



Unaudited Consolidated & Separate Interim financial statements
For the period ended 31 March 2017

OANDO PLC

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

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OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2017

	NOTE	Group Mar. 2017 N'000	Group Mar. 2016 N'000 Represented*	Company Mar. 2017 N'000	Company Mar. 2016 N'000
Continuing operations					
Revenue	3.3	138,272,046	20,479,147	-	-
Cost of sales		(124,862,041)	(17,921,378)	-	-
Gross profit		13,410,005	2,557,769	-	-
Other operating income		7,499,881	4,725,653	5,020,332	124,823
Administrative expenses		(13,286,498)	(15,217,251)	(6,346,160)	(6,157,977)
Operating profit/(loss)	3.3	7,623,388	(7,933,829)	(1,325,828)	(6,033,154)
Finance costs		(10,664,825)	(14,075,018)	(4,611,771)	(9,551,695)
Finance income		2,269,846	1,308,373	436,431	61,964
Finance costs - net	3.3	(8,394,979)	(12,766,645)	(4,175,340)	(9,489,731)
Share of profit/(loss) of associate		124,557	(350)	-	-
Loss before income tax from continuing operations	3.3	(647,034)	(20,700,824)	(5,501,168)	(15,522,885)
Income tax credit/(expense)	3.3	1,218,074	5,317,879	(37,043)	-
Profit/(loss) for the period from continuing operations		571,040	(15,382,945)	(5,538,211)	(15,522,885)
Discontinued operations					
Profit after tax for the period from discontinued operations	16e	1,140,663	19,484,301	-	-
Profit/(loss) for the period		1,711,703	4,101,357	(5,538,211)	(15,522,885)
Profit/(loss) attributable to:					
Equity holders of the parent		607,989	4,123,689	(5,538,211)	(15,522,885)
Non-controlling interest		1,103,714	(22,332)	-	-
		1,711,703	4,101,357	(5,538,211)	(15,522,885)
Earnings per share from continuing and discontinued operations attributable to ordinary equity holders of the parent during the period (expressed in kobo per share):					
Basic and diluted (loss)/earnings per share					
From continuing operations	15	(4)	(128)		
From discontinued operations		9	163		
From profit for the period		5	35		

The accounting policies and notes form an integral part of these unaudited consolidated and separate financial statements.

*Comparative figures have been represented to show the effect of discontinued operations. See reconciliation of previously published figures in note 19.

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017


	Group Mar. 2017 N'000	Group Mar. 2016 N'000 Represented	Company Mar. 2017 N'000	Company Mar. 2016 N'000
Profit/(loss) for the period	1,711,703	4,101,357	(5,538,211)	(15,522,885)
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Exchange differences (loss) on net investment in foreign operations	(1,226,865)	-	-	-
Exchange differences on translation of foreign operations	1,304,267	126,597	-	-
Other comprehensive income for the period, net of tax	77,402	126,597	-	-
Total comprehensive profit/(loss) for the period, net of tax	1,789,105	4,227,954	(5,538,211)	(15,522,885)
Attributable to:				
- Equity holders of the parent	372,748	4,240,996	(5,538,211)	(15,522,885)
- Non-controlling interests	1,416,357	(13,042)	-	-
Total comprehensive profit/(loss) for the period, net of tax	1,789,105	4,227,954	(5,538,211)	(15,522,885)

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

Assets	NOTE	Group Mar 2017 N'000	Group Dec 2016 N'000	Company Mar 2017 N'000	Company Dec 2016 N'000
Non-current assets					
Property, plant and equipment	4	290,683,185	293,541,702	340,880	379,819
Intangible assets	5	363,140,164	361,530,468	175,560	182,151
Investment in associate		10,390,201	10,653,425	2,716,431	15,500,552
Deferred tax assets		44,829,126	44,758,179	-	-
Derivative financial assets		1,007,274	844,438	-	-
Finance lease receivables		61,325,165	60,926,511	-	-
Available-for-sale financial assets	6	-	2,867	-	2,867
Non-current receivables	7	19,716,158	22,034,369	7,130,369	9,711,693
Investment in subsidiaries		-	-	55,373,650	55,376,149
Prepayments		4,413	6,282	4,413	6,282
Restricted cash	10a	6,442,199	6,536,952	5,704,982	4,662,749
		<u>797,537,885</u>	<u>800,837,223</u>	<u>71,446,505</u>	<u>85,842,472</u>
Current assets					
Inventories	8	2,262,669	12,604,332	-	-
Derivative financial assets		5,863,608	6,068,089	-	-
Trade and other receivables	9	170,970,105	107,002,077	125,656,094	111,358,694
Prepayment		5,168,159	4,263,242	3,762,491	3,174,809
Available-for-sale financial assets	6	685,115	112,775	663,449	111,118
Cash and cash equivalents (excluding bank overdrafts)	10a	11,660,523	10,390,565	2,112,648	7,752,126
		<u>196,630,379</u>	<u>140,661,100</u>	<u>132,266,682</u>	<u>122,436,749</u>
Assets of disposal group classified as held for sale	16c	<u>44,118,053</u>	<u>50,046,652</u>	-	-
Total assets		<u>1,038,286,317</u>	<u>991,544,975</u>	<u>203,732,987</u>	<u>208,279,221</u>
Equity and Liabilities					
Equity attributable to equity holders of the parent					
Share capital	14	6,215,706	6,017,309	6,215,706	6,017,309
Share premium	14	176,588,526	174,806,923	176,588,526	174,806,923
Retained loss		(151,679,149)	(152,287,138)	(174,047,815)	(168,509,605)
Other reserves		93,591,065	93,826,307	-	-
		<u>124,716,149</u>	<u>122,363,401</u>	<u>8,756,417</u>	<u>12,314,627</u>
Non-controlling interest		71,597,535	69,691,178	-	-
Total equity		<u>196,313,684</u>	<u>192,054,579</u>	<u>8,756,417</u>	<u>12,314,627</u>
Liabilities					
Non-current liabilities					
Borrowings	12	100,136,425	101,639,606	87,320,834	87,320,834
Deferred tax liabilities		196,079,630	198,908,983	-	-
Provision and other liabilities	13	41,036,995	40,549,807	-	-
Retirement benefit obligation		1,124,545	1,161,705	681,526	782,416
		<u>338,377,595</u>	<u>342,260,101</u>	<u>88,002,360</u>	<u>88,103,250</u>
Current liabilities					
Trade and other payables	11	247,532,899	198,459,488	83,653,028	82,408,778
Borrowings	12	143,929,077	144,478,109	20,596,778	22,556,098
Derivative financial liabilities		-	199,137	-	199,137
Current income tax liabilities		60,187,624	59,108,555	559,498	521,455
Dividend payable		1,650,277	1,650,277	1,650,277	1,650,277
Provision and other liabilities	13	525,629	525,629	525,629	525,629
		<u>453,825,505</u>	<u>404,421,205</u>	<u>105,974,210</u>	<u>107,851,344</u>
Liabilities of disposal group classified as held for sale	16c	<u>49,959,532</u>	<u>52,519,030</u>	-	-
Total liabilities		<u>842,172,633</u>	<u>799,200,395</u>	<u>194,976,570</u>	<u>195,964,594</u>
Total equity and liabilities		<u>1,038,286,317</u>	<u>991,544,975</u>	<u>203,732,987</u>	<u>208,279,221</u>

These unaudited consolidated and separate financial statements were approved by the Board of Directors on 27 April 2017 and signed on its behalf by


Group Chief Executive
Mr. Jubril Adewale Tinubu
FRIC/2013/INBA/00000003348


Group Chief Financial Officer
Mr. Olufermi Adeyemo
FRIC/2013/ICAN/00000003349

The accounting policies and notes form an integral part of these unaudited consolidated and separate financial statements
*Comparative figures have been represented to show the effect of discontinued operations. See reconciliation of previously published figures in note 19

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

GROUP	Share Capital & Share Premium N'000	Other reserves 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 2016	180,824,232	55,750,740	(199,723,265)	36,851,707	14,042,219	50,893,926
Profit/(loss) for the period	-	-	4,123,689	4,123,689	(22,332)	4,101,357
Other comprehensive income for the period	-	117,307	-	117,307	9,290	126,597
Total comprehensive income/(loss) for the period	180,824,232	55,868,047	(195,599,576)	41,092,703	14,029,177	55,121,880
Total transactions with owners of the parent, recognised directly in equity						
Value of employee services	-	93,657	-	93,657	-	93,657
Total transactions with owners of the parent, recognised directly in equity	-	93,657	-	93,657	-	93,657
Balance as at 31 March 2016	180,824,232	55,961,704	(195,599,576)	41,186,360	14,029,177	55,215,537
Balance as at 1 January 2017	180,824,232	93,826,307	(152,287,138)	122,363,401	69,981,178	192,344,579
(Loss)/profit for the period	-	-	607,989	607,989	1,103,714	1,711,703
Other comprehensive (loss)/income for the period	-	(235,241)	-	(235,241)	312,643	77,402
Total comprehensive income/(loss) for the period	180,824,232	93,591,066	(151,679,149)	122,736,149	71,397,535	194,133,684
Total transactions with owners of the parent, recognised directly in equity						
Conversion of OODP's convertible debt	1,980,000	-	-	1,980,000	-	1,980,000
Total transaction with owners	1,980,000	-	-	1,980,000	-	1,980,000
Change in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-
Total transactions with owners of the parent, recognised directly in equity	1,980,000	-	-	1,980,000	-	1,980,000
Balance as at 31 March 2017	182,804,232	93,591,066	(151,679,149)	124,716,149	71,397,535	196,113,684

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

Company	Share Capital N'000	Other reserves N'000	Retained earnings N'000	Total equity N'000
1 January 2016	180,824,232	-	(134,633,774)	46,190,458
Loss for the period	-	-	(15,522,885)	(15,522,885)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss	-	-	(15,522,885)	(15,522,885)
Balance as at 31 March 2016	180,824,232	-	(150,156,659)	30,667,573
Balance as at 1 January 2017	180,824,232	-	(168,509,605)	12,314,627
Loss for the period	-	-	(5,538,210)	(5,538,210)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(5,538,210)	(5,538,210)
Conversion of OODP's convertible debt	1,980,000	-	-	1,980,000
Total transaction with owners	1,980,000	-	-	1,980,000
Acquisition of non controlling interest	-	-	-	-
Total transactions with owners of the parent, recognised directly in equity	1,980,000	-	-	1,980,000
Balance as at 31 March 2017	182,804,232	-	(174,047,815)	(3,558,210)

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	NOTE	Group Mar. 2017 N'000	Group Mar. 2016 N'000	Company Mar. 2017 N'000	Company Mar. 2016 N'000
Cash flows from operating activities					
Cash generated from operations	17	12,838,261	5,359,558	(3,238,319)	(5,924,040)
Net increase in working capital	18	(1,152,845)	20,572,751	(466,109)	14,546,218
Interest paid		(8,587,949)	(15,534,514)	(779,604)	(9,551,695)
Income tax paid		(1,533,889)	(575,114)	-	(480,818)
Net cash from/(used in) operating activities		1,563,577	9,822,681	(4,484,032)	(1,410,335)
Cash flows from investing activities					
Purchases of property plant and equipment		(1,714,125)	(4,112,386)	-	(27,394)
Available for sale investment		(566,034)	-	(566,034)	-
Net proceeds from sale of subsidiary		(28,847)	-	-	-
Acquisition of software		-	(965)	-	(965)
Purchase of intangible exploration assets		(98,349)	(1,108,385)	-	-
Payments relating to pipeline construction		-	(2,907,915)	-	-
Proceeds from sale of property plant and equipment		4,365	35,955	556	100
Interest received		2,423,476	1,208,119	436,431	61,964
Net cash from/(used in) investing activities		20,486	(6,885,577)	(129,047)	33,705
Cash flows from financing activities					
Proceeds from long term borrowings		-	4,274,619	-	4,479,512
Finance lease received		1,656,872	-	-	-
Repayment of long term borrowings		(1,344,357)	(108,233,983)	-	(8,622,369)
Proceeds from other short term borrowings		27,950,233	152,718,431	10,871,532	20,663,754
Repayment of other short term borrowings		(29,694,448)	(66,995,983)	(11,681,190)	(18,462,404)
Restricted cash		96,753	(594,218)	(1,022,233)	554
Net cash used in financing activities		(1,334,947)	(18,831,135)	(1,831,891)	(1,940,953)
Net change in cash and cash equivalents		249,116	(15,894,031)	(6,444,969)	(3,317,583)
Cash and cash equivalents at th beginning of the year		10,596,470	(48,781,363)	7,752,128	(26,128,902)
Exchange gains/(losses) on cash and cash equivalents		32,778	(3,771)	3,330	13,455
Cash and cash equivalents at end of the period		10,878,364	(64,679,165)	1,310,489	(29,433,030)
Cash and cash equivalents at 31 March 2017:					
Included in cash and cash equivalents per statement of financial position		10,878,364	(27,886,622)	1,310,489	(29,433,030)
Included in the assets of the disposal group		-	(36,792,543)	-	-
		10,878,364	(64,679,165)	1,310,489	(29,433,030)
Cash and cash equivalent at period end is analysed as follows:					
Cash and bank balance as above		11,680,523	5,060,203	2,112,648	876,945
Bank overdrafts		(802,159)	(32,946,825)	(802,159)	(30,309,975)
	10b	10,878,364	(27,886,622)	1,310,489	(29,433,030)

The accounting policies and notes form an integral part of these unaudited consolidated and separate financial statements.

OANDO PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

1. General Information

Oando Plc. (the "Company") 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.

The Company is listed on the Nigerian Stock Exchange and the Johannesburg Stock Exchange.

On October 13, 2011, Exile Resources Inc. ("Exile") and the Upstream 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.

To effect the delisting, a restructuring of the OER Group was done and a special purpose vehicle, Oando E&P Holdings Limited ("Oando E&P") 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 Oando E&P, in exchange for an equivalent number of shares in Oando E&P. 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. 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 is no longer required.

During the period under review, the Company disposed its 100% interest in Alausa Power Limited (to Elektron Petroleum Energy & Mining Nigeria Limited), Alausa Power Limited was previously classified held for sale in 2016. The Company retains its significant ownership in Oando Trading Bermuda (OTB), Oando Trading Dubai (OTD) and its upstream businesses (See note 3 for segment result).

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Oando Plc. have been prepared in accordance with IAS 34 of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The interim consolidated financial statements are presented in Naira, rounded to the nearest thousand, and prepared under the historical cost convention, as modified by 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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The accounting policies adopted are consistent with those of the previous financial year & corresponding interim reporting period except for the estimation of income tax and adoption of new and amended standards

2.2 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. 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.

If the business consideration 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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 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 income statement.

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.

(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, generally accompanying a shareholding of between 20% and 50% of the voting rights. 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 income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding 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 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 upstream and downstream 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 2012. 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.

(vi) Foreign currency translation

These consolidated financial statements are presented in Naira, which is the Group's functional and 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').

(vii) 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 cashflow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement 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 income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at a rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

(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

(x) 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.

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.

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.

2.3 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) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less depreciation.

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 income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. An asset's carrying amount is written down immediately to its recoverable amount if the it is greater than its estimated recoverable amount.

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:

Depreciation

Depreciation is calculated using the straight-line method to allocate 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 – 12) / 2 %
Equipment and motor vehicles	3 – 5 years	(20 – 33) / 3 %
Production wells	Unit-of-production (UOP)	

(c) Intangible assets

(i) 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.

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.

(ii) Computer software

Acquired computer software licences 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 is reviewed at each balance sheet date. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(iii) 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.

(d) 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. The Corporation 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

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.

(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 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. 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) Non current receivable - pipeline cost recovery

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.

(g) 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.

(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 applicable costs of completion and selling expenses.

(i) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment 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 profit or loss.

The amount of the provision 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.

(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, restricted cash and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(k) 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 income statement 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. The Group has designated certain borrowings at fair value with changes in fair value recognised through P&L.

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.

(l) Current and deferred income 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 income statement 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.

(m) 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.

Defined benefit scheme

The Group operates a defined benefit gratuity scheme in Nigeria, where members of staff who have spent 3 years or more in employment are entitled to benefit payments upon retirement. The benefit payments are based on final emolument of staff and length of service. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation.

(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 income statement, 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.

(n) 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 6. 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 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.

(o) Share capital

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

(p) Revenue recognition

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:

Revenue is recognised as follows:

(i) Sale of goods

Revenue from sale 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.

¹In Exploration & Production and Gas & Power, 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.

²Revenue 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).

³Sales between subsidiaries, as disclosed in the segment information.

(ii) Sale of services

Sales of services 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.

In the Energy Services segment, revenue on rig and drilling services rendered to customers is recognised in the accounting period in which the services are rendered based on the number of hours worked at agreed contractual day rates. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during the period.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iii) Dividend

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

(iv) Interest income

Interest income is recognised 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.

(v) Construction contracts

In Gas & Power, revenue from construction projects is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method provided that the conditions for application are fulfilled. The percentage of completion is mainly calculated on the basis of the ratio on the balance sheet date of the output volume already delivered to the total output volume to be delivered. The percentage of completion is also calculated from the ratio of the actual costs already incurred on the balance sheet date to the planned total costs (cost-to-cost method). If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero profit method in the amount of the costs incurred and probably recoverable.

Revenue from the provision of services is recognized in accordance with the percentage of completion method – provided that the conditions for application are fulfilled. In the area of services, percentage of completion is mainly calculated using the cost-to-cost method.

(vi) Take or pay contracts

The Group has entered into gas sale contracts with customers, which contain take-or-pay clauses. Under these contracts, the Company makes a long term supply commitment in return for a commitment from the buyer to pay for minimum quantities, whether or not it takes delivery. These commitments contain protective (force majeure) and adjustment provisions. If a buyer has a right to get a 'make up' delivery at a later date, revenue recognition is deferred. If no such option exists according to the contract terms, revenue is recognised when the take-or-pay penalty is triggered.

(vii) Service concession arrangements

In the context of concession projects, construction services provided are recognized as revenue in accordance with the percentage of completion method. In the operating phase of concession projects, the recognition of revenue from operator services depends upon whether a financial or an intangible asset is to be received as consideration for the construction services provided. If a financial asset is to be received, i.e. the operator receives a fixed payment from the client irrespective of the extent of use, revenue from the provision of operator services is recognized according to the percentage of completion method.

If an intangible asset is to be received, i.e. the operator receives payments from the users or from the client depending on use, the payments for use are recognized as revenue according to IAS 18 generally in line with the extent of use of the infrastructure by the users.

If the operator receives both use-dependent and use-independent payments, revenue recognition is split in accordance with the ratio of the two types of payment.

(q) 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.

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.

(r) Dividend

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

(s) 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.

(t) Government grant

The Group, through its subsidiaries, benefits from the Bank of Industry (BOI) Scheme where the government through the BOI provide finance to companies in certain industries at subsidised interest rates. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(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

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.

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

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.

3. Segment information

3.1 Primary reporting format - business segments

At 31 March, 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 refined and unrefined petroleum products.
- (iii) Corporate and others

The Group disposed all its interest in Alausa Power Limited to Elektron Petroleum Energy & Mining Nigeria Limited effective 31 March 2017.

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3.2 The segment results (including discontinued operations) for the period ended 31 March 2017 are as follows:

	Exploration & Production	Marketing, Refining & Terminals	Supply & Trading	Gas & Power**	Energy Services	Corporate & Other	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Total gross segment sales	22,630,687	-	115,634,532	140,510	-	1,470,352	139,876,081
Inter-segment sales	-	-	-	-	-	(1,463,525)	(1,463,525)
Revenue from external customers*	22,630,687	-	115,634,532	140,510	-	6,827	138,412,556
Operating profit/(loss)*	10,096,127	-	(578,611)	(42,082)	-	(841,616)	8,633,818
Finance (cost)/income (net)*	(4,200,305)	-	(5,616)	130,233	-	(4,189,058)	(8,264,746)
Share of profit in associate	-	-	-	-	-	124,557	124,557
Profit/(loss) before income tax*	5,895,822	-	(584,227)	88,151	-	(4,906,117)	493,629
Income tax credit/(expense)*	1,255,117	-	-	-	-	(37,043)	1,218,074
Profit/(loss) for the period	7,150,939	-	(584,227)	88,151	-	(4,943,160)	1,711,703

*See note 3.3 for reconciliation to the statement of profit or loss

**Discontinued operations - Alausa Power Limited

The Group completed the sale of its marketing and energy services companies in 2016, hence the nil balance under the two segments in 2017.

The segment results (including discontinued operations) for the period ended 31 March 2016 are as follows:

	Exploration & Production	Marketing, Refining & Terminals**	Supply & Trading**	Gas & Power**	Energy Services**	Corporate & Other	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Total gross segment sales	16,400,648	26,088,454	13,337,115	7,825,629	1,993,084	924,176	66,569,106
Inter-segment sales	-	(879,808)	(149,007)	(690,826)	-	(876,709)	(2,596,350)
Revenue from external customers*	16,400,648	25,208,646	13,188,108	7,134,803	1,993,084	47,467	63,972,756
Operating (loss)/profit*	(1,195,891)	(1,098,463)	(1,176,710)	1,158,669	(221,423)	15,335,971	12,802,153
Finance (cost)/income (net)*	(3,213,792)	214,213	22,798	179,227	(914,973)	(9,549,814)	(13,262,341)
Share of loss in associate	-	-	-	-	-	(350)	(350)
(Loss)/profit before income tax*	(4,409,683)	(884,250)	(1,153,912)	1,337,896	(1,136,396)	5,785,807	(460,538)
Income tax credit/(expense)*	5,317,879	(125,663)	(95,870)	(534,451)	-	-	4,561,895
Profit/(loss) for the period	908,196	(1,009,913)	(1,249,782)	803,445	(1,136,396)	5,785,807	4,101,357

**Discontinued operations (excluding Oando Trading Bermuda and Oando Trading Dubai)

3.3 Reconciliation of reporting segment information

	Revenue	Operating profit/(loss)	Finance cost (net)	(Loss)/profit before income tax	Income tax expense
	N'000	N'000	N'000	N'000	N'000
2017					
As reported in the segment report	139,876,081	8,633,818	(8,264,746)	493,629	1,218,074
Elimination of inter-segment transactions on consolidation	(1,463,525)	-	-	-	-
Classified as discontinued operations	(140,510)	(1,010,430)	(130,233)	(1,140,663)	-
As reported in the statement of profit or loss	138,272,046	7,623,388	(8,394,979)	(647,034)	1,218,074
2016					
As reported in the segment report	66,569,106	12,802,152	(13,262,341)	(460,539)	4,561,895
Elimination of inter-segment transactions on consolidation	(2,596,350)	(35,781,955)	(2,859,644)	(38,641,600)	-
Classified as discontinued operations	(43,493,609)	15,045,974	3,355,340	18,401,315	755,984
As reported in the statement of profit or loss	20,479,147	(7,933,829)	(12,766,645)	(20,700,824)	5,317,879

Profit on inter-segment sales have been eliminated on consolidation.

4 Property plant and equipment
(4.1) Group

	Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Construction in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December, 2016						
Cost	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 values	281,532,561	-	11,218,422	566,810	223,909	293,541,702
(4.2) Company						
At 31 December, 2016						
Cost	-	-	154,241	1,316,467	-	1,470,708
Accumulated Depreciation	-	-	(110,829)	(980,060)	-	(1,090,889)
Net book values	-	-	43,412	336,407	-	379,819
Net book values 31 March, 2016						
Group	281,532,561	-	11,218,422	566,810	223,909	293,541,702
Company	-	-	43,412	336,407	-	379,819
At 31 March, 2017						
Cost	389,393,390	-	16,233,314	3,648,719	223,906	409,499,329
Accumulated Depreciation	(110,342,928)	-	(5,204,632)	(3,268,584)	-	(118,816,144)
Net book values	279,050,462	-	11,028,682	380,135	223,906	290,683,185

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(4.2) Company		Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor and equipment vehicle	Construction in progress	Total
		N'000	N'000	N'000	N'000	N'000	N'000
At 31 March, 2017							
Cost		-	-	154,241	1,316,467	-	1,470,708
Accumulated Depreciation		-	-	(113,680)	(1,016,148)	-	(1,129,828)
Net book values		-	-	40,561	300,319	-	340,880
Net book values 31 December, 2016							
Group		279,050,462	-	11,028,682	380,135	223,906	290,683,185
Company		-	-	40,561	300,319	-	340,880
5	Intangible assets			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	Gas Transmission Pipeline			-	-	-	-
	E&E			42,801,251	42,514,722	-	-
	Goodwill			320,048,595	318,670,194	-	-
	Software costs			290,318	345,552	175,560	182,151
				<u>363,140,164</u>	<u>361,530,468</u>	<u>175,560</u>	<u>182,151</u>
6	Available-for-sale financial assets			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	At start of the year			115,642	137,202	113,985	136,130
	Additions			566,034	-	566,034	-
	Fair value gain/(loss)			3,430	(22,145)	3,430	(22,145)
	Exchange difference			9	585	-	-
				<u>685,115</u>	<u>115,642</u>	<u>683,449</u>	<u>113,985</u>
	Non current portion			-	2,867	-	2,867
	Current			685,115	112,775	683,449	111,118
				<u>685,115</u>	<u>115,642</u>	<u>683,449</u>	<u>113,985</u>
7	Non-current receivables			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	Underlift receivables (a)			22,271,566	22,173,422	14,481,861	14,418,044
	Other non-current receivables (b)			30,270,762	32,542,482	7,130,389	9,711,893
				52,542,328	54,715,904	21,612,250	24,129,937
	Less: Allowance for impairment of non-current receivables			(32,826,170)	(32,681,515)	(14,481,861)	(14,418,044)
				<u>19,716,158</u>	<u>22,034,389</u>	<u>7,130,389</u>	<u>9,711,893</u>
	(a) Under lift receivables represent the Group's crude oil entitlements of N22.3 billion (\$72.7 million) as a result of operations on OML 125. The balance is owed by the Nigerian National Petroleum Corporation (NNPC). OER is currently in dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009. 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 of N98.1 million is as a result of exchange difference, which also impacted on the translated accumulated provisions amount.						
	(b) Other non-current receivables comprise of joint venture (JV) receivable of N23.1 billion and N7.1 billion loan note receivable from Glover BV as part of consideration for the sale of Oando Gas and Power in December 2016. N10.5 billion out of the JV receivable of N23.1 billion has been impaired and included in the allowance for impairment above.						
	(c) 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. Luxco accepted the Transfer Interest Notification on 31 January 2017 and paid N3.1 billion 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 unaudited consolidated and separate financial statements.						
8	Inventories			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	Finished products			1,461,280	1,321,893	-	-
	Materials			801,389	797,857	-	-
	Goods-in-transit			-	10,684,582	-	-
				<u>2,262,669</u>	<u>12,804,332</u>	<u>-</u>	<u>-</u>
9	Trade and other receivables			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	Trade receivables			106,244,230	47,214,020	-	-
	Other receivables			77,013,622	64,135,827	15,751,682	16,249,243
	Withholding tax receivable			3,889,400	11,577,121	2,817,245	2,817,245
	Amounts due from related companies			-	-	158,814,431	143,928,157
				187,147,252	122,926,968	177,383,358	162,994,645
	Less: Allowance for impairment of other receivables			(16,177,147)	(15,924,891)	(51,685,264)	(51,595,951)
				<u>170,970,105</u>	<u>107,002,077</u>	<u>125,698,094</u>	<u>111,398,694</u>
10a	Cash and cash equivalents			Group Mar. 2017 N'000	Group Dec. 2016 N'000	Company Mar. 2017 N'000	Company Dec. 2016 N'000
	Cash at bank and in hand			11,680,523	10,390,585	2,112,648	7,752,128
	Restricted cash			6,442,199	6,538,952	5,704,982	4,682,749
				<u>18,122,722</u>	<u>16,929,537</u>	<u>7,817,630</u>	<u>12,434,877</u>
	Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flows purposes. 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 period-end cash and cash equivalents comprise the following:						

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b	Cash and bank balance as above	11,680,523	10,390,585	2,112,648	7,752,128
	Bank overdrafts (Note 12)	(802,159)	-	(802,159)	-
		<u>10,878,364</u>	<u>10,390,585</u>	<u>1,310,489</u>	<u>7,752,128</u>
11	Trade and other payables				
		Group	Group	Company	Company
		Mar. 2017	Dec. 2016	Mar. 2017	Dec. 2016
		N'000	N'000	N'000	N'000
	Trade payables	128,082,360	94,904,896	1,725,051	3,210,296
	Other payables	58,759,602	50,390,334	29,155,462	30,036,718
	Accrued expenses	60,690,937	53,164,258	8,283,777	5,285,818
	Amounts due to related companies	-	-	44,488,738	43,875,946
		<u>247,532,899</u>	<u>198,459,488</u>	<u>83,653,028</u>	<u>82,408,778</u>
12	Borrowings				
		Group	Group	Company	Company
		Mar. 2017	Dec. 2016	Mar. 2017	Dec. 2016
		N'000	N'000	N'000	N'000
	Current				
	Bank overdraft (Note 10b)	802,159	-	802,159	-
	Bank loans	143,126,918	142,516,317	19,784,619	20,594,276
	Convertible note	-	1,961,792	-	1,961,792
		<u>143,929,077</u>	<u>144,478,109</u>	<u>20,586,778</u>	<u>22,556,068</u>
	Non-current				
	Non-current bank loan	100,136,425	101,639,606	87,320,834	87,320,834
	Total borrowings	<u>244,065,502</u>	<u>246,117,715</u>	<u>107,907,612</u>	<u>109,876,902</u>
13	Provision and other liabilities				
		Group	Group	Company	Company
		Mar. 2017	Dec. 2016	Mar. 2017	Dec. 2016
		N'000	N'000	N'000	N'000
	Oil and gas fields	41,036,995	40,549,807	-	-
	Other liabilities	525,629	525,629	525,629	525,629
	Balance, end of period	<u>41,562,624</u>	<u>41,075,436</u>	<u>525,629</u>	<u>525,629</u>
	Non current portion	41,036,995	40,549,807	-	-
	Current	<u>525,629</u>	<u>525,629</u>	<u>525,629</u>	<u>525,629</u>
		<u>41,562,624</u>	<u>41,075,436</u>	<u>525,629</u>	<u>525,629</u>

The decommissioning provisions represent present value of decommissioning costs 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. A corresponding amount is included under property, plant and equipment and depreciated in accordance with the Group accounting policy.

14	Share capital & share premium	Number of shares	Ordinary shares	Share premium	Total
		(thousands)	N'000	N'000	N'000
	At 1 January 2016	12,034,618	6,017,309	174,806,923	180,824,232
	Rights issue	-	-	-	-
	Share issue expenses	-	-	-	-
	At 31 December 2016	<u>12,034,618</u>	<u>6,017,309</u>	<u>174,806,923</u>	<u>180,824,232</u>
	At 1 January 2017	12,034,618	6,017,309	174,806,923	180,824,232
	Conversion of OODP's convertible debt	396,794	198,397	1,781,603	1,980,000
	At 31 March 2017	<u>12,431,412</u>	<u>6,215,706</u>	<u>176,588,526</u>	<u>182,804,232</u>
15	Earnings per share			Group	Group
				Mar. 2017	Mar. 2016
				N'000	N'000
	Loss from continuing operations attributable to equity holders of the parent			(532,674)	(15,434,107)
	Profit from discontinued operations attributable to equity holders of the parent			1,140,863	19,557,796
				<u>607,989</u>	<u>4,123,689</u>
	Weighted average number of ordinary shares outstanding (thousands)				
	As previously reported			12,034,618	12,034,618
	Conversion of OODP's convertible debt			396,794	-
				<u>12,431,412</u>	<u>12,034,618</u>
	Basic (loss)/earnings per share				
	From continuing operations			(4)	(128)
	From discontinued operations			9	163
				<u>5</u>	<u>35</u>
	Diluted earnings/(loss) 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 as at 31 March 2017.

16 Discontinued operations and disposal groups held for sale

The assets and liabilities of some target companies of the marketing, refining and terminals and supply & trading segments, Oando Energy Services Limited and Akute Power Limited were presented as held for sale at 31 December 2015, following the approval of the Group's management and shareholders at the 37th Annual General Meeting (AGM) on 27 October 2014 and approval by the Securities and Exchange Commission ("SEC") to sell the entities. Analysis of the result of entities classified as discontinued operations and held for sale are as shown below:

(a) Subsidiaries presented as held for sale and discontinued in/from Q1 2016

i. Sale of Marketing, refining and terminals and Supply & Trading Companies

On 30 June 2016, the Group concluded the sale of some selected down stream entities. Oando Plc entered into a Share Purchase Agreement (SPA) with a consortium comprising of Helios Investors Partners ("Helios") and The Vitol Group ("Vitol") to sell some of its equity interests in some selected Oando downstream companies for agreed consideration. In order to complete the sale transaction, the purchaser, Vitol, entered into a partnership with Helios to form HV Investments II ("HV II"). HV II is owned 50% each by both Vitol & Helios. HVII and Oando Netherlands ("herein Oando Coop."), created a company called Copper JV Co.

Copper JV Co thereafter acquired 100% of the voting interests in Oando Plc's shareholding interests in some of its selected marketing and supply & trading companies. Copper JV is owned 60% by HV II and 40% by Oando Netherlands Holdings 2 Cooperative U.A. Oando Plc owns 100% of Oando Netherlands Holdings 2 Cooperative U.A. As a result of the sale, Oando Plc now owns 40% of voting, legal and economic rights in Copper JV Co (who owns 100% of the select downstream entities sold by Oando plc).

The companies sold by Oando Plc and acquired by Copper JV Co are: Oando Marketing Ltd ("Formerly OMP") and its subsidiaries (Oando Togo, Oando Ghana and Clean Cooking Fuels Ltd); Oando Supply and Trading Ltd ("OST"); Apapa SPM Limited ("ASPM"); Oando Trippmart Limited ("OTL") and Ebony Oil and Gas Limited – ("EOGL").

ii. Sale of Gas & Power entities

On 13 September 2016, the Group signed a Sale & Purchase Agreement (SPA) to dispose 100% shares in Oando Gas and Power Limited (OGP) to Glover BV a Special Purpose Vehicle owned by Helios. The transaction was concluded in December 2016.

Prior to the sale, the Group restructured/reorganized the shares of the target sale companies. As a result of the restructuring, shares of the target subsidiaries (Gaslink Nigeria Limited, Central Horizon Gas Company, Highlands LNG Limited, Gasgrid Nigeria Limited, Ajah Distribution Limited, Transit Nigeria Limited, Lekki Gardens Power Limited) previously held by Oando Plc were transferred to OGP through a group restructuring. Consequently, OGP became the parent company, and Oando Plc, the ultimate parent of all the target subsidiaries to be sold. However, as at year end, the OGP was sold and the receivable from the restructuring was settled by Helios the buyer of OGP and realised by the Group.

iii. Sale of Akute Power Ltd

On 30th October 2015, the Group signed a Sale and Purchase Agreement ("SPA") for the disposal of 100% of its equity interest in Akute Power Limited to Viathan Engineering Limited. As a result of the reorganization of the Gas & Power entities prior to the finalization of the sale, Akute Power Limited was transferred to OGP which was owned 100% by Oando Plc, through a share exchange agreement. The transaction was concluded on 11 March 2016 after fulfillment of all closing conditions and obligations prior to that date of sale of OGP.

iv. Sale of Oando Energy Services

On 31 December 2015, a Share Purchase and Sale Agreement ("SPA") to sell the entire issued share capital of Oando Energy Services Limited ("OES") to OES Integrated Services Limited (the buyer), a Nigerian company, under a Management Buy-out (MBO) arrangement was signed. A no objection consent was obtained by SEC on 31 March 2016. Thus, the sale was accounted for in Q1 2016.

(b) 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 N1.1 billion (Group) and N1.9 billion (Company), have been recognized in these consolidated and separate financial statements.

	Alausa Power Limited	Total
	N'000	N'000
Consideration	1,861,589	1,861,589
Net (asset)/liability	(809,078)	(809,078)
Gain on disposal*	<u>1,052,512</u>	<u>1,052,512</u>

*The gain/(loss) on disposal of Alausa has been presented as part of profit/(loss) from discontinued operations in the consolidated statement of profit or loss.

(c) Subsidiary classified as held for sale

Planned 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, it awaits the final approval of the minister of petroleum resources at the time of these unaudited financial statements.

As part of the arrangement with NAE, the Group retains its rights to the N22.3billion (\$72.7million) underlift receivable from NNPC (See Note 7). Consequently, the underlift amount is excluded from the disposal group.

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Effect of disposal on the financial position of the Group	Group 2016 N'000	Group 2015 N'000
Assets:		
Property, plant and equipment	966	92,289,457
Intangible assets	-	29,197,157
Inventories	30,497	18,844,888
Trade and other receivables	614,922	192,155,786
Held to maturity (Long-term) investments	-	24,903,458
Finance lease receivables	4,157,580	2,109,108
Derivative financial assets	-	1,991,561
Available-for-sale financial assets	-	-
Non-current prepayment	-	2,690,021
Prepayment	48,249	6,069,929
Liabilities:		
Total borrowing	(1,553,928)	(174,314,001)
Government grant	(449,434)	(17,499)
Dividend payable	-	(1,404,490)
Current income tax liabilities	-	(4,958,075)
Deferred income tax liabilities	-	(664,106)
Retirement benefit obligation	-	(1,822,681)
Other non-current liabilities	-	(3,152,216)
Provision for other liabilities & charges	-	(900,087)
Trade and other payables	(2,068,620)	(180,876,087)
Profit on disposal	780,230	2,142,123
Effect of disposal and liquidation on the financial position of the Group	1,052,512	30,602,093
	1,832,742	32,744,216
Satisfied by:		
Consideration received, satisfied in cash (less cost to sell)	-	16,081,748
Share exchange	-	12,784,121
Purchase price adjustment	-	(17,736,444)
Net intercompany payable net off	14,037	34,371,784
Non-controlling interest (NCI)	-	1,860,532
Deferred consideration	1,847,553	17,740,610
Cash and cash equivalents disposed of	(28,847)	(32,358,135)
	1,832,742	32,744,216

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:

Assets of disposal group classified as held for sale	Group Mar. 2016 N'000	Group Dec. 2016 N'000
Property, plant and equipment	42,119,219	41,934,577
Intangible assets	1,147,900	1,142,841
Finance lease receivables	-	4,201,638
Deferred tax assets	106,880	106,409
Inventory	156,702	62,455
Trade and other receivables	587,352	2,301,937
Prepayments	-	90,910
Cash and cash equivalents (excluding bank overdrafts)	-	205,885
Total assets	44,118,053	50,046,652
Liabilities of disposal group classified as held for sale		
Trade and other payables	30,430,326	31,384,984
Current income tax liabilities	66,569	66,276
Borrowing	-	1,628,127
Provision for other liabilities & charges	12,165,570	11,715,403
Deferred tax liabilities	7,307,067	7,274,866
Government Grant	-	449,434
Total liabilities	49,969,532	52,519,090
Subsidiaries classified as held for sale		
	Company Mar. 2017 N'000	Company Dec. 2016 N'000
Investment in subsidiaries		
Alausa Power Ltd	-	2,500
	-	2,500

(d) Subsidiary previously held for sale now reclassified as continuing operations

Oando Trading Bermuda

The Group changed its plan to dispose a subsidiary, Oando Trading Bermuda (OTB) in 2016 previously classified as held for sale in the statement of financial position and discontinued operations in the consolidated statement of profit or loss for the year ended 31 December 2015.

This has been reclassified from held for sale to normal assets and liabilities of the Group represented as part of continuing operations in 2016. The change in plan to sell which occurred in 2016, was at the instance of the buyer, who wanted to prevent competition between OTB and its existing trading company.

The non-current assets of OTB have been measured at their carrying amounts before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale.

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The change in plan has led to an additional loss of N53.7 million and N454.9 million in the profit or loss from continuing operations for the year ended 31 March 2017 and 31 March 2016 respectively.

The comparative consolidated statement of profit or loss have been represented to show OTB as part of continuing operations (see note 19).

(e) Results of discontinued operations

	Group Mar. 2017 N'000	Group Mar. 2016 N'000
Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:		
Revenue	140,510	43,493,609
Expenses	(52,359)	(23,253,324)
Loss before tax of discontinued operations	88,151	20,240,285
Income tax expense	-	(755,984)
Loss after tax of discontinued operations	88,151	19,484,301
Gain on sale of discontinued operations	1,052,512	-
Profit for the period from discontinued operations	1,140,663	19,484,301

17 Net cash flows from operating activities before changes in working capital

	Group Mar. 2017 N'000	Group Mar. 2016 N'000	Company Mar. 2017 N'000	Company Mar. 2016 N'000
Reconciliation of (loss)/profit before income tax to cash generated from operations:				
Loss before income tax - continuing operations	(647,034)	(20,700,824)	(5,501,168)	(15,522,885)
Profit before income tax - discontinued operations	1,140,663	20,240,285	-	-
Adjustments for:				
Interest income	(2,269,846)	(2,331,940)	(436,431)	(61,964)
Interest expenses	10,664,825	-	4,611,771	9,551,695
Interest income - Discontinued operations	(153,630)	-	-	-
Interest expenses - Discontinued operations	23,397	15,534,514	-	-
Depreciation	4,524,551	7,696,943	38,939	45,148
Amortisation of intangible assets	55,853	263,807	6,591	10,312
Impairment of intangible assets	-	873,602	-	-
Impairment of property, plant and equipment	-	3,947	-	-
Impairment allowance on current receivables	269,128	-	89,313	-
Impairment allowance on investment	-	-	-	(46,974,921)
Share of (profit)/loss of an associate	(124,557)	350	-	-
Profit/(loss) on sale of property, plant and equipment	(3,129)	9,146	(556)	15,859
Unwinding of discount on provisions	2,100,273	1,149,301	-	-
Profit/(loss) on sale of subsidiary	(1,052,512)	(20,858,951)	-	46,974,921
Profit on sale of investment	-	-	(1,859,089)	-
Share based payment expense (options and swaps)	-	93,657	-	-
Write off of intangible asset and property, plant and equipment	-	-	(3,330)	-
Net foreign exchange (gain)/loss	(1,597,297)	275,647	-	-
Fair value loss on commodity options	91,934	3,072,280	-	-
Fair value gain on convertible options	(180,929)	-	(180,929)	-
Fair value (gain)/loss on available for sale asset	(3,430)	37,794	(3,430)	37,795
	12,838,261	5,359,558	(3,238,319)	(5,924,040)

18 Net decrease in working capital

	Group Mar. 2017 N'000	Group Mar. 2016 N'000	Company Mar. 2017 N'000	Company Mar. 2016 N'000
Receivables and prepayments (current)	(63,147,174)	(18,502,623)	(374,720)	(4,148,266)
Non current receivables and prepayments	1,555,383	(795,217)	2,583,383	1,880
Inventories	10,417,097	372,782	-	-
Payables and accrued expenses	50,060,690	39,518,853	(2,573,881)	18,770,005
Gratuity provisions	(38,839)	(6,494)	(100,890)	(77,401)
Government grant	-	(14,550)	-	-
	(1,152,845)	20,572,751	(466,109)	14,546,218

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19 Reconciliation of previously published statement of profit or loss

Oando Gas & Power (and its subsidiaries) and Alausa Power Ltd were classified as continuing operations at March 2016 but disposed in year ended 2016 (see note 16a) and 31 March 2017 (see note 16b) respectively. Also, Oando Trading Bermuda (OTB) was classified as a disposal group in March 2016 & its results of operations were presented as discontinued operations. However, following the decision of management not to continue with the planned sale of selling OTB, the 2016 result of the operations have been represented as part of continuing operations (see note 16d). The comparative as at 31 March 2016 have been represented to show the effect of the discontinued operations.

	As previously reported on 31 March 2016 N'000	Discontinued operations*	As represented N'000
Continuing operations			
Revenue	27,725,309	(7,246,162)	20,479,147
Cost of sales	(22,786,035)	4,864,657	(17,921,378)
Gross profit	4,939,274	(2,381,505)	2,557,769
Other operating income	4,748,826	(23,173)	4,725,653
Selling and marketing costs	(37,920)	37,920	-
Administrative expenses	(15,650,325)	433,074	(15,217,251)
Impairment of asset	-	-	-
Operating loss	(6,000,145)	(1,933,684)	(7,933,829)
Finance costs	(14,210,102)	135,084	(14,075,018)
Finance income	1,555,046	(246,673)	1,308,373
Finance costs - net	(12,655,056)	(111,589)	(12,766,645)
Share of loss from associate	(350)	-	(350)
Loss before income tax	(18,655,551)	(2,045,273)	(20,700,824)
Income tax credit	4,783,428	534,451	5,317,879
Loss for the period from continuing operations	(13,872,123)	(1,510,822)	(15,382,945)
Discontinued operations			
Profit for the period from discontinued operations	17,973,479	1,510,822	19,484,301
Profit for the period	4,101,357	-	4,101,357
Other comprehensive income:			
-			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	126,597	-	126,597
Total comprehensive profit for the period	4,227,954	-	4,227,954
Attributable to:			
Equity holders of the parent	4,240,996	-	4,240,996
Non controlling interest	(13,042)	-	(13,042)
	4,227,954	-	4,227,954
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 (loss)/earnings per share			
From continuing operations	(116)	-	(116)
From discontinued operations	150	-	150
From profit for the year	<u>34</u>	<u>163</u>	<u>35</u>

* OTB previously presented as discontinued operations have been represented as continuing operations and Alausa Power Ltd; Oando Gas & Power and its subsidiaries previously presented as continuing operations have been represented as discontinued operations.

20 Accounting policy changes

The unaudited consolidated and separate financial statements have been prepared in accordance with the accounting policies set out in the annual financial statements. There have not been any significant changes to the accounting policies of the Group during the period under review.

21 Seasonality or cyclicity of operations

The Company operates on a 12 month calendar cycle commencing January 1 of every year till December 31st of same year. Seasonal fluctuations in revenue and other transactions are recorded whenever such arises.

22 Unusual items

No unusual transactions were recorded during the period under review.

23 Estimates and changes

The group accounted for depreciation, depletion and amortization ("DD&A") and decommissioning provision using the latest reserves, which was completed in March 2017.

On 31 December 2016, the Group accounted for the sale of the Downstream and Oando Gas and Power companies using best estimates. The completion accounts, which form the basis of final accounting, is yet to be completed and agreed by the buyer and seller as of the date of filing these unaudited consolidated and separate financial statements.

Other than these, no significant changes occurred in procedures and methods used in carrying out accounting estimate.

24 Issuance, repurchases, and repayment of debts and equity securities

Ocean and Oil Development Partners ("OODP") notified the Company of its intention to convert a total of N1.96billion 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 during the period under review. The shares have been allotted to OODP and recognised under equity in these unaudited consolidated and separate financial statements.

Debt issuance and repayments occurred in the ordinary course of business.

25 Dividends

No dividends were paid by the Company to its shareholders during the period.

26 Significant events after the end of the interim period

No significant events occurred between the interim reporting date and date of approval of these unaudited consolidated and separate financial statements by the Board of Directors.

27 Business combinations

The Company did not acquire new interests in any new subsidiaries during the period under review.

28 Long term investments

The Company did not make any long term investments during the period other than those shown in these unaudited consolidated and separate financial statements

29 Restructuring and reversals of restructuring provisions

No restructuring provisions or reversals of such provisions occurred during the period.

30 Write-down of inventory to net realizable value

The company applied the recognition and measurement requirements on inventory as was applied in the previous financial statements.

31 Impairment loss of property, plant, equipment, intangible or other assets, and reversal of such impairment loss

There was no loss from the impairment of property, plant and equipment, intangible assets or other assets and the reversal of such an impairment loss, except as disclosed in these unaudited consolidated and separate financial statements.

32 Litigation settlements

No significant litigation settlement occurred during the period under review.

33 Related party transactions

Significant related party transactions were in respect of intragroup receivables and payables between related parties. Amounts in these regards have been eliminated on consolidation. In addition, conversion of debt to equity and shares allotted as settlement; and transfer of 5% interest in Glover BV by Coop 3 have been fully disclosed in note 24 and 7 respectively.