opening balance: Continuing operations	-	1,161,705	-	782,416
Interest cost	-	65,095	-	57,554
Exchange differences	-	69,391	-	-
Benefits paid	-	(1,285,161)	-	(754,311)
Write back*	-	(11,030)	-	(11,030)
At 31 December	-	-	-	-

Transfers relates to liabilities of employees transferred to other entities within the group.

The amount recognised in the statement of profit or loss are as follows:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Write back*	-	(11,030)	-	(11,030)
Interest cost	-	65,095	-	57,554
	-	54,065	-	46,524

*Write back represents reversal of excess provision on exited staff's liability.

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34. Trade and other payables

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Trade payables - Products	49,256,795	34,470,762	-	-
Trade payables - Other vendors	6,762,660	25,220,712	-	-
Other payables	79,662,942	40,189,452	55,317,205	18,063,702
Statutory payables (WHT, VAT, PAYE etc.)	7,581,678	5,687,037	4,438,745	2,819,371
Accrued expenses	122,153,106	82,367,982	9,741,415	6,419,681
Amount due to related parties	-	-	115,470,535	90,086,514
	265,417,181	187,935,945	184,967,900	117,389,268

The Group's other payables largely relates to royalties payable of N26.49billion(2017:N23.64billion), insurance claim payable of N37.41million(2017:N37.92million), pension payable of N7.23million (2017:N7.18million),interest payable of N5.29billion(2017:5.29billion) and tax payable of N25.85million(2017:25.59million).

The Company's other payables largely relates to insurance claim payable of N37.41million(2017:N37.92million), pension payable of N2.53million (2017:N2.53million),interest payable of N5.29billion(2017:5.29billion)

Trade & other payables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other payables for 2018 and 2017 respectively approximate their fair values.

35. Dividend payable

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Unpaid dividend	1,650,277	1,650,277	1,650,277	1,650,277

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36. Supplementary cash flows information

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	Group 2018 N'000	Group 2017 N'000	Company 2018 N'000	Company 2017 N'000
Profit/(loss) before income tax - continuing operations	11,188,120	20,764,585	(17,695,310)	(30,599,529)
Profit before income tax - discontinued operations	-	6,303,557	-	-
Adjustment for:				
Interest income (Note 12)	(10,265,496)	(9,959,732)	(1,819,411)	(2,926,404)
Interest expenses (Note 12)	33,970,880	35,794,297	17,582,406	19,166,179
Interest income - Discontinued operations	-	(153,630)	-	-
Interest expenses - Discontinued operations	-	23,397	-	-
Depreciation (Note 10)	20,533,171	18,759,712	301,598	152,622
Amortisation of intangible assets (Note 10)	-	186,016	-	19,774
Impairment of intangible assets (Note 16)	5,977,191	162,377	-	162,377
Impairment allowance on non-current receivables (Note 22)	252,805	1,844,201	252,805	-
Impairment allowance on current receivables (Note 24)	(13,405,328)	3,329,163	(10,463,920)	2,533,702
Impairment allowance on current receivables - discontinued operations	-	13,074	-	-
Impairment allowance on finance lease	(2,991)	-	-	
Impairment allowance on investment (Note 26)	-	-	3,435,951	-
Share of loss of associates (Note 18)	372,369	2,129,005	-	-
Loss on deemed disposal (Note 18)	748,544	-	-	-
(Loss)/profit on sale of property, plant and equipment (Note 10)	446,537	(16,039)	15,613	(4,399)
Unwinding of discount on provisions (Note 12a)	8,735,739	7,949,563	-	-
Profit on sale of investments	-	(36,705,184)	-	-
Profit/(loss) on sale of subsidiary (Note 28b)	-	(1,541,313)	-	18,343,699
Profit on sale of OMLs 125&134 (Note 28a)	-	(4,674,093)	-	
Write off of property, plant and equipment (Note 15)	-	223,909	-	-
Net foreign exchange (gain)/loss	843,078	(1,653,862)	23,570	2,102,379
Gratuity provisions	-	54,064	-	(28,105)
Fair value loss on commodity options	(1,099,877)	2,995,655	-	-
Fair value gain on valuation of investment property (note 17)	-	(905,017)	-	(905,017)
Fair value loss on convertible loans (Note 25a, 9)	1,378,754	(180,929)	1,378,754	(180,929)
Fair value gain on available for sale assets (Note 25b)	9,179	-	9,179	-
Write off of receivables	-	2,789,967	-	-
Changes in working capital				
Receivables and prepayments (current)	8,390,446	(2,098,394)	(19,424,339)	(17,199,869)
Non-current receivables and prepayments	3,542,384	308,819	(493,705)	(1,845,539)
Inventories	(25,783,498)	12,492,268	(26,514,991)	-
Payables and accrued expenses	70,093,995	21,828,245	62,837,610	16,611,539
Provision and other liabilities	20,228	-	20,228	-
	115,946,230	80,063,681	9,446,038	5,402,480

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(b) Changes in liabilities arising from financing activities

Group 2018	1-Jan-18 N'000	Cash flows N'000	Foreign exchange movement N'000	Other N'000	31-Dec-18 N'000
Current interest bearing loans and borrowings	137,854,340	(25,138,738)	1,333,434	20,003,631	134,052,667
Non-current interest bearing loans and borrowings	99,587,920	(5,683,766)	120,383	(17,175,886)	76,848,651
Dividends payable	1,650,277	-	-	-	1,650,277
Total liabilities from financing activities	239,092,537	(30,822,504)	1,453,817	2,827,745	212,551,595

Group 2017	1-Jan-17 N'000	Cash flows N'000	Foreign exchange movement N'000	Other N'000	31-Dec-17 N'000
Group					
Current interest bearing loans and borrowings	144,478,109	(31,391,175)	23,919,242	848,164	137,854,340
Non-current interest bearing loans and borrowings	101,639,606	(7,044,285)	2,440,059	2,552,540	99,587,920
Dividends payable	1,650,277	-	-	-	1,650,277
Total liabilities from financing activities	247,767,992	(38,435,460)	26,359,301	3,400,704	239,092,537

Company 2018	1-Jan-18 N'000	Cash flows N'000	Foreign exchange movement N'000	Other N'000	31-Dec-18 N'000
Current interest bearing loans and borrowings	17,239,887	3,612,830	123,445	18,415,872	39,392,034
Non-current interest bearing loans and borrowings	87,320,834	-	-	(17,464,167)	69,856,667
Dividends payable	1,650,277	-	-	-	1,650,277
Total liabilities from financing activities	106,210,998	3,612,830	123,445	951,705	110,898,978

Company 2017	1-Jan-17 N'000	Cash flows N'000	Foreign exchange movement N'000	Other N'000	31-Dec-17 N'000
Current interest bearing loans and borrowings	22,556,068	(5,250,742)	2,019,133	(2,084,572)	17,239,887
Non-current interest bearing loans and borrowings	87,320,834	-	-	-	87,320,834
Dividends payable	1,650,277	-	-	-	1,650,277
Total liabilities from financing activities	111,527,179	(5,250,742)	2,019,133	(2,084,572)	106,210,998

The ‘Other’ column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, amortization of transaction costs and conversion of OODP's loan to equity (note 7c).

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37. Related party transactions

Ocean and Oil Development Partners Limited (OODP) has the shareholding of 57.37% at 31 December 2018. The remaining 42.63% shares are widely held. OODP is ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Group Chief Executive of the Company.

The following transactions existed between Oando PLC (the "Company") and related parties during the year under review:

(i) Shareholder Agreements dated July 24, 2012 between Oando PLC and Oando Netherlands Holding 2 BV (Holdco 2) in respect of Oando Akepo Limited (Oando Akepo); Oando PLC and Oando Netherlands Holding 3 BV (Holdco 3) in respect of Oando Petroleum Development Company Limited ("OPDC2") (which owns 95% of the shares of OPDC); Oando PLC and Oando OML 125 & 134 BVI in respect of Oando OML 125&134. Shareholder agreements dated April 30, 2013 between Oando PLC and Oando Netherlands Holding 4 BV (Holdco 4) and Oando Netherlands Holding 5 BV (Holdco 5) in respect of Oando Qua Ibo Limited (OQIL) and Oando Reservoir and Production Services Limited (ORPSL), respectively. Shareholder agreements dated July 31, 2014 between Oando PLC and Oando OPL 214 Holding BV (Holdco 214), Oando OML 131 Holding BV (Holdco 131), Phillips Deepwater Exploration Nigeria Limited (PDENL – name subsequently changed to Oando Deepwater Exploration Limited), and Conoco Exploration and Production Nigeria Limited (CEPNL – name subsequently changed to Oando 131 Limited), respectively Oando PLC owns Class A shares and each of Holdco 2, Holdco 3, Oando OML 125&134 BVI, Holdco 4, Holdco 5, Holdco 214, and Holdco 131 (together the "Holdco Associates") owns Class B shares, in each of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL (the "Operating Associates"), respectively. Ownership of the Class A shares by Oando PLC provides it with 60% voting rights but no rights to receive dividends or distributions from the applicable Operating Associate, except on liquidation or winding up. Ownership of the Class B shares entitles the Holdco Associates (each an indirectly wholly-owned subsidiary of OER) to 40% voting rights and 100% dividends and distributions, except on liquidation or winding up.

Pursuant to each of these agreements, Oando PLC, on the one hand, and the respective Holdco Associates, on the other hand, agreed to exercise their respective ownership rights in accordance with the manner set forth in the shareholder agreements. Pursuant to the shareholder agreements, each of Oando PLC and the respective Holdco Associate is entitled to appoint two directors to the board of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL respectively, with the Holdco Associate being entitled to appoint the Chairman, who has a casting vote. In addition, the applicable Holdco Associate has the power to compel Oando PLC to sell its Class A shares for nominal consideration. The shareholder agreements in respect of most of the Operating Associates are filed on www.sedar.com under "Oando Energy Resources Inc.". No amounts have been paid or are due to be paid by either party to the other under the shareholder agreements.

(ii) Right of First Offer Agreement ("ROFO Agreement") dated September 27, 2011, as amended, between Oando PLC and OER Pursuant to the ROFO Agreement, OER has the right to make an offer to Oando PLC in respect of certain assets owned by Oando PLC in accordance with the terms of the ROFO Agreement. No amounts have been paid or are due to be paid under the ROFO Agreement. On September 27, 2013, the ROFO agreement between OER and Oando PLC was amended. The amendment terminates the ROFO agreement on the first date on which Oando PLC no longer holds, directly or indirectly, at least 20% of the issued and outstanding common shares of OER. Prior to the amendment, the right of first offer in the ROFO would have been terminated on September 27, 2013. OER has no amounts due to Oando PLC under this agreement (2017 - Nil).

(iii) Referral and Non-Competition Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC is prohibited from competing with OER except in respect of the assets referred to in the ROFO Agreement until the later of July 25, 2014 and such time as Oando PLC owns less than 20% of the shares of OER. Oando PLC is also required to refer all upstream oil and gas opportunities to OER pursuant to this agreement. In addition, in the event that Oando PLC acquired any upstream assets between September 27, 2011 and July 24, 2012, Oando PLC is required to offer to sell these assets to OER at a purchase price consisting of the amount paid by Oando PLC for the assets, together with all expenses incurred by Oando PLC to the date of the acquisition by OER, plus an administrative fee of 1.75%. OER has no amounts due to Oando PLC under this agreement during the year under review (2017 – Nil).

(iv) Cooperation and Services Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC agreed, until the later of July 24, 2017 and such time as Oando PLC owns less than 20% of the shares of OER, to provide certain services to OER, including in respect of legal services in Nigeria, corporate secretariat and compliance services in Nigeria, corporate finance, procurement, corporate communications, internal audit and control, information technology, human capital management, environment, health, safety, security and quality and administrative services. These services are to be provided to OER on the basis of the cost to Oando PLC plus a margin of 10%. The independent directors of OER are entitled to approve all such cost allocations. At any time, OER may elect to terminate any of the services under the agreement provided such notice is effective only on December 31 or June 30 of any year and such notice has been given at least 60 days in advance. Once terminated, Oando PLC shall have no further obligation to make available the services as have been so terminated and equitable adjustments shall be made as to the cost for the remaining services, if any, that are continued to be supplied by Oando PLC to OER under the agreement. During the period, OER incurred $28.8 million under this agreement (2017 - $29.5 million). The receivables and payables in the books of Oando PLC and OER respectively have been eliminated on consolidation.

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(v) Transitional Services Agreement dated July 24, 2012 between OER, Oando Servco Nigeria (a subsidiary of OER) and OEPL (a subsidiary of Oando PLC). Pursuant to this Agreement, OER and Oando Servco Nigeria (""Servco"") agreed that Servco would provide services to OEPL until January 24, 2014 for no more than 10% of the employees' normal working hours per month. OEPL is required to pay Servco's costs of providing such services. OER through Servco has N6.4 billion ($17.7 million) due from OEPL (2017: N6.4 billion/$17.7 million), under this Agreement in respect of services provided. During 2018, OER impaired part of the receivable by N1.8 billion ($5.1 million). The impairment amount was reversed on consolidation. In addition, the receivables and payables in the books of OEPL and OER respectively have been eliminated on consolidation.

(vi) Pursuant to the completion of the Oando reorganization in July 2012, the cumulative amount advanced by Oando PLC to Equator Exploration Limited, subsidiary of OER ("EEL") of N1.1billion (US$7.2 million) as of 21 December 2012 was classified as loan payable in EEL's books and loan receivable in Oando PLC's books. The carrying amount of the loan using effective interest method was N1.3billion at 31 December 2012. The amount increased to N2.4 billion at 31 December 2015 (2014: N2.0 billion) due to accrued interest. During 2016, the Company impaired the receivable and accrued interest of N2.7 billion. In 2018, the Company accrued an interest of N429 million (2017: N368 million) which was also impaired. The impairment was reversed on consolidation. In addition, the receivables and payables in the books of the Company and EEL respectively have been eliminated on consolidation.

(vii) The Company signed an amendment to the operating lease agreement with a subsidiary, XRSII Ltd in 2015. The Company, the lessee in the agreement, agreed to lease the Bombardier XRS aircraft owned by XRSII Ltd, the lessor, for a period of earlier of eighty four months from the execution date and date of termination of the agreement. XRS II Ltd recognized income of N3.9 billion which arose from the agreement in 2018 (2017: N3.8 billion). In addition, the outstanding loan amount from XRSII to the Company was N3.3 billion (2017: N3.2 billion). The income and loan have been eliminated on consolidation.

(viii)Debt Assumption deed dated November 1, 2016 between Oando PLC (the Borrower) and Oando Wings Development Limited (the Lessor), Oando PLC has leased certain premises from Oando Wings Development Limited under the terms of a lease agreement dated 20 August 2012, as amended. In order to meet rental payment obligations to the landlord, Oando PLC entered into a Rental Funding Facilities Agreement (comprising of US$10.725 Facility A and US$9.775 Facilities B) with RMB Westport Wings Limited and SB Wings Development Limited (the "Lenders"). Oando PLC had drawn down N7.2billion (US$19.8 million) under the Rental Funding Facilities Agreement as of the reporting date.

(ix) Service agreement dated 1st January 2017 between Oando PLC and Oando Gas & Power Limited "OGP". Pursuant to this agreement, the parties agreed that Oando PLC would provide certain agreed services to OGP for a duration of three years to expire on the 31st December 2019. Oando PLC is to provide these services to OGP under this agreement at the agreed rates. During the year, the Company charged a total of N128.1 million under this agreement to OGP (2017 – N91.6 million). In addition, the receivables outstanding under this agreement are N1.36 billion as at 31st December 2018 (2017 – N3.1 billion).

(x) Oando PLC and OVH Energy Marketing Limited entered into an IT Transitional Services Agreement dated 30th June 2016, amended on 1st January 2018. Oando PLC under this agreement would provide certain services at an agreed rate until termination on 31st December 2018. During the year, the Company charged N470.8 million (2017 – N489.52 million) under this agreement.

(xi) Pursuant to the deed of transfer of intercompany receivables between Oando Energy Resources Inc. (Transferor), Oando Trading DMCC (Debtor) and Oando PLC (Transferee), the Transferor's existing intercompany non-trade receivables of $4 million due from the Debtor was transferred to the Transferee for a consideration of $ 4 million in 2018. The receivables and payables in the books of Transferor and Transferee have been eliminated on consolidation.

(xii) Oando PLC "the Company" entered into a Master Sales and Purchase Agreement "MSPA" with Oando Trading DMCC "OTD" dated 8th November 2018. The Company and CEPSA were jointly awarded a contract dated 1st May 2017 by the Nigerian National Petroleum Corporation "NNPC" for the Direct Sale and Direct Purchase of petroleum products for 2017/2018, the "DSDP contract" where the Company and CEPSA would lift crude from NNPC in exchange for the equivalent value of refined petroleum products. The Company and CEPSA also entered into a Joint Operating Agreement "JOA" to perform their obligations under the DSDP contract. Pursuant to the MSPA, OTD shall buy crude oil allocated to the Company under the JOA and shall source for, purchase and supply the equivalent value of petroleum products to the Company for sufficient consideration. During the year, the Company sold crude oil of $923.38 million to OTD and purchased refined petroleum products of N379.24 million. These intragroup sales, purchases and unrealized profit in inventory have been eliminated on consolidation.

(xiii)Consultancy agreement dated 1st January 2018 between Oando PLC and OTD. Pursuant to this agreement, OTD shall provide services to Oando PLC in support of the DSDP and JOA for a consideration of $0.5 million. During the year, the Company had incurred $0.5 million under this agreement and has also eliminated this transaction on consolidation.

(xiv)The Company and OER donated cash of N153.99 million (2017:N125.71 million) and N47.51 million (2017:N9.85 million) to Oando Foundation (a member of the Group) respectively. The expense and income in the books of Oando PLC and OER on one hand and Oando Foundation on the other hand have been eliminated on consolidation.

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Other related party transactions include:

i. Broll Properties Services Limited provided facilities management services consisting of structural, electrical and equipment maintenance and consumables for which the Group reimbursed the company N92.8million. In addition, the Group paid N9million fees for the services rendered (2017: reimbursable – N102.2 million, fees – N9.5million). The GCE has control over one of the joint interest owners of the company.

ii. Noxie Limited supplied office equipment worth N122.2 million (2017: N201.6 million) to Oando PLC. A close family member of the GCE has control over Noxie Limited.

iii. Olajide Oyewole & co. rendered professional services worth N1.6million (2017: N7.7 million) to Oando PLC. A close family member of the GCE has significant influence over the firm.

iv. SCIB Nigeria and Co. Ltd. ("SCIB") provided insurance brokerage services worth N320.7 million (2017: N122 million) to various members of the Group. A beneficial owner of SCIB is related to the GCE.

v. Triton Aviation Limited provided management services consisting of consumables, jet fuel, handling charges, third party charters, aircraft maintenance and crew maintenance to XRS II, an indirect subsidiary of the Company and was paid fees of N101.7million and reimbursement of N290.5million (2017: fees – N93.7million, reimbursement - N430.9million) for the provision of the services. Triton Aviation Limited is owned by the GCE.

vi. Templars and Associates provided legal services worth N154.9million in connection with Oando E&P Holdings Limited's reverse takeover transaction and application for consent from the Minster of Petroleum Resources in connection with the acquisition of interest in OML 13 (Qua Ibo Marginal Field). In 2017, Templars and Associates provided legal services worth N1.2billion in connection with upstream merger, acquisition and disposal of oil mining license and the recovery of the overpayment of N6.5billion (USD24.75million) consent fees levied on the acquisition of upstream assets.
The managing partner of Templars and Associates is a non-executive director in Oando PLC.

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Key management personnel

Key management includes members of the Group Leadership Council. The compensation paid or payable to key management for employee services is shown below:

	2018 N'000	2017 N'000
Salaries and other short-term employee benefits	1,838,638	2,199,363
Post employment benefits	-	511,172
	1,838,638	2,710,535

Year-end balances arising from transactions with related parties

The following receivables or payables at December 31, 2018 arose from transactions with related parties:

Company	2018 N'000	2017 N'000
Receivables from related parties:		
Churchill C-300 Finance Ltd	962,770	531,044
Oando Netherlands Holdings 3 Cooperatief U.A	1,880,976	1,880,976
Oando Trading DMCC	16,927,024	820,834
XRS II	2,898,876	2,658,079
Oando E&P Holdings Limited	2,840,439	2,744,042
Oando Equator Holdings	2,825,609	2,825,608
Equator Exploration ltd (BVI)	5,766,091	5,281,031
Calabar Power Ltd	8,839,801	2,219,627
Oando Exploration & Production Limited	33,711,603	33,711,604
Oando Resources Ltd.	99,357,753	98,801,398
	176,010,942	151,474,243

Company	2018 N'000	2017 N'000
Payables to related parties:		
XRS I	36	36
Oando Servco Nigeria	-	2,500
Oando Refinery & Terminals	2,500	2,500
Oando Petroleum Development Company Limited	-	2,500
OES Passion	3,579	3,543
Oando Liberia	18,200	18,017
OES Professionalism	23,773	23,533
Oando Trading Bermuda	37,130,111	36,755,749
OER Servco Nigeria Ltd	78,292,336	53,278,136
	115,470,535	90,086,514

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38. Commitments

The Group had outstanding capital expenditure contracted but not provided for under property, plant and equipment of N79.6billion (2017: Nil) at December 31, 2018.

39. Events after the reporting period

On March 20, 2019, OER received consent from the President and Honorable Minister of Petroleum Resources for the assignment of 40% equity participating interest in the Qua Ibo Marginal field located in OML 13 from Network Exploration and Production Nigeria Limited to Oando Qua Ibo Limited. This was granted subject to payment of a premium of $0.4 million which was paid in full by OER on March 22, 2019.

40. Contingent liabilities

(i) Guarantees to third parties

(a) Guarantees, performance bonds, and advance payment guarantees issued in favour of members of the Group by commercial banks and third parties amounted to N185.5 billion (2017: N299.1 billion).

(b) Pursuant of the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender""/"SS") and Oando Plc (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US$32m (WAIL: US$27m, SS: US$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando Plc to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to the Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS.

On September 29, 2017, WAIL, the borrower and the Guarantor signed Amended and Restated Loan Agreement. The Agreement extends repayment of the outstanding loan amount (principal and accrued interest) by the borrower to the Lender to March 31, 2018. These were later amended by both parties extending the maturity date July 31, 2019 respectively. Thus, a contingent liability existed for the Company at the reporting date. Management performed fair valuation of the financial guarantee and the valuation of the OEPH shares receivable from the Borrower and determined that no provision is required as the value of the shares exceed the loan guarantee amount.

(c) Outstanding Letters of credit in respect of the direct-sale-direct-purchase agreement (DSDP) and crude offtakes amounted to N77.2 billion ($212 million) (2017: N23.8billion; $66 million) at the reporting date.

(ii) Pending litigation

There are a number of legal suits outstanding against the Company for stated amounts of NGN1.061 trillion (2017: N444.9 billion). Of the total legal suits outstanding, NGN1.060 trillion (2017: N437.6 billion) was filed against OER's portion of NAOC JV (OML 60-63). On the advice of Counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in the financial statements.

(iii) Bilabri Oil Field (OML 122)

In 2007, OER transferred, under the Bilabri Settlement Agreement, the full responsibility for completing the development of the Bilabri oil field in OML 122 to Peak Petroleum Industries (Nigeria) Limited ("Peak"). Peak specifically assumed responsibility for the project's future funding and historical unpaid liabilities. In the event that Peak fails to meet its obligations to the projects creditors, it remains possible that OER may be called upon to meet the debts. Therefore, a contingent liability of $21.7 million exists at December 31, 2018 (2017 – $21.7 million).

On May 26, 2015, Peak and OER (through Equator Exploration (OML 122) Limited) signed a Settlement Agreement which set out the terms under which Peak would pay OER the sum of $52.2 million ("Settlement Amount") as full and final settlement of its indebtedness to OER, three months from the date of the Settlement Agreement. Peak requested for an extension of time to pay the Settlement Amount which was granted by OER. Despite the extension, as at December 31, 2018, Peak has still failed to pay the Settlement Amount. OER has deemed this to be a contingent asset until such time as when the inflow of economic benefit from Peak becomes virtually certain.

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(iv) OPL 321 and OPL 323

(a) In January 2009, the Nigerian government voided the allocation of OPL 323 and OPL 321 to the operator, Korea National Oil Corporation (KNOC) and allocated the blocks to the winning group of the 2005 licensing round comprising ONGC Videsh, Equator and Owel. KNOC brought a lawsuit against the government and a judgement was given in their favor. The government and Owel appealed the judgement. The Court of Appeal ruled against KNOC on the grounds that it instituted its original action wrongly. KNOC filed an appeal to the Supreme Court in June 2012. In February 2017, the Supreme Court affirmed the decision of the Court of Appeal. In 2009, the government refunded the signature bonus paid by Equator. The Company Equator, has not recognized a liability to the government for the blocks subsequent to the refund of the signature bonus. Following the decision of the Supreme Court, Equator has declared its intention to continue to invest in the blocks.

(b) Equator originally bid as member of a consortium for OPL 321 and 323. It was granted a 30% interest in the Production Sharing Contracts "PSCs" but two of its bidding partners were not included as direct participants in the PSCs, as a result, Equator granted those bidding partners 3% and 1% carried economic interests respectively in recognition of their contribution to the consortium. During 2007, it was agreed with the bidding partners that they would surrender their carried interests in return for warrants in Equator and payments of $4 million and $1 million. The warrants were issued immediately but it was agreed that the cash payments would be deferred. The warrants have expired. In the first instance, payment would be made within 5 days after the closing of a farm out of a 20% interest in OPL 323 to a subsidiary of BG Corporation PLC (BG). However, BG terminated the farm out agreement. Under the successor obligation, Equator issued loan notes with an aggregate value of $5 million which are redeemable out of the first $5 million of proceeds received on the occurrence of any one of the following events related to OPL 321 or OPL 323:

- A farm out with another party;
- A sale or partial sale of the interests; and
- A sale or partial sale of subsidiaries holding the relevant PSCs

During 2010, one bidding partner successfully sued Equator in an arbitration tribunal for $1 million. This has been paid in full. On the advice of legal counsel, Equator maintains that the remaining $4 million owed is not yet due and that any second arbitration hearing can be successfully defended. If none of the above events occur, it is assumed that Equator will not need to settle the $4 million loan note and can defer payment indefinitely. The above contingencies are based on the best judgements of the Board and management.

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41. Subsidiaries' information

(a) Below is a summary of the principal subsidiaries of the Group

Entity name Operational subsidiaries	Country of incorporation	Investment Currency All figures in thousands	Nature of business	Issued share capital	Percentage interest held 2018	Percentage interest held 2017
Direct Shareholding						
Oando Logistics and Services Limited	United Kingdom	GBP	Logistics and services	1	100%	100%
Oando Resources Limited	Nigeria	Naira	Exploration and Production	2,500,000	100%	100%
Oando Terminals and Logistics	Nigeria	Naira	Storage and haulage of petroleum products	2,500,000	100%	100%
Oando Trading DMCC	Dubai	Dirhams	Supply of crude oil and refined petroleum products	50,000	100%	100%
XRS 1	Cayman Island	USD	Investment company	50,000	100%	100%
Oando Trading Limited	Bermuda	USD	Supply of crude oil and refined petroleum products	3,500,000	100%	100%
Oando Equator Holdings Limited	Bermuda	USD	Financial holding company	12,000	100%	100%
Calabar Power Limited	Nigeria	Naira	Financial holding company	2,500,000	100%	100%
Oando Exploration and Production Limited	Nigeria	Naira	Exploration and Production	12,500,000	100%	100%
Oando Netherlands Holdings 2 Cooperative U.A	Netherlands	Euro	Financial holding company	-	100%	100%
Oando Netherlands Holdings 3 Cooperative U.A	Netherlands	Euro	Financial holding company	-	100%	100%
Oando E&P Holdings Limited	Canada	CDN$	Financial holding company	792,228,566	12.03%	12.03%

Entity name	Country of incorporation	Investment Currency All figures in thousands	Nature of business	Issued share capital	Percentage interest held 2018	Percentage interest held 2017
Indirect Shareholding						
Ebony Oil and Gas South Africa Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	120	100%	100%
Royal Ebony Terminal Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	980	49%	49%
Ebony Trading Rwanda Limited	Rwanda	Rwandan Francs	Storage, Trading and Distribution of Petroleum and Gas Products	100,000,000	100%	100%
Petrad Mozambique Limitada	Mozambique	MZM	Storage, Trading and Distribution of Petroleum and Gas Products	200,000	100%	100%
XRS 11	Cayman Island	USD	Aviation	50,000	100%	100%
Churchill Finance C300-0462 Limited	Bermuda	USD	Aviation	1	100%	100%
Oando Energy Resources Inc. (Subsidiary of Oando E&P Holdings Limited)	Canada	CDN$	Exploration and Production	796,049,213	79.27%	78.18%
Ebony Energy Limited	Uganda	UGND	Storage, Trading and Distribution of Petroleum and Gas Products	1,000,000	100%	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

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(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as at 31 December 2018.

	Oando Energy Resources	
	2018	2017
	N'000	N'000
Summarised statement of profit or loss		
Revenue	147,344,583	103,549,482
Profit before income tax	3,418,816	33,372,039
Taxation	18,610,090	(6,653,964)
Profit after taxation	22,028,906	26,718,075
Total comprehensive income	22,028,906	26,718,075
Non-controlling interest proportion	20.7%	21.8%
Profit or loss allocated to non-controlling interests	4,364,802	5,831,032
Dividends paid to non-controlling interests	-	-
Summarised statement of financial position		
Current:		
Asset	29,387,681	58,120,087
Liabilities	(297,249,918)	(276,334,547)
Total current net assets	(267,862,237)	(218,214,460)
Non-Current:		
Asset	880,310,617	861,004,147
Liabilities	(234,383,090)	(237,906,670)
Total non-current net assets	645,927,527	623,097,477
Net assets	378,065,290	404,883,017
Accumulated non-controlling interest	76,018,202	88,478,648

	Oando Energy Resources	
	2018	2017
	N'000	N'000
Summarised cash flows		
Cash generated from operations	105,557,147	82,857,302
Interest paid	(16,201,102)	(9,393,215)
Income tax paid	(29,095,845)	(8,924,300)
Net cash generated from operating activities	60,260,200	64,539,787
Net cash used in investing activities	(30,880,304)	(32,075,856)
Net cash used in financing activities	(34,183,604)	(27,608,124)
Net (decrease)/increase in cash and cash equivalents	(4,803,708)	4,855,807
Cash, cash equivalents and bank overdrafts at beginning of year	6,172,813	1,114,775
Exchange gains/(losses) on cash and cash equivalents	74,276	202,231
Cash and cash equivalents at end of year	1,443,381	6,172,813

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(c) Change in ownership interests in subsidiaries that do not result in a loss of control

On May 31, 2016, Ocean and Oil Development Partners Limited (OODP) exercised the option to convert the amount outstanding on their dollar denominated convertible notes of $154,096,406.44 to 128,413,672 Ordinary Shares of Oando PLC's holding in OER under and pursuant to the terms of the Convertible Note Purchase Agreement dated 23 July 2014. Also, following the delisting of OER from TSX in May 2016, the institutional investors were bought over by Oando E&P and certain performance share units ("PSU") and stock options given to certain employees in May 2015 were accelerated and made to vest at transaction date. Consequently, the indirect percentage ownership in OER reduced from 93.73% (NCI: 6.27%) to 77.735 (NCI: 22.26%). The loss on deemed disposal has been recognised directly in equity.

Pursuant of the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender""/"SS") and Oando Plc (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US$32m (WAIL: US$27m, SS: US$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.
The financial guarantee required Oando Plc to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS.

Consequently, the indirect percentage ownership in OER increased from 77.735 (NCI: 22.26%) to 78.176 (NCI: 21.82%) in 2017.

On May 19, 2018, Oando Plc (through its subsidiary Calabar Power Limited) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2017: 78.18%) shares in OEPH.

The loss on deemed disposal has been recognised directly in equity.

Impact of change in ownership interests in subsidiaries that do not result in a loss of control is as analysed below:

	Group 2018 N'000	Group 2017 N'000
Consideration (paid to)/received from non-controlling interest	(3,728,691)	(1,883,416)
Decrease/(increase) in non-controlling interest	4,536,210	1,507,292
Group's loss on deemed disposal	807,519	(376,124)

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42. Financial instruments by category

(a) Financial instruments by category

GROUP	Financial assets at fair value through profit and loss N'000	Financial assets at amortised cost N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
2018				
Assets per statement of financial position:				
Financial assets at fair value through profit or loss (FVPL)	11,159,560	-	-	11,159,560
Non-current receivable	-	13,079,187	-	13,079,187
Trade and other receivables **	-	80,872,786	-	80,872,786
Derivative financial assets	1,853,245	-	-	1,853,245
Restricted cash	-	6,807,064	-	
Cash and cash equivalents	-	10,914,741	-	10,914,741
	13,012,805	111,673,778	-	117,879,519

** Excluding non-financial assets.

Group	Financial liabilities at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
Liabilities per statement of financial position:			
Borrowings	-	210,901,318	210,901,318
Trade and other payables	-	265,417,181	265,417,181
	-	476,318,499	476,318,499

Group	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2017				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	61,856	61,856
Non-current receivable	-	23,202,580	-	23,202,580
Trade and other receivables**	-	89,909,675	-	89,909,675
Commodity option contracts	18,572	-	-	18,572
Cash and cash equivalents	-	20,374,207	-	20,374,207
	18,572	133,486,462	61,856	133,566,890

** Excluding non-financial assets.

Group	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2017			
Liabilities per statement of financial position:			
Borrowings	-	237,442,259	237,442,259
Trade and other payables	-	187,935,945	187,935,945
	-	425,378,204	425,378,204

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Company	Financial assets at fair value through profit and loss N'000	Financial assets at amortised cost N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
2018				
Assets per statement of financial position				
Financial assets at fair value through profit or loss (FVPL)	11,157,057	-	-	11,157,057
Non-current receivable (excluding operating lease)	-	2,977,040	-	2,977,040
Trade and other receivables**	-	132,352,532	-	132,352,532
Cash and cash equivalents	-	1,635,634	-	1,635,634
	11,157,057	136,965,206	-	148,122,263

** Excluding non-financial assets.

Company	Financial liabilities at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
2018			
Liabilities per statement of financial position:			
Borrowings	-	109,248,701	109,248,701
Trade and other payables	-	184,967,900	184,967,900
	-	294,216,601	294,216,601

Company	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2017				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	59,895	59,895
Non-current receivable	-	9,365,366	-	9,365,366
Trade and other receivables **	-	138,771,677	-	138,771,677
Cash and cash equivalents	-	915,653	-	915,653
	-	149,052,696	59,895	149,112,591

** Excluding non-financial assets.

Company	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2017			
Liabilities per statement of financial position:			
Borrowings	-	104,560,720	104,560,720
Trade and other payables	-	117,389,268	117,389,268
	-	221,949,988	221,949,988

(b) Financial Instruments: Carrying values and fair values

	Carrying amounts		Fair values	
Group	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Non-current receivables	13,079,187	23,202,580	15,653,269	18,210,239
Finance lease receivables	73,612,863	72,539,702	66,491,653	63,981,672
Derivative financial assets	1,853,245	18,572	1,853,245	18,572
Financial assets available for sale measured at the fair value	53,219	61,856	53,219	61,856
Borrowings	210,901,318	237,442,259	193,902,455	246,034,268

	Carrying amounts		Fair values	
Company	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Non-current receivables	2,977,040	9,365,366	2,977,040	8,026,358
Financial assets available for sale measured at the fair value	50,716	59,895	50,716	59,895
Borrowings	109,248,701	104,560,720	99,878,270	101,399,730

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43. Upstream activities

(a) Details of upstream assets

	Mineral rights acquisition N'000	Land and building N'000	Expl. costs and producing wells N'000	Production Well N'000	Oil and gas properties under development N'000	Other fixed assets N'000	Total N'000
Opening NBV 1 January 2017							
Opening net book amount	6,640,037	55,510	17,862,473	247,604,485	8,493,110	876,946	281,532,561
Decommissioning costs	-	-	-	-	(1,055,562)	-	(1,055,562)
Additions	-	-	1,144,815	16,971,774	132,164	15,336	18,264,089
Transfer to FFE	-	-	-	-	-	(221,582)	(221,582)
Depreciation charge	(26,372)	-	(121,711)	(13,814,925)	(3,135,350)	(47,077)	(17,145,435)
Exchange difference	1,200,316	10,070	3,220,806	42,690,624	1,035,247	151,497	48,308,560
Year ended 31 December 2017	**7,813,981**	**65,580**	**22,106,383**	**293,451,958**	**5,469,609**	**775,120**	**329,682,631**
Opening NBV 1 January 2018							
Opening net book amount	7,813,981	65,580	22,106,383	293,451,958	5,469,609	775,120	329,682,631
Decommissioning costs	-	-	-	-	-	(6,296,520)	(6,296,520)
Additions	-	-	-	19,032,487	18,043,886	22,290	37,098,663
Transfer	-	-	-	(26,201,501)	26,201,501	-	-
Depreciation charge	(18,953)	-	(64,205)	(17,217,824)	(2,317,031)	(58,760)	(19,676,773)
Exchange difference	79,482	668	224,801	2,893,754	42,913	7,569	3,249,187
Year ended 31 December 2018	**7,874,510**	**66,248**	**22,266,979**	**271,958,874**	**47,440,878**	**(5,550,301)**	**344,057,188**

(b) Joint arrangements

The Group participates in various upstream exploration and production (E&P) activities through joint operations with other participants in the industry. Details of concessions are as follows:

Subsidiary	License	Operator	Working/ Participating interest	Location	License type	Expiration date	Status
Oando Production and Development Company Limited	OML 56	Energia	45% participatory interest	Onshore	JV	January 31, 2023	Producing
Oando Akepo Limited	OML 90	Sogenal	30% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Exile Resources Nigeria Limited	OML 90	Sogenal	10% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Oando Qua Ibo Limited	OML 13	Network Exploration and Production Company Limted	40% working interest	Onshore	JV	March13, 2025	Producing
Oando Oil Limited	OML 60, 61, 62 and 63	Nigeria Agip Oil Company Limited	20% working interest	Onshore	JV	July 22, 2027	Producing
Oando Deepwater Exploration Nigeria Limited	OML 145	ExxonMobil	21.05% working interest	Offshore	PSC	June 12, 2034	Non- Producing
Oando 131 Limited	OML 131	Oando 131 Limited	95% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Medal Oil Company Limited	OML 131	Oando 131 Limited	5% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Equator Exploration Nigeria 323 Limited	OPL 323	KNOC	30% participatory interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration Nigeria 321 Limited	OPL 321	KNOC	30% participatory interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration (OML 122) Limited	OML 122	PEAK	Carried interest of 5% in the Bilabri oil project and a paying interest of 12.5% in any gas development	Offshore	PSC	Sept. 13, 2021	Non- Producing
Equator Exploration STP Block 5 Limited	Block 5	Kosmos Energy	20% participating interest	Offshore	PSC	May 13, 2043	Non- producing
Equator Exploration STP Block 12 Limited	Block 12	Kosmos Energy	22.5% participating interest	Offshore	PSC	Feb. 22, 2044	Non- producing

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44. Going concern

The Company recorded total comprehensive losses for the year of N18.3 billion (2017: comprehensive losses N30.6 billion) and as at that date, its current liabilities exceeded current assets by N63 billion (2017: net current assets of N6.8 billion). The Company also reported net liabilities of N60.9 billion (2017: net liabilities – N10.5 billion). As at year-end, the Group recorded net current liabilities of N318.5 billion (2017: net current liabilities of N293.1 billion).

Management has developed key strategic initiatives which aim to return the Company (and Group) to profitability, improve working capital and cash flows. The key initiatives include:

- Restructure the Corporate Loan Facility at Oando Energy Resources to ensure the loans:
  (a) are default free and fully compliant with credit agreements,
  (b) achieve a tenor extension of up to two years, and
  (c) reduce debt service requirements in the near term.

  The net effect of the initiative will be to reclassify up to N38.4 billion of current liabilities into long-term liabilities thus creating a substantial remedy to the negative working capital position. Implementation of this initiative started in 2018 and will be completed between April 2019 and June 2019.

- Refinance an approximate N5.4 billion credit facility provided by one of the bilateral lenders.
- Sale of the Company's shares in Oando Energy Resources to raise up to N84 billion in 2020 in order to prepay debt across the Group
- Sale of the Company's 25% stake in Glover BV to raise up to $41 million over the next 12 months. The Company has entered into a Sale and Purchase Agreement with the buyer and proceeds will be applied towards repayment of debts across the Group.
- Converting up to N27.5 billion of the Group's current Debt into equity. the Company has begun the conversion process by engaging with the Security and Exchanges Commission.
- Recapitalization by raising up to $200 million through a rights issue by October 2019.

The initiatives discussed above are expected to improve the profitability of the Group through interest savings arising from repayment of borrowings.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

45. Transition disclosures

This note explains the impact of the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers on the Group's financial statements.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations. IFRS 15 applies, with limited exceptions, to all revenue arising from contracts with customers. It establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It further requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules using the modified retrospective approach and has not restated comparatives for the 2017 financial year. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

There was no impact on the Group's retained earnings at the date of initial application (i.e. 1 January 2018) and no reclassification adjustments resulting from the adoption of IFRS 15. The nature of the impact of IFRS 15 on the Group is as described below:

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(i) Collaborative arrangements

The Group is into exploration, production and sale of crude oil and natural gas resources in a joint operation with other joint operation (JO) partners. From time to time the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods.

Under IAS 18, the Group, being a participant in a joint operation recognises revenue based on its actual sales to customers in that period. No adjustments are recorded in revenue to account for any variance between the actual share of production volumes sold to date and the share of production which the party has been entitled to sell to date. The Group also adjusts production costs to align volumes for which production costs are recognised with volumes sold.

IFRS 15 excludes transactions arising from arrangements where the parties are participating in an activity together and share the risks and benefits of that activity as the counterparty is not a customer. 'Under IFRS 15, revenue arising from collaborative arrangements are recognised separately in other income.

(ii) Contract enforceability and termination clauses

On a timely basis, the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods. In these contracts, termination clauses are clearly specified. The Group has entered into valid contracts for all signed agreements which remains binding on the contracting parties for the specified contract duration without any simple termination clause because both parties to the contract have present enforceable rights and obligations throughout the contract period.

Under IAS 18, the assessment of termination clauses is not of paramount importance as revenue is recognised based on the volume of products delivered. Thus, the Group recognizes revenue when risk and reward passes to the buyer as products are delivered to the buyer.

Under IFRS 15 the Group's contracts are binding on all parties throughout the duration of the contract and as such contract period is as stated in the contract after considering the inherent termination clauses. Therefore, there is no impact on the Group's revenue and profit or loss.

(iii) Distinct goods and services

For crude oil contracts, the Group delivers its promised goods to customers as a separate performance obligations and the Group always recognise the transaction price as revenue when those goods are transferred to the customer. Under IAS 18, the Group assess its promises as distinct goods. Unit delivered are applied to the price to recognise revenue at any point the volumes are delivered.

Under IFRS 15, a good or service that is promised to a customer is distinct if both of the following criteria are met:
a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the good or service is distinct within the context of the contract).

In line with IFRS 15, the crude transferred are distinct goods transferred at a point in time and revenue is recognised when control passes to the customer. The point at which risk and reward of ownership is transferred as assessed under IAS 18 is not different from the point at which control is transferred as assessed under IFRS 15. Therefore, there is no resulting impact on revenue.

(iv) Series of distinct goods and services

For the sale of gas and energy, the Group delivers its promised goods to customers in volumes depending on annual contract quantity and all variations provided by the contract.

Under IFRS 15, a series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:

- each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in revenue recognition over time to be a performance obligation satisfied overtime; and
- the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

The Group has identified sale of gas and energy as series of distinct goods and services. Under IAS 18, units delivered are applied to the price to recognise revenue at any point the volumes are delivered. Under IFRS 15, the Group has recognized its revenue over time with an appropriate measure of progress which is based on the volumes delivered. Measuring progress using the volumes delivered is not significantly different from the accounting treatment under IAS 18. Therefore, there is no impact on the Group's revenue and profit or loss.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(v) Variable consideration

Some contracts with customers provide variability in price and quantity to be delivered. Under IAS 18, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue.

Examples of revenue contracts to which this concept applies are stated below:

- **Market based fees – provisionally priced contracts**
  For crude oil contracts, the transaction price is not fixed. A portion of the Group’s transaction price depends on indexes whose outcome are uncertain.

Under IAS 18, the Group does not recognize revenue immediately when control has been passed to the Customer but wait for few days when transaction price based on some future specific indexes have been obtained.

The Group applied the requirements in IFRS 15 on constraining estimates of variable consideration. IFRS 15 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and entities will be required to account for these in accordance with IFRS 9. Any subsequent changes that arise due to differences between initial and final estimate will still be considered within the scope of IFRS 15 and will be subject to the constraint on estimates of variable consideration.

However, this did not result to any significant impact on the Group's revenue and profit or loss as all uncertainty relating to variable consideration had been resolved at the end of the reporting period.

Principal versus agent considerations

The Group is into exploration, production and sale of crude oil and natural gas resources in a joint arrangement with other JO partners. From time to time the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods. In these contracts, the Group is considered to be primarily responsible for fulfilling the promise to deliver the goods that relates to the proportion of its participating interests in the supply area. The Group does have inventory risk relating to its interest in the joint venture’s operation before the specified product is been transferred to the customer. In addition, the Group establishes the price for the specified goods. Therefore, the Group’s consideration in these contracts is determined to be the gross amount to which it expects to be entitled.

Under IAS 18, based on the existence of credit risk and the nature of the consideration in the contract, the Group concluded that it has an exposure to the significant risks and rewards associated with the sale of goods to its customers, and accounted for the contracts as if it is a principal.

IFRS 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer. The Group has determined that it controls the goods before they are transferred to customers, and hence, is a principal rather than an agent in these contracts. Therefore, there is no impact on the Group’s revenue and profit or loss.

IFRS 9: Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

Group	Reference N'000	31 Dec 2017 N'000	Net adjustments N'000	1Jan 2018 N'000
Assets				
Deferred tax assets	c	46,108,713	231,779	46,340,492
Finance lease receivables	b	72,539,702	(97,698)	72,442,004
Non-current receivables	b	23,202,580	(6,631,553)	16,571,027
Restricted cash	b	12,479,146	-	12,479,146
Trade receivables	b	43,567,693	(1,171,427)	42,396,266
Other receivables	b	50,231,263	(14,352,590)	35,878,673
Financial assets at fair value through profit or loss	a	61,856	-	61,856
Total assets		**248,190,953**	**(22,021,489)**	**226,169,464**
Liabilities				
Deferred tax liabilities	c	222,207,944	(497,736)	221,710,208
Current income tax liabilities		72,405,657	(849,290)	71,556,367
Total liabilities		294,613,601	(1,347,026)	293,266,575
Total adjustment on equity:				
Retained loss	b,c	(138,677,099)	(10,245,238)	(148,922,337)
Other reserves	a	131,475,022	(17,690)	131,457,332
Non-controlling interests	c	87,833,624	(10,411,535)	77,422,089
		80,631,547	**(20,674,463)**	**59,957,084**
Total equity and liabilities		**375,245,148**	**(22,021,489)**	**353,223,659**

Company	Reference N'000	31 Dec 2017 N'000	Net adjustments N'000	1Jan 2018 N'000
Assets				
Non-current receivables	b	9,365,366	(6,404,397)	2,960,969
Other receivables	b	141,588,922	(25,665,179)	115,923,743
Financial assets at fair value through profit or loss	a	59,895	-	59,895
Total assets		**151,014,183**	**(32,069,576)**	**118,944,607**
Liabilities				
Deferred tax liabilities	c	-	-	-
Total liabilities		-	-	-
Total adjustment on equity:				
Retained loss	b,c	(193,330,038)	(32,051,886)	(225,381,924)
Other reserves		17,690	(17,690)	-
		(193,312,348)	**(32,069,576)**	**(225,381,924)**

The nature of these adjustments are described below:

	Group N'000	Company N'000
Reconciliation of retained loss		
Closing retained loss 31 December 2017	(138,677,099)	(193,330,038)
Increase in provision for non-current receivables	(6,584,452)	(6,404,397)
Increase in provision for trade receivables	(1,153,730)	-
Increase in provision for other receivables	(3,698,748)	(25,665,179)
Increase in provision for finance receivables	(77,441)	-
Reclassification of fair value gain on financial assets available for sale	17,690	17,690
Reduction in deferred tax liabilities relating to impairment provisions	394,531	-
Reduction in current income tax liabilities relating to impairment provisions	673,192	-
Increase in deferred tax assets relating to impairment provisions	183,720	-
	(10,245,238)	(32,051,886)
Opening retained loss 1 January 2018	(148,922,337)	(225,381,924)

	Group N'000	Company N'000
Reconciliation of non-controlling interest		
Closing non-controlling interest 31 December 2017	87,833,624	-
Increase in provision for non-current receivables	(47,101)	-
Increase in provision for trade receivables	(17,697)	-
Increase in provision for other receivables	(10,653,842)	-
Increase in provision for finance receivables	(20,257)	-
Reduction in deferred tax liabilities relating to impairment provisions	103,205	-
Reduction in current income tax liabilities relating to impairment provisions	176,098	-
Increase in deferred tax assets relating to impairment provisions	48,059	-
	(10,411,535)	-
Opening non-controlling interest 1 January 2018	77,422,089	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income (OCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:
Trade receivables, other receivables, restricted cash, short term deposits and other non-current financial assets (i.e., loan note receivables from an associate, underlift receivables and joint venture (JV) receivables) classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

Listed equity investments classified as available-for-sale (AFS) financial assets as at 31 December 2017 are classified and measured as financial assets at fair value through profit or loss beginning 1 January 2018.

As a result of the change in classification of the Group's listed equity investments, the AFS reserve of N17.7million related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 January 2018.

The Group has not designated any financial assets as at fair value through OCI and financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of IFRS 9, the following required or elected reclassifications as at 1 January 2018.

	IAS 39 measurement category		IFRS 9 measurement category		
	N'000	Available sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	Fair value through OCI N'000
Group					
Trade receivables	(43,567,693)	-	-	43,567,693	-
Other receivables	(46,341,982)	-	-	46,341,982	-
Non-current receivables	(23,202,580)	-	-	23,202,580	-
Restricted cash and short term fixed deposits	(12,479,146)	-	-	12,479,146	-
Quoted equity shares	-	(61,856)	61,856	-	-
	(125,591,401)	(61,856)	61,856	125,591,401	-

	IAS 39 measurement category		IFRS 9 measurement category		
	Loans and receivables N'000	Available sale N'000	Fair value through profit or loss N'000	Amortised cost N'000	Fair value through OCI N'000
Company					
Other receivables	(138,771,677)	-	-	138,771,677	-
Non-current receivables	(9,365,366)	-	-	9,365,366	-
Quoted equity shares	-	(59,895)	59,895	-	-
	(148,137,043)	(59,895)	59,895	148,137,043	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2018

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon adoption of IFRS 9 the Group recognised additional impairment on trade receivables of N1.2billion, other receivables of N14.4billion, non-current receivables of N6.6billion and finance lease receivables of N98 million which resulted in a decrease in retained earnings of N11.5billion and a decrease in non-controlling interests of N10.7billion as at 1 January 2018. Also, the Company recognised additional impairment on other receivables of N25.7billion and non-current receivables of N6.4billion which resulted in a decrease in retained earnings of N32.1billion as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017 N'00	Remeasurement N'000	ECL under IFRS 9 as at 1 January 2018 N'000
Group			
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9 and contract assets:			
Finance lease receivables	-	97,698	97,698
Trade receivables	1,773,006	1,171,427	2,944,433
Other receivables	19,973,091	14,352,590	34,325,681
Non-current receivables	40,751,790	6,631,553	47,383,343
	62,497,887	22,253,268	84,751,155
COMPANY			
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9 and contract assets:			
Other receivables	54,304,370	25,665,179	79,969,549
Non-current receivables	17,033,619	6,404,397	23,438,016
	71,337,989	32,069,576	103,407,565

(c) Other adjustments

In addition to the adjustments described above, other items such as current income tax liability (N849.29million), deferred tax liabilities (N497.74million), deferred tax assets (N231.78million) and non-controlling interests (N10.4 billion) were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

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Value Added Statement

For the year ended 31 December 2018

	2018 N'000	%	2017 N'000	%
Group				
Turnover	679,465,339		497,422,483	
Other income	11,006,460		46,490,127	
Interest received	10,265,496		9,959,732	
	700,737,295		553,872,342	
Bought in goods and services				
- Local purchases	(616,288,804)		(443,811,994)	
- Foreign purchases	-		-	
Value added	**84,448,491**	**100**	**110,060,348**	**100**
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	11,029,287	13	6,959,928	6
Government				
- To pay tax	(10,064,345)	(12)	12,476,156	11
Providers of capital				
- To pay dividend	-		-	
- To pay interest on borrowings	42,706,619	51	43,743,860	40
on-controlling interest	3,356,096	4	19,359,738	18
Maintenance and expansion of assets				
- Deferred tax	(7,545,278)	(9)	(5,180,790)	(5)
- Depreciation	20,533,171	24	18,759,712	17
- Retained in the business	24,432,941	29	13,941,744	13
Value distributed	**84,448,491**	**100**	**110,060,348**	**100**

	2018 N'000	%	2017 N'000	%
Company				
Turnover	488,518,160		-	
Other Income	2,652,401		25,989,048	
Interest received	1,819,411		2,926,404	
	492,989,972		28,915,452	-
Bought in goods and services				
- Local purchases	(492,346,963)		(39,735,275)	
- Foreign purchases	-		-	
Value added	**643,009**	**100**	**(10,819,823)**	**(100)**
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	454,315	71	460,905	(4)
Government				
- To pay tax	626,567	97	15,904	-
Providers of capital				
- To pay dividend	-			-
- To pay interest on borrowings	17,582,406	2,734	19,166,179	(177)
Maintenance and expansion of assets				
- Deferred tax	-	-	-	-
- Depreciation	301,598	47	152,622	(1)
- Retained in the business	(18,321,877)	(2,849)	(30,615,433)	282
Value distributed	**643,009**	**100**	**(10,819,823)**	**100**

Five-Year Financial Summary (2014 - 2018)

For the year ended 31 December 2018

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Group					
Property, plant and equipment	355,020,085	343,466,113	293,541,702	223,130,072	314,042,207
Intangible exploration assets, other intangible assets and goodwill	432,321,760	426,866,570	361,530,468	254,715,745	245,705,184
Investment property	1,033,000	1,033,000	-	-	-
Deferred income tax assets	45,093,156	46,108,713	44,758,179	35,042,529	12,328,465
Financial assets at fair value through profit or loss	11,106,341	-	-	-	-
Financial assets available for sale	-	-	2,867	5,067	10,834
Investments accounted for using the equity method	6,424,732	7,540,014	10,653,425	2,530,813	3,409,413
Deposit for acquisition of a business	-	-	-	-	-
Other non-current assets	93,992,819	108,221,428	90,350,582	74,298,769	123,118,474
Net current liabilities	(318,484,290)	(293,123,502)	(263,760,105)	(260,443,505)	(329,001,646)
Assets/(liabilities) of disposal group classified as held for sale	(1,162,585)	-	(2,472,438)	(23,492,732)	-
Borrowings	(76,848,651)	(99,587,920)	(101,639,606)	(55,998,437)	(162,328,636)
Deferred income tax liabilities	(214,662,084)	(222,207,944)	(198,908,983)	(155,907,424)	(148,727,530)
Other non-Current liabilities	(56,717,572)	(54,880,692)	(41,711,512)	(42,986,971)	(14,945,994)
	277,116,711	263,435,780	192,344,579	50,893,926	43,610,771
Share capital	6,215,706	6,215,706	6,017,309	6,017,309	4,542,343
Share premium	176,588,527	176,588,527	174,806,923	174,806,923	131,554,223
Retained earnings	(126,534,432)	(138,677,099)	(151,868,568)	(199,723,265)	(150,300,361)
Other reserves	144,604,935	131,475,022	93,407,737	55,750,740	45,342,918
Non controlling interest	76,241,975	87,833,624	69,981,178	14,042,219	12,471,648
	277,116,711	263,435,780	192,344,579	50,893,926	43,610,771
	-	-	-	-	-
Revenue	679,465,339	497,562,993	467,091,722	381,740,752	425,693,102
Profit/(loss) before income tax	11,188,120	27,068,142	(32,394,054)	(51,136,898)	(137,696,205)
Income tax credit/(expense)	17,609,623	(7,295,366)	36,306,661	1,447,021	(7,958,945)
Profit/(loss) for the year	28,797,743	19,772,776	3,912,607	(49,689,877)	(145,655,150)
Per share data					
Weighted average number of shares	12,431,412	12,406,408	12,034,618	11,940,150	8,698,231
Basic earnings per share (kobo)	197	113	30	(422)	(2,076)
Diluted earnings per share (kobo)	197	113	30	(274)	(1,380)
Dividends per share (kobo)	-	-	-	-	-

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Company					
Property, plant and equipment	1,705,378	1,507,722	379,819	511,583	819,188
Intangible exploration assets, other intangible assets and goodwill	-	-	182,151	283,082	162,918
Investment property	1,033,000	1,033,000	-	-	-
Investments accounted for using the equity method	2,716,431	2,716,431	15,500,552	2,716,431	2,716,431
Deferred income tax assets	-	-	-	-	-
Financial assets at fair value through profit or loss	11,106,341	-	-	-	-
Financial assets available for sale	-	-	2,867	5,067	10,834
Investment in subsidiaries	51,932,598	55,368,549	55,373,649	61,424,349	77,794,091
Other non-current assets	3,470,745	9,365,366	14,400,934	254,978	16,415,243
Net current liabilities	(63,007,394)	6,821,651	20,370,405	(32,778,930)	(34,709,292)
Assets/(liabilities) of disposal group classified as held for sale	-	-	2,500	16,359,269	-
Borrowings	(69,856,667)	(87,320,834)	(87,320,834)	(1,734,773)	(4,142,857)
Deferred income tax liabilities	-	-	-	-	-
Other non-current liabilities	-	-	(782,416)	(850,598)	(1,032,786)
	(60,899,568)	(10,508,115)	18,109,627	46,190,458	58,033,770
Share capital	6,215,706	6,215,706	6,017,309	6,017,309	4,542,343
Share premium	176,588,527	176,588,527	174,806,923	174,806,923	131,554,223
Retained earnings	(243,703,801)	(193,330,038)	(162,714,605)	(134,633,774)	(78,066,602)
Other reserves	-	17,690	-	-	3,806
	(60,899,568)	(10,508,115)	18,109,627	46,190,458	58,033,770
	-	-	-	-	-
Revenue	488,518,160	-	10,234,612	8,452,665	14,217,468
Loss before income tax	(17,695,310)	(30,599,529)	(27,934,427)	(56,325,673)	(64,925,182)
Income tax expense	(626,567)	(15,904)	(146,405)	(241,499)	(1,572,367)
Loss for the year	(18,321,877)	(30,615,433)	(28,080,832)	(56,567,172)	(66,497,549)
Per share data					
Weighted average number of shares	12,431,412	12,406,408	12,034,618	11,940,150	8,698,231
Basic earnings per share (kobo)	197	113	30	(422)	(2,076)
Diluted earnings per share (kobo)	197	113	30	(274)	(1,380)
	-	-	-	-	-

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Share capital history

For the year ended 31 December 2018

Year/ Date	Authorized (N) Increase	Cumulative	Issued and fully Paid-up (N) Increase	Cumulative	Consideration Cash/Bonus
1969	0	4,000,000	0	4,000,000	Cash
1978	3,000,000	7,000,000	2,100,000	6,100,000	Cash
1987	43,000,000	50,000,000	33,900,000	40,000,000	Cash
1991	10,000,000	60,000,000	0	40,000,000	-
1993	40,000,000	100,000,000	10,000,000	50,000,000	Bonus
1995	0	100,000,000	12,500,000	62,500,000	Cash
1998	0	100,000,000	15,625,000	78,125,000	Bonus
2001	50,000,000	150,000,000	0	78,125,000	-
2002	150,000,000	300,000,000	70,129,233	148,254,233	Bonus, Loan Stock Conversion and Agip Share Exchange
2003	0	300,000,000	14,825,423	163,079,656	Bonus
2004	0	300,000,000	40,769,914	203,849,570	Bonus
2005	0	300,000,000	82,300,879	286,150,449	Cash
2005	100,000,000	400,000,000	0	286,150,449	-
2007	100,000,000	500,000,000	90,884,813	377,035,262	Share Exchange under Scheme of Arrangement
2008	0	500,000,000	75,407,052	452,442,314	Bonus issue
2009	0	500,000,000	100,000	452,542,314	Staff Share Scheme
2009	500,000,000	1,000,000,000	0	452,542,314	-
2010	2,000,000,000	3,000,000,000	150,847.438	603,389,752	Right Issue
2010	0	3,000,000,000	301,694,876	905,084,628	Bonus Issue
2011	0	3,000,000,000	226,271,157	1,131,355,785	Bonus Issue
2011	0	3,000,000,000	5,703,284	1,137,059,069	Staff Equity Scheme
2012	2,000,000,000	5,000,000,000	0	1,137,059,069	Rights Issue
2013	0	5,000,000,000	2,274,118,138	3,411,177,207	Rights Issue
2014	2,500,000,000	7,500,000,000		3,411,177,207	-
2014	0	7,500,000,000	1,023,353,162	4,434,530,369	Private Placement
2014	0	7,500,000,000	107,812,500	4,542,342,869	Debt-to-equity conversion
2015	0	7,500,000,000	1,474,966,578	6,017,309,447	Rights Issue
2017	0	7,500,000,000	198,396,794	6,215,706,241	Convertible Notes
2018	7,500,000,000	15,000,000,00	0	0	0

Range of Shareholding

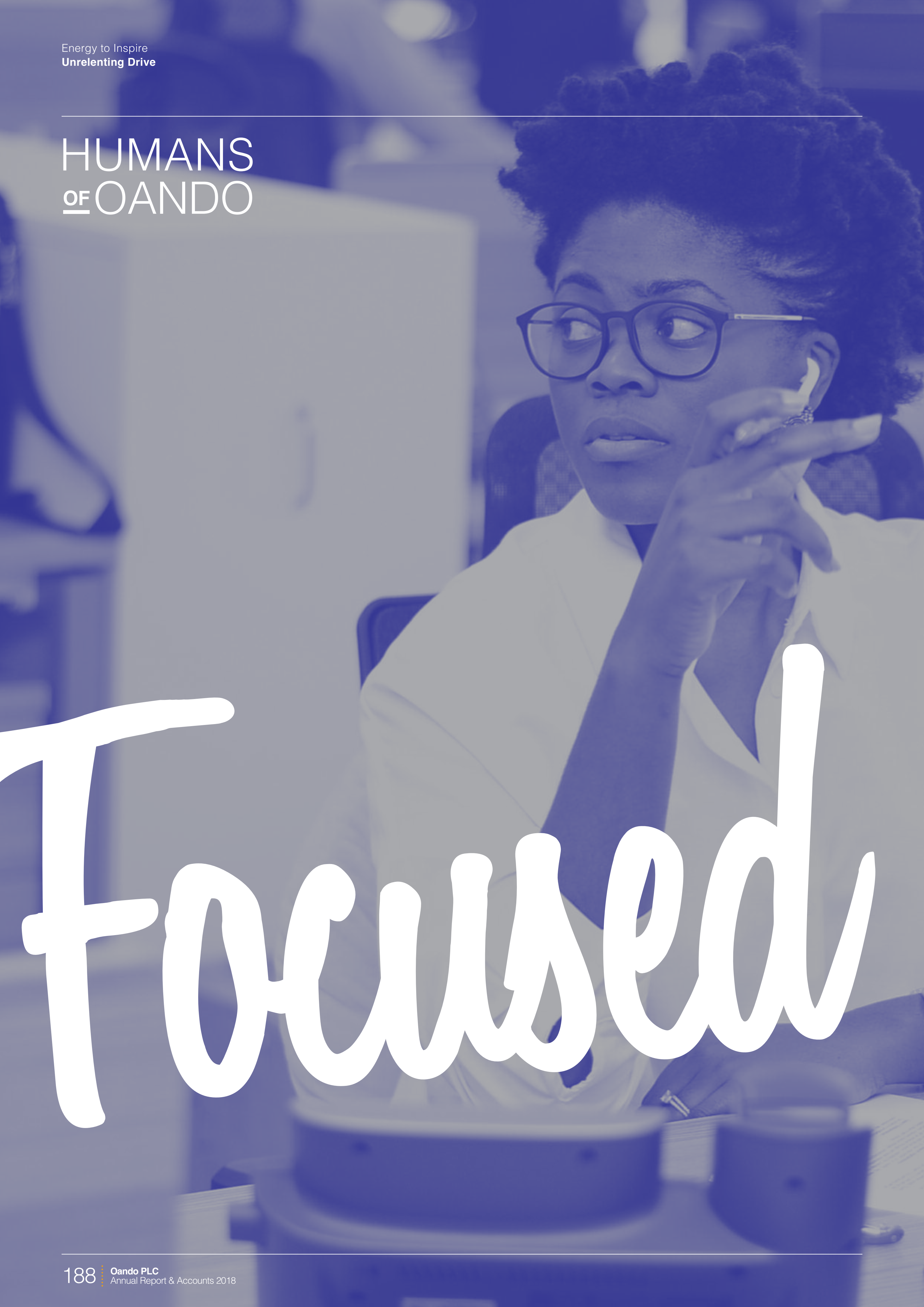
For the year ended 31 December 2018

Range	No of Holders	% Holders	Units	% Units
1 - 1,000	168,248	61.86	61,585,459	0.50
1,001 - 5,000	72,462	26.64	151,753,499	1.22
5,001 - 1,0000	12,293	4.52	88,746,286	0.71
10,001 - 50,000	13,347	4.91	295,084,309	2.37
50,001 - 100,000	2,355	0.87	169,935,098	1.37
100,001 - 500,000	2,503	0.92	526,734,212	4.24
500,001 - 1,000,000	357	0.13	258,336,968	2.08
1,000,001 - 5,000,000	324	0.12	642,806,133	5.17
5,000,001 - 10,000,000	40	0.01	285,454,517	2.30
10,000,001 - 50,000,000	31	0.01	685,526,170	5.51
50,000,001 - 100,000,000	5	0.00	367,410,729	2.96
100,000,001 - 12,431,412,481	8	0.00	8,898,039,101	71.58
	271,973	**100.00**	**12,431,412,481**	**100.00**

Unclaimed Dividend

For the year ended 31 December 2018

Payment Number	December 2018	Payable Date
17	217,513,304.20	30/05/2008
18	157,235,193.57	30/09/2008
19	16,186,948.90	03/08/2009
20	145,887,644.00	31/08/2010
21	338,306,444.10	30/08/2011
22	184,652,691.22	30/08/2013
23	83,841,138.58	17/11/2014
24	184,912,450.47	15/12/2014
TOTAL	**1,328,535,815.05**	


HUMANS
OF OANDO
Focused

Additional information

Complaints Management Policy

1. Introduction

1.1 Oando Plc. (the "Company") is committed to providing the highest standards of services to its Stakeholders in line with the Oando Quality Policy Statement.

1.2 The Company acknowledges that complaints are a common occurrence in all Stakeholder business engagements. The Company further recognizes the right of any person covered under this Policy to raise an issue or make a complaint in the course of their dealings with the Company and shall ensure that their complaints are dealt with in an efficient, responsive, impartial and courteous manner.

1.3 This Policy will complement the Company's Whistle Blowing Policy which provides a broader framework for employees and other stakeholders to report unlawful conduct, financial malpractice, harassment or misbehavior at work or an actual or potential infraction of the company's policies and business principles or danger to the public or the environment.

2. Regulatory Framework

This Policy is issued in compliance with the provisions of:

a. the Investment and Securities Act 2007 (ISA);
b. the Security and Exchange Commission ("SEC") Rules and Regulations 2013; and
c. Rules Relating to the Complaints Management Framework of the Nigerian Capital Market released by the Securities and Exchange Commission in February 2015.

3. Scope and Objective of the Policy

The key objective of this Policy is to provide information about the framework for handling complaints relating to the Company. The Policy will:

- provide a fair complaints procedure which is clear and easy to follow by any Complainant wishing to make a complaint;
- document and publicise the existence of our complaints procedure so that Stakeholders know what to do when they have a complaint.
- make sure that all complaints are investigated fairly and in a timely manner.
- make sure that complaints are, wherever possible, resolved and that relationships are appropriately managed.

4. Definitions

Complaint	A written expression of dissatisfaction (justified or not) made to the Company, relating to an act or omission of the Company covered under the Investment and Securities Act 2007, Securities and Exchange Commission Rules; NSE Listing Rules for which a response or resolution is expected.
	For the avoidance of doubt, the following shall not constitute a complaint under this Policy: i. a request for information, clarification of service offered or provided; ii. a complaint against any of the Company's unlisted, delisted, wound up or liquidated subsidiaries or affiliates; iii. a request for explanation(s) for non-trading of shares or illiquidity of shares; iv. dissatisfaction with the trading price of the shares of the Company; v. Complaints whose subject matter are being investigated by competent persons or have been or are currently the subject of legal proceedings. vi. complaints that are not covered under the ISA, SEC Rules, NSE and/or within the purview of other regulatory bodies;
Complainant	A person, organization or their legal representative who makes a complaint
Competent Authority	Means Self-Regulatory Organizations (SROs) and recognized Capital Market Trade Associations
CMO	Capital Market Operators as defined under ISA
NSE	Nigerian Securities and Exchange Commission
Stakeholder	A shareholder and/or an investor of Oando Plc; including their legal representatives.
SEC	Security and Exchange Commission
SROs	Self-Regulatory Organisations (SROs)

5. Complaints Handling Responsibility

5.1 The Chief Compliance Officer & Company Secretary (CCO&CS) shall be responsible for handling all complaints received from complainants. In this context, complaints should be in writing and addressed to any of the following:

(a) The Chief Compliance Officer & Company Secretary
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

(b) Head, Investor Relations
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

(c) Head, Corporate Communication
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

E-mail: complaint@oandoplc.com

5.2 The CCO&CS shall be responsible for ensuring that the proper process for managing complaints is followed and for monitoring compliance.

5.3 The CCO&CS shall designate a Governance Officer to assist him /her in the discharge of these responsibilities.

5.4 A copy of this Policy shall be made freely available on the Company website.

6. Compliance Handling Procedure

6.1 Receipt and Acknowledgment

6.1.1 Upon receipt of a Complaint, the Complaint will be recorded in the Electronic Complaints Register by the Governance office.

6.1.2 Receipt of an electronic Complaint via email shall be acknowledged as soon as possible (not exceeding 2 (two) working from the date of receipt), whilst a Complaint received by post shall be acknowledged within 5 (five) working days of receipt.

6.1.3 Where a Complaint is resolved within the timeframe for acknowledging complaints as set out in paragraph 6.1.2 above, and a response containing the decision regarding the complaint sent to the Complainant, this will be deemed to be sufficient acknowledgment and resolution of the complaint.

6.1.4 Sufficient records of complaints received by email and the respective email acknowledgement shall be made available to NSE on a quarterly basis. Records for complaints received and resolved via a physical or post office box addresses shall also be sent to the NSE on a quarterly basis. Evidence of posting a response to the complainant shall be deemed sufficient proof that the complaint received attention from the company.

6.2 Resolving a Complaint

6.2.1 The CCO&CS shall have the capacity to investigate and take all reasonable steps to resolve complaints and to implement appropriate remedies as may be required.

6.2.2 Upon resolution of a complaint, the outcome shall be communicated to the Complainant and the Governance Officer shall record the decision in the Complaint Register.

6.2.3 Where a complainant is dissatisfied with the decision reached by the Company, the complainant, may, if he/she so wishes, refer the complaint to a Competent Authority.

6.3 Timing of Complaint Resolution
6.3.1 All complaints received shall be resolved and a final response sent to the Complainant within 10 (ten) business days of it being received by the Company and the NSE shall be notified of the resolution of the complaint within two (2) working days following the date the response was sent to the Complainant.

6.3.2 Where the Company is unable to resolve a particular complaint within the timeline stipulated above, the complainant shall have a right to refer the complaint to a Competent Authority.

7. Complaints Record Management

7.1 The Company shall maintain a Complaints Register which shall be in electronic form. The Complaints Register shall contain the following details:
i. Name of the Complainant;
ii. Date the complaint was received;
iii. Nature of the complaint;
iv. Summary of the complaint;
v. Decision/resolution made

7.2 Copies of letters, memos sent including any update letters, acknowledgment letters, and response/resolution documents shall form part of the complaint management record that shall be kept in accordance with the Oando Document Management Policy.

Complaints Management Policy continued

8. Malicious Complaints

Any improper use of the Complaint process by way of malicious accusations shall not be tolerated and appropriate actions shall be taken within the confines of the law.

9. Confidentiality

The identity of Complainants shall be kept strictly confidential except where the concern raised is of a criminal nature and requires legal proceedings. However, the Company will to the best of its ability ensure that the Complainant is protected from any form of retaliation, victimization or retribution.

10. Monitoring and Reporting

The CCO&CS shall monitor the resolution status of all complaints and shall provide a quarterly report of complaints received and their status, independently verified by the Internal Audit, to the Group Leadership Council of the company. The report shall serve as a monitoring tool which shall enable management monitor the effectiveness of the Company's complaint-handling procedures, other related policies and/or procedures and identify relevant trends (if any) which could indicate areas for future focus or improved performance.

11. Publicity

This Policy shall be published on the Company's website together with details of the contact person(s) mentioned in section 5 above and the procedure described under section 6 above.

12. Commencement Date

This Policy shall come to force on the 20th day of November 2015.

Proxy Form

NOTICE IS HEREBY GIVEN that the 42 (Forty-Second) Annual General Meeting (the "Meeting") of Oando PLC (the "Company") will be held at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Tuesday, June 11, 2019 at 10:00 a.m.

I / We* ……………………………………………………………….of ……………………………………………………………………………...…………………...…

…………………………………………………………………………………………………… being a member/members of Oando PLC and holders of

…………………….……………………. shares hereby appoint** ……………………………...…………

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Meeting of the Company to be held on ________________, ________________, ________________, and at any adjournment thereof, which will be held for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed at the Meeting and to vote for or against the resolutions in accordance with the following instructions.

INSTRUCTIONS TO NOTE

A member who is unable to attend the Meeting is entitled by law to vote by proxy. The proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form **should not** be completed if you will be attending the Meeting.
If you are unable to attend the Meeting, complete the form as follows:

a. Write your name in BLOCK CAPITALS on the proxy form where marked * above
b. Write the name of your proxy where marked ** above
c. Ensure that the proxy form is signed and dated by you where marked *** below. The Common Seal must be affixed on the proxy form if executed by a corporation.

S/N	Proposed resolution	For	Against
1	To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2018 and the Reports of the Directors, Auditors and Audit Committee thereon;		
2	To re-appoint Ernst & Young as Auditors and to authorise the Directors of the Company to fix their remuneration;		
3	To re-elect HRM M.A. Gbadebo, CFR as a Director		
4	To re-elect Mr. Mobolaji Osunsanya as a Director		
5	To re-elect Oghogho Akpata as a Director		
6	To re-elect Mr. Olufemi Adeyemo as a Director		
7	To elect members of the Statutory Audit Committee;		
8	To consider, and if approved, to pass with or without modification, the following ordinary resolution to fix the remuneration of the Non- Executive Directors of the Company:		
9	"It is hereby resolved that the fees, payable quarterly in arrears remain N5,000,000 per annum for the Chairman and N4,000,000 per annum, for all other Non-Executive Directors."		
10	To consider, and if approved, to pass with or without modification the following as a special resolution of Company: THAT on the recommendation of the Directors and in accordance with Article 46 of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from N15,000,000,000(Fifteen Billion Naira) to N25,000,000,000 (Twenty- Five Billion Naira) by the creation and addition thereto, of 20,000,000,000 (Twenty Billion) Ordinary Shares of 50 kobo (Fifty Kobo) each, such new shares to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Company."		
11	To consider, and if approved, to pass with or without modification the following as a special resolution of Company: THAT Clause 6 of the Memorandum of Association and Article 3 of the Articles of Association of the Company be and are hereby amended to reflect the new authorized share capital of N25,000,000,000 (Twenty- Five Billion Naira) divided into 50,000,000,000 (Fifty Billion) Ordinary shares of 50 kobo each.		
12	To consider, and if approved, to pass with or without modification the following as ordinary resolutions of the Company: THAT the Company's issued and paid up share capital be increased by up to N60, 000,000,000 (Sixty Billion Naira) through the issuance of shares out of the unissued share capital of the Company for the purposes of corporate restructuring, settlement of debts and employees and executive compensation on such terms and conditions and for such other purpose which the Directors resolve to be in the best interest of the Company subject to obtaining the approvals of relevant regulatory authorities. THAT the Directors be and are hereby authorized to enter into any agreements and/or execute any other documents necessary for and incidental to the effecting resolution above; AND THAT the Directors be and are hereby authorized to appoint such professional advisers and other parties and perform all such other acts and do all such other things as may be necessary for and/or incidental to effecting the above resolutions.		

Registered holders of certificated shares and holders of dematerialised shares in their own name(s) who are unable to attend the Meeting and who wish to be represented at the Meeting, must complete and return the attached form of proxy so as to be received by the share registrars, First Registrars & Investors Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, PO Box 61051, Marshalltown, 2107, not less than 48 hours before the date of the Meeting.

Holders of the Company's shares in South Africa (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant ("CSDP") or their broker to enable them to attend and vote at the Meeting or to enable their votes in respect of their shares to be cast at the Meeting by that nominee or a proxy.

Signed*** ____________________________________ Dated*** ____________________________________

Please affix postage stamp

First Registrars & Investors Services Limited
Plot 2, Abebe Village Road, Iganmu
Lagos, Nigeria

or

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001, South Africa
PO Box 61051, Marshalltown, 2107

ADMISSION CARD

THE 42ND (FORTY-SECOND) ANNUAL GENERAL MEETING TO BE HELD AT THE ZINNIA HALL, EKO HOTELS AND SUITES, PLOT 1415, ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA

On Tuesday, June 11, 2019 at 10.00 a.m

NAME OF SHAREHOLDER

____

SIGNATURE OF PERSON ATTENDING

____

NOTE: The Shareholder or his/her proxy must produce this admission card in order to be admitted at the meeting.

Collect your Oando Dividend and Bonus instantly with ease

Dear Shareholder,

Now, your dividend can be paid directly into your bank account and your bonus credited to your CSCS account instantly on issue, through an electronic channel.

Benefits

- Shareholders' bank and CSCS accounts will be credited with declared dividend and bonus respectively **within 24 hours!**
- Elimination of time and cost of verification of physical share certificates with the registrar before trading bonus shares
- Elimination of physical dividend warrants & bonus certificates and attendant costs of printing and posting same
- Avoid loss of dividend warrants or non receipt of bonus certificates due to change of address
- Elimination of unclaimed dividends

3 Steps to receiving your e-Dividend and/or e-Bonus:

1. Fill out an e-Dividend payment Mandate & e-Bonus form (Forms have been posted to all shareholders and can also be downloaded from our website www.oandoplc.com). Ensure that all required information is supplied, particularly your:
    a. CSCS account number
    b. Clearing house number
    c. Stockbrokers name
    d. Bank account number and
    e. Bank sort code number.

2. Verify your account details by having your banker sign and stamp in the space marked "Authorised signature & stamp of Bankers"

3. Return completed Mandate forms to:
    a. **Oando PLC Head Office:** The Wings Office Complex, 17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria
    b. **First Registrars & Investor Services Limited** Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria
    c. **All First Registrars & Investor Services Limited, Liason Offices Nationwide:** Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

<u>**Unclaimed Dividends**</u>

Shareholders with outstanding dividend payments can also have their bank accounts credited immediately by following below instructions:

- Complete your e-dividend form as outlined in the steps 1 - 3 above
- Attach a letter of authorisation addressed to the Registrar mandating payment of outstanding dividends to the bank account stated on your completed e-dividend form
- Attach stale dividend warrants (where available)
- Submit your e-dividend form along with the authorisation letter at any of the locations stated above.

Signed
Ayotola Jagun (Ms.)
Company secretary

Oando PLC RC:6474

e-DIVIDEND PAYMENT MANDATE, e-BONUS, e-REPORT INFORMATION & CHANGE OF ADDRESS FORM

I. PERSONAL DETAILS, 2. e-BONUS & 3. e-REPORT INFORMATION

Shareholder's name(s)____
(Surname/Company name) (Other names)

Full Name(s) of any other holder* ____
(*Including Deceased if applicable)

Shareholders Certificate No(Where available													

CSCS A/c No________________________
(Where available)

Stockbroker's Name ______________________________Clearing House No (CHN)______________________

No of units held: ____________ Date of Birth/Incorporation of Company: ______________________

Address (As it appears in the Register of Shareholders): _____________________________________

____

____

Mobile (GSM) Number(s):________________________________Other Nos.__________________________

Email Address: ______________________________________ Fax ______________________________

4 BANK MANDATE

Agreement and Acknowledgment

- **i.** I/We hereby agree that this mandate form is an acceptance and acknowledgment of the receipt of our dividend payment in Cash from Oando Plc and an authorization to Oando Plc to act under item (iii) below.
- **ii.** I/We hereby agree that Oando Plc may act and rely on these instructions until Oando Plc receives written notification from me/us of the revocation or modification of these instructions.
- **iii.** I/We hereby authorize Oando Plc to credit or cause to be credited all dividend payments due to me/us into my/our Bank Account as detailed below, with effect from the date hereof

Bank: ________________________________ Branch ____

Shareholder's Bank Account No:																															

Dated this _________ day of ______________________________20______

_____________________________ _________________________________
Shareholders Signature Shareholders Signature**

Authorised Signature & Stamp of Bankers

** In the case of corporate shareholder, please use company seal/stamp

5. CHANGE OF ADDRESS I/We hereby request that all correspondences relating to my/our holdings be sent to the address below:

New Address: ____

____

____

Date:_________________DD___________/______MM_______/_________YYYY

Completed forms should be returned to:

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria

All First Registrars & Investor Services Limited, Liason Offices
Nationwide: Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

Oando PLC Head Office: The Wings Office Complex,
17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria

ELECTRONIC DELIVERY MANDATE FORM

I / We, Chief, Dr, Mr, Mrs.

of

by this form agree to the delivery of annual reports and other statutory documents of Oando PLC to me/us via electronic mode:

The company should forward the materials to the e-mail address stated below:

Signature and date

Please fill and return the completed form to either:

The Registrar
First Registrars & Investor Services Limited
Plot 2, Abebe Village Road
Iganmu, Lagos, Nigeria

OR

The Chief Compliance Officer & Company Secretary
Oando PLC
The Wings Complex, 17a Ozumba Mbadiwe
Victoria Island, Lagos, Nigeria

tenacity

audacious

professionalism

bold

innovative

respect

diligent

integrity

hardworking

inclusive

inspiring

ambitious

resilient

passion

team players

driven

excellence

committed

passionate

Oando RC 6474

...the energy to inspire

HEAD OFFICE

Oando PLC
The Wings Office Complex
17a Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria

Tel: +234 1 270 2400
E-mail: info@oandoplc.com