Oando PLC
RC 6474
Annual Report 2017

REAFFIRMED COMMITMENT

www.oandoplc.com

Oando PLC

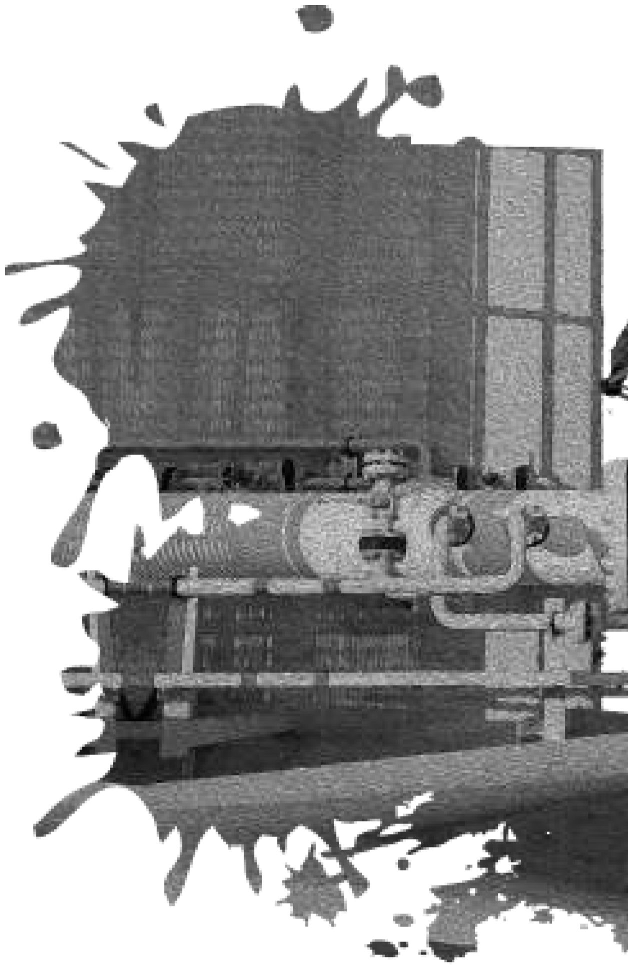
RC 6474

What’s Inside

Strategic Report

About Us

Oando PLC is Africa's leading indigenous energy company operating in the upstream, midstream and downstream sector. Primarily listed on the Nigerian Stock Exchange, we are the first African company to have a cross-border inward listing on the Johannesburg Stock Exchange. We have invested substantially in assets across the energy value chain, formed strategic alliances to maximize productivity and are positioned to contribute to deliver value to our stakeholder in an environmentally suitable manner.

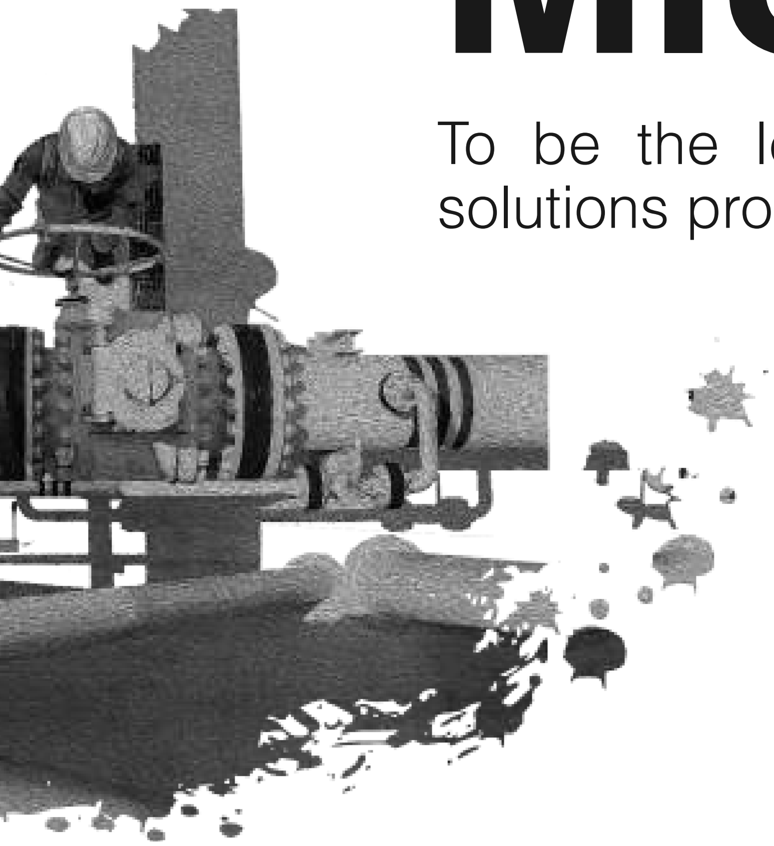


VALUE

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

MISSION

To be the leading integrated energy solutions provider



VISION

To be the premier company driven by excellence

Our Corporate Culture

Oando's corporate culture is hinged on the values of Teamwork, Respect, Integrity, Passion, and Professionalism (TRIPP), which embodies the 'Oando Way'.

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

TR

Teamwork
Respect
Integrity
Passion
Professionalism

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

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

I P P

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

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

Directors and Professional Advisers

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

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

Directors:

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

Jubril Adewale Tinubu
Group Chief Executive

Omamofe Boyo
Deputy Group Chief Executive

Olufemi Adeyemo
Group Executive Director - Finance

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

Mobolaji Osunsanya
Non-Executive Director

Oghogho Akpata
Non-Executive Director

Chief Sena Anthony
Non-Executive Director

Tanimu Yakubu
Non-Executive Director

Ike Osakwe
Non-Executive Director

Ademola Akinrele SAN
Non-Executive Director

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

Professional advisers:

Olufemi Adeyemo
Group Chief Financial Officer

Ayotola Jagun
Chief Compliance Officer and Company Secretary

Ngozi Okonkwo
Chief Legal Officer

Bankers

1	Access Bank Plc
2	Access Bank UK
3	African Export-Import Bank
4	Bank of Montreal Canada
5	BNP
6	Citibank, UK
7	Diamond Bank Plc
8	Ecobank Nigeria Plc
9	Ecobank Sao Tome e Principe
10	Federated bank
11	Fidelity bank Plc
12	First Bank (UK)
13	First Bank of Nigeria Limited
14	First City Monument Bank Plc
15	First City Monument Bank UK
16	Guaranty Trust Bank Plc
17	Heritage Bank Plc
18	Industrial and Commercial Bank of China Ltd
19	ING Bank
20	Investec Bank
21	Keystone Bank Limited
22	Mauritius Commercial Bank
23	National Bank of Fujairah (NBF)
24	Natixis Bank
25	Rand Merchant Bank
26	Stanbic IBTC Bank Plc
27	Standard Bank of South Africa Ltd
28	Standard Chartered Bank Plc., UK
29	Standard Chartered Bank(Nig.) Ltd
30	Union Bank of Nigeria Plc
31	United Bank for Africa Plc
32	United Bank for Africa, New York
33	Zenith Bank Plc

Registered Office:

The Wings Office Complex
17a Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

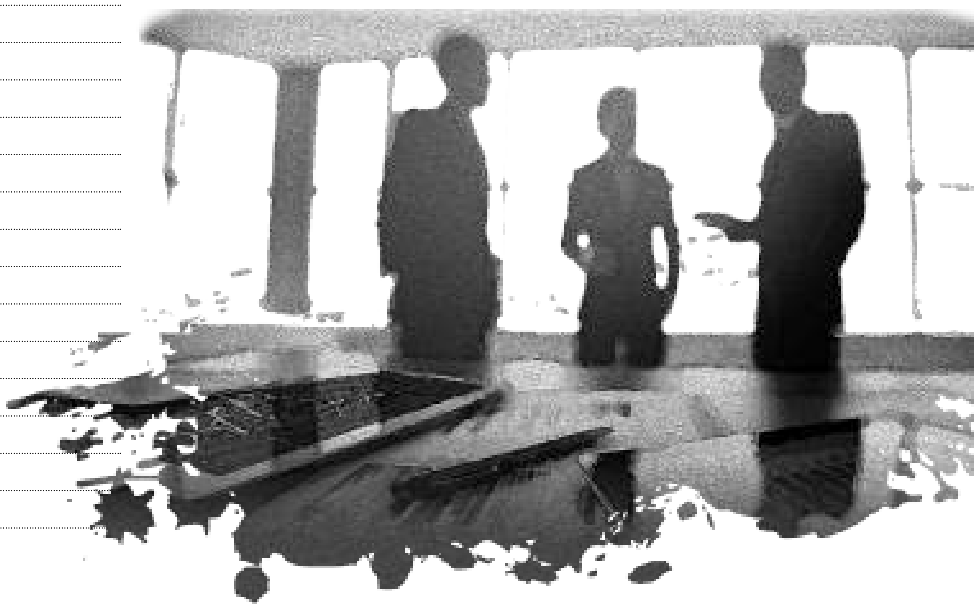
Auditors:

Ernst & Young
UBA House (10th and 13th floor)
57 Marina, Lagos, Nigeria

The Registrars & Transfer Offices:

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

Computershare Investor Services (Proprietary) Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa



Notice of Annual General Meeting

Ayotola Jagun
Chief Compliance Officer and Company Secretary

NOTICE IS HEREBY GIVEN that the 41st (Forty-first) Annual General Meeting (the "Meeting") of Oando PLC (the "Company") will be held at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Friday, July 27, 2018 at 10:00 a.m. for the purposes of:

1. Transacting the following ordinary business:

1.1 To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2017 and the Reports of the Directors, Auditors and Audit Committee thereon;

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

1.3 To elect Alhaji Bukar Goni Aji to the Board of Directors of the Company, with effect from January 19, 2018 as a Director whose term expires in accordance with Article 88 of the Articles of Association of the Company but being eligible, offers himself for election.

1.4 To elect Mr. Muntari Zubairu to the Board of Directors of the Company, with effect from February 5, 2018 as a Director whose term expires in accordance with Article 88 of the Articles of Association of the Company but being eligible, offers himself for election.

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

- To re-elect Chief Sena Anthony as a Director
- To re-elect Mr. Ike Osakwe as a Director
- To re-elect Mr. Ademola Akinrele SAN as a Director.

1.6 To elect members of the Audit Committee;

2. Transacting the following special business:

Resolution: Directors Remuneration

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

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

Voting and proxies

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

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

Registered holders of certificated shares and holders of dematerialised shares in their own name who are unable to attend the Meeting and who wish to be represented at the Meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form, to the share registrars, First Registrars & Investor Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa not less than 48 hours before the time of the Meeting.

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

Closure of register of members

The Register of Members and Transfer Books of the Company (Nigerian and South African) will be closed between July 9, 2018 and July 12, 2018 (both days inclusive) in terms of the provisions of Section 89 of CAMA.

Nominations for the Audit Committee

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

E- Report

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

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

Right of shareholders to ask questions

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

July 5, 2018

By the Order of the Board

Ayotola Jagun

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

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

Chairman's Statement

HRM Oba Michael A. Gbadebo, CFR
Chairman

The global economy found its post-crisis footing in 2017, with most major economies and industries recording growth. The global economy grew by an estimated 3.5% making it the strongest growth in a decade fueled by growth in developed nations, China's growth rate and Eurozone recovery.

As an oil dependent nation, Nigeria was thrown into a recession in 2016, hence the focus for 2017 was on economic recovery. Economic plans were targeted at improving the business environment, promoting transparency and accountability, developing effective policies and tackling corruption. These initiatives were largely successful as coupled with improvement in oil price, the Nigerian economy grew to 0.83% by year-end 2017 from -0.91% GDP growth at the beginning of the year.

The country achieved several milestones over the course of the year. Inflation rate reduced from 18.5% to 15.9%. The Naira improved in the parallel market as the exchange rate decreased by 27% from ₦494/$1 in 2016 to ₦360/$1 at the end of 2017 due to the CBN's injection of foreign currency into the market. An achievement worth mentioning is the improvement in the country's ranking in the Ease of Doing Business Index to 145 from 169 in 2016 surpassing the 20 points planned.

The Oil & Gas industry was a major contributor to the global recovery. While 2016 marked the fall in oil prices to a 14-year low of $26/barrel leading to an industry downturn, 2017 showed that the industry is finally on the path to recovery as oil prices surpassed the $60/bbl mark and reached a 2-year high of $65.62/bbl at the end of the year. This improvement

GROWTH

3.5%

The global economy grew by an estimated 3.5% making it the strongest growth in a decade

0.83%

The Nigerian economy grew to 0.83% by year-end 2017

1.75 mmbpd

Oil production in the Nigerian Oil & Gas industry increased from 1.51mmbpd in 2016 to 1.75mmpd by December 2017, with some months reaching 2.3mmbpd

Chairman's Statement
continued

was due to record compliance of the OPEC production cuts, fluctuation in US inventories, and industry impacting events such as the hurricanes experienced in the Gulf. The year was not without its challenges as political tensions in the Middle East, Venezuela and Libya threatened OPEC market share, however general consensus is that 2017 was surely the beginning of recovery for the industry.

The industry also recorded major achievements in 2017. Oil production increased from 1.51mmbpd in 2016 to 1.75mmpd by December 2017, with some months reaching 2.3mmbpd. Production increase was mainly due to the success of the Niger Delta engagement and military intervention as well as the repair and resumption of the Forcados Pipeline. A major milestone for the industry was the passage of the Petroleum Industry Governance Bill (PIGB), a part of the Petroleum Industry Bill which was conceived 12 years ago. Lastly, the part payment of cash call arrears by the NNPC to the IOCs and the proposed restructuring of the National oil company shows that the sector is truly on a path to improvement.

Executing our strategy

In 2017, we as a company, were focused on sustaining our profitability, leveraging on our core dollar earning businesses, while completing further divestment and restructuring of our loan facilities.

The upstream business saw a 7.6% decline in production from 43,503 boepd in 2016 to 40,188 boepd, due to operational challenges such as the Forcados terminal downtime. However, the business benefited from the increase in oil price compared to the previous year. Our reserves stood at 470.7 mmboe, an increase from the 469 mmboe in 2016.

Oando Trading DMCC, the crude and refined petroleum trading subsidiary, pushed through the depressed downstream and unfavorable trading environment, reporting relatively stable revenues slightly below $1.3 billion and a gross profit of $7 million. Over 15 million barrels of Crude Oil was traded during the year, with an additional 835,000 MT of Refined Petroleum Products which was a 9% increase in trading volumes.

The company also took a strategic decision to divest a further 5% stake in Glover BV to Helios Investment Partners as well as a further 35% stake in the downstream business OVH Energy. These companies however remain a strategic part of our portfolio and we will continue to provide all the required support for them.

Governance

Against this backdrop, specifically in January 2017, the Securities and Exchange Commission (SEC) commenced an investigation into the company following petitions filed by Anbury Inc., an indirect investor and Alhaji Dahiru Mangal, a direct shareholder alleging gross abuse of corporate governance and financial mismanagement.

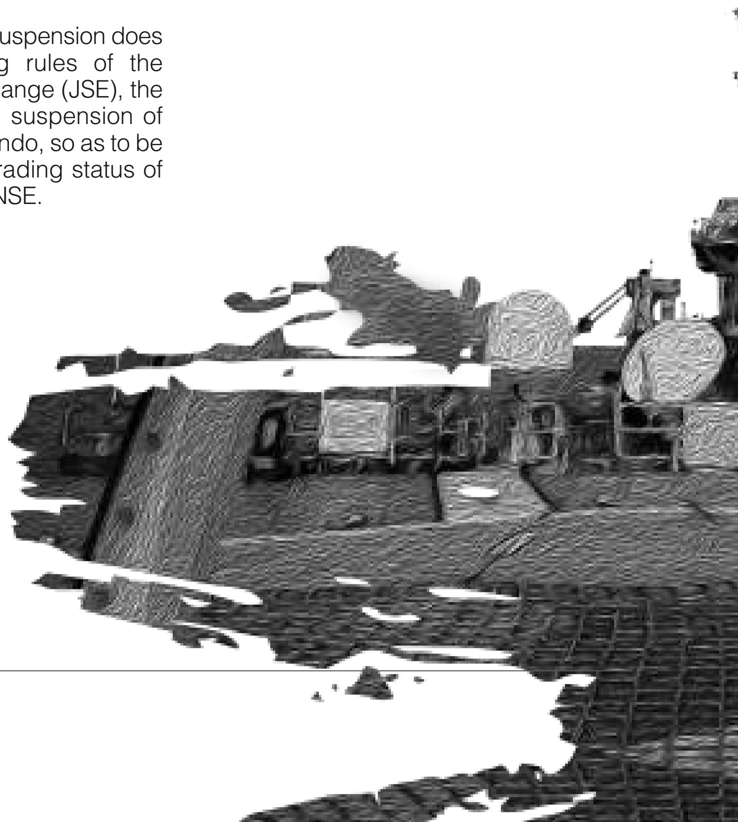
On October 17, 2017, the SEC published its interim findings and gave a directive to temporarily technically suspend free trading of the company's shares on the Nigerian Stock Exchange (NSE) as a prelude to the initiation of a forensic audit into the affairs of the company.

Accordingly, as technical suspension does not exist with the listing rules of the Johannesburg Stock Exchange (JSE), the JSE had to institute a full suspension of trading in the shares of Oando, so as to be near consistent with the trading status of the Oando shares on the NSE.

Whilst we have consistently maintained our position, however, in the spirit of cooperation, transparency and full disclosure, the company proceeded to comply with the directives of the Commission to ensure a smooth and swift conclusion of the forensic audit. We do not see the SEC's actions as a blight on 2017 but instead have taken learnings to enable greater shareholder participation, increased transparency to all our stakeholders and improved internal processes to ensure we continue to operate to global standards.

The company has so far succeeded in reaching an amicable agreement with its aggrieved shareholder, Alhaji Mangal and having the technical suspension of its shares lifted by the NSE and the full suspension lifted by the JSE. We are hopeful that the rest of 2018 will see the forensic audit concluded with a result that reinforces the values and policies we strictly adhere to for alignment with global standards.

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



9%

Over 15 million barrels of Crude Oil was traded during the year, with an additional 835,000 MT of Refined Petroleum Products which was a 9% increase in trading volumes

2018 OUTLOOK

With the OPEC agreement extended through the year, outlook for the oil price remains positive. Industry experts predict a slow but continuous recovery. However, US production continues to reach record highs.

2018 will be a defining year for Nigeria as a nation as it continues its push towards growth and diversification. Key events to look out for would be the reaction of the country to the joint production cap of 2.8 mmbpd with Libya, as production continues to increase. Also, the continued execution of the planned industry initiatives by the government, the passage of outstanding parts of the PIB and government commitment towards delivery will determine the sustainability of Nigeria's economic progress.

Group Chief Executive's Report

Jubril Adewale Tinubu
Group Chief Executive

2017 saw a significant improvement in oil prices coupled with an increasing belief that the market was approaching a new norm. The events during the course of the year led many industry experts to believe the worst is indeed over as the market appears to have found stability, with oil price volatility falling by about a third during the year.

Oil prices, which opened at $55.05/bbl, reached a 2 year high of $65.62/bbl in December. Though prices are still well below the $115 per barrel of 2014, the industry is cautiously optimistic of the rebalancing of supply and demand fundamentals, as companies begin to review new investments, increase capital expenditure & mergers and Acquisition activities while continuing cost management, organic growth development & portfolio divestment.

OPEC played an instrumental part in the push for the Oil & Gas industry recovery. The organization recorded significant high compliance rates from both OPEC and non-OPEC counties which helped to boost confidence further assisting the oil price recovery journey and pushing the industry in the right direction.

FOCUSED

Nigeria exits recession

After five (5) consecutive quarters of declines, the Nigerian economy returned to growth as the economy grew by 0.83% in 2017, a positive outcome compared to the contraction of 1.5% recorded in 2016.

This recovery was driven through the implementation of favourable economic policies; rising oil price, relative oil production and forex stability; foreign exchange stability; and improved manufacturing activity.

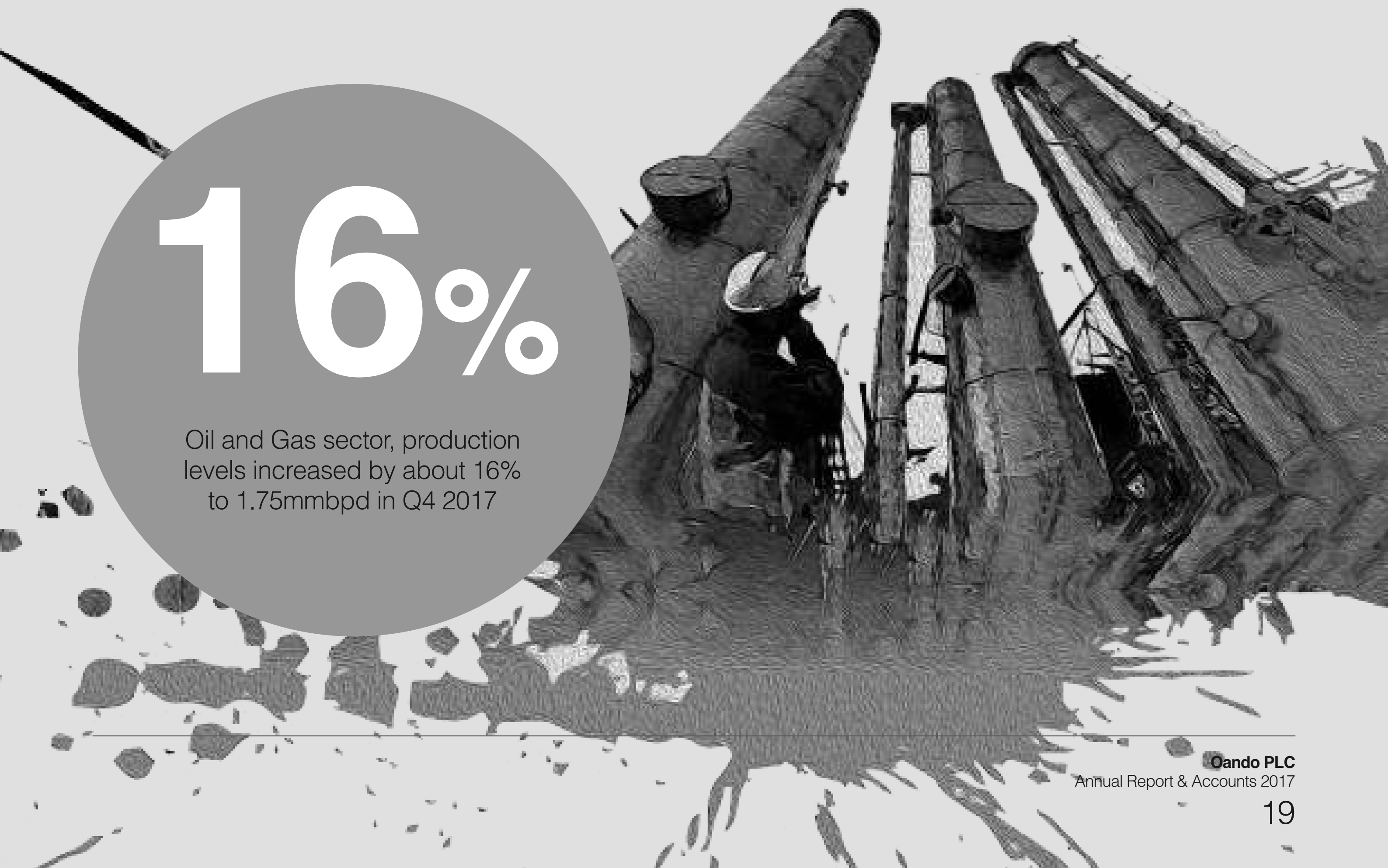
In the Oil and Gas industry, production levels increased by about 16% to 1.75mmbpd in Q4 2017 compared to the 1.51mmbpd produced at the beginning of the year. Niger Delta restiveness also decreased as the Niger Delta Avengers ("NDA") ceasefire which began in August 2016 was maintained during the year.

The industry also saw positive policy reforms notably the passage of the Petroleum Industry Governance Bill (PIGB) by the Senate, restructuring of the NNPC and continued payment of JV Cash call arrears via the Repayment Agreement executed with JV partners.

A more focused business

In 2016, we restructured our group to focus on our dollar earning businesses. 2017 saw us further intensify the restructuring and deleveraging of our balance sheet through the following initiatives:

- We divested our stake in Alausa Power Limited to Elektron Petroleum and Energy Mining Limited for cash proceeds of N1.2 billion. Subsequent to transaction cost and satisfying other closing obligations of about N400 million, we applied N800 million towards interest repayment on the MTL facility.



16%

Oil and Gas sector, production levels increased by about 16% to 1.75mmbpd in Q4 2017

Group Chief Executive's Report
continued

- Following the divestment of a 70% stake in 2016, we completed a further divestment of a 5% equity stake in Glover BV, the owner of Oando Gas and Power (now Axxela) to Helios Investment Partners for a consideration of N3billion. The combined effect of the 75% divestment in Axxela resulted in a prepayment of Medium Term Loan (MTL) principal amount N21 billion and interest
- We completed the restructuring of the Vitol/ORL $40 million facility extending the tenor by a minimum of 30 months with a new maturity date of March 2020.

As a result, of the above initiatives, Oando PLC's debt profile which stood at N473 billion (US$2.56billion) as at January 2015 witnessed a 50% reduction by December 2017, to N237 billion (US$659 million).

Upstream

Oando Energy Resources (OER) benefited from a more positive operating environment in 2017 as the increase in oil price helped to offset the decrease in production. The company ended the year with an average production of 40,188 boe/day compared to 43,503 boe/day in the comparative period of 2016. This was primarily due to significant reduction in gas production and delivery caused by a ruptured Gas Transmission System (GTS-4) pipeline which supplies gas to the Nigerian Liquefied Natural Gas Limited (NLNG). Production also reduced from OML 56 (Ebendo) as a result of the third-party operated Forcados terminal, which experienced temporary downtime.

We completed the sale of OER's interest in OMLs 125 and 134 to Nigerian Agip Exploration Limited "NAE" for a gross consideration of $90 million and OER, through its subsidiary, Oando Qua Ibo Limited, also completed seismic acquisition of 16,700 square km in Qua Iboe field (OML 13) showing evidence of technical ability to find and develop oil and gas resources.
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Downstream

Despite the challenges faced from a depressed downstream oil environment, Oando Trading DMCC experienced continued growth in its crude oil business with a 9% increase in traded volumes. The business reported gross profit of $7 million, driven mostly by the performance of the Direct Sale Direct Purchase (DSDP) agreement which the company holds with NNPC as well as other crude offtake and product export contracts.

OVH Energy (formerly Oando Marketing Limited) commissioned its $130 million midstream jetty in Apapa, Lagos- a jetty designed to increase the vessel delivery capacity and off-loading efficiency of petroleum products at Apapa in Lagos.

Gas & Power

In 2017, we successfully rebranded the gas and power business, Oando Gas & Power to Axxela Limited and the company continued to thrive, and enforced its position as the premier gas distribution company in Nigeria. In the course of the year, Phase IV of the Greater Lagos Pipeline Expansion Project was commissioned. This is a 11km pipeline delivering natural gas to customers along the Marina, Ijora axis of Lagos State further expanding our distribution infrastructure and enabling us reach a wider demand area for delivery of gas.

Oando Foundation

The Oando Foundation gained significant traction in programme implementation enrolling over 33,639 out of school children to date in partnership with Educate-A-Child. The Foundation established 10 Walk-in Centers, 16 ICT Centers, renovated 15 schools, strengthened the capacity of 774 teachers, and trained 741 LGEA & SBMC officials on educational management information systems and school governance. In 2017, the foundation leveraged new and existing partnerships with key players in the sector, raising over N250million for projects in adopted schools. Noteworthy is the partnership with Sumitomo Chemical, a Japanese Chemical Company, resulting in the establishment of 3 solar powered ICT Centres in schools across three states – Kaduna, Lagos and Taraba; benefitting over 2,400 students.

The foundation also advocated for increased access to basic education on various national and international platforms in 2017; the Global Business Coalition on Education (GBC-Ed), World Innovation Summit on Education (WISE), Global Education and Skill Forum (GESF), and the African Philanthropy Forum (APF). Our direct advocacy engagement with the Universal Basic Education Commission resulted in the Foundation being selected to champion the strategic coordination of other private sector education affiliates supporting basic education in Nigeria.

2018 Look Ahead

Soaring Higher

In 2018 we are focused on optimizing our existing portfolio and targeting strategic growth opportunities in order to drive sustained profitability. We continue activities towards a group-wide debt reduction to ensure all outstanding debts are right sized in line with the new macro reality of the Oil and Gas industry.

In line with our vision to be the leading indigenous E&P Company in Africa, we will continue to leverage our competitive advantage by utilizing our indigenous capability to create value for our stakeholders and partners, improve our focus on Nigeria & the Gulf of Guinea, optimize producing assets, de-risk existing exploration assets, identify reliable international partners to collaborate with, and continuously improve our balance sheet, cash flows and reserves.

Our outlook remains positive in respect of production growth and in conjunction with our Joint Venture partners, we plan to identify and pursue selected growth projects, expected to drive increase in production. We have also signed a Service Level Agreement with our JV partners which enables us to identify low hanging fruits in the JV portfolio which we can quickly execute for the benefit of the Joint Venture.

In the trading business, our primary focus remains strengthening our position in the Nigerian market while seeking strategic opportunities and partnerships to help us grow our regional footprint.

We will continue to leverage our regional know-how and finance relationships to structure partnership agreements with key African refineries with the aim of capturing additional value through greater involvement in the crude oil trading value chain. Operating out of the UAE has exposed Oando Trading DMCC to the large trading environment in and around the Middle East and the North Africa region resulting in the development of key strategic joint venture partnerships with a great potential to foster trade in the region.

The big move

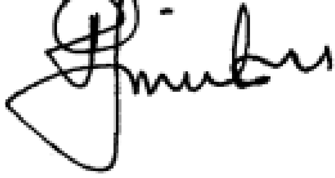
2017 was also the year of the big move to our new office space – The Wings Office Complex. The Wings Office Complex was conceived in 2009 and construction-started in 2013. At the time it seemed a lofty dream; both in terms of size and the type of structure we envisaged. Today the two towers stand tall as a testament to our vision and tenacity as we continue to lead and set standards for excellence.

Closing

Despite the challenging, yet improving, operating environment, we remain bullish on our prospects for the future and ability to grow as a business.

The initiatives executed over the past years have shifted our asset portfolio towards an optimum and efficient level to provide the returns our shareholders deserve.

We look forward to a fruitful 2018 when those initiatives begin to deliver the expected returns, and in turn grow shareholder value.



Jubril Adewale Tinubu
Group Chief Executive
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Business Review

Business
Review
Oando Energy Resources

2017 Global Oil & Gas Industry Review

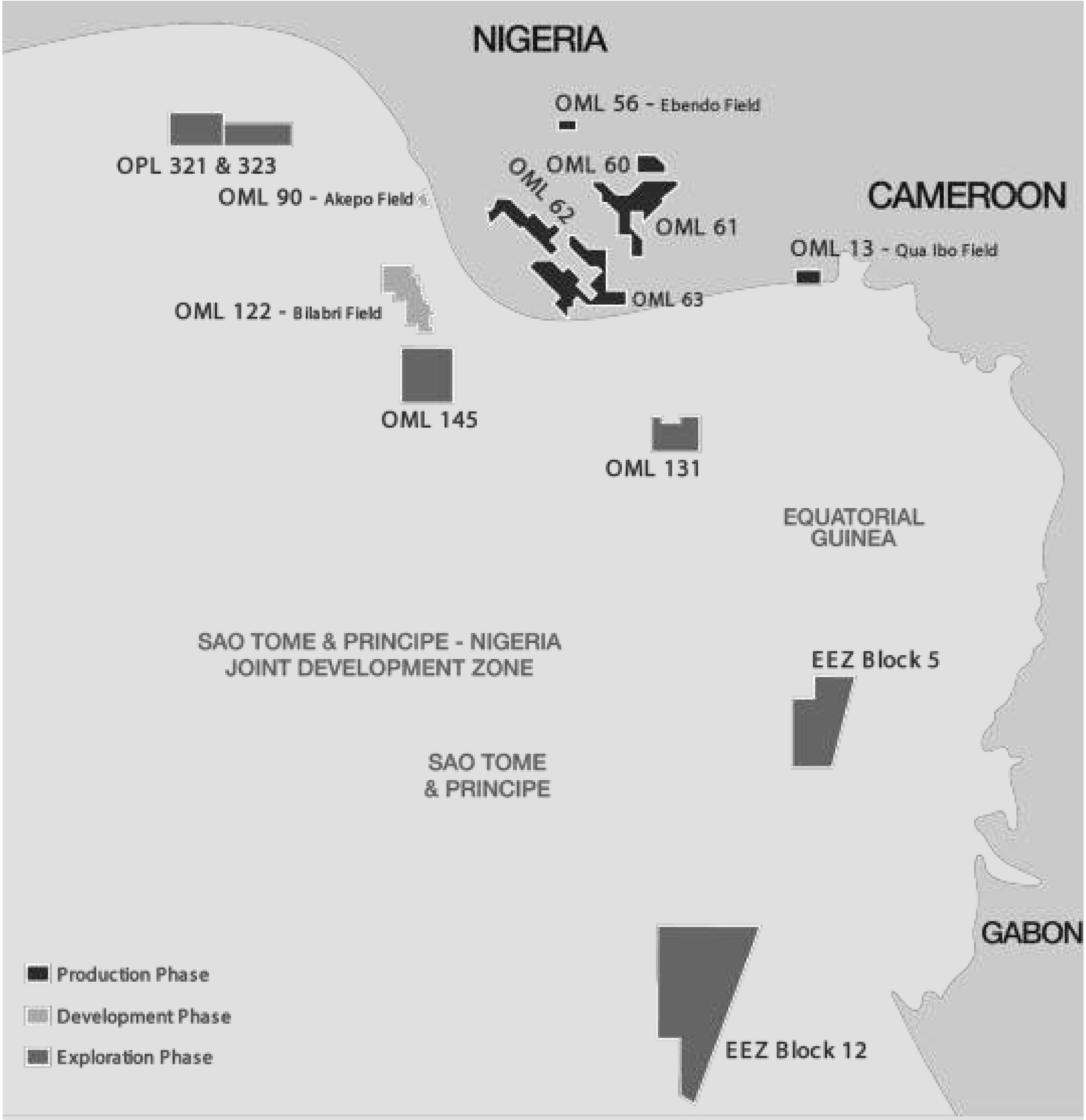
2017 was an interesting year as the industry indicated some positive signs of slow progression. Rebounding market fundamentals, market share protection, and geopolitical tensions continued to fuel both optimism and skepticism amongst industry experts.

Supply reductions by OPEC, Russia, and other non-OPEC producers improved equilibrium with global demand, whilst U.S. oil and gas production and exports soared, led by unconventional shale producers. Crude prices closed the year 20% higher at $65.62 per barrel.

In Nigeria, the restart of operations at the Forcados terminal helped in lifting the Country out of recession, as 250,000 bopd was restored to the Country's production. Relative stability in the Niger Delta also ensured industry growth.

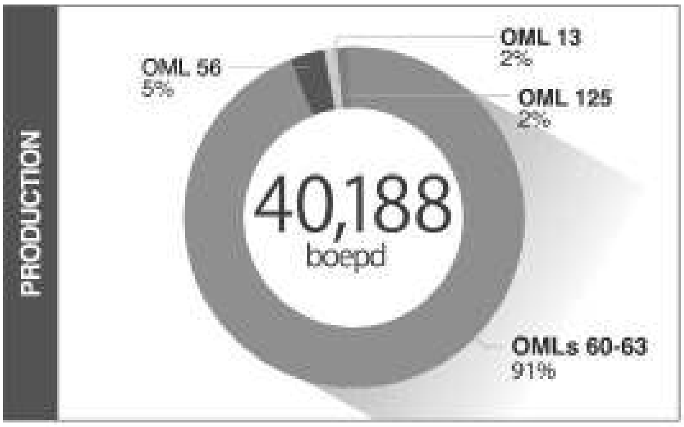
In 2018, key indicators such as the decision to extend production cuts by OPEC, Russia, and other non-OPEC producers, global demand improvements, and geopolitical tensions will be key in evaluating 2018's recovery and momentum potential.

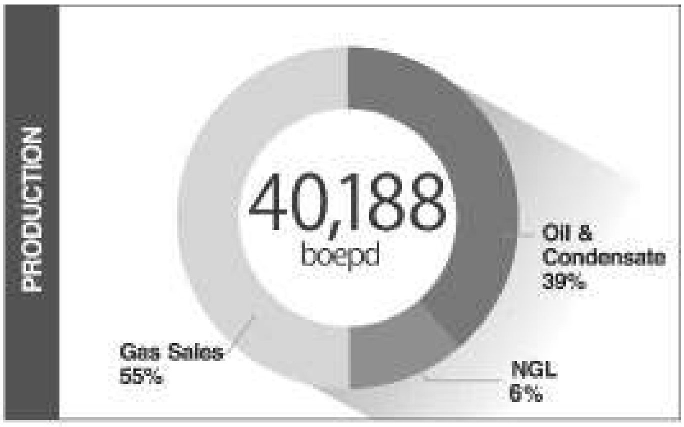
Asset Portfolio

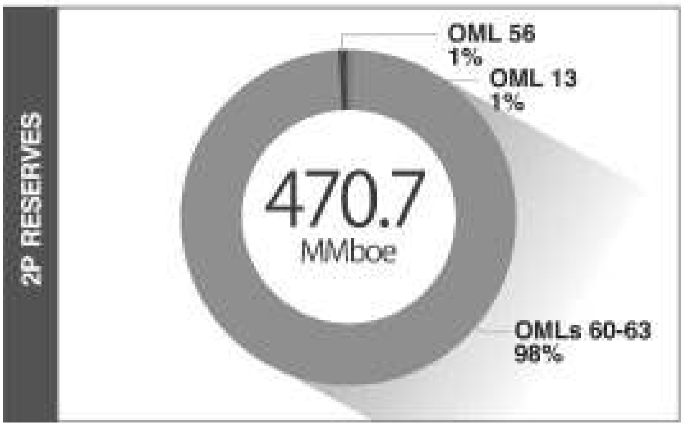


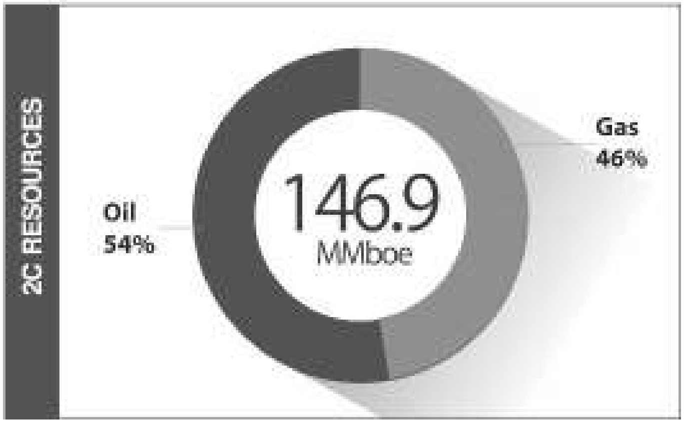
Business
Review
Oando Energy Resources
Continued

Production, Reserves & Resources









OML 60-63

Overview

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

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

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

Production

2017 production at OMLs 60 to 63 averaged 36,557 boe/day, consisting of 11,861 bbls/day of crude oil, 3,430 boe/day of NGLs and 127,593 mcf/day (21,266 boe/day) of natural gas, as compared to combined average production of 38,087 boe/day in 2016. The 4% daily production decrease at OMLs 60 to 63 is primarily related to sabotage activities on the Tebidaba lines and other continuing pipeline constraints at the Ebocha terminal due to fire in mid-2015 that has resulted in approximately 10% of pre-incident natural gas volumes being constrained behind the pipelines due to back-pressure issues, along with additional upstream delivery constraints.

Reserves

As of December 31, 2017, OER held a net share in the NAOC JV 2P reserves of 460 MMboe (comprised of 163.8 MMbbls of oil, 18.0 MMbbls of natural gas liquids and 1,670.4 Bscf of gas), compared to 458 MMboe in 2016. The reserve replacement ratio is currently at 114%.

Capital projects expenditure

In 2017, capital expenditures on OMLs 60 to 63 was $47.3 million. Capital expenditures during the period included $17.5 million spent on Kwale IPP Phase II, $7.6 million on small facility projects, $2.3 million on maintenance of well and flow-lines, $2.2 million on environmental protection, $1.8 million on major overhauls of equipment, $1.4 million on vandalized asset restoration, $1.0 on building and landed property, $1.3 million on generator replacements and $2.0 million on other capital expenditure. Capital spending at OMLs 60 to 63 was focused on projects that were a necessity to maintain operations and would maximize shorter term cash flows.

OML 56 (EBENDO)

Overview

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

Production

Ebendo's 2017 daily crude oil production decreased marginally by 4% to 1,812 bbls/day from 1,879 bbls/day in 2016.

Reserves

As of December 31, 2017, the Ebendo License held net 2P reserves of 6.8 MMboe (comprised 3.6 MMbbls oil and 19.4 Bscf of gas), compared to 7.1 MMboe in 2016. The reserve replacement ratio is currently at 57%.

Capital projects expenditure

Capital expenditure on OML 56 was negligible in 2017 as planned spend on exploration and appraisal had already been incurred in 2016. A reversal of $0.1 million was recorded as a result of a correction of over-estimation of capital expenditure booked in December 2016.

OML 13 (QUA IBO)

Overview

Qua Ibo (40% OER WI and technical partner; Network Exploration and Production Company (NEPN), an indigenous company, 60% WI and operator) is located onshore Nigeria, near the mouth of the Qua Iboe river, immediately adjacent to the ExxonMobil Qua Ibo terminal. The License covers an area of 14 km2 (3,459 acres) and includes one producing field (Qua Ibo).

The License was acquired by OER in 2013 and it operates under Marginal Field terms that benefit from advantageous fiscal terms. Production from the Qua Ibo field began in 2015.

In its capacity as technical services provider, Oando Reservoir and Production Services Ltd (ORPSL) oversees, together with NEPN, the operations on Qua Ibo. ORPSL agreed to fund some of NEPN's costs on Qua Ibo until first oil, following which ORPSL will be entitled to 90% of NEPN's sales proceeds from its 60% share of crude oil production until NEPN's obligation plus a 10% fee is paid in full.

Production

Qua Ibo recorded a 38% increase in production to 898 bbl/day in 2017 compared to 651 bbl/day in 2016 as a result of Force majeure declared on the Qua Ibo pipeline for 4 months in 2016.

Reserves

As of December 31, 2017, Qua Ibo License held net 2P reserves of 3.7 MMbbls of oil, compared to 3.8 MMboe in 2016. The reserve replacement ratio is currently at 67%.

Capital projects expenditure

As at December 2017, the Corporation incurred capital expenditures of $3.6 million at Qua Ibo for seismic studies and facility maintenance.

OML 125 (ABO)

Overview

OML 125 (15% OER WI; Eni, operator, 85% WI) is located approximately 40 km offshore from the western Nigerian coast in water depths ranging from 550 m to 1,100 m. The License covers an area of 1,983 km2 (490,010 acres). The License includes one producing field (Abo field), one undeveloped discovery (Abo North) and 13 prospects. OML 125 operates under a Production Sharing Contract (PSC).

In December 2015, the Corporation signed a Sale and Purchase agreement with NAE for the sale of its non-operated interests in OMLs 125 and 134 for a gross consideration of $90million. The Corporation received consent from the Honorable Minister of State for Petroleum Resources on June 1, 2017 for the sale and also paid a consent fee of $2.3 million to the Federal Government of Nigeria. As a result of this sale, the asset has been derecognized on the balance sheet as at June 30, 2017 resulting in a net gain of $15.1 million.

Production

Daily production at OML 125 decreased by 68% to 921 bbls/day from 2,886 bbls/day in 2016 as a result of the sale of the asset in June 2017. The decrease in production against prior year is as a result of the recognition of production for only six months in 2017 (January to June, due to the asset sale) as opposed to twelve full months in 2016.

OML 90 (AKEPO)

Overview

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

OML 145

OML 145 (20% OER WI; ExxonMobil operator, 80% WI) is located offshore in water depths ranging from 1000m to 1,500m, approximately 110 km from the western Nigerian coast. OER acquired interests in OML 145 as part of the acquisition of ConocoPhillips' Nigerian business in July 2014. The License covers an area of 1,293 km2 (319,507.5 acres) and includes two undeveloped discoveries (Uge and Uge North), two single-well discoveries (Nza and Orso) and five prospects. There has been no production from OML 145 to date.

OML 122

OML 122 (12.5% gas OER WI and 5.0% oil OER WI; Peak, an indigenous company, 87.5% gas WI and 95.0% oil WI) is located in the offshore Niger Delta, 40 km from the coastline of southern Nigeria, at a water depth of between 40 m to 300 m. The License covers an area of 1,599 km2 (395,122 acres). The License includes three discoveries (Bilabri, Orobiri and Owanare). There has been no production from OML 122 to date.

OML 131

OML131 (100% OER WI; operator OER) is located offshore in water depths ranging from 500 m to 1,200 m approximately 70 km from the western Nigerian coast. The License is expected to be unitized with OML 135 with a resulting unit share of 51% for OML 131. OML 131 covers an area of 1,204 km2 (301,000 acres) and includes two undeveloped discoveries (Bolia-Chota and Ebitemi) and two prospects (Pulolulu and Chota East). There has been no production from OML 131 to date.

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

OER holds its interest in Blocks 5 and 12 through its 81.5% interest in Equator Exploration Limited ("EEL"). In February 2010, in accordance with agreements signed in 2001 and 2003, the government of STP awarded OER Blocks 5 and 12, located within the country's EEZ. Block 5 has an area of 2,844 km2 and the water depth within the block ranges from 2000 m to 2500 m. Existing 2D seismic data over the block were reprocessed in 2014 and interpreted to identify several prospects. In 2015, 3D seismic data was acquired over an area of 1400 km2. The processing of the newly acquired 3D seismic data was completed in December 2015 and interpretation of the 3D is currently ongoing to further mature identified prospects for exploration drilling in 2017.

In December 2015, EEL agreed to farm out 65% of its participating interest in Block 5 for $7.4 million to equalize past costs and will retain a 20% participating interest, with a 50% carry up to $9.0 million each for both Phases II and III. As at the date of this document, the project remains in Phase I and the agreed 50% carry is yet to be utilized.

EEL also entered into an agreement to farm out 65% of its participating interest in Block 12, retaining a 22.5% participating interest with a carry of the first $2.0 million of OER's portion of project costs. The government of STP (through its national petroleum agency) will retain 15% and 12.5% carried interests in Blocks 5 and 12, respectively. As at the date of this document, the agreed carry has been fully utilized.

Capital projects expenditure

During the year, $4.0 million was incurred on EEL for exploratory geographical and geological studies; this is split into $2.4 million on Block 12 and $1.6 million on Block 5.

OPL 321 AND OPL 323

Overview

OPL 321 and OPL 323 (30% OER WI; operator KNOC 70%) are located adjacent to OML 125, offshore from the Nigerian coast, at a water depth of 950 m to 2,000 m. The Licenses cover a combined area of 2,147 km2 (530,535 acres). The Licenses are presently the subject of a dispute between the operator, KNOC, and the Nigerian Government. Due to this ongoing dispute since 2008, exploration on these Licenses has not been possible and as a result, OER requested and received a refund of the aggregate signature bonus paid by OER in respect of the two Licenses ($162 million).

No wells have been drilled on the Licenses to date. The Licenses include five sizeable prospects (Gorilla, Lobster, Octopus and Whale (OPL 323) and Elephant (OPL 321).

OPL 236

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

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

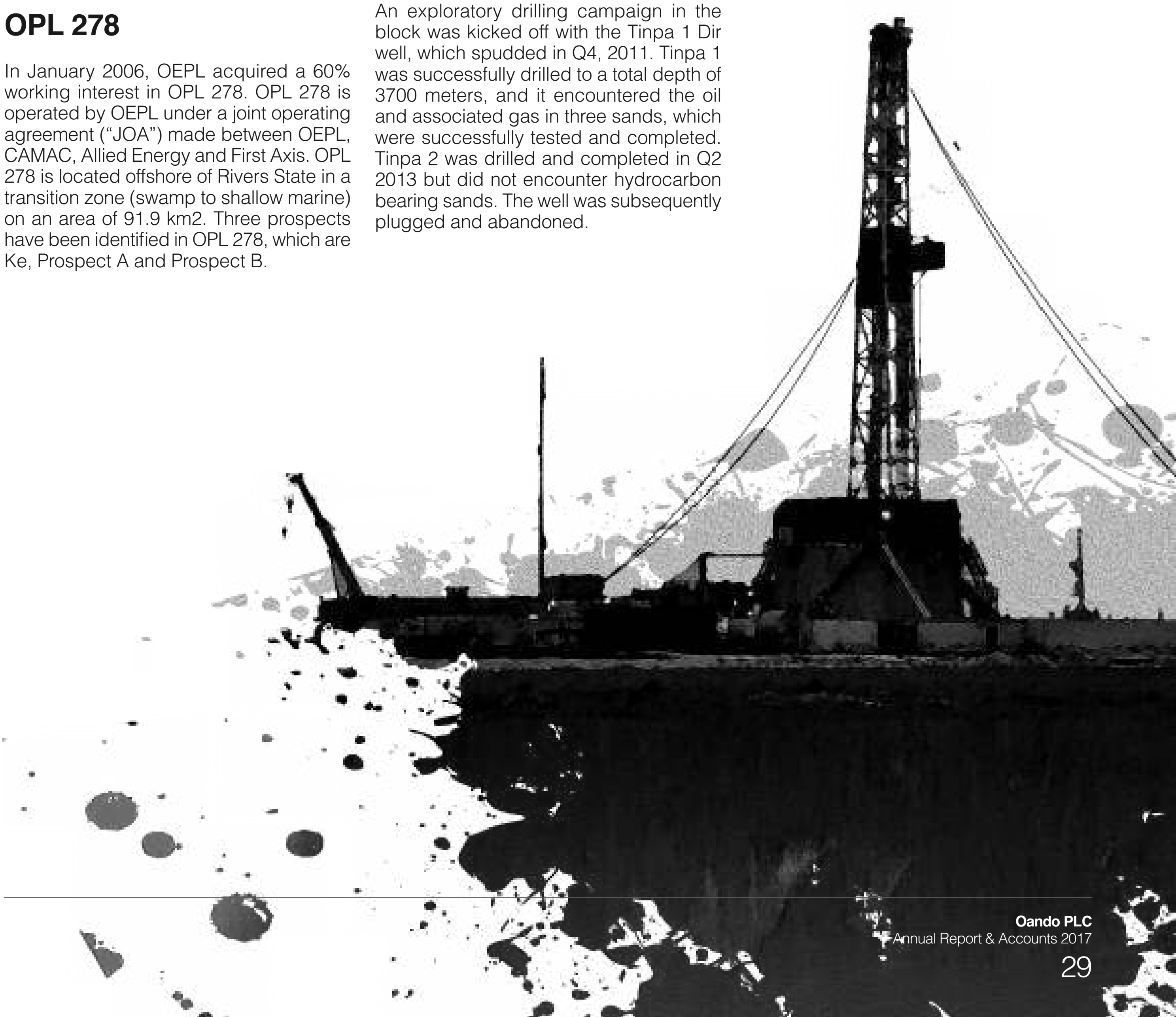
OPL 278

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

OPL 282

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

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



Business Review **Oando Trading**

Overview

Oando Trading DMCC (OTD) is a supply and trading company and a fully-owned subsidiary of Oando PLC, which has investments spanning the entire energy value chain from upstream oil field services, exploration and terminal operations, oil trading, marketing and distribution of refined petroleum products and gas and power services.

OTD is a key participant in international oil markets, with a significant presence in the International oil trading marketspace, and direct access to major energy markets via its office in the United Arab Emirates. OTD's activities cover the trading and supply of Crude Oil and Petroleum Products including Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Aviation Turbine Kerosene (ATK), Naphtha, Fuel (LPFO), and Liquefied Petroleum Gas (LPG). Fortified by a strong capital base, local and international expertise and strategic partnerships, OTD is focused on enhancing market performance and maximising value through dependable products supply and trading.

2017 Operating and Financial Review

2017 proved to be a challenging year for OTD, primarily due to a depressed downstream oil environment in the company's core operating markets. Furthermore, an unfavorable trading environment resulted in lower trading margins, which was partially offset by steady trading flows and optimization actions across a number of contracts.

Despite the demanding market environment, OTD experienced continued growth in its crude oil business resulting in a 9% increase in traded volumes, largely due to the further development of its West African export flows.

Over 15 million barrels of crude oil was traded during the year, with an additional 835,000 MT of Refined Petroleum Products.

Trading revenues remained relatively stable at just under USD 1.3 billion, primarily driven by the growth in crude oil activity, slightly under the USD 1.4 billion level achieved in 2016.

The business reported gross profit of close to USD 7 million, driven mostly by the performance of the Direct Sale Direct Purchase (DSDP) agreement which the company holds with NNPC as well as other crude offtake and product export contracts.

The year was also characterised by the further development of strategic relationships in order to increase market share in OTD's target markets and build a platform for future growth.

The sustained performance was largely attributable to the successful execution of innovative solutions aimed at optimizing existing trading flows and also as a result of increased activity from newly created, value-adding, crude oil revenue streams. Results further demonstrate the value of our long-term strategies and our relentless focus on business fundamentals.

In terms of access to capital, OTD continued to solidify its relationships with key leading International and African banks, maintaining access to over USD 700 million of immediately available Structured Trade Finance facilities.

2018 Outlook

A number of initiatives announced after the 2017 year-end will be of particular importance in 2018. These include (but are not limited to):

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

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

Governance

Oando PLC Board of Directors

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

HRM Oba Michael Adedotun Gbadebo, CFR

(The Alake of Egbaland)
Chairman

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

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

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

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Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Yes

Mr Jubril Adewale Tinubu

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

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

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

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Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Not applicable

Mr Omamofe Boyo

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

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

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

Date of appointment
- 2006

Committee membership
- Not applicable

Independent
- Not applicable

Mr Olufemi Adeyemo

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

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

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

Date of appointment
- 2009

Committee membership
- Not applicable

Independent
- Not applicable

Oando PLC Board of Directors continued

Mr. Muntari Zubairu

Group Executive Director, Corporate Services and Operations

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

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

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

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

Date of appointment
- 2018

Committee membership
- Not applicable

Independent
- Not applicable

Mr Mobolaji Osunsanya

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

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

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

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

Date of appointment
- 2007

Committee membership
- Not applicable

Independent
- Not applicable

Oghogho Akpata

Non-Executive Director

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

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

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

Date of appointment
- 2010

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

Independent
- No

Chief Sena Anthony

An independent Non-Executive Director

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

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

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

Date of appointment
- 2010

Committee membership
- Audit
- Governance and Nominations (Chairperson)

Independent
- Yes

Tanimu Yakubu

An independent Non-Executive Director

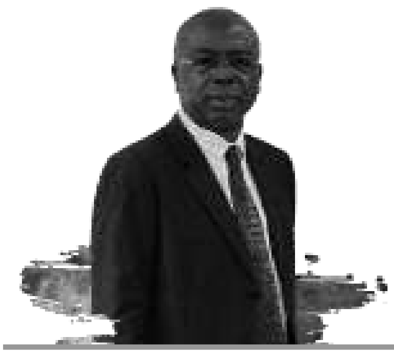
Tanimu Yakubu had held key positions in both the private and public sectors in Nigeria, the most notable being as Chief Economic Adviser to the President, Commander in Chief of the Federal Republic of Nigeria, during which he also served as a member of the National Economic Management team from 2007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

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

Date of appointment
- 2015

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

Independent
- Yes



Ike Osakwe

An independent Non-Executive Director

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

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

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

Date of appointment
- 2016

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

Independent
- Yes

Oando PLC Board of Directors continued

Ademola Akinrele, SAN
Non-Executive Director

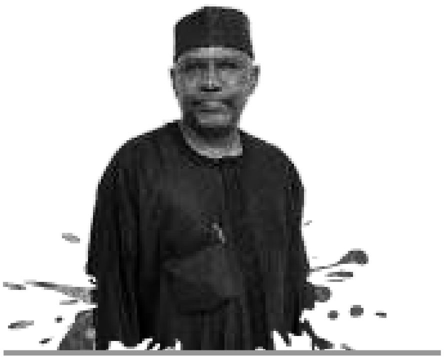
Mr. Ademola Akinrele is the Managing Partner, F. O. Akinrele & Co., Mr. Akinrele is a commercial advocate who traverses all aspects of Commercial Law and represents a variety of national and multinational entities before Nigerian Courts and international arbitral tribunals. He was described in the Chambers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

Mr. Akinrele graduated from University College London with an honours degree in Law in 1982; He received his LL.M. from the University of Cambridge in 1984. After being admitted to the Nigerian Bar in 1983. He was an Associate Counsel in Chief Rotimi Williams Chambers from 1984 – 1987. Mr. Akinrele has served as Co-Editor, Nigerian Legal Practitioners Review; Former Country Correspondent, Euromoney International Financial Practice Law Files; Former Secretary Oxford and Cambridge Club of Nigeria and was Commodore of the Lagos Motor Boat Club . He was elevated to the rank of Senior Advocate of Nigeria in 1999 making history as the youngest SAN at the time. Demola is a Fellow of the Chartered Institute of Arbitrators.

Date of appointment
- 2016

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

Independent
- No



Alhaji Bukar Goni Aji, OON
Non-Executive Director

Alhaji Bukar Goni Aji, OON, joined the Board of Oando Plc in January 19, 2018 as a Non-Executive Director. He was born on 13th January, 1959 at Busari village in Yobe State. He attended the Government College, Maiduguri; Borno College of Basic Studies, Maiduguri and graduated from the University of Maiduguri in 1984.

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

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

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

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

Date of appointment
- 2018

Committee membership
- Not applicable

Independent
- No

Report of the Directors

Report of the Directors

In accordance with the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 ("CAMA"), the Board of Directors of Oando PLC hereby present to the members of the Company the audited consolidated financial statements for the year ended December 31, 2017.

The preparation of the annual financial statements is the responsibility of the Board and it should give a true and fair view of the state of affairs of the Company.

The Directors declare that nothing has come to their attention to indicate that the Company will not remain a going concern for at least twelve months from the date of this report.

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

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

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

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

In 1999, Unipetrol acquired a 40% stake in Gaslink Nigeria Limited ("Gaslink"); this stake was subsequently increased to 51% in 2001.The Company's Gas and Power division emerged as a result of the consolidation of Gaslink's gas distribution franchise and the Company's customer base in 2004.

On 25 November 2005, the Company was listed on the main market of the Johannesburg Stock Exchange (the "JSE") and thereby became the first African company to achieve a cross border inward listing.

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

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

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

Business Review

The Company is required by CAMA to set out in the Annual Report a fair review of the business of the Group during the financial year ended December 31, 2017, the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group (the "Business Review"). The information that fulfils these requirements can be found within the Chairman's Report and the Group Chief Executive's Report.

DIRECTORS

The Board

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

Non-Executive Directors

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

Executive Directors

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

Board Composition and Independence

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

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

Re-election of Directors

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

In accordance with Section 259 (1) and (2) of CAMA and Articles 91-93 of the Company's Articles of Association, the following Directors, who are longest in office since their last election are retiring by rotation and present themselves for re-election at the Company's 41st AGM:

- Chief Sena Anthony
- Mr. Ike Osakwe
- Mr. Ademola Akinrele SAN

Furthermore, in accordance with Article 88 of the Articles of Association of the Company the following directors who were appointed by the Board during the year are presenting themselves for election at the Company's 41st AGM:

- Alhaji Goni Bukar Aji
- Mr. Muntari Zubairu

Report of the Directors
continued

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

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

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

A group-wide training for directors on strategy and risk management was held on the 9th and 10th of August 2017.

Certain directors also attended training sessions during the course of the year.

Board Authority
A range of decisions are specifically reserved for the Board to ensure it retains proper direction and control of the Oando Group. These are listed in the Schedule of Matters Reserved for the Board. The Board is authorised to delegate some of these functions to Executive Directors who are responsible for the day to day management of the business or to Committees of the Board. The Delegation of Authority Policy sets the financial limits on the decisions that can be taken by Executive Directors and various Committees of the Board.
The Schedule of Matters Reserved for the Board includes (but is not limited to) the following:

- Strategy and objectives
- Business plans and budgets
- Changes in capital and corporate structure
- Accounting policies and financial reporting
- Internal controls
- Major contracts
- Capital projects
- Acquisitions and disposals
- Communications with shareholders
- Board membership

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

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

The Company does not prohibit its Directors from serving on other boards. However, Directors should ensure that other commitments do not interfere with the discharge of their duties and shall not divulge or use confidential or inside information about the Company.

The Board adopts the following best practice principles in the discharge of its duties:

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

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

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

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

Working Procedures
The Board meet at least once every quarter. Additional meetings are scheduled whenever matters arise which require the attention of the Board.

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

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

Committee Membership during the year ended December 31, 2017

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

Attendance at meetings during the year ended 31 December 2017

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

* Elected as a shareholder's representative of the Audit Committee at the 40th AGM held on the Monday, September 11, 2017.
**Ceased to be shareholder's representative of the Audit Committee at the 40th AGM held on the Monday, September 11, 2017.

Dates of Board/Committee meetings held in 2017

Board Meetings:

- January 16, 2017
- January 30, 2017
- March 30, 2017
- April 27, 2017
- July 28, 2017
- October 4, 2017
- October 19, 2017
- October 31, 2017
- December 14, 2017

Audit Committee:

- January 30, 2017
- February 23, 2017
- March 29, 2017
- April 26, 2017
- July 26, 2017
- July 27, 2017
- October 27, 2017
- October 30, 2017
- December 13, 2017

Governance and Nominations Committee:

- January 26, 2017
- March 30, 2017
- May 12, 2017
- July 24, 2017
- July 31, 2017
- October 31, 2017

Risk, EHSSQ Committee:

- March 13, 2017
- March 29, 2017
- July 24, 2017
- October 30, 2017

Strategic Planning & Finance Committee:

- March 29, 2017
- July 26, 2017
- October 30, 2017
- December 14, 2017

Board Committees

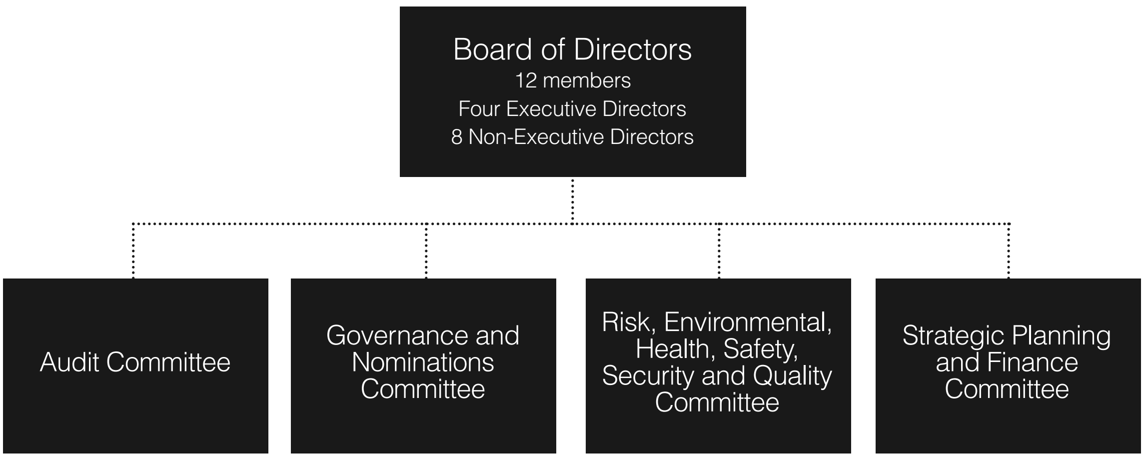
Under the Company's Articles of Association, the Directors may appoint Committees consisting of members of the Board and such other persons as they think fit and may delegate any of their powers to such Committees. The Committees are required to use their delegated powers in conformity with the regulations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

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

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

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

The Company's Board Committee structure is as follows:



Statutory Audit Committee (Statutory Committee with shareholder members)

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

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

The Statutory Audit Committee members meet at least three times a year, and the meetings are attended by appropriate executives of the Company, including the Group Chief Financial Officer, the Head of Internal Control and Audit and the Head, Risk Management and Control. In the financial year ended December 31, 2017, the Audit Committee held nine meetings.

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

The members of the 2017 Audit Committee are:

- Mr. Ike Osakwe – Chairman
  Non-Executive Director
- Chief Sena Anthony
  Non-Executive Director
- Mr. Tanimu Yakubu
  Non-Executive Director
- Mrs. Temilade O. Durojaiye
  (Resigned September 11, 2017)
  Shareholder Member
- Mr. Matthew Akinlade
  (Resigned September 11, 2017)
  Shareholder Member
- Mr Joseph Asaolu
  Shareholder Member
- Mr. Olusegun David Oguntoye
  (Appointed September 11, 2017)
  Shareholder Member
- Mr. Jackson Edah (Appointed
  (September 11, 2017)
  Shareholder Member

Curriculum Vitae of shareholder members of the Audit Committee

Mr. Joseph Asaolu – Shareholder Member

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

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

Mrs Temilade Funmilayo Durojaiye- Shareholder Member

Mrs. Durojaiye is a fellow of the Institute of Chartered Accountants of Nigeria and an Associate Member of the Chartered Institute of Taxation of Nigeria. She graduated from Yaba College of Technology in 1989 with a Higher National Diploma in Accountancy. She started her working career at the Nigerian Postal Services as an internal auditor in 1990. She also worked in Open Gate Finance Company and United Bank for Africa Plc for 12 years where she resigned in 2006 as the Head of the Fixed Asset Management unit in the Financial Control Division to pursue other interests.

She resigned at the 40th Annual General Meeting held September 11, 2017.

Matthew Akinlade – Shareholder Member

Matthew Akinlade, Fellow, Chartered Institute of Management Accountants of London and Institute of Chartered Accountants of Nigeria, was born in the year 1950. After secondary school education, he studied for the Professional Examinations of the Chartered Institute of Management Accountants, London which he completed in May 1979 and was admitted to membership in 1980. He was also admitted to membership of The Institute of Chartered Accountants of Nigeria in 1982. He is an Associate, Chartered Institute of Taxation of Nigeria.

He also attended the Advanced Management Programme of the Lagos Business School in 1994, International Graduate School of Management (IESE) Barcelona among other management courses in Nigeria and abroad in the course of his working career which spanned over 30 years.

He worked in various accounting positions at PZ Industries Plc, Record Manufacturers of Nigeria Ltd, Nigerian Soft Drinks Company Limited and finally at CarnaudMetalbox Nigeria Plc (Now Nampak Nigeria Plc) where he retired as Finance Director in 2003. He is currently the Non-Executive Chairman of Nampak and an Independent Non-Executive Director of NCR Nigeria Plc. He was also on the Board of Creseada International Limited between August 2013 and March 2015.

He resigned at the 40th Annual General Meeting held September 11, 2017.

Mr. Olusegun David Oguntoye – Shareholder Member

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

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

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

Mr. Jackson Edah – Shareholder Member

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

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

He rose to the peak of his career when he served as the Deputy General Manager (Audit) with N.E.M. Insurance Plc. He also worked with Tega Venture Nigeria Limited as the Head of Finance and Administration. As an authorized clerk with the Nigerian Stock Exchange, he has worked as a Stock broker and financial analyst with Hephzibah Capital & Trust Limited, he also worked as head of portfolio management with Oasis Capital Portfolio Limited.

He is currently the Chairman of the Audit Committee of Skye Bank Plc and the Chief Dealing Officer with Pyramid Securities Limited.

For the curriculum vitae of the Board of Directors, including the Non-Executive Director members of the Audit Committee please see pages 34 - 38.

Governance and Nominations Committee

The Governance and Nominations Committee is responsible for compliance with and periodic review of the Company's corporate governance policies and practices, the review and monitoring of all policies, including policies concerning shareholder rights, conflict resolution, ethics, disclosure and transparency, evaluation and review of the Company's internal documents (organisation and process), the review and setting of the by laws of all Board Committees, and ensuring that the Company's policies, including the remuneration policy, support the successful identification, recruitment, development and retention of directors, senior executives and managers.

The members of the 2017 Governance and Nominations Committee are:

Chief Sena Anthony - Chairperson
Chairperson

Mr. Oghogho Akpata
Non-Executive Director

Mr. Ademola Akinrele, SAN
Non-Executive Director

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

The Risk, Environmental, Health, Security and Safety Committee (REHSSQ) is responsible for reviewing the policies and processes established by management which are designed to aid in the implementation of a robust risk, environmental, health and safety and quality environment of the Company and ensuring the Company's compliance with international standards of risk, environmental, health and safety quality.

The members of the 2017 Risk, Environmental, Health, Safety, Security and Quality Committee are:

Mr. Demola Akinrele – Chairman
Non-Executive Director

Mr. Oghogho Akpata
Non-Executive Director

Strategic Planning and Finance Committee

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

The members of the 2017 Strategic Planning and Finance Committee are:

Mr. Tanimu Yakubu - Chairman
Non-Executive Director

Mr. Ike Osakwe
Non-Executive Director

Directors' declarations

None of the directors have:

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

Directors' shareholdings

The holdings of ordinary shares by the Directors of Oando as at December 31, 2017 being the end of Oando's immediately preceding financial year, are set out in the table below:

	2017		2016	
	Direct	**Indirect**	**Direct**	**Indirect**
HRM. Oba A. Gbadebo, CFR	437,500	Nil	437,500	Nil
Mr. J.A. Tinubu*	Nil	3,670,995	Nil	3,670,995
Mr O. Boyo*	Nil	2,354,713	Nil	2,354,713
Mr. B. Osunsanya	269,988	1,890,398	269,988	1,890,398
Mr O. Adeyemo	75,000	1,723,898	75,000	1,723,898
Tanimu Yakubu	5,997,315	5,998,700	5,997,315	3,931,000
Chief Sena Anthony	299,133	Nil	299,133	Nil
Mr. Oghogho Akpata	Nil	Nil	Nil	Nil
Ike Osakwe	139,343	Nil	139,343	Nil
Ademola Akinrele	96,510	Nil	Nil	Nil

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

Ocean and Oil Development Partners Limited (OODP) owns 7,131,736,673 (57.37% of total number of shares) shares in the Company. OODP is ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Chief Executive of the Company.

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

The Executive Directors stand to benefit from the Oando Employee Equity Incentive Scheme. For further details please see page 157.

Directors' interests in transactions

Some of the Directors hold directorships in other companies or are partners in firms with which Oando had material transactions during the current financial year, as summarised on page 155.

Corporate Governance Structure and Statement of Compliance

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

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

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

Oando's Compliance Framework

Oando PLC's Governance office is responsible for setting and implementing corporate governance policies for the Company and its subsidiaries. The unit also measures the Company's level of compliance and periodically reviews these policies to ensure they continually align with best practice.

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

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

Oando joined PACI, an initiative of the World Economic Forum, in 2008 and continues to be an active member. Driven by identified needs and interests of its member companies, PACI undertakes initiatives to address industry, regional, country or global issues tied to anti-corruption and compliance.

The PACI Principles for Countering

Corruption as revised in 2013 and launched at the 2014 World Economic Forum Annual Meeting in Davos , seeks to build on the pillars of public-private cooperation, responsible leadership and technological advances to shape and collaborate with global agenda efforts, in particular the B20 and national processes to create transparent practices that improve the ease of doing business.

2. United Nations Global Compact ("UN Global Compact")
The UN Global Compact is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles covering the areas of human rights, labour, environment and anti-corruption and reporting publicly on progress made in implementing these principles in their business operations. Oando became a signatory to the UN Global Compact in July 2009 and has a seat on the steering committee of the Global Compact Local Network in Nigeria. Oando PLC was also a pioneer member of the Global Compact LEAD platform. We continue to collaborate with the UN Global Compact's global network of sustainable companies and stakeholders to advance broader societal goals, such as the UN Sustainable Development Goals.

3. Convention on Business Integrity ("CBi")
Oando is a member of the Core Group of signatories to the CBi and became its 21st member on November 16, 2009. CBi is a declaration for the creation of a society with zero tolerance for corruption. One of the ways it seeks to do this is by encouraging private sector operators to commit to the maintenance of ethical conduct, competence, transparency and accountability in all business transactions within Nigeria and to actively fight against corruption and corrupt practices.

In 2014, CBi in partnership with the Nigerian Stock Exchange (NSE) developed a Corporate Governance Rating System (CGRS) for companies listed on the NSE. The CGRS is designed to rate companies listed on the NSE based on their corporate governance and anti-corruption culture thereby improving the overall perception of and trust in Nigeria's capital markets and business practices.

Corporate Code of Business Conduct and Ethics

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

Oando's Internal Policies and Processes Governing Ethics and Compliance

In order to provide guidance on Corporate Governance issues, the Company has implemented internal policies and practices which are reviewed periodically and revised as appropriate to ensure continued relevance.

The Governance Office supports the business units and entities in understanding their compliance obligations under the Code and applicable laws and regulations and monitors their compliance with such laws. The following policies and practices have been developed, approved and implemented:

- Group Corporate Governance Framework
- Anti-Corruption Policy
- Blacklisting Policy
- Board Appointment Process
- Corporate Code of Business Conduct and Ethics
- Delegation of Authority
- Dividend Policy
- Environmental, Health, Safety and Security Policy
- Gift and Benefits Policy
- Information Disclosure Policy
- Insider Trading Policy
- Know Your Customer Policy
- Matters Reserved for the Board
- Records Management Policy
- Related Party Transactions Policies
- Remuneration Policy
- Staff Handbook
- Whistle Blowing Policy
- Complaint Management Policy
- Social Media Policy
- Interaction with Government Officials Policy

Ethics Hotline

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

KPMG Professional Services manages the Ethics Hotline and weblink for independence and ensure that all reports are kept confidential and channelled to the appropriate authorities for investigation and resolution.

Employees are also encouraged to report grievances through any of the following channels:

- Visits, calls or emails to members of the Governance Office;
- Escalation of issues through appointed Values Champions, who are volunteer employees nominated to be flag bearers of Oando's core values throughout the organisation.

Complaint Management Policy

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

Due Diligence Process

The Company is committed to doing business with only reputable, honest and qualified business partners. Oando, through its employees, exercises due care and takes reasonable steps and precautions, geared towards evaluating its business partners to ensure that they avoid unethical practices, maintain a safe and healthy working environment, mitigate operational risks, and comply with all applicable laws and regulations, including the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the Dodd-Frank Act..

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

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

Anti-Corruption Initiatives

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

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

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

Periodic newsletters and other communications strategies are deployed within the business to educate and sensitize staff and business partners to the different ethical and compliance issues that they might face in their day to day operations and to promote a culture of doing the right thing even when no one is watching.

Internal control and risk

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal controls to provide them with reasonable assurance that all information used within the business and for external publication is timely, adequate and accurate and that it gives a true and fair picture of the financial, operational and risk environment of the Company. The Board is responsible for ensuring that the assets of the Company are safeguarded and shareholders' investment protected.

There are limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

In line with good practice, the Company has an internal audit unit that carries out routine and random checks on the Company's operations. The unit is also responsible for investigating fraud and misuse or misappropriation of the Company's assets. The unit is supervised by an experienced manager who submits regular reports on the activities of the unit to the Oando PLC Audit Committee and Risk & EHSSQ Committee.

The Company also has a risk management and internal control unit, which establishes, monitors and tests internal controls and processes to ensure that the assets of the Company are safeguarded. The Board has established clear procedures designed to ensure that effective internal controls are in place within the Group which include the following:

- The communication of clear authority procedures approved by the Board which are adapted for the subsidiary companies.
- The issuance of a Group Accounting and Procedures Manual which sets out the Groups accounting practices under IFRS, revenue recognition rules, and procurement approval processes.
- The application of a rigorous annual budgeting process which requires that all budgets are subject to approval by the Board following a detailed entity and Group strategy review.
- The occurrence of formal monthly operational evaluation by the Executive Directors together with the divisional management teams to (i) assess the financial and operating performance; (ii) discuss the ongoing development of each business unit; and (iii) review the comparison of detailed monthly management reports against budgets, forecasts and prior years. In addition the Group Chief Executive and Group Chief Financial Officer prepare a quarterly report for the Board on key developments, performance and issues in the business.
- Management is responsible for the identification and mitigation of major business risks affecting the Company. Each operating entity maintains internal controls and procedures appropriate to its structure and business environment, whilst complying with Group policies, standards and guidelines. Insurance cover is maintained to insure all major risk areas of the Group based on the scale of the risk and the availability of cover in the external market.
- The use of experienced external professional advisers to carry out detailed due diligence reviews of potential acquisitions.

Risk management organization

The Group Risk Management and Control (GRM&C) department facilitates the identification, assessment, monitoring of controls established to mitigate any downside risk and identify opportunities that may impact on our survival, ability to achieve business objects and our growth.

The key risks relating to each business segment is managed by the respective subsidiary with input from the Group Risk department. The GRM&C assists the board with its oversight role. Established policies and procedures ensure that we have a structured approach to identifying and managing risks inherent in our day to day processes.

Through workshops with senior management and executives we are able to establish key risks on the horizon at the enterprise level and design effective controls to mitigate those risks.

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

Enterprise Risk Management

Globally, the major indices that drive economic growth have been subjected to volatility in the last four years, primarily oil prices.

During the first half of the year, the oil price averaged $50, just as it ended in 2016. In the last quarter of 2017, there was an increase in the oil price to the $60 mark. However this is still far off the peak price of $115 reached in 2011.

OPEC members agreed to extend curbs to output through to the end of 2018. Nigeria initially excluded from production cuts due to internal unrest/sabotage of oil infrastructure had its production peaked at 1.8 million bpd as at end of year.

Nigeria has been experiencing production cuts as a result of shut down of production due to militant attacks on our oil installation. The production cuts and reduction in revenue from drop in oil prices affected the economy by pushing up inflation, GDP reduction, reduction in government reserves and scarcity of foreign exchange.

There was significant progress made in the recovery of debt owed to the Joint Venture by NNPC, as an agreement was reached in 2017 for payment of arrears owed.

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

Macroeconomic Risk

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

This was a key risk in 2017, due to pessimism from the banks towards the oil industry as a result of the volatility in the price of oil. There was also significant pressure from the banks to re-evaluate and increase the interest rates for our loan facilities.

Liquidity risk as a result of the fluctuating oil prices

This continues to be a key risk to our operations. However, the oil price in 2017 was slightly better compared to 2016. Averaging at $50/barrel in the first half of the year, it rose to around $60/barrel at year end. The upward trend in the oil price impacted positively on revenues from our Exploration and Production Company. Our E&P Company contributed 21% to group revenues in 2017.

There were also deleverage activities during the year that contributed to the group revenue.

We continue to maintain our downside protection in our exploration and production business through our crude price hedge. This is necessary as the outlook to date still indicate that volatility may be sustained. This hedge will preserve the value of our investment and we will continue to review for appropriateness and sufficiency. We have reduced operational expenses and reprioritized work programs to reduce capital expenditure.

If prices fluctuate below $50, we may not be able to achieve our business plans for 2018 and we may need to cut cost further in order to meet our obligations to our bankers.

Oando Trading DMCC (OTD) performed on its two 2016/2017 Direct Sale Direct Purchase (DSDP) agreements with NNPC up until June 2017, only one of Oando's DSDP contracts was renewed in July 2017. This was a move by NNPC to limit its exposure to any one DSDP contract holder during the tenure of the contract.

The DSDP is run mostly in line with 2016 version, it entails the trader/refiner lifting crude and delivering refined products, predominantly gasoline. These contracts serve NNPC's mandate to secure stability of supply of the country's refined products consumption.

To manage our downside exposure to price volatility, we employ back to back pricing on both the sale and purchase legs. Any upside is captured in optionality that may be inherent in pricing terms.

Credit risk insurance has been secured to provide cover against NNPC's performance risk. This risk arises especially in DSDP pre-delivery situations in which the crude is lifted after the product is delivered and the trader/refiner is exposed to NNPC. We secure the cover to internally mitigate this risk as well as externally for banks to facilitate financing of these transactions.

Risk of shutdown of Exploration and Production Assets

The threat of attacks/sabotage on our exploration and production assets remains top priority on our Enterprise Risk assessment. Oando and NAOC export crude oil from Brass Terminal. Oando's E&P revenue is heavily weighed on this asset. Brass terminal is the only terminal from which the joint venture can export the crude oil it produces. Any threat to this asset and subsequent shut down, could result in zero revenue to the Joint venture and over 70% reduction in Oando's E& P revenue.

There has been significant reduction in the Niger Delta unrest affecting Oando. (Approximately 25% reduction in expenses due to sabotages in 2017 and a

35% decrease in the number of incidences from prior year figures). Continuous and frequent engagement with the local communities has made a big difference to resolve conflicts. We ensure that the communities are carried along with our operational activities, while also implementing social intervention plans. Oando with its joint venture partners maintained surveillance of the crude oil pipeline facilities during the year. We are continuously enhancing our environmental health and security processes and procedures.

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

Reputational Risk

Reputational risk is the changes in stakeholders' opinion, changes in perception of company's behavior, or failure to comply with standards.

Our reputation came under attack in 2017, due to multiple allegations from regulatory authorities and aggrieved stakeholders. This prompted an investigation by SEC into our dealings, and caused a suspension of trading on our shares on the NSE and JSE. Oando has continued to cooperate with the regulatory authorities to ensure the investigation is completed as soon as possible. There are also ongoing talks with aggrieved stakeholders to ensure their grievances and concerns are resolved as soon as possible.

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

Regulation and Regulatory Risk

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

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

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

Our Governance and Compliance department ensures that we have access to specialist advice in those various jurisdictions. The department closely monitors events in all jurisdictions where we have presence. Oando is committed to high ethical standards and compliance to the laws of the land in which it operates.

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

Our Quality Management Systems are certified to the minimum requirements of ISO 9001:2008 standard. All operations are carried out in line with the requirements of the Mineral Oil Safety Regulations (MOSR) as well as Environmental Guidelines and Standards for the Petroleum Industry (EGASPIN).

Cyber Risk

In 2017, there were major cyber-attacks, including the Petya and Wannacry ransomware that affected organizations and governments. Globally, the oil and gas sector was not exempted from this, as major oil and gas firms were targeted. According to Check Point's Global Threat Impact Index, Nigeria was among the world's highest risk countries in 2017.

To mitigate cyber risk, we have been proactive with the security of our IT infrastructure; undertaking remediation activities for issues noted from Vulnerability and Penetration testing activities, ensuring that our IT systems are updated with the latest patch releases from security vendors, and also a general improvement in enterprise security awareness, including training sessions held for staff. A couple of intrusion attempts were noted during the year by cyber hackers, however such attempts were unsuccessful. Oando continues to employ the latest developments in Information Technology security to combat these cyber risks.

Relations with shareholders

Communications

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

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

The Company also makes other announcements from time to time, which can be found on the corporate website.
Members of the Group Leadership Council meet institutional investors on a regular basis, providing an opportunity to discuss, within the context of publicly available information, the progress of the business. Institutional investors and analysts are also invited to attend briefings by the Company following the announcements of the full year and quarterly results. Copies of the presentations given at these briefings are available on the corporate website.

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

Oando PLC values the importance and role of our investors and the part they have played in the Company's progress. We therefore make a conscious effort to keep investors updated on the Company's activities and keep communication lines open for constructive feedback. We plan to continue in this light in 2018.

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

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

SEC Investigation into the affairs of the Company

The Securities and Exchange Commission ("SEC") on October 18, 2017 issued a public notice to the effect that it had directed the Nigerian Stock Exchange ("NSE") to impose a full suspension in the trading of Oando shares for a period of forty-eight hours followed by a technical suspension until further notice. The SEC also announced that a forensic audit into the affairs of the Company will be conducted by a team of independent firms. The technical suspension of trading in the shares of the Company and the forensic audit were predicated on what the SEC referred to as "weighty findings" following its investigation of the Company arising from two petitions brought by a shareholder, Alhaji Dahiru Mangal and an indirect investor, Ansbury Inc.

The Company fully recognising and respecting the authority of the SEC over the capital market felt it necessary to take certain cogent steps in order to protect the Company and its shareholders whilst ensuring that its day to day operations are not disrupted. The Company was able to successfully address and provided clarifications to the concerns raised by Alhaji Mangal in his petition to the SEC which led to a Peace Accord mediated by the Emir Muhammadu Sanusi II (CON), the Emir of Kano concluded on January 7, 2018.

On April 12, 2018, the NSE lifted the technical suspension placed on the Company's shares since October 23, 2017, whilst the forensic audit into the affairs of the Company continued. The Company has been fully cooperative with both SEC and Deloitte Nigeria (SEC appointed forensic team lead). In the spirit of goodwill, transparency and full disclosure and in the interest of all stakeholders, the Company will continue to cooperate with the SEC in the discharge of its duties as capital market regulator and to ensure a speedy and smooth conclusion of the matter by SEC.

More information on the status of the SEC investigation is available on https://www.oandoplc.com/media

Compliance Statement

The Board confirms that the Company has complied with the principles and all relevant provisions set out in the SEC Code of Corporate Governance throughout the financial year ended December 31, 2017. In addition to complying with applicable corporate governance requirements, the Company has complied with the listing rules and regulations of the Nigerian Stock Exchange and the Johannesburg Stock Exchange.

Share Register as at December 31, 2017

Register Date:
December 31, 2017

Issued Share Capital:
12,431,412,481 shares

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

At the beginning of the year, the Board of Directors had set a target of zero Lost Time Injury (LTI) and a Total Recordable Incident Rate (TRIR) of not more 0.2 to demonstrate our commitment to Environment, Health & Safety (EHS). Oando PLC concluded 2017 without any lost time injuries (LTI) or Recordable Incidents. These achievements spanned across five (5) locations and comprised of Oando Energy Resources, Oando Trading Dubai and the Group.

We achieved our 2017 EHS goals by focusing on two key goals:

1. Promoting health & safety within the organization
2. Conducting Asset Integrity Monitoring of our operating facilities

In driving these initiatives, we relied on our EHS Management System and working in partnership with our major assets – our employees. In addition, we have continued to influence our partners who operate in our Joint Ventures to strive for excellence and improve productivity with very minimum EHS impacts.

In spite of operating in very hostile environment where our pipelines have been vandalized repeatedly, we and our partners have been dogmatic and innovative in containing pipeline vandalism & oil theft, thereby reducing the impact to the environment. For instance in one of partnerships, the number of oil spill incidents & volume of oil spilled in the environment in 2017 reduced by 32% and 22% respectively when compared to 2016.

We also recorded zero (0) non-work related fatalities due to the aggressive health campaigns & programs amongst employees, ensuring that the organization had healthier, fitter and more productive employees.

Major shareholder

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

NAME	UNITS	PERCENTAGE
Ocean and Oil Development Partners Limited	7,131,736,673	57.37
Mangal Group	1,712,208,692	13.77

2017 Key achievements:

Group:

- Completed the Business Continuity Plan for Oando PLC
- Successfully carried out two health initiatives focused on the importance of healthy living and fitness
- Facilitated a one-day health fitness exercise at the gym for employees to stimulate employees in personal fitness and encourage them to take ownership of their health
- Initiated a “get fit team challenge” to drive fitness among the workforce through awareness and participation thereby promoting teamwork, one of our core values.
- Strict adherence to the EHS Management System to minimize system failures and exposure of hazards to our workforce

Oando Energy Resources:

- Systematic engagements with JV partners through audits & inspections to evaluate asset integrity requirements for key infrastructure and develop robust programs to prevent pollution.
- Drove cultural change with one of our strategic partners (NAOC) with regards to Asset Integrity
- Commenced recertification of static & safety critical equipment
- Actively participated in events and forums to shape the Oil & Gas industry in Nigeria via sectoral groups such as the Oil Producers Trade Section (OPTS)
- LTI- Lost Time Injury
- LTFI - Lost Time Injury Frequency
- TRIR - Total Recordable Incident Rate
- HIR- Hazard Identification Reporting

Acquisition of Own Shares

The Company did not acquire any of its own shares in 2017.

Market Value of Fixed Assets

Information regarding the Group’s asset value and notes thereon are contained in Note 15 of the financial statements on page 125 of this Report. In the opinion of the Directors, the market value of the Company’s properties is not lower than the value shown in the financial statements.

Auditors

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

By Order of the Board

Ayotola Jagun

Chief Compliance Officer and Company Secretary

FRC/2013/NBA/000000003578

2017 Oando PLC Statistics:

	2014	2015	2016	2017	Comments
Man hours	4,464,212	2,945,060	4,014,451	213,922	Significantly reduced man hours due to absence of high man hour activities from downstream, midstream and rig businesses. Man hours from our JV partners are also not included.
Fatalities	0	0	0	0	There were no fatalities among employees, contractors or 3rd party.
Lost Time Injury (LTI)	0	0	0	0	LTI has consistently remained at Zero (0) for the last 4 years of reporting.
Lost Time Injury Frequency (LTIF)	0	0	0	0	LTIF has consistently remained at Zero (0) for the last 4 years of reporting.
TRIR - Total Recordable Incident Rate (TRIR)	0.81	0.68	0.75	0	Zero (0) TRIR was achieved as a result of awareness, adherence to processes, ownership by employees and active participation in the health & safety programs organized by the company
Product Spills (Litre)	26,208	201, 129	165,724	0*	No spill recorded within Oando’s EHS management system and does not include spills recorded from operations in which Oando has partnerships
Fire	18	5	6	0	Classroom & practical training for all employees as well as re-enforcing fire prevention messages to employees
Hazard Identification Reporting (HIR)	69,132	8,746	16,926	57	Reduced man hours due to absence of high man hours activities from downstream, midstream and rig businesses.

Note: Oando Marketing PLC, Oando Gas & Power and Oando Energy Services not included as part of our reporting following their divestment from Oando PLC in 2016.

Report of the Audit Committee

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

a. Reviewed the scope and planning of the audit requirements and found them satisfactory
b. Reviewed the External Auditors' Management Controls Report for the year ended December 31, 2017 as well as the Management response thereto,
c. Appraised the Financial Statements for the year ended 31 December 2017 and are satisfied with the explanations provided.

We ascertain that the accounting and reporting policies of the Company for the year ended December 31, 2017 are in accordance with legal requirements and agreed ethical practices.

April 10 2018

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

Chief Sena Anthony
(Independent Non-Executive Director)

Mr Tanimu Yakubu
(Non-Executive Director)

Mr. Joseph Asaolu
(Shareholder Member)

Mr. Jackson Edah
(Shareholder Member)

Mr. Olusegun David Oguntoye
(Shareholder Member)

Mrs. Temilade O. Durojaiye
(Shareholder Member)
(Resigned September 11, 2017)

Mr. Matthew Akinlade
(Shareholder Member)
(Resigned September 11, 2017)

OANDO FOUNDATION

Background

Oando Foundation remains the only independent foundation, established by a Corporate body, offering a holistic model to improve the basic education sub-sector in Nigeria. The Foundation is committed to improving access to quality education in Nigeria by creating world-class learning environments in public primary schools across the country through its signature project the Adopt-A-School Initiative (AASI); leveraging our resources, best practices, and cross-cutting solutions that have delivered results similar to those we aim to achieve.

Oando Foundation
continued

The Adopt-A-School programme utilizes an integrated school development approach. It comprises Infrastructural Development (including Water and Sanitation), Teacher Capacity Development, Information and Communications Technology (ICT) Education, Early Childcare Development, Grants and scholarships, Strengthening institutional management of education, and other projects geared towards improving access to quality education and transforming the lives of children in communities across Nigeria.

Oando Foundation's programme interventions support the actualization of Sustainable Development Goals 4 (Quality Education); 5 (Gender Equality); 6 (Clean water and sanitation) and 17 (Partnerships for the Goals) in Nigeria.

Review of 2017 Activities

To date, Oando Foundation has adopted 88 public primary schools across 23 states in Nigeria, renovated over 40 of these schools; established 33 ICT centres and 5 Early Child Care Development (ECCD) centres. The Foundation has further supported community participation and ownership by strengthening the capacity of over 1,133 School Based Management Committee (SBMC) members, awarded scholarships to 1,123 pupils, trained 2,169 teachers, and donated over 10,000 learning and instructional materials across adopted schools.

In 2017, the Foundation continued to prioritize participatory approaches in the implementation of programme interventions, tracking early outcomes across key components of the AASI, and strengthening strategic partnerships and institutional capacity at the state and local levels to implement, monitor, sustain, and scale interventions provided. We also engaged in various advocacy initiatives and sector discourses supporting basic education and school improvement.

Owing to the effective deployment of the Foundation's programme approaches, we are witnessing attribution in policy changes, state-wide replication of our training models, increased community participation in project implementation processes, improvement in teaching and learning experiences, and cumulative increases in school enrolment.

Below is a summary of the Foundation's key achievements in 2017:

1. Mobilization of Out of School Children (OOSC)

Out of school children are those from ages 7 and above who have never attended formal school or have dropped out due to various reasons – distance, poverty, conflict etc. 8.7 million Nigerian children represent 15.2% of the 59 million children out of school worldwide (UNESCO). Many children who are victims of the North-Eastern insurgency have had their schooling interrupted, some have become orphaned, while others lack financial resources to continue schooling in their new settlement.

Oando Foundation is committed to ensuring every child has access to quality education. Hence, we work with various stakeholder groups including the School Based Management Committees and State Agencies for Mass Education to mobilize and enroll out of school children within our school communities.

We also provide back-to-school materials, where required, to support their integration into formal school. 17,827 OOSC were enrolled into adopted schools in 2017; making a total of 33,639 OOSC enrolled to date.

2. School Infrastructure Improvement

Infrastructure development remains a key driver for increased access to and retention of OOSC. Conducive learning environments also have direct impact on improved learning outcomes. The Foundation's infrastructure intervention supports adopted schools with facilities required to meet learners' needs (classrooms, furniture, boreholes, toilets, and wash bays), utilizing the Community Based Renovation Approach (CBRA) which is aimed at increasing community participation and ownership, empowering local artisans, and optimizing project costs.

In 2017, the Foundation constructed 9 blocks of 30 classrooms and refurbished 8 blocks of 28 classrooms in 15 schools; providing 2,104 units of furniture for students and teachers in 22 schools. To improve school sanitation and hygiene, we have constructed 75 units of integrated child friendly toilets, and provided 14 motorized boreholes kitted with power generating sets, water storage facilities and wash bays across adopted schools. WASH sensitization campaigns are on-going to promote and sustain behavioral change amongst students and teachers.

The direct correlation between infrastructure upgrade in adopted schools and increased enrolment is evident in the 17% cumulative average increase in general school enrolment recorded across supported schools in 2017. Over 96,000 children now have access to conducive learning spaces.

3. Scholarships

The Oando Foundation Scholarship programme remains one of the key drivers of increased enrollment and retention of pupils in adopted schools. The Programme supports children from relatively low income backgrounds, who have excelled in their academics to transit to and complete Secondary School whilst building a culture of excellence among children in Oando adopted schools. 1,123 children have benefitted from the scholarship to date, including 21 new scholars selected in 2017.

4. Information Communication and Technology (ICT) Centers

Oando Foundation's objective is to bridge the existing gap in the implementation of ICT education in public primary schools through the establishment of solar-powered ICT Centers in adopted schools, empowering students with technology skills through creativity and learning. Our intervention approach strengthens the utilization of the existing NERDC curriculum, capacity building and support for ICT teachers, and provision of educational software to aid curriculum implementation.

In 2017, Oando Foundation established 16 ICT Centers across Adamawa, Bauchi, Taraba, Kaduna, Sokoto, Niger, Plateau, Kwara, and Lagos; trained 38 ICT teachers; and provided NERDC-approved text books and educational software. In addition, 60 girls from two adopted schools in Lagos have benefitted from our pilot code club, in partnership with Theirworld UK, aimed at empowering Nigerian girls with technology skills and promoting interest in STEM Education. To date, the Foundation has established 33 ICT Centers, improving access to technology based learning for 37,363 students in predominantly rural communities.

5. School Based Management Committees (SBMCs)

Having identified the need to increase community involvement in primary education; Oando Foundation ensures that there are functional School Based Management Committees in each adopted school, and empowers them to effectively discharge their roles and responsibilities especially increasing demand for quality education, participation in school improvement processes, resource mobilization, strengthening voice and accountability in basic education for improved education quality, and increased access.

In 2017, 496 SBMC members were trained in 16 school communities across 4 states. Increasingly, trained SBMCs are effectively championing OOSC mobilization and enrolment, school improvement efforts, and resource mobilization to support capital projects in their schools.

6. Teacher Training

Oando Foundation's teacher training programme replicates the DFID-Teacher Development Programme (TDP) training model, uniquely designed to improve teachers' skills in modern pedagogy and content knowledge in three core subjects of Mathematics, English Language and Science and Technology through a phased training approach. It is also designed to strengthen the capacity of head teachers in school management and leadership, and School Support Officers to provide mentorship support for teachers post training. Subject-specific teaching guides, lesson plans, and audio-visual materials are provided to promote self-study and support teachers in preparation and delivery of class lessons.

In 2017, the Foundation trained 120 LGEA School Support Officers, 774 Teachers (including 43 Head Teachers/Assistants, 693 classroom teachers, and 38 ICT teachers) across 30 adopted schools in 9 states. The Foundation has recorded marked improvements among trained teachers in the application of pedagogy skills and utilization of teaching guides and lesson plans provided.

Oando Foundation
continued

7. Local Government Education Authorities (LGEA)

Oando Foundation's LGEA component is designed to improve efficiency and effectiveness of LGEAs in evidence-based planning and decision making in the basic education sub-sector across all government levels. We achieve this by strengthening the capacity of LGEA officials in the effective application of Education Management Information Systems (EMIS) in school data collation and reporting. This intervention is based on the premise that accurate education data will lead to proper planning and achievement of desired outcomes at the school and government level.

In 2017, the Foundation trained and supported 125 LGEA EMIS Officers and donated laptops to support EMIS related activities in the Quality Assurance and EMIS Departments at the LGEAs and SUBEBs. Early outcomes of this intervention include the overhaul of the EMIS system at the Lagos State Quality Assurance Department (LSQAD) and replication of the training model in Lagos and Bauchi states. A total of 245 LGEA Officials were trained in 2017 (120 School Support Officers and 125 EMIS Officers).

8. Partnership and Advocacy

At Oando Foundation, we believe in the power of partnership as a platform for sustainable, replicable and scalable interventions. Our Adopt-A-School Programme is hinged on effective partnership with public and private sector actors committed to improving the basic education sub-sector.

Leveraging newly established and existing partnerships with key players in the sector, the Foundation raised over N250million, being direct contributions for projects in adopted schools. Our partnership with Sumitomo Chemical, a Japanese Chemical Company, resulted in the establishment of 3 solar powered ICT Centres in schools across three states – Kaduna, Lagos and Taraba; benefitting over 2,400 students. The Foundation (on behalf of Oando PLC) also partnered with the Nigerian Stock Exchange to address education needs of the teeming out-of-school population in the North-East occasioned by the Boko Haram insurgency through construction of the Mainsandari Alamderi Model Nursery and Primary School, Maiduguri, Borno State.

The Foundation advocated for increased access to basic education on various national and international platforms in 2017; the Global Business Coalition on Education (GBC-Ed), World Innovation Summit on Education (WISE), Global Education and Skill Forum (GESF), and the African Philanthropy Forum (APF). Our direct advocacy engagement with the Universal Basic Education Commission resulted in the Foundation being selected to champion the strategic coordination of other private sector education affiliates supporting basic education in Nigeria.

2,400

students benefitted from the establishment of 3 solar powered ICT Centres in schools across three states

The table below shows a full list of partnerships and collaborations established/sustained by the Foundation in 2017:

Strategic Partners	Technical Component Supported
Educate A Child (EAC)	OF partners with EAC, a global initiative launched by Her Highness Sheikha Moza bint Nasser of Qatar. This joint partnership is aimed at reducing the number of out of school children (OOSC) in Nigeria by enrolling 60,000 OOSC across the Foundation's adopted schools over a 3-year period. The partnership is a matching fund grant.
Sumitomo Chemical	Partnership is aimed at promoting ICT and STEM education by establishing solar powered ICT Centers in Oando adopted schools. 3 ICT Centers were established under this partnership in 2017, and 3 additional Centers will be established in 2018.
North-East Regional Initiative (NERI)	OF established a strategic partnership with the USAID-NERI to support enrolment and quality of learning in rebuilt schools across communities hardest hit by the Boko Haram insurgency in Adamawa State. Two schools rebuilt by NERI have been adopted by the Foundation in Gombi Community. We will support with OOSC mobilization and enrolment, teacher capacity building, training of LGEA and SBMC in Education Management Information Systems and school governance, provision of learning materials, and award of scholarships, among others.
Universal Basic Education Commission (UBEC)	UBEC is the federal agency in charge of basic education in Nigeria. Oando Foundation was recently appointed to coordinate other private sector education affiliates supporting basic education in Nigeria. In this role, we will champion strategic engagements with UBEC, to transform the basic education sub-sector and strengthen partnership with relevant state education institutions under UBEC's supervision.
USAID Education Crisis Response Programme (ECR)	OF is partnering with USAID-ECR to support the mainstreaming of OOSC (including internally Displaced Persons) from non-formal learning centers into adopted schools in Adamawa and Bauchi. 2,008 children have been mainstreamed under this partnership; 500 in 2016 and 1,580 in 2017
DFID Education Sector Support Programme in Nigeria (ESSPIN) UKAID Teacher Development Programme (TDP)	The Foundation is replicating the DFID-ESSPIN training model and manuals for the SBMC and LGEA programme components. We are also utilizing the services of Consultants who worked with ESSPIN for training in adopted schools. The Foundation partners with the DFID-TDP to replicate its training model for teacher capacity building in adopted schools. TDP provided technical support for the Foundation's WIC component. We also reproduce teacher guides and lesson plans developed by TDP for use in adopted schools. This is a technical partnership with zero funding implication. Utilizing these models allow us leverage existing capacity and knowledge thereby reducing project cost and ensuring sustainability.
National Home Grown School Feeding (HGSF) Programme	In 2016, the Federal Government announced its intention to commence the National Home Grown School Feeding Programme (HGSF) aimed at providing breakfast for children in primary school. Partnership for Child Development (PDC) – a key partner of the Federal government saddled with the responsibility of strengthening the evidence on the costs and benefits of the HGSF reached out to the Foundation on the need for collaboration in adopted schools. The outcome of this engagement informed the reconsideration of our school feeding approach to providing ancillary facilities (water, sanitation, and hygiene) in adopted schools, as support for the HGSF programme.
Nigerian Stock Exchange	Oando Foundation has supported the construction of Mainsandari Alamderi Model Nursery and Primary School, Maiduguri, Borno State, in partnership with the Nigerian Stock Exchange and Bridge Academies. The school which consists of 3 fully equipped blocks of administrative and learning purposes, was built to address education needs of the teeming out-of-school population in the North-East, occasioned by the Boko Haram insurgency. Pupils are largely made up of children from IDP camps around Abuja Talakawa; a low-income community in Maiduguri.

Oando Foundation
continued

Schedule of 2017 Activities

Oando Foundation Adopt-A-School Scholarship Award for 586 pupils

ICT Centers

Established solar-powered ICT Centers (fully equipped with furniture, solar powered inverters, computers, server, projectors, printers, ICT educational software and text books) in 16 adopted schools:

- Central Primary School, Gamawa, Bauchi
- Central Primary School, Liman Katagum, Bauchi
- Sabon Kaura Primary School, Bauchi
- Our Lady of Fatima Primary School, Jos, Plateau
- Ibrahim Gusau Nizzamiya Islamiyya Model Primary School, Sokoto
- Mabera Magaji Model Primary School, Sokoto
- Maitunbi Primary School, Minna, Niger
- Muslim Community Primary School, Omupo, Kwara
- Baptist LGEA Primary School, Okuta, Kwara
- Ansaru Islam Primary School, Oke-Aluko, Kwara
- Female Model Primary School, Jalingo, Taraba
- Low Cost Primary School, Jalingo, Taraba
- Yoldepate Primary School, Yola, Adamawa
- Nyibango Primary School, Yola, Adamawa
- LGEA Primary School, Rido, Kaduna
- Dele Ajomale Primary School, Ilasa, Lagos

Infrastructure Development:

- Construction of 1 block of 3 classrooms, renovation of 1 block of 3 classrooms, and 3 units of child-friendly toilets at Central Primary School Gamawa, Bauchi
- Renovation of 1 block of 3 classrooms at Central Primary School, Liman Katagum, Bauchi
- Construction of 3 units of child friendly toilets at Sabon Kaura Primary School, Bauchi
- Construction of 1 block of 3 classrooms and wash bay at Maitunbi Primary School, Minna, Niger
- Construction of 2 blocks of 6 classrooms, 3 units of child-friendly toilets, and 1 motorized borehole kitted with power generating sets, water storage facilities at Yoledepate Primary School, Yola, Adamawa
- Construction of 1 block of 3 classrooms, and 3 units of child friendly toilets at Nyibango Primary School, Yola, Adamawa
- Construction of 1 motorized borehole kitted with power generating sets, water storage facilities at Sangere Primary School, Girei, Adamawa
- Construction of 1 block of 3 classrooms, 3 units of child friendly toilets, and 1 motorized borehole kitted with power generating sets, water storage facilities at Low Cost Primary School, Jalingo, Taraba
- Construction of 1 motorized borehole kitted with power generating sets, water storage facilities at Wuro-Sembe Primary School, Jalingo, Taraba
- Construction of 1 motorized borehole kitted with power generating sets, water storage facilities at Female Model Primary School, Jalingo, Taraba
- Renovation of 1 block 9 classrooms, construction of 3 units of child-friendly toilets, and provision of 1 motorized borehole kitted with power generating sets, water storage facilities, and Wash bay at Ansaru Islam Nursery & Primary School, Oke-Aluko, Kwara
- Construction of 1 block of 3 classrooms and 6 units of child-friendly toilets at Baptist LGEA School, Okuta, Kwara
- Construction of 6 units of child-friendly toilets at Gidado Primary School, Katsina
- Construction of school perimeter fence, renovation of 1 block of 3 classrooms, 3 units of child-friendly toilets and 1 hand pump borehole at Daurama Nursery & Primary School, Katsina
- Renovation of 1 block of 2 classrooms, Construction of 3 units of child-friendly toilets, and 1 hand pump borehole at Ahmad Danbabar Primary School, Sokoto
- Construction of 1 block of 3 classrooms , renovation of 1 block of 3 classrooms, provision of 1 motorized borehole kitted with power generating sets, water storage facilities & Wash bay in Mabera Magaji Primary School, Sokoto
- Renovation of 1 block of 3 classrooms, construction of 3 units of child friendly toilets and Wash bay at Ibrahim Guzau Islamiyya School, Sokoto.
- Construction of 1 block of 3 classrooms, 3 units of child friendly toilets at Salihu Anka Primary School, Sokoto
- Construction of 1 block of 3 classrooms, renovation of 1 block of 2 classrooms, and provision of Wash bay at Our Lady of Fatima Primary School, Jos, Plateau
- Construction of 3 units of child friendly toilets, 1 motorized borehole kitted with power generating sets, water storage facilities and wash bay at LEA Primary School, Babale, Plateau

Furniture
- Provision of 1,960 units of twin desks for students and 144 units of teachers' desks in 22 Schools

Capacity Building:
- 774 teachers trained (693 classroom teachers in key subject competence and modern pedagogy, 43 School Administrators in leadership and management; and 38 ICT Teachers)
- 245 School Support and Principal Quality Assurance Officers trained to provide school improvement support
- 496 SBMC members trained to support effective school management and governance
- Over 4,000 learning and instructional materials distributed across 48 schools

Special Projects:
- Scholarship award for 5 indigenous pupils of Ogun State to Nobelhouse College
- Scholarship grant to 4 university beneficiaries on the Ebola Education Trust Fund
- Donation of Back-to-School materials to 1,580 IDP children in Adamawa and Bauchi to support their re-integration into formal school
- Donation of exercise books to Idi-Odo Primary School, Gbagada, Lagos, Ogo-Oluwa Primary School, Gbagada, Lagos, Temidire Primary School, Gbagada, Lagos, Archbishop Taylor Memorial Primary School, Victoria Island, Lagos, and Hauwa'u Memorial International School, Kaduna
- Donation of exercise books and fez caps (in commemoration of Day of the Girl Child) to students of Senior Girls Academy, Lafiaji, Lagos Island.

1,960

units of twin desks for students and 144 units of teachers' desks in 22 Schools

4,000

learning and instructional materials distributed across 48 schools

Financial Statements

Statement of Directors' responsibilities

For the year ended 31 December 2017

i. Responsibilities in respect of the financial statements

The Companies and Allied Matters Act 2004 (“CAMA”) requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of CAMA;
(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the requirements of CAMA.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal controls over financial reporting.

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

ii. Responsibilities in respect of Corporate Governance

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

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

iii. The Board of Directors

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

The Board consists of the 8 Non-Executive Directors including the Chairman and four Executive Directors. The Non-Executive Directors have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the Company's progress. The Group Chief Executive is a separate individual from the Chairman and he implements the management strategies and policies adopted by the Board. The Board meets at least four times a year.

iv. The Audit Committee

The Audit Committee (the "Committee") is made up of six members,– three Non-Executive Directors and three shareholder Members in compliance with section 359(4) of the Companies and Allied Matters Act. The Committee members meet at least four times a year.

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

v. Systems of Internal Control

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

vi. Code of Business Ethics

The Company has a Corporate Code of Business Conduct and Ethics (the “Code”) that applies to all Directors, Managers, Employees (including contract staff and third party personnel seconded to the Company) and Business Partners. The Code is communicated to all applicable persons on appointment and there is mandatory annual certification and attestation that its principles have been understood and complied with.

The Code sets the standard of professionalism and integrity required and expected for all business operations and covers compliance with laws, conflicts of interest, environmental issues, reliability of financial reporting and bribery. Strict adherence to the principles of the Code eliminates the potential for illegal practices.

Director
Mr. Jubril Adewale Tinubu
April 10, 2018
FRC/2013/NBA/00000003348

Director
Mr. Olufemi Adeyemo
April 10, 2018
FRC/2013/ICAN/00000003349

Annual Consolidated Financial Statements and Separate Financial Statement

Report of the independent auditors

For the year ended 31 December 2017

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Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OANDO PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oando Plc ("the Company") and its subsidiaries (together "the Group") set out on pages which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and in compliance with the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 45 in the consolidated and separate financial statements, which indicates that the Company recorded comprehensive losses of ₦30.6 billion during the year ended 31 December 2017 (2016: comprehensive losses ₦28.1billion). The Company also recorded net liabilities of ₦10.5 billion (2016: net assets - ₦18.1 billion). As of year-end, the Group recorded net current liabilities of ₦293.1billion (2016: net current liabilities ₦263.8billion). As stated in the note, these conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Annual Consolidated Financial Statements and Separate Financial Statement

Report of the independent auditors

For the year ended 31 December 2017

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OANDO PLC - CONTINUED

Key Audit Matters

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

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

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

Report of the independent auditors

For the year ended 31 December 2017

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OANDO PLC - CONTINUED

Key Audit Matter	How the matter was addressed in the audit
Assessment of the recoverable amount of exploration and production assets As at 31 December 2017, the Group, through its subsidiary -OER, recognised ₦329.7 billion (USD888 million) of oil and gas assets. Changes in the oil and gas price could have a significant impact on the recoverable amounts of the Group's oil and gas properties. In view of the generally long-lived nature of the Group's oil and gas assets, the most critical assumption in forecasting future cash flows is management's view on the long term oil and gas price outlook beyond the next three to four years. Other key inputs used in assessing recoverable amounts are the discount rate used, future expected production volumes and capital and operating expenditures which are subject to judgement.	Accounting standards require management to assess at each reporting date whether indicators of impairment exist. Oando Plc carried out an impairment test. We performed the following audit procedures on the impairment test: • assessed whether or not reserve movements represented an impairment trigger; • considered oil and gas forward curves and long term commodity price assumptions and whether these are indicators of impairment; • discussed with management the operational status of key assets; • separately from management, we assessed whether or not indicators of impairment exist and challenged management's assumptions in estimating future cash flows from assets.
Accounting for discontinued operations and sales/divestments In 2016, Oando Plc divested 60% of its economic interest in a number of its downstream entities. The final accounting for those divestments and related disclosure are included in the statement of accounting policies and note 18 to the consolidated financial statements. In 2017, the Group also carried out further divestment of its interest in OVH Energy BV (an associate) thereby reducing its stake to that of an ordinary investment. A number of other divestments occurred in 2017 which includes: the sale of the Group's non-operated interest in Oil Mining Leases (OMLs) 125 & 134; further divestment in Glover BV, and sale of Alausa Limited. We considered these matters to be key to our audit as improper accounting for these transactions could result in material misstatement of the separate and consolidated financial statements.	We carried out the procedures listed below: • Ensured the necessary consents have been obtained such as is necessary to give effect to the sale transactions. • Obtained and reviewed the salient terms of the various agreements and assessed their accounting implications; • Obtained management's assessment of the accounting implications of the transactions and reviewed for appropriateness, compliance with relevant applicable financial reporting standards and the terms of the signed agreements governing the transactions; • Reviewed assumptions made by management in determining the value of the residual interest in Copper BV; • Reviewed the disclosure in the consolidated and separate financial statements to ensure adequacy and compliance with IFRS.

Annual Consolidated Financial Statements and Separate Financial Statement

Report of the independent auditors

For the year ended 31 December 2017

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OANDO PLC - CONTINUED

Financial Guarantee provided to third party	We carried out the procedures listed below:
In 2016, Oando Plc provided financial guarantee under separate loan arrangements between Goldeneye Energy Resources Limited (GERL) "borrower" and West Africa Investment Limited (WAIL) and Southern Star Shipping Co. Inc. (SS) "Lenders". The purpose of the loans was for the borrower to acquire shares owned by the Lenders in Oando Exploration and Production Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The financial guarantee required Oando Plc to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the borrower is unable to pay while the borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default. In 2017, GERL defaulted in the repayment of the loan due to SS and the guarantee was called. Oando Plc settled the loan liability of ₦2.22billion ($6.16million) and received right to 3,491,082 units of shares in OEPH through its Nominee - Calabar Power Limited. The final maturity date for the loan repayment of ₦11.55billion ($32.06million) due to WAIL was 31 March 2018 of which GERL has defaulted. Management has carried out a valuation of the OEPH shares receivable from GERL and determined that no provision is required as the value of the shares exceed the loan guarantee amount. The valuation of the OEPH shares receivable is highly subjective hence we have considered this to be a key audit matter.	• Obtained and reviewed salient terms of the various agreements including compliance and assessed their accounting implications. • Reviewed the competence and objectivity of management's expert. • Engaged the use of EY internal expert to review the basic assumptions, methodology and key numbers in the valuation performed by management's expert. • Reviewed the disclosure in the consolidated and separate financial statements to ensure adequacy and compliance with IFRS.

Report of the independent auditors

For the year ended 31 December 2017

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OANDO PLC- CONTINUED

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Annual Consolidated Financial Statements and Separate Financial Statement

Report of the independent auditors

For the year ended 31 December 2017

Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OANDO PLC- CONTINUED

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

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

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

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

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

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

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

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

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

Annual Consolidated Financial Statements and Separate Financial Statement

Report of the independent auditors

For the year ended 31 December 2017

EY
Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OANDO PLC- CONTINUED

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

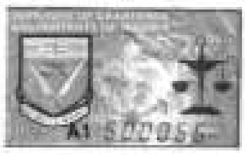
ii) in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;

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

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

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

27 April 2018



Annual Consolidated and Separate Financial Statements

Statement of profit or loss

For the year ended 31 December 2017

N'000

GROUP	Notes	Group 2017 N'000	Group 2016 N'000 Restated*	Company 2017 N'000	Company 2016 N'000 Restated*
Continuing operations					
Revenue	8c	497,422,483	455,746,734	-	10,234,612
Cost of sales		(409,341,126)	(426,933,813)	-	-
Gross profit		88,081,357	28,812,921	-	10,234,612
Other operating income	9	46,490,127	73,200,990	25,989,048	98,194,765
Administrative expenses		(77,893,766)	(109,252,946)	(40,348,802)	(103,131,018)
Operating profit/(loss)		56,677,718	(7,239,035)	(14,359,754)	5,298,359
Finance costs	12a	(43,743,860)	(58,313,162)	(19,166,179)	(33,260,203)
Finance income	12b	9,959,732	7,256,765	2,926,404	27,417
Finance costs - net		(33,784,128)	(51,056,397)	(16,239,775)	(33,232,786)
Share of loss of associates	18	(2,129,005)	(4,661,510)	-	-
Profit/(loss) before income tax from continuing operations		20,764,585	(62,956,942)	(30,599,529)	(27,934,427)
Income tax (expense)/credit	13(a)	(7,295,366)	37,569,028	(15,904)	(146,405)
Profit/(loss) for the year from continuing operations		13,469,219	(25,387,914)	(30,615,433)	(28,080,832)
Discontinued operations					
Profit after tax for the year from discontinued operations	27g	6,303,557	29,300,521	-	-
Profit/(loss) for the year		19,772,776	3,912,607	(30,615,433)	(28,080,832)
Profit/(loss) attributable to:					
Equity holders of the parent		13,941,744	3,543,373	30,615,433)	(28,080,832)
Non-controlling interest		5,831,032	369,234	-	-
		19,772,776	3,912,607	(30,615,433)	(28,080,832)
Earnings per share from continuing and discontinued operations attributable to ordinary equity holders of the parent during the year: (expressed in kobo per share)					
Basic and diluted earnings per share	14				
From continuing operations		62	(211)		
From discontinued operations		51	241		
From profit for the year		113	30		

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 44a.

Annual Consolidated and Separate Financial Statements

Statement of other comprehensive income

For the year ended 31 December 2017

N'000

	Notes	Group 2017 N'000	Group 2016 N'000 Restated*	Copmpany 2017 N'000	Comapany 2016 N'000 Restated*
Profit/(loss) for the year		19,772,776	3,912,607	(30,615,433)	(28,080,832)
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		51,258,513	108,469,348	-	-
Share of associate's foreign currency translation reserve	29	3,237,573	-	-	-
Fair value gain on available for sale financial assets	25	17,690	-	17,690	-
Deferred tax on fair value gain on available for sale financial assets	13a	-	-	-	-
		54,513,776	108,469,348	17,690	-
Reclassification to profit or loss					
Reclassification of share of OVH Energy BV's foreign currency translation reserve	29	(3,291,936)	-	-	-
Other comprehensive income for the year, net of tax		51,221,840	108,469,348	17,690	-
Total comprehensive income/(loss) for the year, net of tax		70,994,616	112,381,955	(30,597,743)	(28,080,832)
Attributable to:					
- Equity holders of the parent		51,634,878	86,819,326	(30,597,743)	(28,080,832)
- Non-controlling interests		19,359,738	25,562,629	-	-
Total comprehensive income/(loss) for the year, net of tax		70,994,616	112,381,955	(30,597,743)	(28,080,832)
Total comprehensive income/(loss) attributable to equity holders of the parent arises from:					
- Continuing operations		45,331,321	57,518,805	(30,597,743)	(28,080,832)
- Discontinued operations		6,303,557	29,300,521	-	-
		51,634,878	86,819,326	(30,597,743)	(28,080,832)

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 44b.

Annual Consolidated Financial Statements

Consolidated statement of financial position

For the year ended 31 December 2017

N'000

Assets	Notes	Group 2017 N'000	Group 2016 N'000 Restated*
Assets			
Non-current assets			
Property, plant and equipment	15	343,466,113	293,541,702
Intangible assets	16	426,866,570	361,530,468
Investment property	17	1,033,000	-
Investment in associates	18	7,540,014	10,653,425
Deferred tax assets	19	46,108,713	44,758,179
Derivative financial assets	20	-	844,438
Finance lease receivables	21	72,539,702	60,926,511
Non-current receivables	22	23,202,580	22,034,389
Available-for-sale financial assets	25a	-	2,867
Prepayments		-	6,292
Restricted cash	26	12,479,146	6,538,952
		933,235,838	800,837,223
Current assets			
Inventories	23	2,583,094	12,804,332
Derivative financial assets	20	18,572	6,088,089
Trade and other receivables	24	93,798,956	107,002,077
Prepayments		2,582,527	4,263,242
Available-for-sale financial assets	25a	61,856	112,775
Cash and cash equivalents (excluding bank overdrafts)	26	7,895,061	10,390,585
		106,940,066	140,661,100
Assets of disposal group classified as held for sale	27f	-	50,046,652
Total assets		**1,040,175,904**	**991,544,975**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Share capital	28	6,215,706	6,017,309
Share premium	28	176,588,527	174,806,923
Retained loss		(138,677,099)	(151,868,568)
Other reserves	29	131,475,022	93,407,737
		175,602,156	122,363,401
Non controlling interest		87,833,624	69,981,178
Total equity		263,435,780	192,344,579
Liabilities			
Non-current liabilities			
Borrowings	30	99,587,920	101,639,606
Deferred tax liabilities	19	222,207,944	198,908,983
Provision and other liabilities	31	54,880,692	40,549,807
Retirement benefit obligations	33	-	1,161,705
		376,676,556	342,260,101
Current liabilities			
Trade and other payables	34	187,935,945	198,459,488
Derivative financial liabilities	32	-	199,137
Borrowings	30	137,854,339	144,478,109
Current income tax liabilities	13b	72,405,657	59,108,565
Provision and other liabilities	31	217,350	525,629
Dividend payable	35	1,650,277	1,650,277
		400,063,568	404,421,205
Liabilities of disposal group classified as held for sale	27f	-	52,519,090
Total liabilities		776,740,124	799,200,396
Total equity and liabilities		**1,040,175,904**	**991,544,975**

The financial statements and notes on pages 73 to 173 were approved and authorised for issue by the Board of Directors on 10th April 2018 and were signed on its behalf by:

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

Group Chief Financial Officer
Mr. Olufemi Adeyemo
FRC/2013/ICAN/00000003349

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

Annual Separate Financial Statements

Statement of financial position

For the year ended 31 December 2017

			N'000
Assets	**Notes**	**Group 2017 N'000**	**Group 2016 N'000 Restated***
Non-current assets			
Property, plant and equipment	15	1,507,722	379,819
Intangible assets	16	-	182,151
Investment property	17	1,033,000	
Investment in associates	18	2,716,431	15,500,552
Non-current receivables	22	9,365,366	9,711,893
Available-for-sale financial assets	25a	-	2,867
Investment in subsidiaries	25b	55,368,549	55,373,649
Prepayments		-	6,292
Restricted cash	26	-	4,682,749
		69,991,068	85,839,972
Current assets			
Trade and other receivables	24	141,588,922	111,398,694
Prepayments		1,289,580	3,174,809
Available-for-sale financial assets	25a	59,895	111,118
Cash and cash equivalents (excluding bank overdrafts)	26	915,653	7,752,128
		143,854,050	122,436,749
Non-current asset held for sale	27f	-	2,500
Total assets		**213,845,118**	**208,279,221**
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	28	6,215,706	6,017,309
Share premium	28	176,588,527	174,806,923
Retained earnings		(193,330,038)	(162,714,605)
Other reserves	29	17,690	-
Total Equity		(10,508,115)	18,109,627
Liabilities			
Non-current liabilities			
Borrowings	30	87,320,834	87,320,834
Retirement benefit obligations	33	-	782,416
		87,320,834	88,103,250
Current liabilities			
Trade and other payables	34	117,389,268	76,613,778
Derivative financial liabilities	32	-	199,137
Borrowings	30	17,239,886	22,556,068
Current income tax liabilities	13b	535,618	521,455
Provision and other liabilities	31	217,350	525,629
Dividend payable	35	1,650,277	1,650,277
		137,032,399	102,066,344
Total liabilities		224,353,233	190,169,594
Total equity and liabilities		**213,845,118**	**208,279,221**

The financial statements and notes on pages 73 to 173 were approved and authorised for issue by the Board of Directors on 10th April 2018 and were signed on its behalf by:

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

Group Chief Financial Officer
Mr. Olufemi Adeyemo
FRC/2013/ICAN/00000003349

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 44c.

Annual Consolidated Financial Statements

Consolidated statement of changes in equity

For the year ended 31 December 2017

N'000

Group	Share capital & Share premium[1] N'000	Other reserves[2] N'000	Retained earnings N'000	Equity holders of parent N'000	Non controlling interest N'000	Total equity N'000
Balance as at 1 January 2016	180,824,232	55,750,740	(199,723,265)	36,851,707	14,042,219	50,893,926
Profit for the year	-	-	3,543,373	3,543,373	369,234	3,912,607
Other comprehensive income for the year	-	83,275,953	-	83,275,953	25,193,395	108,469,348
Total comprehensive income	-	83,275,953	3,543,373	86,819,326	25,562,629	112,381,955
Transaction with owners						
Value of employee services	-	469,829	-	469,829	-	469,829
Reclassification of revaluation reserve (Note 29)	-	(22,194,982)	22,194,982	-	-	-
Reclassification of FCTLR (Note 29)	-	(1,218,976)	1,218,976	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	(80,743)	(80,743)
Disposal of subsidiary	-	-	-	-	(1,056,732)	(1,056,732)
Total transaction with owners	-	(22,944,129)	23,413,958	469,829	(1,137,475)	(667,646)
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (note 41c)	-	(22,674,827)	20,897,366	(1,777,461)	31,513,805	29,736,344
Total transactions with owners of the parent, recognised directly in equity	-	(45,618,956)	44,311,324	(1,307,632)	30,376,330	29,068,698
Balance as at 31 December 2016	180,824,232	93,407,737	(151,868,568)	122,363,401	69,981,178	192,344,579
Balance as at 1 January 2017	180,824,232	93,407,737	(151,868,568)	122,363,401	69,981,178	192,344,579
Profit for the year	-	-	13,941,744	13,941,744	5,831,032	19,772,776
Other comprehensive income/(loss) for the year	-	37,693,134	-	37,693,134	13,528,706	51,221,840
Total comprehensive income for the year	-	37,693,134	13,941,744	51,634,878	19,359,738	70,994,616
Transaction with owners						
Proceeds from shares issued (note 28)	1,980,001	-	-	1,980,001	-	1,980,001
Total transaction with owners	1,980,001	-	-	1,980,001	-	1,980,001
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (note 41c)	-	374,151	(750,275)	(376,124)	(1,507,292)	(1,883,416)
Total transactions with owners of the parent, recognised directly in equity	1,980,001	374,151	(750,275)	1,603,877	(1,507,292)	96,585
Balance as at 31 December 2017	182,804,233	131,475,022	(138,677,099)	175,602,156	87,833,624	263,435,780

[1] Share capital includes ordinary shares and share premium

[2] Other reserves include currency translation reserves, available for sale reserve and share based payment reserves (SBPR). See note 29.

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

Annual Financial Statements

Separate statement of changes in equity

For the year ended 31 December 2017

N'000

Company	Share Capital & Share premium N'000	Other reserves[1] N'000	Retained earnings N'000	Equity holders of parent/ Total equity N'000
Balance as at 1 January 2016	180,824,232	-	(134,633,774)	46,190,458
Loss for the year	-	-	(28,080,831)	(28,080,831)
Other comprehensive loss for the year	-	-	-	-
Total comprehensive loss	-	-	(28,080,831)	(28,080,831)
Balance as at 31 December 2016	180,824,232	-	(162,714,605)	18,109,627
Balance as at 1 January 2017	180,824,232	-	(162,714,605)	18,109,627
Loss for the year	-	-	(30,615,433)	(30,615,433)
Other comprehensive income for the year	-	17,690	-	17,690
Total comprehensive income/(loss) for the year	180,824,232	17,690	(193,330,038)	(12,488,116)
Transaction with owners - Conversion of OODP's convertible debt (note 28)	1,980,001	-	-	1,980,000
Balance as at 31 December 2017	182,804,233	17,690	(193,330,038)	(10,508,116)

[1] Other reserves comprise of available for sale reserve. See note 29.

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

Annual Consolidated and Separate Financial Statements

Consolidated and Separate Statement of Cash flows

For the year ended 31 December 2017

N'000

	Notes	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Cash flows from operating activities					
Cash generated from operations	36	85,239,610	134,152,191	5,402,480	10,796,689
Refund to prospective buyers of subsidiaries	31	(308,278)	(2,434,105)	(308,279)	(2,434,105)
Interest paid		(24,404,228)	(51,749,555)	(14,608,602)	(31,440,709)
Income tax paid*	13b	(10,351,862)	(8,360,556)	(1,741)	(1,397,429)
Gratuity benefit paid		(1,285,161)	172,799	(754,311)	(39,021)
Net cash from/(used in) operating activities		48,890,081	71,780,774	(10,270,453)	(24,514,575)
Cash flows from investing activities					
Purchases of property plant and equipment* [1]	15	(19,822,073)	(14,502,822)	(1,280,732)	(66,568)
Proceeds from disposal of subsidiary, net of cash	27e	871,978	(16,276,387)	-	14,261,979
Proceeds from disposal of investment in associate	22b	609,184	-	-	-
Investment in an associate	18	(2,444)	-	-	-
Purchase of investment property	17	(127,983)	-	(127,983)	-
Deposit received from prospective buyers of subsidiaries	31	-	525,629	-	525,629
Proceeds from contingent consideration from Helios with respect to the sale of the Gas & Power entities	27dii	2,253,879	-	2,253,879	-
Acquisition of software	16	-	(965)	-	(965)
Proceeds from disposal of available for sale investment	25a	71,780	-	71,780	
Purchase of intangible exploration assets*	16	(1,475,010)	(2,118,766)	-	-
Payments relating to license and pipeline construction*	16	-	(3,750,270)	-	-
Proceeds from sale of property, plant and equipment		19,203	133,356	4,606	19,771
Finance lease received		7,719,125	6,338,044	-	-
Proceeds from sale of intangibles	16	-	3,532,829	-	-
Interest received		745,635	5,954,288	745,575	27,417
Net cash (used in)/from investing activities		(9,136,726)	(20,165,064)	1,667,125	14,767,263
Cash flows from financing activities					
Proceeds from long term borrowings		305,900	120,932,111	-	114,847,914
Repayment of long term borrowings		(7,350,185)	(42,472,435)	-	(33,741,366)
Proceeds from other short term borrowings		32,037,524	78,635,165	11,311,834	72,948,429
Repayment of other short term borrowings		(63,502,898)	(152,923,226)	(16,562,576)	(106,246,410)
Proceeds from loan note from from Helios with respect to the sale of the Gas & Power entities	22b	2,198,358	-	2,198,358	-
Acquired minority interest	41c	(1,883,416)	-	-	-
Purchase of shares from NCI		-	(1,368,350)	-	-
Dividend paid to NCI		-	(80,743)	-	-
Restricted cash		(5,603,461)	2,467,131	4,682,749	(4,441,582)
Net cash (used in)/from financing activities		(43,798,178)	5,189,653	1,630,365	43,366,985
Net change in cash and cash equivalents		(4,044,823)	56,805,363	(6,972,963)	33,619,673
Cash and cash equivalents at the beginning of the year		10,596,470	(48,781,363)	7,752,128	(26,128,902)
Exchange gains/(losses) on cash and cash equivalents		1,343,414	2,572,470	136,488	261,357
Cash and cash equivalents at end of the year		7,895,061	10,596,470	915,653	7,752,128
Cash and cash equivalents at 31 December 2017:					
Included in cash and cash equivalents per statement of financial position	26	7,895,061	10,390,585	915,653	7,752,128
Included in the assets of the disposal group	27f	-	205,885	-	-
		7,895,061	10,596,470	915,653	7,752,128
Cash and cash equivalent at year end is analysed as follows:					
Cash and bank balance as above		7,895,061	10,390,585	915,653	7,752,128
Bank overdrafts (Note 30)		-	-	-	-
		7,895,061	10,390,585	915,653	7,752,128

[1] Purchases of property, plant and equipment exclude capitalised interest (2017: nil; 2016: nil)
* Disclosures are for both continuing and discontinued operations.

The statement of significant accounting policies and notes on pages 80 to 173 form an integral part of these consolidated and separate financial statements.

Annual Consolidated and Separate Financial Statements

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1. General information

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

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

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

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

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

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

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

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

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

Upon failure by the Borrower to honour the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to the Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS and Oando PLC now owns 78.18% (2016: 77.74%) shares in OEPH Holdings (see note 41c). The Borrower and Lenders are not related parties to the Guarantor.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

2. Basis of preparation

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

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

3. Changes in accounting policies and disclosures

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

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments were applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group has provided the information for the current period in note 36b.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments do not have any impact on the Group.

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact on the Group.

b) New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2017

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant effect on the consolidated financial statements of the Group, except the following set out below:

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not expected to have any impact on the Group.

Transfers of Investment Property (Amendments to IAS 40)
Effective for annual periods beginning on or after 1 January 2018.

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Effective for annual periods beginning on or after 1 January 2018.

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

IFRS 9, 'Financial instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Shortly before finalising the 2017 financial statements, the Group performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9.

Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

Debt instruments classified as loans and receivables

Under IAS 39, the Group has the following debt instruments which are classified under loans and receivables:
- Trade receivables
- Loan notes
- Receivables from related parties
- Dues from bankers on realized portion of commodity contracts
- ConocoPhillips Acquisition consent refund
- Underlift receivables
- Bank balances

These debt instruments are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification of these instruments is not required. In addition, the measurement basis for these debt instruments will continue to be amortised cost, thus leading to no change in the current practice.

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Available for sale equity investments
The Group has investments in quoted equity shares. It expects to continue measuring at fair value all financial assets currently held at fair value. The quoted equity shares are currently held as available-for-sale with gains and losses recorded in other comprehensive income (OCI). On transition to IFRS 9, Quoted equity shares, classified as current assets, currently held as available-for-sale (AFS) with gains and losses recorded in OCI will be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss. The AFS reserve related to those securities in amount, which is currently presented as accumulated OCI, will be reclassified to retained earnings. The equity shares classified as non -current are intended to be held for the foreseeable future. The Group will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

The Group recognised impairment loss on these equity investments up to 31 December 2017. The carrying amounts of these investments (after adjusting for the impairment loss) will be compared with the fair value at 1 January 2018 with appropriate adjustment recognised. There is no impairment for equity investments measured at fair value under IFRS 9.

Loan notes
Loan notes are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of the instrument and concluded that the debt instruments meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for the instrument is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans, trade receivables, lease receivables and contract assets, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables and contract assets that do not have significant financing component. The Group have opted to apply simplified approach for all lease receivables. The Group has determined that, due to the unsecured nature of its loans and receivables, the loss allowance will increase with corresponding related decrease in the deferred tax liability or increase in the deferred tax asset.

For all other debt instruments other than trade receivables, the Group will apply general approach under which financial assets are classified into three stages i.e. stage 1, stage 2 or stage 3 depending on whether or not the credit risk of the financial asset has increased significantly. The Group has determined that, due to the unsecured nature of its loans and receivables, the loss allowance will increase with corresponding related decrease in the deferred tax liability. The impact proposed is an estimated figure which is likely to change when the Group implements the standard.

(c) Hedge accounting

Although IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not apply hedge accounting. As such, this aspect of IFRS 9 will not have impact on the Group.

(d) Other adjustments

In addition to the adjustments described above, on adoption of IFRS 9, other items of the primary financial statements such as deferred taxes will be adjusted as necessary.

IFRS 15, 'Revenue from contracts with customers'
IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the either of the methods which will be selected during the implementation phase.

Shortly before finalising the 2017 financial statements, the Group performed a detailed assessment of IFRS 15 and the outcome of this assessment is described below.

The Group is in the business of exploration, production, pipeline construction, supply and delivery of petroleum products, crude oil and natural gas resource. The goods are sold on their own in separate identified contracts with customers.

The key issues identified, and the Group's views and perspectives, are set out below. These are based on the Group's current interpretation of IFRS 15 and may be subject to changes as interpretations evolve more generally. Furthermore, the Group is considering and will continue to monitor any further development.

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A. Sale of goods

For contracts with customers in which the sale of Crude oil, gas, energy and sale of petroleum products is generally expected to be the only performance obligations. The Group expects the revenue recognition to occur over time when control of the asset is transferred to the customer, generally on delivery of the goods.

To date, the Group has identified the following issues that require consideration

(i) Collaborative arrangements
The Group is into exploration, production and sale of crude oil and natural gas resources in a joint operation with other joint operation (JO) partners. From time to time the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods. In these contracts, the Group, being a participant in a joint operation will recognise revenue from contracts with customers under IFRS 15 based on its actual sales to customers in that period. No adjustments will be recorded in revenue to account for any variance between the actual share of production volumes sold to date and the share of production which the party has been entitled to sell to date. The Group will adjust production costs to align volumes for which production costs are recognised with volumes sold. Therefore, under the current standard, the Group's concluded that its JO partners are not customers. The Group excludes transactions arising from arrangements where the parties are participating in an activity together and share the risks and benefits of that activity.
IFRS 15 defines a customer as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Thus, the group's assessment reveals that vendor-customer relationship does not exist between the Group and its JV partners. Adoption of IFRS 15 by the Group is not expected to have any impact on the Group's revenue and profit or loss. 15.

(ii) Contract enforceability and termination clauses
On a timely basis, the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods. In these contracts, termination clauses are clearly specified. The Group has entered into a valid contract for all signed Agreement and remains binding on the contracting parties for the specified contract duration without any simple termination clause because both parties to the contract have present enforceable rights and obligations throughout the contract period. Under the current standard, the assessment of termination clauses is not of paramount importance as revenue is recognised based on the volume of products delivered. Thus, the Group recognizes revenue when risk and reward passes to the buyer as products are delivered to the buyer.

IFRS 15 explains that a contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). Additionally, for implied contracts, the Group may be required to account for contracts with stated terms as month-to-month (or possibly a shorter duration) contracts if the parties can terminate the contract without penalty. For sale of gas, crude oil and energy charge.

The Group's revenue assessment under IFRS 15 clearly shows that the contracts are binding on all parties throughout the duration of the contract and as such contract period is as stated in the contract. The Group is expected to measure its revenue under IFRS 15 overtime using a measure of progress. However, adoption of IFRS 15 by the Group is not expected to have any impact on the Group's revenue and profit or loss. Measuring progress using output method (as anticipated) is not expected to be significantly different from revenue recognised under the current standard. The Group will need develop clear accounting policy to evaluate termination clauses and any related termination payments (if any).

(iii) Collectability issues – River State Government (RSG)
The Group has a contract with RSG through a joint operation arrangement to deliver natural gas at the agreed delivery point. Under the current accounting policy, the Group recognises revenue from the sale of gas measured at the fair value of the consideration received or receivable. The Group recognises revenue and a corresponding impairment loss when it realises that it is not probable that it will collect the amount to which it will be entitled.

Under IFRS 15, the group assesses the customer's ability and intent to pay the amount of consideration to which it will be entitled in exchange for the goods that will be transferred to the customer. The Group concluded that since it is not probable that the Group will collect amounts to which it is entitled, the model in IFRS 15 will not be applicable to the contract with RSG until the concerns about collectability have been resolved. There will be no adjustment that will impact retained earnings at the reporting date.

(iv) Distinct goods and services
For Crude oil contracts, the Group delivers its promised goods to customers as a separate performance obligations and the Group always recognise the transaction price as revenue when those goods are transferred to the customer.

Under IFRS 15, a good or service that is promised to a customer is distinct if both of the following criteria are met:

a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the good or service is distinct within the context of the contract).The Group currently does not assess its promises as distinct goods. Unit delivered are applied to the price to recognise revenue as any point the volumes are delivered. However,

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under IFRS, the Group will need to determine whether the goods is capable of being distinct at contract inception.

In line with IFRS 15, the crude transferred are distinct goods transferred at a point in time and revenue should be recognised when control passes to the customer.

By implication, the envisaged impact may be considerably low as the Group currently recognises revenue when risk and reward passes to the buyer as products are delivered to the buyer. The point at which risk and reward of ownership is transferred as assessed under the current standard is not different from the point at which control is transferred as assessed under IFRS 15. However, the Group will need develop a clear accounting policy on distinct performance obligations.

(v) Series of distinct goods and services
For the sale of gas and energy, the Group delivers its promised goods to customers in volumes depending on annual contract quantity and all variations provided by the contract.

Under IFRS 15, a series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:
- each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in revenue recognition over time to be a performance obligation satisfied overtime; and
- the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

The Group currently does not assess its promises as series of goods. Unit delivered are applied to the price to recognise revenue as any point the volumes are delivered. However, under IFRS 15, the Group will need to recognize its revenue over time with an appropriate measure of progress. This measure will be most likely be based on volumes delivered. By implication, the envisaged impact may be considerably low as the Group currently recognises revenue when risk and reward passes to the buyer as products are delivered to the buyer. The Group will need develop clear accounting policy on series performance obligations.

(vi) Variable consideration
Some contracts with customers provide variability in price and quantity to be delivered. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue .The Group expects that application of the constraint will result in more revenue being deferred than under current IFRS.

Examples of revenue contracts to which this concept applies are stated below:
- Market based fees – provisionally priced contracts
  For crude oil contracts, the transaction price is not fixed. A portion of the Group's transaction price depends on indexes whose outcome are uncertain.

Under the current standard, the Group does not recognize revenue immediately control has been passed to the Customer but wait for few days when transaction price based on some future specific indexes have been obtained.

Under IFRS 15, entities will need to estimate the transaction price, particularly when it includes variable consideration. Crude oil contracts will include provisional pricing at the time of lifting/shipment, with final pricing based on the market price for a particular period. Upon evaluation, the Group determines that the inclusion of such indexes in the contracts represents variable consideration. However, under IFRS 15 further judgement will be required to constrain the estimated transaction price. Additionally, since the price is conditional upon an index which is likely to be an embedded derivative, judgement will be required to identify the point at which the variable consideration becomes unconditional, and is then considered a financial asset within the scope of IFRS 9/IAS 39.

The Group applied the requirements in IFRS 15 on constraining estimates of variable consideration and concluded that an adjustment to increase revenue for sale of goods with a corresponding impact on equity. However, IFRS 15 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and entities will be required to account for these in accordance with IFRS 9. Any subsequent changes that arise due to differences between initial and final estimate will still be considered within the scope of IFRS 15 and will be subject to the constraint on estimates of variable consideration. Revenue in respect of the host contract will be recognised when control passes to the customer (which has been determined to be the same point in time, i.e., when the crude oil passes the ship's rail) and will be measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the quotational period, i.e., using the most recently determined estimate of Brent element in crude (which is not consistent with the current practice). The Group will need develop a clear accounting policy on variable consideration.

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(vii) Measuring Progress

The Group has entered into a valid contract for all signed revenue agreement and remains binding on the contracting parties for the specified contract duration without any simple termination clause because both parties to the contract have present enforceable rights and obligations throughout the contract period. Under the current accounting policy, the Group currently recognises revenue when risk and reward pass to the buyer as products are delivered to the buyer.

IFRS 15 explains that when the Group has determined that a performance obligation is satisfied over time, the standard requires the Group to select a single revenue recognition method for the relevant performance obligation that faithfully depicts the Group's performance in transferring control of the goods or services. In addition, the Group should apply the method selected consistently to similar performance obligations. Hence, at the end of each reporting period, an entity is required to re-measure its progress toward completion of the performance obligation. On adoption of IFRS 15, the Group is not expected to have any impact on its revenue and profit or loss. Measuring progress using output method (as anticipated) is not expected to be significantly different from revenue recognised under the current standard. However, the Group will need develop clear accounting policy initiative for determining the appropriate method for measuring progress.

B. Rendering of services

The Group's technical service segment provides technical services. For contracts with customers in which the rendering of technical services is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.

To date, the Group has identified the following issues that require consideration:

(i) Scope – Completed Contract

The Group has completed the performance of providing technical services to its customers before the date of initial application of IFRS 15, even though it's yet to receive its full consideration.

IFRS 15 permit an entity: (a) under the full retrospective method, not to restate contracts that are completed contracts at the beginning of the earliest period presented; (b) under the modified retrospective method, to either apply IFRS 15 to only contracts that are not completed contracts at the date of initial application; or to all contracts including completed contracts at the date of initial application;

Adoption of IFRS 15 by the Group is not expected to have any impact on the Group's revenue and profit or loss. Depending on the manner in which the Group elects to transition to IFRS 15, it may not need to apply IFRS 15 to technical services and financing arrangement contracts.

C. Principal versus agent considerations

The Group is into exploration, production and sale of crude oil and natural gas resources in a joint arrangement with other JO partners. From time to time the Group enters into contracts with its customers through the JO operator designated to act as the administrator to deliver goods. In these contracts, the Group is considered to be primarily responsible for fulfilling the promise to deliver the goods that relates to the proportion of it participating interests in the supply area. The Group does have inventory risk relating to its interest in the joint venture's operation before the specified product is been transferred to the customer. In addition, the Group establishes the price for the specified goods. Therefore, the Group's consideration in these contracts is determined to be the gross amount to which it expects to be entitled.
Under the current accounting policy, based on the existence of credit risk and the nature of the consideration in the contract, the Group concluded that it has an exposure to the significant risks and rewards associated with the sale of goods to its customers, and accounted for the contracts as if it is a principal.

IFRS 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer. The Group has determined that it controls the goods before they are transferred to customers, and hence, is a principal rather than an agent in these contracts. In addition, the Group concluded that it transfers control over its sales over time. Adoption of IFRS 15 by the Group is not expected to have any impact on the Group's revenue and profit or loss.

D. Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the Group has concluded that: certain revenue-generating collaborative arrangements would be within the scope of IFRS 15, it acts as a principal instead of an agent. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable

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segment. In 2017 the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 16 Leases

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

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

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

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

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

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

Building

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

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

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

IFRS 16 also requires the Group to make more extensive disclosures than under IAS 17. The Group can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

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

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. In 2018, the Group plans to assess the potential effect of this on its consolidated financial statements.

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

- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 - Effective 1 January 2018
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 Effective 1 January 2019
- IFRS 17 Insurance Contracts - Effective 1 January 2021
- Ammendments to IAS 19 Employee Benefits -The amendments apply to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

(d) Annual Improvements 2014-2016 Cycle

Following is a summary of the amendments from the 2014-2016 annual improvements cycle.

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

- Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.
- The amendment is effective from 1 January 2018.

This is not applicable to the Group.

IAS 28 Investments in Associates and Joint Ventures

Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice

- The amendments clarifies that:
  - An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
  - If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.
- The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. The Group is still assessing the impact of this amendment.

(e) Annual Improvements 2015-2017 Cycle

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

IFRS 3 Business Combinations

Previously held interests in a joint operation

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

IFRS 11 Joint Arrangements

Previously held interests in a joint operation

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

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IAS 12 Income Taxes

Income tax consequences of payments on financial instruments classified as equity

- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally r ecognised those past transactions or events.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IAS 23 Borrowing Costs

Borrowing costs eligible for capitalisation

- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

4. Basis of Consolidation

(i) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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(iii) Disposal of subsidiaries

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

(iv) Investment in associates

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long term receivables, loans or unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

(v) Joint arrangements

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

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

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

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

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

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

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

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

(vi) Functional currency and translation of foreign currencies

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

The Company's functional and presenation currency is Naira.

(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 statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(viii) Consolidation of Group entities

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

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

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

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

(ix) 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

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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.

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

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

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

5. Other significant accounting policies

(a) Segment reporting

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

(b) Revenue 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:

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

In Exploration & Production, transfer of risks and rewards generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. For sales to refining companies, it is either when the product is placed on-board a vessel or delivered to the counterparty, depending on the contractually agreed terms. For wholesale sales of oil products and chemicals it is either at the point of delivery or the point of receipt, depending on contractual terms.

Revenue resulting from the production of oil and natural gas properties in which Oando has an interest with other producers is recognised on the basis of Oando's working interest (entitlement method).

Sales between subsidiaries, as disclosed in the segment information.

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

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

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

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

(c) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.
Increases in the carrying amount arising on revaluation of property, plant & equipment are credited to other comprehensive income and shown as a component of other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss. Revaluation surplus is recovered through disposal or use of property plant and equipment. In the event of a disposal, the whole of the revaluation surplus is transferred to retained earnings from other reserves. Otherwise, each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the assets original cost is transferred from other reserves to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives as follows:

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

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

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

(d) Intangible assets

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

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

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

(b) Computer software

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

(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 in which case, it is included within the recoverable amount of those group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

(f) Financial instruments

Financial assets classification

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

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

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

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

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

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss within operating profit/(loss) in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Group's right to receive payment is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains and losses from investment securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

An embedded derivative is only separated and reported at fair value with gains and losses being recognised in the profit or loss component of the statement of comprehensive income when the following requirements are met:
- where the economic characteristics and risks of the embedded derivative are not clearly and closely related to those of the host contract.
- the terms of the embedded derivative are the same as those of a stand-alone derivative; and
- the combined contract is not held for trading or designated at fair value through profit or loss.

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

Financial liabilities

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

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

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

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

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

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

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

(g) Accounting for leases

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

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

(h) Inventories

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

(i) Share capital

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

(j) Cash and cash equivalents

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

(k) Employee benefits

(i) Retirement benefit obligations

Defined contribution scheme

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

Defined benefit scheme

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

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

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

(ii) Employee share-based compensation

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

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

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

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

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

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

(iii) Other share based payment transactions

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

(iv) Profit-sharing and bonus plans

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

(l) Provisions

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

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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Decommissioning liabilities

A provision is recognised for the decommissioning liabilities for underground tanks described in Note 6v. Based on management estimation of the future cash flows required for the decommissioning of those assets, a provision is recognised and the corresponding amount added to the cost of the asset under property, plant and equipment for assets measured using the cost model. For assets measured using the revaluation model, subsequent changes in the liability are recognised in revaluation reserves through OCI to the extent of any credit balances existing in the revaluation surplus reserve in respect of that asset. The present values are determined using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Subsequent depreciation charges of the asset are accounted for in accordance with the Group's depreciation policy and the accretion of discount (i.e. the increase during the period in the discounted amount of provision arising from the passage of time) included in finance costs.

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

(m) Current income and deferred tax

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

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. Education tax is provided at 2% of assessable profits of companies operating within Nigeria. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in OCI or equity respectively. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(n) Exceptional items

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

(o) Dividend

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

(p) Upstream activities

Exploration and evaluation assets

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

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

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

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

Oil and gas assets

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

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

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

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

Refer to note 5L and note 31 for information on the provision for estimated site restoration, abandonment costs and decommissioning costs.

(q) Impairment

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

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

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

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

Impairment charges and reversals are reported within depreciation, depletion and amortisation. As of the reporting date, an impairment charge of N162 million was recognised in intangibles assets. See note 16c.

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

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale

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transaction and a sale is considered highly probable. They are stated at lower of carrying amount and fair value less costs to sell.

(s) Production underlift and overlift

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

(t) Fair value

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

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

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

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

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

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

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

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

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

(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

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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.

(v) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds

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and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The Group has elected to state investment properties at fair value in accordance with IAS 40.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Joint arrangements (Note 43b)

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 4i.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from: the legal form of the separate vehicle; the terms of the contractual arrangement; and other facts and circumstances, considered on a case by case basis. This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

(b) In 2016, the Group recognised a liability of N16.8 billion ($55million) in respect of the adjustment to the consideration received on disposal of some of the entities in the Downstream segment. This liability was based on the assumption that the unrecognised contingent liability of N17.5billion ($57.4million) arising from agreed pass-through items from Ebony oil and gas, Ghana would be collected in 2017. During the year under review, the completion amount was agreed between the buyer and seller, thereby increasing the liability to $112 million. The liability became due but was extinguished in exchange for the issuance of 210,000 Class A shares only to the HV Shareholder by OVH Energy BV (formerly Copper JV/BV). This mode of settlement of the liability resulted in the seller's interest in OVH Energy BV through Oando Netherlands Holdings 2 Cooperative U.A. being diluted to 5% from 40%. The dilution has been accounted for in these consolidated financial statements under note 18.

(c) Capitalisation of borrowing costs

Management exercises sound judgement when determining which assets are qualifying assets, taking into account, among other factors, the nature of the assets. An asset that normally takes more than one year to prepare for use is usually considered as a qualifying asset.

(d) Exploration costs

Exploration costs are capitalised pending the results of evaluation and appraisal to determine the presence of commercially producible quantities of reserves. Following a positive determination, continued capitalisation is subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessment of reserves and the economic and operating viability of the project. In making decisions about whether to continue to capitalise exploration costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in any period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the statement of profit or loss.

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(e) Offshore processing arrangements

Judgement is required in order to determine whether the Group or any of its affiliates acts as a principal or an agent in an offshore processing arrangement. In doing so, the Group considers the nature of arrangements, terms and conditions agreed to by the Group and counterparties and other relevant information. A different conclusion about the role of the Group in an offshore processing arrangement may materially impact the accounting for offshore processing arrangements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i Fair value estimation

Financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer’s specific circumstances. See Note 7 on details of fair value estimation methods applied by the Group.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Investment in Glover BV and OVH Energy BV

Investment in Glover BV was gained in 2016. The values of the assets and liabilities used in determining the net asset are provisional amount applicable under measurement period in line with IFRS 3. As of 31 December 2017 and date of this report, the fair value of Glover BV has not been finalised. Since measurement period ended on 31 December 2017, subsequent changes in the provisional amount will be treated as a change in accounting estimate and will be recognised in the period of the change.

OVH Energy BV (formerly Copper BV/JV) which was previously an associate in 2016 became an investment during 2017.

Employee share based payments

The fair value of employee share options is determined using valuation techniques such as the binomial lattice/black scholes model . The valuation inputs such as the volatility, dividend yield is based on the market indices of Oando PLC's shares.

Property, plant and equipment

Land, building and plant and machinery are carried at revalued amounts. Formal revaluations are performed every three years by independent experts for these asset classes. Appropriate indices, as determined by independent experts, are applied in the intervening periods to ensure that the assets are carried at fair value at the reporting date. Judgement is applied in the selection of such indices. Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach.

The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The useful life of each asset group has been determined by independent experts based on the build quality, maintenance history, operational regime and other internationally recognised benchmarks relative to the assets.

ii Defined Benefits (Gratuity)

The present value of the defined benefits obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the benefits include appropriate discount rate. Any changes in these assumptions will impact the carrying amount of the obligations.

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The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity obligation.

Other key assumptions for the obligations are based in part on current market conditions. Additional information is disclosed in Note 33.

iii Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 5e. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See Note 16 for detailed assumptions and methods used for impairment calculation.

If the estimated pre-tax discount rate applied to the discounted cash flows of the Exploration & Production segment had been higher by 7.57% (i.e. 25.87% instead of 18.30%), the Group would have recognised an impairment against goodwill of N42million. For the Trading segment, no impairment would have resulted from application of discount rates lower than 70%.

iv Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

v Provision for environmental restoration

The Group records a liability for the fair value of legal obligations associated with the decommissioning of oil and gas assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the decommissioning cost, which is depleted on a unit-of-production basis over the life of the reserves. The liability is adjusted each reporting period to reflect the passage of time using the risk free rate, with the interest charged to earnings, and for revisions, to the estimated future cash flows. The changes in the estimate for decommissioning obligation are recorded both under the related asset and liability. When the estimate results in a reduction, the changes deducted from the carrying amount of the asset shall not exceed the carrying amount of the asset. Actual costs incurred upon settlement of the obligations are charged against the liability.

vi Estimation of oil and gas reserves

Oil and gas reserves are key elements in Oando's investment decision-making process that is focused on generating value. They are also an important factor in testing for impairment. Changes in proved oil and gas reserves will affect the standardised measure of discounted cash flows and unit-of-production depreciation charges to the statement of profit or loss.

Proved oil and gas reserves are the estimated quantities of crude oil that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning and restoration provisions) that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount

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of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Changes to Oando's estimates of proved reserves, particularly proved developed reserves, also affect the amount of depreciation, depletion and amortisation recorded in the consolidated financial statements for property, plant and equipment related to hydrocarbon production activities. These changes can for example be the result of production and revisions of reserves. A reduction in proved developed reserves will increase the rate of depreciation, depletion and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation, depletion and amortisation charges and, therefore, income, it is expected that in the normal course of business the diversity of Oando's portfolio will constrain the likelihood of this occurring.

The assumption that the volume of sales over the term of the contract will approximate the total capacity of the pipeline has been based on management's estimate of existing and future demand for gas in a region. Estimates of future cash flows for recovery of interest costs were arrived at assuming current bank interest rates applied up until the full recovery of the investment. Other assumptions include exchange rate of N360.33/USD and applicable FGN bond discount rate, which does not include the specific industry and market risks.

vii Impairment of assets

For oil and gas properties with no proved reserves, the capitalisation of exploration costs and the basis for carrying those costs on the statement of financial position are explained above. For other properties, the carrying amounts of major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Impairments can also occur when decisions are taken to dispose off assets.

Impairments, except those relating to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed. Estimates of future cash flows are based on current year end prices, management estimates of future production volumes, market supply and demand and product margins. Expected future production volumes, which include both proved reserves as well as volumes that are expected to constitute proved reserves in the future, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows, used as a measure of value in use.

Estimates of future cash flows are risk-weighted to reflect expected cash flows and are consistent with those used in the Group's business plans. A discount rate based on the Group's weighted average cost of capital (WACC) is used in impairment testing. Expected cash flows are then risk-adjusted to reflect specific local circumstances or risks surrounding the cash flows. Oando reviews the discount rate to be applied on an annual basis. The discount rate applied in 2017 was 17.94% (2016: 21%). Asset impairments or their reversal will impact income.

viii Useful lives and residual value of property, plant and equipment

The residual values, depreciation methods and estimated useful lives of property, plant and equipment are reviewed at least on an annual basis. The review is based on the current market situation.

The residual value of the various classes of assets were estimated as follows:

Land and building	10%
Plant and machinery	10%
Motor vehicles	10%
Furniture and fittings	10%
Computer and IT equipment	10%

These estimates have been consistent with the amounts realised from previous disposals for the various asset categories.

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ix Investment property

During the year, the Company acquired an investment property (a land). The fair value of the property was determined using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co. The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

7. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors. The Group's liquidity, credit, foreign currency, interest rate and price risks are continuously monitored. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk. The Group uses derivative financial instruments to manage certain risk exposures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade and other receivables and payables, non current receivables, AFS financial assets and derivative financial instruments.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from various product sourcing activities as well as other currency exposures, mainly US Dollars. Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign currency denominated loans, purchases and sales transactions etc. The Group manages their foreign exchange risk by revising cost estimates of orders based on exchange rate fluctuations, forward contracts and cross currency swaps transacted with commercial banks. The Group also apply internal hedging strategies with subsidiaries with USD functional currency.

At 31 December 2017, if the Naira had strengthened/weakened by 12% against the US Dollar with all other variables held constant, the consolidated pre tax profit for the year would have been N17.41 billion lower/higher mainly as a result of US Dollar denominated bank balances and receivables. Comparatively, if the Naira had strengthened/weakened by 12% against the US Dollar with all other variables held constant, the consolidated pre tax profit for the year would have been N11.27 billion lower/higher mainly as a result of US Dollar denominated bank balances. The Company's pre tax loss would have also been N1.78 million lower/higher mainly as a result of US Dollar denominated bank balances and receivables (2016: N2.29 million).

At 31 December 2017, if the Naira had strengthened/weakened by 12% against the US Dollar with all other variables held constant, the consolidated pre tax profit for the year would have been N36.89 billion higher/lower mainly as a result of US Dollar denominated borrowing balances. Comparatively, if the Naira had strengthened/weakened by 12% against the US Dollar with all other variables held constant, the consolidated pre tax profit for the year would have been N30.95 billion higher/lower mainly as a result of US Dollar denominated trade payables and loan balances. The Company's pre tax loss would have also been N1.27 billion higher/lower mainly as a result of US Dollar denominated borrowing balances (2016: N2.27 billion).

(ii) Price risk

Equity price risk

The Group is exposed to equity security price risk because of its investments in the marketable securities classified as available-for-sale. The shares held by the Group are traded on the Nigerian Stock Exchange (NSE). A 10% change in the market price of the instrument would result in N6 million gain/loss (2016: N11.4 million), to be recognised in equity.

Commodity price risk

Fluctuations in the international prices of crude oil would have corresponding effects on the results of operations of the Group. In order to mitigate against the risk of fluctuation in international crude oil prices, the Group hedges its exposure to fluctuations in the price of the commodity by entering into hedges for minimum volumes and prices in US$ per barrel of oil.

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The table below provides a summary of the impact of changes in crude oil prices and interest rates on income before tax, with all other variables held constant for the year ended December 31, 2017.

Instrument	Sensitivity Range	Income/(loss) before tax Increase in variable N'000	Decrease in variable N'000
Financial commodity contracts	+/- $10 per barrel change in Brent crude oil price	(8,688)	35,995

(iii) Interest rate risk

The Group had no short term, highly liquid bank deposits at fixed interest rates as at 31 December 2017. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group does not have any investments in quoted corporate bonds that are of fixed rate and carried at fair value through profit or loss. Therefore the Group is not exposed to fair value interest rate risk arising from corporate bonds.

The Group has borrowings at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

At 31 December 2017, an increase/decrease of 100 basis points on LIBOR/MPR would have resulted in a decrease/increase in consolidated/Company's pre tax profit/(loss) of N1.3 billion/N62.5 million (2016: N1.3 billion/N94.8 million), mainly as a result of higher/lower interest charges on variable rate borrowings.

Management enters into derivative contracts as an economic hedge against interest and foreign currency exposures. As at the reporting date, the Group does not have any outstanding derivatives with respect to interest and foreign currency hedge.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, non-current receivables and deposits with banks as well as trade and other receivables. The Group has no significant concentrations of credit risk. It has policies in place to ensure that credit limits are set for commercial customers taking into consideration the customers' financial position, past trading relationship, credit history and other factors. Sales to retail customers are made in cash. The Group has policies that limit the amount of credit exposure to any financial institution.
Management monitors the aging analysis of trade receivables and other receivables on a periodic basis. The analysis of current, past due but not impaired and impaired trade receivables is as follows:

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N'000

Trade receivables	**Group 2017 N'000**	**Group 2016 N'000**	**Company 2017 N'000**	**Company 201 N'000**
Current - Neither past due nor impaired	35,757,751	6,039,195	-	-
Past due but not impaired				
- by up to 30 days	-	29,575,663	-	-
- by 31 to 60 days	11,335	-	-	-
- later than 60 days	7,798,606	11,599,162	-	-
Total past due but not impaired	7,809,941	41,174,825	-	-
Impaired	1,773,006	1,450,898	-	-
	45,340,698	48,664,918	-	-

Other receivables	**Group 2017 N'000**	**Group 2016 N'000**	**Company 2017 N'000**	**Company 2016 N'000**
Current - Neither past due nor impaired	46,341,982	48,210,899	138,771,677	108,581,449
Impaired	19,973,091	15,924,891	54,304,370	51,595,951
	66,315,073	64,135,790	193,076,047	160,177,400
Non-current receivables				
Neither past due nor impaired	23,202,580	22,034,389	9,365,366	9,711,893
Impaired	40,751,790	32,681,515	17,033,619	14,418,044
	63,954,370	54,715,904	26,398,985	24,129,937
Derivative financial instruments				
Current - Neither past due nor impaired	18,572	6,932,527	-	-
Finance lease receivables				
Non-current - Neither past due nor impaired	72,539,702	60,926,511	-	-

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired have been assessed by reference to historical information about counterparty default rates:

Counter parties without external credit rating

Trade receivables	**Group 2017 N'000**	**Group 2016 N'000**	**Company 2017 N'000**	**Company 2016 N'000**
Group 1	-	-	-	-
Group 2	35,757,751	4,701,816	-	-
Group 3	-	1,337,379	-	-
	35,757,751	6,039,195	-	-
Other receivables				
Group 2	46,341,982	48,210,899	138,771,677	108,581,449
Non current receivables				
Group 2	23,202,580	22,034,389	9,365,366	9,711,893
Derivative financial instruments				
Group 2	18,572	6,932,527	-	-
Finance lease receivables				
Group 2	72,539,702	60,926,511	-	-

Definition of the ratings above:
Group 1 New customers (less than 6 months)
Group 2 Existing customers (more than 6 months) with no defaults in the past
Group 3 Existing customers (more than 6 months) with some defaults in the past

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Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors cash forecast on a periodic basis in response to liquidity requirements of the Group. This helps to ensure that the Group has sufficient cash to meeting operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Group	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2017:					
Borrowings	169,456,415	27,284,322	136,509,931	-	333,250,668
Trade and other payables	182,248,908	-	-	-	182,248,908
Total	351,705,323	27,284,322	136,509,931	-	515,499,576
At 31 December 2016:					
Borrowings	185,473,395	18,789,541	104,177,221	-	308,440,157
Trade and other payables	193,486,708	798,249	-	-	194,284,957
Total	378,960,103	19,587,790	104,177,221	-	502,725,114

Company	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2017:					
Borrowings	15,490,288	18,379,059	129,483,663	-	163,353,010
Trade and other payables	114,569,897	-	-	-	114,569,897
Total	130,060,185	18,379,059	129,483,663	-	277,922,907
At 31 December 2016:					
Borrowings	37,197,645	15,236,572	101,547,822	-	153,982,039
Trade and other payables	74,441,578	-	-	-	74,441,578
Total	111,639,223	15,236,572	101,547,822	-	228,423,617

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new capital or sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a quarterly basis to monitor and support the key objectives set out above. These ratios and targets include:

- Gearing ratio;
- Earnings before interest tax depreciation and amortisation (EBITDA);
- Fixed/floating debt ratio;
- Current asset ratio;
- Interest cover;

The Group's objective is to maintain these financial ratios in excess of any debt covenant restrictions and use them as a performance measurement and hurdle rate. The failure of a covenant test could render the facilities in default and repayable on demand at the option of the lender.

Accordingly, in situations where these ratios are not met, the Group takes immediate steps to redress the potential negative impact on its financial performance. Such steps include additional equity capital through rights issue and special placement.

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Total capital is calculated as equity plus net debt. During 2017, the Group's strategy was to maintain a gearing ratio between 50% and 75% (2016: 50% and 75%). The gearing ratios as at the end of December 2017 and 2016 were as follows:

N'000

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Total borrowings	237,442,259	246,117,715	104,560,720	109,876,902
Less: cash and cash equivalents (Note 26)	(7,895,061)	(10,390,585)	(915,653)	(7,752,128)
Restricted cash	(12,479,146)	(6,538,952)	-	(4,682,749)
Net debt	217,068,052	229,188,178	103,645,067	97,442,025
Total equity	263,435,780	192,344,579	(10,508,115)	18,109,627
Total capital	480,503,832	421,532,757	93,136,952	115,551,652
Gearing ratio	45%	54%	111%	84%

Fair Value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017.

Financial instruments measured at fair value	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Available for sale financial assets				
- Equity securities	61,856	-	-	61,856
Derivative financial assets				
- Commodity option contracts	-	18,572	-	18,572
Investment property	-	-	1,033,000	1,033,000
Total assets	61,856	18,572	1,033,000	1,113,428
Liabilities				
Derivative financial liabilities:				
- Convertible options	-	-	-	-
Total liabilities	-	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016.

Balance	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Available for sale financial assets				
- Equity securities	115,642	-	-	115,642
Derivative financial assets				
- Commodity option contracts	-	6,932,527	-	6,932,527
Total assets	115,642	6,932,527	-	7,048,169
Liabilities				
Derivative financial liabilities				
- Convertible options	-	-	199,137	199,137
Total liabilities	-	-	199,137	199,137

Assets	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Available for sale financial assets				
- Equity securities	59,895	-	-	59,895
Investment property	-	-	1,033,000	1,033,000
Total assets	59,895	-	1,033,000	1,092,895
Liabilities				
Derivative financial liabilities				
- Convertible options	-	-	-	-
Total liabilities	-	-	-	-

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The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2017.

Balance	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Available for sale financial assets				
- Equity securities	113,985	-	-	113,985
Total assets	113,985	-	-	113,985
Liabilities				
Derivative financial liabilities				
-Convertible options	-	-	199,137	199,137
Total liabilities	-	-	199,137	199,137

Financial instruments not measured at fair value but for which fair values are disclosed

Group	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
31 December 2017				
Finance lease receivable	-	-	63,981,672	63,981,672
Non-current receivables	-	-	18,463,613	18,463,613
31 December 2016				
Finance lease receivable	-	-	43,884,459	43,884,459
Non-current receivables	-	-	18,210,239	18,210,239
Liabilities				
31 December 2017				
Borrowings	-	-	246,034,268	246,034,268
31 December 2016				
Borrowings	-	-	214,716,750	214,716,750

Company	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
31 December 2017				
Non-current receivables	-	-	10,776,983	10,776,983
31 December 2016				
Non-current receivables	-	-	8,026,358	8,026,358
Liabilities				
31 December 2017				
Borrowings	-	-	101,399,730	101,399,730
31 December 2016				
Borrowings	-	-	135,071,964	135,071,964

The fair value of borrowings and finance lease receivables is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The own non-performance risk for borrowings as at 31 December 2017 and 2016 has been considered in the determination of the fair value and is immaterial. For receivables, the models incorporate various inputs including the credit quality of counterparties. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The individual credit worthiness of the customers have been considered in the valuation. The discount rate used for finance lease receivables and borrowing are 15.0% (2016: 21%) and 15.0% (2016: 21%) respectively.

There were no transfers between levels 1 and 2 during the year.

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(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, and pricing market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of Nigerian Stock Exchange (NSE) listed instruments classified as available-for-sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily of interest swaps and derivatives. Their fair values are determined based on marked to market values provided by the counterparty financial institutions. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Specific valuation techniques used to value financial instruments include:

- The fair value of commodity contracts are calculated based on observable inputs which include forward prices of crude oil.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) Financial instruments in level 3

The level 3 instrument comprise of convertible notes to Ocean and Oil Development Partners (OODP). Ocean and Oil Development Partners is a private company, whose business values are a significant input in the fair value of the financial instruments. Option derivative on the convertible loan notes were valued using the Goldman Sachs model. The business value comprise of unobservable inputs such as risk free rate, volatility, credit spread, dividend yield, etc.

During the year under review, OODP notified the Company of its intention to convert a total of N1.98billion in exchange for 396,793,587 fully paid Ordinary Shares of the Company's common equity and in 2016, OODP exercised her option of conversion and a total of 128,413,672 shares were issued in exchange for $154,096,406 convertible loan notes. See note 36 for the details.

The table below presents the changes in level 3 instruments for the year ended 31 December 2017.

Convertible option - Derivative liability			**Company 2017 N'000**	**Company 2016 N'000**
At 1 January	199,137	5,160,802	180,928	5,160,802
Gain recognised in statement of profit or loss	(180,928)	(4,961,665)	(180,928)	(4,979,874)
Converted during the year	(18,209)	-	-	-
Exchange difference	-	-	-	-
At 31 December	-	199,137	-	180,928

The fair value changes on the instruments were recognized in other operating income.

During the year, the Company acquired an investment property (a land). The fair value of the property was determined using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co. The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

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Investment Property	Group 2017 N'000	Company 2017 N'000
At 1 January	-	-
Purchase	127,983	127,983
Fair value gain recognised in statement of profit or loss	905,017	905,017
At 31 December	1,033,000	1,033,000

The fair value gain on the investment property has been recognized in other operating income.

Description of significant unobservable inputs to valuation:

The derivative liability was fully extinguished in 2017 whereas the significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2016 is as shown below:

2016	Valuation technique	Significant unobservable inputs	Weighted average	Sensitivity of the input to fair value	
Convertible option - Derivative liability	Goldman Sachs model	Volatility	65.0%	1% decrease in volatility would result in a decrease in the fair value by N.2.3 million	1% increase in volatility would result in an increase in the fair value by N2.1million
		Dividend yield	1.9%	1% decrease in dividend yield would result in an increase in fair value by N805,927	1% increase in dividend yield would result in a decrease in fair value by N795,192

Description of valuation techniques used and key inputs to valuation of investment properties:

2017	Valuation technique	Significant unobservable inputs	Weighted average	Sensitivity of the input to fair value	
Investment Property	Direct Market Comparism Method	Estimated value per square metre (N200,000)	5%	5% decrease in estimated value per sqm would result in a decrease in the fair value by N51.7 million	5% increase in estimated value per sqm would result in increase in fair value by N51.7 million
			10%	10% decrease in estimated value per sqm would result in a decrease in the fair value by N103.3 million	10% increase in estimated value per sqm would result in increase in fair value by N103.3 million
			15%	15% decrease in estimated value per sqm would result in a decrease in the fair value by N154.9million	15% increase in estimated value per sqm would result in increase in fair value by N154.9 million

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8 Segment information

The Group Leadership Council (GLC) is the group's chief operating decision-maker. Management has determined the operating segments based on the performance reports reviewed monthly by Group Leadership Council (GLC) and these reports are used to make strategic decisions. GLC considers the businesses from a divisional perspective. Each of the division's operations may transcend different geographical locations.

The GLC assesses the performance of the operating segments by reviewing actual results against set targets on revenue, operating profit and profit after tax for each division. Interest expenses suffered by the Corporate division on loans raised on behalf of the other divisions and similar operating expenses are transferred to the relevant divisions. Transactions between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group was re-organised following the sale of target entities in the marketing, refining and terminals segment, Gas and Power segment (excluding Alausa Power Ltd) and Energy Services Segment. The Group discontinued the Energy Services segment, marketing, refining and terminals segment and gas and power segment (excluding Alausa Power Ltd) effective 31 March 2017, 30 June 2017, 31st December respectively. At 31 December, the Group has three operating segments namely:

(i) Exploration and production (E&P) – involved in the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore.

(ii) Supply and Trading – involved in trading of crude refined and unrefined petroleum products.

(iii) Corporate and others

In 2016, some of the business entities that form Gas & Power, Energy Eervices and Marketing, Refining & Terminals operating segments were disposed of. However, management has decided to present financial information for these segments in 2016 because this is consistent with the information presented to the Chief Operating Decision Maker till the end of 2016.

(a) The segment results for the period ended 31 December, 2017 are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Total gross segment revenue	103,549,482	-	392,287,509	140,510	-	6,944,152	502,921,653
Inter-segment revenue	-	-	-	-	-	(5,358,660)	(5,358,660)
Revenue from external customers	103,549,482	-	392,287,509	140,510	-	1,585,492	497,562,993
Operating profit/(loss)	52,344,298	-	(1,307,605)	(42,082)	-	11,856,431	62,851,042
Finance cost	(24,507,156)	-	(36,270)	(23,397)	-	(19,200,434)	(43,767,257)
Finance income	7,033,268	-	-	153,630	-	2,926,464	10,113,362
Finance (cost)/income, net	(17,473,888)	-	(36,270)	130,233	-	(16,273,970)	(33,653,895)
Share of loss in associate	330,553	-	-	-	-	(2,459,557)	(2,129,004)
Profit/(loss) before income tax	35,200,963	-	(1,343,875)	88,151	-	(6,877,097)	27,068,142
Income tax (expense)/credit	(6,653,964)	-	(621,536)	-	-	(19,866)	(7,295,366)
Profit/(loss) for the year	28,546,999	-	(1,965,411)	88,151	-	(6,896,963)	19,772,776

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The segment results for the period ended 31 December, 2016 are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Total gross segment revenue	77,276,507	60,421,036	400,593,329	30,368,847	1,993,084	9,692,643	580,345,446
Inter-segment revenue	-	(1,795,503)	(345,743)	-	-	(9,007,578)	(11,148,824)
Revenue from external customers	77,276,507	58,625,533	400,247,586	30,368,847	1,993,084	685,065	569,196,622
Operating (loss)/profit	(19,651,127)	(8,178,817)	318,576	6,516,164	(221,423)	42,848,818	21,632,191
Finance cost	(24,950,360)	(96,672)	(216,131)	(1,754,050)	(919,594)	(33,319,410)	(61,256,217)
Finance income	7,229,244	2,206,033	330,480	2,093,583	4,621	27,521	11,891,482
Finance (cost)/income, net	(17,721,116)	2,109,361	114,349	339,533	(914,973)	(33,291,889)	(49,364,735)
Share of loss in associate	-	-	-	-	-	(4,661,510)	(4,661,510)
(Loss)/profit before income tax	(37,372,243)	(6,069,456)	432,925	6,855,697	(1,136,396)	4,895,419	(32,394,054)
Income tax credit/(expense)	37,719,977	(254,069)	(228,196)	(780,102)	-	(150,949)	36,306,661
Profit/(loss) for the year	347,734	(6,323,525)	204,729	6,075,595	(1,136,396)	4,744,470	3,912,607

'**Discontinued operations (excluding Oando Trading Bermuda & Oando Trading Dubai)

(b) Reconciliation of reporting segment information

2017	Revenue N'000	Operating Profit/(Loss) N'000	Finance Income N'000	Finance Cost N'000	(Loss)/Profit Before Tax N'000	Income Tax expense N'000
As reported in the segment report	502,921,653	62,851,042	10,113,362	(43,767,257)	27,068,143	(7,295,366)
Elimination of inter-segment transactions on consolidation	(5,358,660)	-	-	-	-	-
Reclassfied as discontinued operations	(140,510)	(6,173,324)	(153,630)	23,397	(6,303,558)	-
As reported in the statement of profit or loss	497,422,483	56,677,718	9,959,732	(43,743,860)	20,764,585	(7,295,366)

2016	Revenue N'000	Operating Profit/(Loss) N'000	Finance Income N'000	Finance Cost N'000	(Loss)/Profit Before Tax N'000	Income Tax expense N'000
As reported in the segment report	580,345,446	21,632,191	11,891,482	(61,256,217)	32,394,054	36,306,661
Elimination of inter-segment transactions on consolidation	(11,148,824)	-	-	-	-	-
Reclassfied as discontinued operations	(113,449,888)	(28,871,226)	(4,634,717)	2,943,055	30,562,890	1,262,367
As reported in the statement of profit or loss	455,746,734	(7,239,035)	7,256,765	(58,313,162)	(62,956,942)	37,569,028

Inter-segment revenue represents intercompany dividend income, sales between XRS 11 & OLS with other subsidiaries. Profit on inter-segment sales and intercompany dividend income have been eliminated on consolidation.

Other information included in the statement of profit or loss by segment are:

Year ended 31 December, 2017:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Depreciation (Note 15)*	17,275,046	-	10,054	-	-	1,474,612	18,759,712
Amortisation of intangible assets (Note 16)*	166,243	-	-	-	-	19,773	186,016
Impairment of assets*	3,007,416	-	-	13,074	-	2,328,325	5,348,815

Year ended 31 December, 2016:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Depreciation (Note 15)*	16,053,168	-	7,063	89,366	556,478	1,355,941	18,062,016
Amortisation of intangible assets (Note 16)*	144,631	-	-	354,864	-	101,896	601,391
Impairment of assets*	16,340,997	195,778	223,652	797,564	-	13,560,105	31,118,096

*Depreciation, amortisation and impairments presented above represents both continuing and discontinued operations.

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The segment assets and liabilities and capital expenditure for the year ended 31 December, 2017 are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Assets	927,512,819	-	38,954,637	-	-	73,708,448	1,040,175,904
Investment in an associate	-	-	-	-	-	7,540,014	7,540,014
Liabilities	548,501,776	8,434	31,514,888	-	-	196,715,027	776,740,125
Capital Expenditure*	19,823,532	-	184,856	-	-	1,288,695	21,297,083

The segment assets and liabilities as of 31 December, 2016 and capital expenditure for the year then ended are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Assets	842,709,368	-	43,499,621	5,548,312	-	99,787,674	991,544,975
Investment in an associate	-	-	-	-	-	10,653,425	10,653,425
Liabilities	536,062,352	8,434	43,133,196	4,841,423	-	215,154,991	799,200,396
Capital Expenditure*	11,171,375	-	3,511	4,790,201	-	67,170	16,032,257

*Capital expenditure comprises additions to property, plant and equipment and intangible asset, excluding Goodwill.

The Group's business segments operate in three main geographical areas.
Segment information on a geographical basis for the period ended 31 December 2017 are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Revenue							
Within Nigeria	103,549,482	-	-	140,510	-	1,585,490	105,275,482
Other West African countries	-	-	-	-	-	-	-
Other countries	-	-	392,287,511	-	-	-	392,287,511
	103,549,482	-	392,287,511	140,510	-	1,585,490	497,562,993
Total assets							
Within Nigeria	925,702,161	-	-	-	-	73,708,448	999,410,609
Other West African countries	-	-	122,011	-	-	-	122,011
Other countries	1,810,658	-	38,832,626	-	-	-	40,643,284
	927,512,819	-	38,954,637	-	-	73,708,448	1,040,175,904
Capital expenditure							
Within Nigeria	19,823,532	-	-	-	-	1,284,654	21,108,186
Other West African countries	-	-	-	-	-	-	-
Other countries	-	-	184,856	-	-	4,041	188,897
	19,823,532	-	184,856	-	-	1,288,695	21,297,083

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Segment information on a geographical basis for the period ended 31 December 2016 are as follows:

	Exploration & Production N'000	Marketing, Refining & Terminals** N'000	Supply & Trading** N'000	Gas & power** N'000	Energy Services** N'000	Corporate & Other N'000	Total N'000
Revenue							
Within Nigeria	77,276,507	55,217,046	-	30,368,847	1,993,084	685,062	165,540,546
Other West African countries	-	3,408,487	22,462,424	-	-	-	25,870,911
Other countries	-	-	377,785,165	-	-	-	377,785,165
	77,276,507	58,625,533	400,247,589	30,368,847	1,993,084	685,062	569,196,622
Total assets							
Within Nigeria	841,766,184			5,548,312	-	99,787,674	947,102,170
Other West African countries	-	-	103,276	-	-	-	103,276
Other countries	943,184	-	43,396,345	-	-	-	44,339,529
	842,709,368	-	43,499,621	5,548,312	-	99,787,674	991,544,975
Capital expenditure							
Within Nigeria	11,171,375	-	3,511	4,790,201	-	67,170	16,032,257
Other West African countries	-	-	-	-	-	-	-
Other countries	-	-	-	-	-	-	-
	11,171,375	-	3,511	4,790,201	-	67,170	16,032,257

Revenue are disclosed based on the country in which the customer is located. Total assets are allocated based on where the assets are located. No single customer contributes up to 10% of the Group's revenue.

Capital expenditure is allocated based on where the assets are located.

(c) Analysis of revenue by nature

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Sales of goods	496,272,230	450,402,100	-	-
Intra-group dividend income	-	-	-	10,234,612
Revenue from services	1,150,253	5,344,634	-	-
	497,422,483	455,746,734	-	10,234,612

9 Other operating income

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Foreign exchange gain (note 10)	23,458,246	25,819,892	15,595,876	16,740,463
Fair value (loss)/gain on commodity options and derivative liability (note10)	4,650,927	(4,814,773)	180,929	4,961,665
Fair value gain on investment property	905,017	-	905,017	-
Gain on sale of 5% interest in Glover BV	75,364	-	-	-
Gain on sale of 35% interest in OVH Energy BV	12,181,634	-	4,821,973	-
Gain on sale of subsidiaries	-	-	143,176	57,577,366
Sundry income	5,218,939	52,195,871	4,342,077	18,915,271
	46,490,127	73,200,990	25,989,048	98,194,765

During the year, the Group realised a net derivative gain of N4.7 billion (2016 - loss of N4.8 billion) and derivative gain of N181 million (2016 - N4.96 billion) in the consolidated and separate statement of profit or loss on commodity contracts and convertible options respectively. See note 20 for further details of fair value (loss)/gain on the financial commodity contract. During the year under review, the Group and Company sundry income is largely made up of crude income and other direct charges to customers.

In 2016, the amount was largely made up of gain on sale of Premium Motor Spirit (PMS) to Oando Marketing Limited, brokerage income, crude income, consent fee refund, gain on reorganisation of OGP and other direct charges to customers.

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10 Expenses by nature of operating profit

The following items have been charged/(credited) in arriving at the operating profit:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Included in cost of sales:				
Inventory cost	380,095,536	350,348,613	-	-
Included in other operating income:				
Foreign exchange gain (Note 9)	23,458,246	25,819,892	15,595,876	16,740,463
Profit on disposal of property, plant and equipment	16,039	-	4,399	-
Fair value gain/(loss) on commodity options and derivative liability (Note 9)	4,650,927	(4,814,773)	180,929	4,961,665
Included in administrative expenses				
Depletion/depreciation on property plant and equipment - Other* (Note 15)	18,759,712	17,416,172	152,622	175,281
Amortisation of intangible assets (Note 16)	186,016	246,527	19,774	101,896
Foreign exchange loss	21,170,831	31,555,669	29,861,339	43,378,797
Employees benefit scheme (Note 11)	6,959,928	6,205,073	460,905	715,881

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Auditors remuneration	414,394	418,118	99,750	99,750
Legal & consultancy services	5,335,280	13,896,489	190,022	7,517,626
Repair and maintenance	3,963,988	4,571,953	5,055	24,610
Impairment of property, plant and equipment	-	16,001,499	-	-
Impairment of intangible assets (Note 16)	162,377	-	162,377	-
Impairment losses of non-current receivables (Note 22)	1,844,201	-	-	-
Impairment losses of trade and other receivables (Note 24)	3,329,163	13,877,458	2,533,703	50,332,803
Write off of receivables	2,789,967	-	-	-
Impairment losses on available for sale asset (Note 25)	(3,291,936)	22,145	-	22,145
Loss on disposal of property, plant and equipment	-	40,559	-	3,280
Rent and other hiring costs	6,040,976	1,175,402	3,420,954	25,348

The following items have been charged/(credited) in arriving at the loss from discontinued operations:

Amortisation of intangible assets (Note 16)	-	354,864	-	-
Depletion/depreciation on property plant and equipment	-	645,844	-	-
Impairment losses of trade and other receivables	13,074	1,216,994	-	-
Employees benefit scheme (Note 11)	-	3,272,530	-	-

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11 Employee benefits expense

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
(a) Directors' remuneration:				
The remuneration paid to the directors who served during the year was as follows:				
Chairman fees	5,556	5,556	5,556	5,556
Other non-executive fees	162,424	293,999	26,667	26,667
	167,980	299,555	32,222	32,223
Executive directors' salaries	682,451	776,607	682,451	451,676
	850,430	1,076,162	714,673	483,899
Other emoluments	621,100	857,289	450,434	243,235
	1,471,530	1,933,451	1,165,107	727,134

The directors received emoluments (excluding pension contributions) in the following ranges:

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
N1,000,000 - N10,000,000	-	5	-	-
Above N10,000,000	12	27	10	13

Included in the above analysis is the highest paid director at N340 million (2016: N322 million).

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
((b) Staff costs				
Wages, salaries and staff welfare cost	6,368,456	8,446,669	376,141	631,710
Share options granted to directors and employees	-	469,829	-	-
Pension costs - defined contribution scheme	537,407	587,629	38,240	43,464
Retirement benefit - defined benefit scheme (Note 33)	54,065	(26,524)	46,524	40,707
	6,959,928	9,477,603	460,905	715,881
Analysis of staff cost for the year:				
- Continuing operations (Note 10)	6,959,928	6,205,073	460,905	715,881
- Discontinued operations (Note 10)	-	3,272,530	-	-
	6,959,928	9,477,603	460,905	715,881

The average number of full-time persons employed during the year was as follows:

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
Executive	2	2	2	2
Management staff	70	82	16	23
Senior staff	60	103	12	34
	132	187	30	59

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

	2017 Number	2016 Number	2017 Number	2016 Number
N2,500,001 - N4,000,000	-	2	-	-
N4,000,001 - N6,000,000	-	12	-	5
N6,000,001 - N8,000,000	-	33	-	11
N8,000,001 - N10,000,000	1	29	1	13
Above N10,000,000	131	111	29	30
	132	187	30	59

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12 Finance costs, net

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
(a) Finance Cost:				
On bank borrowings	(35,794,297)	(48,806,500)	(19,166,179)	(33,260,203)
Unwinding of discount on provisions* (Note 31)	(7,949,563)	(9,506,662)	-	-
Total finance cost	**(43,743,860)**	**(58,313,162)**	**(19,166,179)**	**(33,260,203)**
(b) Finance income:				
Interest income on bank deposits	2,867,556	1,319,571	2,926,404	27,417
Interest income on finance lease	7,092,176	5,937,194	-	-
Total finance income	9,959,732	7,256,765	2,926,404	27,417
Net finance costs	**(33,784,128)**	**(51,056,397)**	**(16,239,775)**	**(33,232,786)**

*Unwinding of discount on provisions includes N955 million (2016: 1.4 billion) which relates to OML 125 & 134 disposed in 2017 (Note 27e).
No borrowing costs were capitalised in 2017 (2016: nil). Actual borrowing rate approximate effective interest rate.

13 Income tax expense

Analysis of income tax charge for the year:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Continuing operations				
Current income tax	11,626,089	854,707	-	-
Minimum tax	15,539	144,664	15,539	144,663
Capital gains tax	365	1,742	365	1,742
Education tax	834,163	40,831	-	-
Adjustments in respect of prior years tax	**-**	**(5,045,293)**	**-**	**-**
	12,476,156	(4,003,349)	15,904	146,405
Deferred income tax (Note 19):				
Deferred income tax credit for the year*	**(5,180,790)**	**(33,565,679)**	**-**	**-**
Income tax expense/(credit)	7,295,366	(37,569,028)	15,904	146,405
Discontinued operations				
Current income tax**	-	2,248,103	-	-
Education tax	-	118,387	-	-
	-	2,366,490	-	-
Deferred income tax (Note 19):				
Deferred income tax for the year	**-**	**(1,104,122)**	**-**	**-**
Income tax expense	-	1,262,368	-	-

*N7.4 billion of this amount relates to OML 125 & 134 disposed in 2017 (Note 27e)

**N482 million of this amount relates to the current income tax from downstream entities disposed in 2016 (Note 27e)

Investment in available for sale assets is not subject to tax. Therefore, a gain or loss on the valuation of this investment is not subject to income or deferred tax.

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The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Profit/(loss) before income tax	20,764,585	(62,956,942)	(30,599,529)	(27,934,427)
Tax calculated at Nigeria's domestic rates applicable to profits in respective countries - 30% (2016: 30%)	6,229,376	(18,887,083)	(9,179,859)	(8,380,328)
Minimum tax	15,539	144,664	15,539	144,663
Education tax	834,163	40,831	-	-
Capital gains tax	365	1,742	365	1,742
Tax effect of income not subject to tax	(8,168,413)	(37,160,951)	(2,985,060)	(16,339,965)
Effect of associate tax	638,702	1,398,453	-	-
Effect of tax rate diferential	(4,749,790)	(24,180,665)	-	-
Expenses not deductible for tax purposes	28,981,578	16,874,332	6,410,910	15,368,685
Utilization of previous year unrecognized tax losses	(48,093,099)	-	-	-
Over-provisions for income tax	-	(5,045,293)	-	-
Tax losses for which no deferred tax was recognised	640,333	9,351,608	5,754,009	9,351,608
Impact of unutilised tax credits carried forward	30,966,612	19,893,334	-	-
Income tax expense/(credit)	7,295,366	(37,569,028)	15,904	146,405
Effective tax rate	35%	60%	0%	-1%

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
(b) Current income tax liabilities				
Movement in current income tax for the year:				
At 1 January	59,108,565	49,643,097	521,455	1,772,479
Payment during the year	(10,351,862)	(8,039,319)	(1,741)	(1,397,429)
Derecognition of indemnified liability	(1,124,389)	-	-	
Adjustments in respect of prior years tax	-	(5,045,293)	-	-
Current income tax derecognised due to disposal of entities	-	(2,742,239)	-	-
Charge for the year:				
Income tax charge during the year - Continuing operations (Note 13a)	11,641,628	999,371	15,539	144,663
Income tax charge during the year - Discontinued operations	-	1,765,838	-	-
Education tax charge during the year- Continuing operations (Note 13a)	834,163	40,831	-	-
Education tax charge during the year - Discontinued operations (Note 13a)	-	118,387	-	-
Capital gains tax - Continuing operations	365	1,742	365	1,742
Exchange difference	12,297,187	22,366,150	-	-
At 31 December	72,405,657	59,108,565	535,618	521,455

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14 Earnings per share and dividend per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year.

	Group 2017 N'000	Group 2016 N'000
Profit/(loss) from continuing operations attributable to equity holders of the parent	7,638,187	(25,407,327)
Profit from discontinued operations attributable to equity holders of the parent	**6,303,557**	**28,950,700**
	13,941,744	**3,543,373**
WWeighted average number of ordinary shares outstanding (thousands) :		
Opening balance	12,034,618	12,034,618
Conversion of debt to equity	371,790	-
	12,406,408	**12,034,618**
Basic/diluted earnings per share (expressed in kobo per share)		
From continuing operations	62	(211)
From discontinued operations	51	241
	113	**30**

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. However, there were no convertible debts at the year end.

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15 Property, plant and equipment

	Upstream Asset [1] N'000	Land & Buildings N'000	Plant, machineries & vehicles N'000	Fixtures, fittings, Computer & equipment N'000	Capital work in progress N'000	Total N'000
Group						
At 1 January 2016						
Cost or valuation	267,972,158	1,018,205	11,613,799	4,004,686	629,311	285,238,159
Accumulated depreciation	**(56,988,398)**	**(16,756)**	**(2,736,209)**	**(2,366,724)**	**-**	**(62,108,087)**
Net book amount	210,983,760	1,001,449	8,877,590	1,637,962	629,311	223,130,072
Year ended 31 December 2016						
Opening net book amount	210,983,760	1,001,449	8,877,590	1,637,962	629,311	223,130,072
Decommissioning cost/Remeasurement of estimate (Note 31)	(32,525,818)	-	-	-	-	(32,525,818)
Additions	9,221,077	-	104,988	102,657	920,559	10,349,281
Transfer/reclassification from WIP	-	(349,097)		422,996	(73,899)	-
Trf to disposal group classified as held for sale	-	-	-	(965)	-	(965)
Disposal of PPE	-	-	578,424	(52,108)	-	526,316
Disposal of subsidiary	-	(648,680)	(1,459,679)	(1,068,465)	(1,252,062)	(4,428,886)
Depletion/Depreciation charge - Continuing operations (Note 10)	(15,849,715)	-	(820,329)	(746,128)	-	(17,416,172)
Depletion/Depreciation charge - Discontinued operations - (Note 10)	-	(3,672)	(45,570)	(40,103)	-	(89,345)
Exchange difference	109,703,257		3,982,998	310,964		113,997,219
Net book amount at 31 December 2016	281,532,561	-	11,218,422	566,810	223,909	293,541,702
At 31 December 2016						
Cost or valuation	387,303,188	380	16,162,458	3,655,017	223,909	407,344,952
Accumulated depreciation	**(105,770,627)**	**(380)**	**(4,944,036)**	**(3,088,207)**	**-**	**(113,803,250)**
Net book amount	281,532,561	-	11,218,422	566,810	223,909	293,541,702
Year ended 31 December 2017						
Opening net book amount	281,532,561	-	11,218,422	566,810	223,909	293,541,702
Decommissioning costs (Note 31)	(1,055,562)	-	-	-	-	(1,055,562)
Additions	18,264,089	868,929	-	689,055		19,822,073
Reclassification	(221,582)	-	(167,394)	388,976	-	-
Disposal of PPE	-	-	-	(3,164)	-	(3,164)
Write off*	-	-	-	-	(223,909)	(223,909)
Depletion/Depreciation charge - Continuing operations (Note 10)	(17,145,435)	(7,241)	(1,080,135)	(526,901)	-	(18,759,712)
Exchange difference	48,308,560	-	1,854,892	(18,767)	-	50,144,685
Net book amount at 31 December 2017	329,682,631	861,688	11,825,785	1,096,009	-	343,466,113
At 31 December 2017						
Cost or valuation	474,663,959	869,378	19,066,506	4,807,087	-	499,406,930
Accumulated depreciation	**(144,981,328)**	**(7,690)**	**(7,240,721)**	**(3,711,078)**	**-**	**(155,940,817)**
Net book amount	329,682,631	861,688	11,825,785	1,096,009	-	343,466,113

*Write off represents capital projects that is deemed irrecoverable.

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	Land & Buildings N'000	Plant & machineries N'000	Fixtures, fittings computer & equipment, motor vehicles N'000	Capital work in progress N'000	Total N'000
Company					
At 1 January 2016					
Cost or valuation	-	154,241	1,305,000		1,459,241
Accumulated depreciation	**-**	**(99,149)**	**(848,509)**		**(947,658)**
Net book amount	-	55,092	456,491	-	511,583
Year ended 31 December 2016					
Opening net book amount	-	55,092	456,491		511,583
Additions	-	-	66,568		66,568
Disposal	-	-	(23,051)		(23,051)
Depreciation charge	**-**	**(11,680)**	**(163,601)**		**(175,281)**
Closing net book amount	-	43,412	336,407	-	379,819
At 31 December 2016					
Cost/Valuation	-	154,241	1,316,467		1,470,708
Accumulated depreciation	**-**	**(110,829)**	**(980,060)**		**(1,090,889)**
Net book amount	-	43,412	336,407	-	379,819
Year ended 31 December 2017					
Opening net book amount	-	43,412	336,407	-	379,819
Additions	868,929	-	411,803	-	1,280,732
Disposal	-	-	(207)	-	(207)
Depreciation charge	**(7,241)**	**(11,020)**	**(134,361)**	**-**	**(152,622)**
Closing net book amount	861,688	32,392	613,642	-	1,507,722
At 31 December 2017					
Cost/Valuation	868,929	154,241	1,722,574	-	2,745,744
Accumulated depreciation	**(7,241)**	**(121,849)**	**(1,108,932)**	**-**	**(1,238,022)**
Net book amount	861,688	32,392	613,642	-	1,507,722

(1) See Note 43(a) for details of upstream assets.
(i) See note 30 for PPE pledged as security.

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16 Intangible assets

	Asset under construction	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Licence for gas transmission pipeline N'000	Total N'000
Group						
At 1 January 2016						
Cost or valuation	7,957,677	215,204,378	1,647,837	49,692,354	11,222,341	285,724,587
Accumulated amortization and impairment	-	(696,030)	(1,106,818)	(20,901,364)	(8,304,630)	(31,008,842)
Net book amount	7,957,677	214,508,348	541,019	28,790,990	2,917,711	254,715,745
Year ended 31 December 2016						
Opening net book amount	7,957,677	214,508,348	541,019	28,790,990	2,917,711	254,715,745
Additions	3,737,154	-	965	1,931,741	13,116	5,682,976
Disposal during the year - Farm out	-	-	-	(3,532,829)	-	(3,532,829)
Disposal of subsidiary	(11,694,831)	(4,016,812)	(33,337)	-	(2,584,058)	(18,329,038)
Amortisation charge - Continuing operations (Note 10)	-	-	(246,527)	-	-	(246,527)
Amortisation charge - Discontinued operations (Note 10)	-	-	(8,095)	-	(346,769)	(354,864)
Exchange difference	-	108,178,658	91,527	15,324,820	-	123,595,005
Closing net book amount as at 31 December 2016	-	318,670,194	345,552	42,514,722	-	361,530,468
Year ended 31 December 2016						
Cost	-	319,366,225	1,776,534	74,541,429	-	395,684,188
Accumulated amortisation and impairment	-	(696,031)	(1,430,982)	(32,026,707)	-	(34,153,720)
Net book amount as at 31 December 2016	-	318,670,194	345,552	42,514,722	-	361,530,468
Year ended 31 December 2016						
Opening net book amount	-	318,670,194	345,552	42,514,722	-	361,530,468
Addition	-	-	-	1,475,010	-	1,475,010
Amortisation charge - Continuing operations (Note 10)	-		(186,016)	-	-	(186,016)
Impairment	-	-	(162,377)	-	-	(162,377)
Exchange difference	-	56,494,056	2,841	7,712,588	-	64,209,485
Closing net book amount as at 31 December 2017	-	375,164,250	-	51,702,320	-	426,866,570
Cost	-	375,860,280	1,892,261	89,538,986	-	467,291,527
Accumulated amortisation and impairment	-	(696,030)	(1,892,261)	(37,836,666)	-	(40,424,957)
Net book amount as at 31 December 2017	-	375,164,250	-	51,702,320	-	426,866,570

	Software costs N'000
Company	
At 1 January 2016	
Cost	1,137,641
Accumulated amortisation and impairment	**(854,559)**
Net book amount	283,082
Year ended 31 December 2016	
Opening net book amount	283,082
Additions	965
Amortisation charge	**(101,896)**
Closing net book amount	182,151
At 31 December 2016	
Cost	1,138,606
Accumulated amortisation and impairment	**(956,455)**
Net book value	182,151
Year ended 31 December 2017	
Opening net book amount	182,151
Amortisation charge	(19,774)
Impairment	**(162,377)**
Closing net book amount	-
At 31 December 2017	
Cost	1,138,606
Accumulated amortisation and impairment	**(1,138,606)**
Net book value	-

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i Impairment on intangible assets

a Exploration and evaluation asset impairment losses

The above exploration and evaluation assets represent expenditures arising from the exploration and evaluation of oil and gas interests. The costs relate to oil and gas properties primarily located in Nigeria and São Tomé and Príncipe "STP". The technical feasibility and commercial viability of extracting oil and gas has not yet been determined in relation to the above properties, and therefore, they remain classified as exploration and evaluation assets at December 31, 2017.

On February 19, 2016 OER through its subsidiary, Equator Exploration Limited "Equator", executed a Production Sharing Contract with the National Petroleum Agency of-STP "ANP-STP" for an 87.5% participating interest in Block 12. OER subsequently farmed out 65% participating interest and transferred operatorship in Blocks 5 and 12 to Kosmos Energy Sao Tome and Principe. After completion of both farm-outs, OER now holds 20% and 22.5% in Blocks 5 and 12 respectively. The farm-out arrangements with Kosmos have been accounted for by recognizing only the cash payments received without recognizing any consideration in respect of the value of the work to be performed by the farmee. The carrying value of the remaining interest after the farm-out is the previous cost of the full interest in both Blocks 5 and 12 reduced by the amount of cash consideration received for entering the agreement. The effect is that there was no gain recognized on the disposal as the cash consideration received did exceed the carrying value of the entire asset held.

Key assumptions in the determination of cash flows from reserves include crude oil, natural gas and natural gas liquids "NGL" prices, loss factors and the discount rate. Reserves as at December 31, 2017 have been evaluated by independent qualified reserves evaluators. The table below summarizes the forecasted prices used to determine cash flows from crude oil reserves and resources which is based on the futures market forward curve for Brent.

Year	2018	2019	2020	2021	2022	2023	2024
Dated Brent (US$/barrel)	63.25	63.49	66.38	70.60	73.48	75.65	78.07
NGL (US$/barrel)	11.58	11.60	11.75	11.98	12.14	12.25	12.39
Natural gas (US$/mcf)	1.70	1.70	1.76	1.85	1.91	1.95	2.00

Year	2025	2026	2027	2028	2029	2030	Beyond
Dated Brent (US$/barrel)	80.25	82.07	83.70	85.36	87.06	88.82	+2%
NGL (US$/barrel)	12.50	12.60	12.69	12.78	12.87	12.97	+1%
Natural gas (US$/mcf)	2.05	2.08	2.12	2.15	2.19	2.22	+1%

Crude oil loss factors applied ranged from 12% on an annual basis to end of field life and for the first five years depending on the field. The discount rate applied was 12%. For exploration and evaluation assets, OER used $0.86/boe as the implied value/boe on 2C unrisked contingent resources based on comparable market transactions and consideration of forward price declines.

Management determined that exploration and evaluation assets are qualifying assets and therefore eligible for capitalisation of borrowing cost. However, no borrowing cost was capitalised during the year reviewed. The assessment above did not lead to any impairment loss.

b Goodwill impairment losses

No goodwill impairment was recognised in 2017 (2016: nil).

Impairment tests for goodwill

Key assumptions
In determining the recoverable amount of a CGU, management has made key assumptions to estimate the present value of future cash flows. These key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Cashflows
The cashflow projections are from financial budgets approved by senior management covering a 5year period.

Pre-tax risk adjusted discount rates
Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territory in which the CGU operates. A relative risk adjustment has been applied to risk-free rates to reflect the risk inherent in the CGU. The cash forecast covered five years."

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments. A segment-level summary of the goodwill allocation is presented below:

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At 31 December 2016	**Nigeria N'000**	**Other Countries N'000**	**Total N'000**
OER	316,473,330	-	316,473,330
Oando Trading Bermuda (OTB)	-	2,196,864	2,196,864
	316,473,330	**2,196,864**	**318,670,194**

At 31 December 2017	**Nigeria N'000**	**Other Countries N'000**	**Total N'000**
OER	372,568,853	-	372,568,853
Oando Trading Bermuda (OTB)	-	2,595,397	2,595,397
	372,568,853	**2,595,397**	**375,164,250**

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates for the CGU in future as disclosed below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.

The key assumptions used for value-in-use calculations were as follows:

At 31 December 2017

	OER	**Oando Trading Bermuda**
Growth rate	18.3%	13.9%
Discount rate	**8.9%**	**6.6%**

At 31 December 2016

	OER	**Oando Trading Bermuda**
Growth rate	13.7%	7.9%
Discount rate	**20.3%**	**16.8%**

Management budgeted gross margins based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecast performance of the oil and gas industry in which the CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and CGU.

c **Software impairment**

The Company charged an impairment of N162 million to software being the carrying value of hyperion software which has been discontinued and deemed to be irrecoverable.

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17 Investment property

During the year, a land in Nigeria purchased by Oando PLC for N127.9 million and valued at N1 billion has been classified as an investment property as management's intention for use has not been determined. A fair value gain of N905 million has been recognised in the statement of profit or loss. This carrying value represents the fair value of the property. The fair value of the property was determined using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co.

There was no rental income and related operating expenses on this property during the year. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

18 Investment in associates accounted for using the equity method

Investment in associates accounted for using the equity method:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Investment in Associates	7,540,014	10,653,425	2,716,431	15,500,552

The amounts recognised in the statement of profit or loss are as follows:

Share of loss	(2,129,005)	(4,661,510)	-	-

Investment in associates

Set out below are the associates of the Group at 31 December 2017, which, in the opinion of the directors, are material to the Group. The associates have share capital consisting solely of Ordinary Shares, which are held directly by the Group. The countries of incorporation or registration of the associates are also their principal places of business.

2017

	Place of Business	Country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Oando Wings Development Limited (OWDL)	Nigeria	Nigeria	25.8%	Associate	Equity Accounting
Glover BV	Netherlands	Netherlands	25.0%	Associate	Equity Accounting
Umugini Asset Company Limited	Netherlands	Netherlands	11.25%	Associate	Equity Accounting

2016

	Place of Business	Country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Oando Wings Development Limited	Nigeria	Nigeria	25.8%	Associate	Equity Accounting
Copper JV/BV	Netherlands	Netherlands	40.0%	Associate	Equity Accounting
Glover BV	Netherlands	Netherlands	30.0%	Associate	Equity Accounting

Oando Wings Development Limited

"Oando Wings Development Limited (OWDL) is a Special Purpose Vehicle incorporated in 2011 in Nigeria to invest in real estate and to undertake, alone or jointly with other companies or persons the development of property generally for residential, commercial or any other purpose including but not limited to the development of office complexes and industrial estates. The company is a private company and therefore there is no quoted market price available for its shares. The company has an authorised share capital of ten million ordinary shares of N1 each.

The company was a fully owned subsidiary of Oando PLC until December 20, 2013, when it issued 3,710,000 ordinary shares of N1 each to RMB Westpoint. The issue of ordinary shares to RMB Westpoint Wings diluted Oando Plc's interest to 41% and OWDL was subsequently accounted for as ""investment in associate"". On May 8, 2014, Standard Bank Group International Limited (SBGI) exercised its option and an additional 3,710,000 ordinary shares of N1 each was taken up by SBGI. As a result, Oando Plc's interest (""investment in associate"") was further diluted to 25.8%.

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On 2nd November 2016, Oando PLC ('the Borrower') entered into a rental funding facilities agreement with RMB Westpoint, SB Wings Development Limited ('the Lenders') and Oando Wings Development Limited ('the Lessor') amended on 7 March 2017. The Lenders will make available to the Borrower, $20,500,000 divided into Facility A $10,725,000 and Facility B $9,775,000. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of ordinary shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the agreement.

As at 31 December 2017, the Lenders had given a loan of N3.8 billion ($10.7 million) (Note 30d) to the Borrower. The borrowing has been accounted for at amortized cost and the effect reflected in the consolidated and separate statement of profit or loss.

The effect of the deemed disposal has not been accounted for in these audited consolidated and separate financial statements as the dilution of interest has not been finalised. Had the deemed disposal been finalised, Oando PLC's interest in OWDL would have reduced to 23.3% from 25.8% as of the reporting date.

OVH Energy BV (formerly Copper JV/BV) & Glover BV

"Oando PLC acquired two new associates namely OVH Energy BV (formerly Copper JV/BV) (40%) and Glover BV (30%) on 01 July 2016 and 31st December 2016 respectively by virtue of the consideration shares for the sale of targeted companies in the Marketing, Refining and Terminals, and Gas & Power segments. The fair values of the interest received were N10.44billion & N2.34billion respectively and they were taken as the carrying value of the associate.

The Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. The sale and residual interest have been accounted for in these audited consolidated and separate financial statements (note 22b).

On 31 December 2016, the Group accounted for the sale of certain downstream companies using best estimates. The completion accounts for the sale of the downstream companies, which form the basis of final accounting, was fully agreed by the buyer and seller post-September 2017. The Settlement Agreement was approved by the Board of Directors on 8th December 2017 which led to the dilution of Oando Netherlands Holdings 2 Cooperative U.A.'s interest in OVH Energy BV from 40% to 5%. Consequently, the agreed completion amount of US$112 million in favour of the buyer has been reflected in these audited consolidated and separate financial statements. In addition, OVH Energy BV is now accounted for as an investment in line with the terms of the Settlement Agreement with effect from 8th December 2017 (note 27a).

Umugini Asset Company Limited

"The principal activity of Umugini Asset Company Limited "UACL" is to carry on the business of planning, design, construction, ownership and provision of crude pipeline and fiscal metering facilities for the custody, operation, maintenance, handling and transportation by pipeline of stabilized crude on behalf of the shareholders and other Oil and gas Producing Companies to downstream crude oil terminal facilities.

The associate has share capital consisting solely of Ordinary Shares, which are held in-trust by Energia Limited for the Company's indirect subsidiary, Oando Production and Development Company Limited (OPDCL). Through the shareholder and heads of terms agreement, OPDCL is guaranteed a seat on the board of UACL and participates in all significant financial and operating decisions even though it only holds 11.25% ownership. "

Oando PLC exerts significant influence over these associates as the Group has representatives on the board of directors and is involved in management decisions taken by the entities. All the associates above have been fully accounted for in these consolidated financial sattements.

Summarised financial information for the associate

Set out below are the summarised financial information for the associates

2016	Glover BV* 2016 N'000	Copper JV 2016 N'000	OWDL 2016 N'000
Total current assets	12,033,169	90,005,500	726,274
Total non-current assets	54,520,224	98,747,490	54,489,810
Total current liabilities	(48,891,682)	(87,230,000)	(1,699,119)
Total non-current liabilities	(11,672,140)	(88,236,500)	(26,190,180)
Net asset/equity	5,989,571	13,286,490	27,326,785

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Summarised statement of comprehensive income

	Glover BV* 2016 N'000	Copper JV 2016 N'000	OWDL 2016 N'000
Revenue	-	127,217,993	226,639
Administrative expenses		(140,031,504)	-
Other expenses			549,777
(Loss)/profit from continuing operations	-	(12,813,511)	776,416
Income tax credit			1,021,627
(Loss)/profit after tax	-	(12,813,511)	1,798,043
Total comprehensive loss	-	(12,813,511)	1,798,043
Share of loss in associate	-	(5,125,404)	463,895

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Glover BV 2016 N'000	Copper JV 2016 N'000	OWDL 2016 N'000	TOTAL 2016 N'000
	30.0%	40.0%	25.80%	
Share of net asset	1,796,871	5,314,596	7,050,311	14,161,778
Equity contribution by promoters	-	-	(4,055,602)	(4,055,602)
Goodwill	**547,250**	**-**	**-**	**547,250**
Carrying value of the associate	**2,344,121**	**5,314,596**	**2,994,709**	**10,653,426**
Carrying value:				
As at beginning of the year	-	-	2,530,813	2,530,813
Investment in associates	2,344,121	10,440,002	-	12,784,123
Share of (loss)/profit in associate	**-**	**(5,125,406)**	**463,895**	**(4,661,511)**
As at end of the year	**2,344,121**	**5,314,596**	**2,994,708**	**10,653,425**

Goodwill on acquisition of associates

	Glover BV N'000	Copper JV N'000
FV of consideration	2,344,121	10,440,002
FV of 30%/40% of net asset	**(1,796,871)**	**(10,440,002)**
Goodwill	**547,250**	**-**

*Glover BV has been represented to show the effect of goodwill on acquisiton of associates.

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Summarised financial information for the associate

Set out below are the summarised financial information for the associates

2017	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OVH Energy BV** 2017 N'000	OWDL 2017 N'000
Current assets:				
Total current assets	8,001,128	17,025,362	-	2,388,747
Total non-current assets	24,585,316	54,910,239	-	70,536,963
Total current liabilities	(21,162,902)	(25,601,736)	-	(5,005,565)
Total non-current liabilities	(7,989,867)	(36,074,747)	-	(36,181,749)
Net asset/(liabilities)/equity	3,433,675	10,259,118	-	31,738,396

Summarised statement of comprehensive income

Revenue	2,208,423	42,171,580	250,476,178	5,327,758
Profit/(loss) after tax	2,938,254	4,269,547	(11,791,495)	4,622,322
Other comprehensive loss	-	-	-	(210,710)
Total comprehensive income/(loss)	2,938,254	4,269,547	(11,791,495)	4,411,612
Share of profit/(loss) in associate*	330,553	1,064,481	(4,716,598)	1,192,559

*Included in OWDL's share of profit for 2017 is N1.3 billion relating to the difference between the estimated and final results for 2016 year.

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OVH Energy BV** 2017 N'000	OWDL 2017 N'000	TOTAL 2017 N'000
	11.25%	25.0%	0.0%	25.8%	
Share of net asset	386,289	2,564,779	-	8,188,506	11,139,574
Goodwill	-	456,042	-	-	456,042
Equity contribution by promoters	-	-	-	(4,055,602)	(4,055,602)
Carrying value of the associate	386,289	3,020,821	-	4,132,904	7,540,014

	Umugini Asset Company Limited 2017 N'000	Glover BV* 2017 N'000	OVH Energy BV** 2017 N'000	OWDL 2017 N'000	TOTAL 2017 N'000
Carrying value:					
As at beginning of the year	-	2,344,121	5,314,596	2,994,708	10,653,425
Investment in Umugini Asset Company Limited	2,444	-	-	-	2,444
Share of profit/(loss) in associate	330,553	1,064,481	(4,716,598)	1,192,559	(2,129,005)
Share of associate's foreign currency translation reserve	-	-	3,291,936	(54,363)	3,237,573
Sale of 5% interest in Glover BV		(387,781)	-	-	(387,781)
Derecognition of the carrying value of investment in associate following the deemed disposal of 35% interest in OVH Energy BV	-	-	(3,889,934)	-	(3,889,934)
Exchange difference	53,292	-	-	-	53,292
As at end of the year	386,289	3,020,821	-	4,132,904	7,540,014

*The carrying value of Glover BV has been accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).

**OVH Energy BV is now accounted for as an investment as such the carrying value of the associate has been derecognised.

The associates had no capital commitments at 31 December 2017 (2016: nil)

No dividend was received from the associates in the year under review (2016: nil)

The Group does not have any significant restrictions such as borrowing or any regulatory restrictions that impede the ability of the associates to transfer funds in form of dividend or cash to the Group.

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Company	Oando Wings N'000	OVH Energy BV N'000	Glover BV N'000	Total N'000
Investment in associates				
At 1 January 2016	2,716,431	-	-	2,716,431
Investment in OVH Energy BV (40%)	-	10,440,000	-	10,440,000
Investment in Glover BV (30%)	-	-	2,344,121	2,344,121
At 31 December 2016	2,716,431	10,440,000	2,344,121	15,500,552
At 1 January 2017	2,716,431	10,440,000	2,344,121	15,500,552
Investment transferred to Oando Netherlands Holdings 2 Cooperative U.A	-	(10,440,000)	-	(10,440,000)
Investment transferred to Oando Netherlands Holdings 3 Cooperative U.A	-	-	(2,344,121)	(2,344,121)
At 31 December 2017	2,716,431	-	-	2,716,431

19 Deferred income tax liabilities and deferred income tax assets

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

The analysis of deferred tax liabilities and deferred tax assets is as follows:

	Group 2017 N'000	Group 2016 N'000
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12months	222,207,944	198,908,983
Deferred tax liability to be recovered within 12months	-	-
Total deferred tax liabilities	222,207,944	198,908,983
Deferred tax assets		
Deferred tax assets to be recovered after more than 12months	2,360,368	3,107,035
Deferred tax assets to be recovered within 12months	43,748,345	41,651,144
Total deferred tax assets	46,108,713	44,758,179
Total deferred tax liabilities (net)	**176,099,231**	**154,150,804**
The gross movement in deferred income tax account is as follows:		
At start of the year	154,150,804	120,864,895
Credited to profit or loss (Note 13a)	(5,180,790)	(27,226,161)
Disposal of business	-	684,206
Exchange differences	27,129,217	59,827,864
At end of year	176,099,231	154,150,804

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Consolidated deferred income tax assets and liabilities, deferred income tax charge/(credit) in the statement of profit or loss, in equity and other comprehensive income are attributable to the following items:

Group	Counting Operations N'000	1.1.2016 (credited) to P/L N'000	Charged/ Disposal of Business N'000	Exchange Differences N'000	31.12.2016 N'000
2016					
Deferred income tax liabilities					
Property, plant and equipment and Exploration and evaluation assets	143,694,600	(33,808,953)	(67,695)	70,903,576	180,721,528
Intangible assets	-	(377,491)	377,491	-	-
Finance Leases	11,757,286	147,788	-	6,282,381	18,187,455
Financial instruments	455,538	-	(455,538)	-	-
	155,907,424	(34,038,656)	(145,742)	77,185,957	198,908,983
Deferred income tax assets					
Provisions	(35,090,489)	9,589,156	741,391	(16,921,158)	(41,681,100)
Tax losses	-	(2,669,351)	-	(437,684)	(3,107,035)
Retirement benefit obligation	125,861	(96,802)	-	897	29,956
Financial instruments	(77,901)	(10,508)	88,557	(148)	-
	(35,042,529)	6,812,495	829,948	(17,358,093)	(44,758,179)
Net deferred income tax liabilities	120,864,895	(27,226,161)	684,206	59,827,864	154,150,804

	1.1.2017 Counting Operations N'000	Charged/ (credited) to P/L N'000	Adjustments N'000	Exchange Differences N'000	31.12.2017 N'000
2017					
Deferred income tax liabilities					
Property, plant and equipment and Exploration and evaluation assets	180,721,528	(11,320,456)	192,561	30,959,559	200,553,192
Finance Leases	18,187,455	144,601	-	3,322,696	21,654,752
	198,908,983	(11,175,855)	192,561	34,282,255	222,207,944
Deferred income tax assets					
Provisions	(41,681,100)	4,866,784	(162,605)	(6,771,424)	(43,748,345)
Tax losses	(3,107,035)	1,128,281	-	(381,614)	(2,360,368)
Retirement benefit obligation	29,956		(29,956)	-	-
	(44,758,179)	5,995,065	(192,561)	(7,153,038)	(46,108,713)
Net deferred income tax liabilities	154,150,804	(5,180,790)	-	27,129,217	176,099,231

Analysis of deferred tax charge for the year:

	2017 N'000	2016 N'000
- Continuing operations (Note 13)	(5,180,790)	(33,565,679)
- Discontinued operations (Note 13)	-	(1,104,122)
	(5,180,790)	**(34,669,801)**

Deferred tax asset relating to unutilised tax losses carried forward are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 December 2017, the Group had unused tax losses of N304.3 billion (2016: N254.9 billion) relating to tax losses from Oando PLC (Company) and OER which were not recognised. Management is of the view that due to the structure of the companies, sufficient taxable profit may not be generated in the nearest future to absorb the reversal of the deferred tax. The tax losses can be carried forward indefinitely. Oando PLC and OER do not have any unrecognised deffered tax liability.

At 31 December 2017, there was no recognised deferred tax liability (2016: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture. The Group has determined that undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future.

The company has unused tax losses of N137 billion (2016: N117.8 billion) for which no deferred tax was recognised. There is no time limit within which the tax assets could be utilised.

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20 Derivative financial assets

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Commodity option contracts (i)	18,572	6,932,527	-	-
	18,572	6,932,527	-	-
Analysis of total derivative financial assets				
Non current	-	844,438	-	-
Current	18,572	6,088,089	-	-
Total	18,572	6,932,527	-	-

(i) Commodity option contracts

The table below summarizes the details of the financial commodity contracts in place as at December 31, 2017 as a result of these arrangements:

Position	Remaining term	Fixed ($)	Price/Unit Strike ($)	Premium	Volume (bbl/d)2	Fair value =N=
- Purchased put1	Jan 2018 to Dec 2018	-	45.00	-	600	18,572

1 Financial commodities contract associated with the Corporate Finance Loan Facility.
2 Average volume over the remaining life of the contract.

On June 9, 2017, OER entered into an early settlement with hedging counterparties on the hedges associated with the Corporate Finance Facility. OER also entered into a reset arrangement on the Corporate Finance Facility related hedges which is effective from July 2017. The crystallization of the hedges resulted in the receipt of $10.3 million in net cash ($11.4 million relating to settlement of hedges offset against $1.1 million representing the cost of the reset). The proceeds were used to repay existing debt obligation.

The hedges associated with the Senior Secured Facility expired in July 2017 and OER received a final settlement of $4.1 million. OER effectively received total net cash of $14.4 million during the year relating to both crystalized and expired hedges.

Derivatives, including financial commodity contracts, are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value with the resulting gains or losses recognized as income or expense in the statement of profit or loss in the period. For the year ended December 31, 2017, OER recorded net fair value loss on financial commodity contracts of N2.6 billion (2017: $8.3 million; 2016-N26.8 billion; $102.1 million). OER also realized net gains of N7 billion (2017:$22.7 million; 2016 - N16.98 billion; $64.8 million) from monthly settlements on the financial commodity contracts.

The fair value of commodity contracts is calculated based on observable inputs which include forward prices of crude oil.

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21 Finance lease receivables

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Finance lease receivable - Current	-	-	-	-
Finance lease receivable - Non Current	72,539,702	60,926,511	-	-
Total	**72,539,702**	**60,926,511**	**-**	**-**

OER, as a party to the NAOC/POCNL/NNPC JV entered into a power purchase agreement with Power Holding Company of Nigeria (now Nigerian Bulk Electricity Trading "NBET") in 2001. The agreement is to develop, finance, construct, own maintain and operate as a joint operations an upstream gas project. The gas project is located in Kwale for the production of electric power ("the Kwale-Okpai Independent Power Plant" or "Kwale IPP"). The gas plant utilizes fuel source from the natural gas reserves in jointly operated oil fields operated by Nigeria Agip Oil Company Limited (NAOC). The agreement will continue in full force and effect for 20 years from the Commercial operations date with the option of renewal of 5 years. At the end of the 25th year, PHCN shall have the option to purchase the Kwale IPP at a fair price determined by an expert. PHCN will pay a contracted sum to the Joint operations partners throughout the tenure for capacity and for the purchase of electricity from the plant. Th etransaction has been accounted for as a finance lease.

The unguaranteed residual value has been estimated to be N59.3 billion ($164.7million). The lease payments grow over time but are lower than the interest income for the first five years and as such all the finance lease receivable has been considered as non-current.

The net investment in finance lease receivables by the Group amounted to N72.5 billion ($201. 3 million) at December 31, 2017 (2016: N60.9 billion; $199.8 million) and will bear interest until their maturity dates of N98 billion; $271.8 million (2016: N89.9 billion; $294.7 million). The increase is attributable to exchange difference. The fair value of the lease receivable as at 31 December 2017 is N63.9 billion; $177.6 million (2016: N43.9 billion; $143.9 million).

The receivables under the finance leases are as follows:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Finance lease - gross receivables	170,489,824	150,807,015	-	-
Unearned finance income	(97,950,122)	(89,880,504)	-	-
	72,539,702	60,926,511	-	-
Current receivables				
Finance lease - gross receivables	-	-	-	-
Unearned finance income	-	-	-	-
	-	-	-	-

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
No later than one year:				
Total future value	7,866,944	6,496,500	-	-
Unearned interest income	(8,292,494)	(6,971,080)	-	-
Present value	(425,550)	(474,580)	-	-
Between one and five years:				
Total future value	33,485,827	27,652,215	-	-
Unearned interest income	(33,370,882)	(28,216,160)	-	-
Present value	114,945	(563,945)	-	-
Later than five years:				
Total future value	69,808,718	66,439,980	-	-
Unguaranteed residual value	59,328,335	50,218,250	-	-
Unearned interest income	(56,286,746)	(54,693,210)	-	-
Present value	72,850,307	61,965,020	-	-
Finance lease receivable	72,539,702	60,926,495	-	-
Gross receivables from finance lease				
Not later than one year	7,866,944	6,496,532	-	-
Later than one year and not later than five years	33,485,827	35,003,021	-	-
Later than five years	129,137,053	109,307,462	-	-
	170,489,824	150,807,015	-	-
Unearned future finance income on finance lease	(97,950,122)	(89,880,504)	-	-
Net investment in finance lease	72,539,702	60,926,511	-	-

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22. Non-current receivables

	Group 2017 N'000	Group 2016 N'000	Group 2017 N'000	Group 2016 N'000
Underlift receivables (Note 22a)	26,195,899	22,173,422	17,033,619	14,418,044
Other non-current receivables	37,758,471	32,542,482	9,365,366	9,711,893
	63,954,370	54,715,904	26,398,985	24,129,937
Less: Allowance for impairment of non-current receivables	(40,751,790)	(32,681,515)	(17,033,619)	(14,418,044)
	23,202,580	22,034,389	9,365,366	9,711,893

Movement in allowance for impairment of non-current receivables for the year is as detailed below:

	Group 2017 N'000	Group 2016 N'000	Group 2017 N'000	Group 2016 N'000
At start of the year	32,681,515	21,328,754	14,418,044	9,409,546
Allowance for receivables impairment - Continuing operations (Note 10)	1,844,201	-	-	-
Exchange difference	6,226,074	11,352,761	2,615,575	5,008,498
At end of year	40,751,790	32,681,515	17,033,619	14,418,044

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(a) Underlift receivables

Under lift receivables represent the Group's crude oil entitlements as a result of operations on OML 125. These balances are owed by the Nigerian National Petroleum Corporation (NNPC). The NNPC is the state oil corporation through which the federal government of Nigeria regulates and participates in the Country's petroleum industry. OER is currently in a dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009 and which, in the view of OER and Nigeria Agip Exploration Limited ("NAE"), the operator of OML 125, exceeded the NNPC's entitlements due to a dispute between OER and the NNPC in relation to OER's tax obligations associated with oil production from OML 125. This dispute was referred to arbitration by NAE and the OER and, in October 2011, the arbitral tribunal issued an award which was in favour of NAE and the OER. "

Later in October 2011, NNPC filed a lawsuit in the Nigerian Federal High Court challenging the award and it obtained an injunction restraining further action in the arbitration. The NNPC also filed an action requesting the court to retain an injunction pending final determination of the case before the Federal High Court. In response to the NNPC law suit, NAE and the OER filed an application to discharge the injunction. The case is still pending before the Nigerian Federal High Court. Although not a party to the arbitration proceedings described above, in October 2011, the Federal Inland Revenue Service ("FIRS") began an action in the Federal High Court challenging the jurisdiction of the arbitral tribunal to determine tax issues in the proceedings between the NNPC, NAE and the OER. In response to this, in October 2011, NAE and OER filed a jurisdictional challenge against the FIRS on the ground that the FIRS lacked the ability to demonstrate sufficient connection to the matter between NNPC and NAE/OER.

On February 28, 2014, the injunction obtained by the NNPC restraining the arbitration was set aside by the Court of Appeal. NAE and OER have subsequently communicated the value of final award expected to the arbitration panel. The award has not been granted neither has NNPC appealed the setting aside of the injunction to date.

On completion of the Oando Reorganization on July 24, 2012, OER retained the contractual rights to receive the cash flows associated with N26.2 billion (2016: N22.17 billion; $72.7 million) of the underlift receivable and also assumed a contractual obligation to pay a portion of those cash flows (2017: N17.03 billion; 2016: N14.4 billion) to the Group. As part of the terms, OER has no obligation to pay amounts to Oando PLC unless it collects the equivalent amounts from the original receivable.

The Group has made full provision for the receivables due to the uncertainty associated with the timing of collectability and the related dispute. The incease in the underlift receivables is as a result of exchange rate differential, which also impacted on the translated accumulated impairment amount.

(b) Other non-current receivable

Other non-current receivables include a joint operations receivable of N28.4 billion and N13.8 billion ($38.4 million) represents the maximum credit risk exposure on this instrument. As at December 30, 2017 the carrying amount of the joint operations receivable related to OER's Interest in Qua Ibo has been reduced to its recoverable amount through the recognition of an impairment loss of N1.8 billion; $5.9 million (2016: nil).

Also included is N9.4 billion (2016: N9.7 billion) outstanding loan note receivable from Glover BV as part of consideration for the sale of Oando Gas and Power in December 2016.

The initial amount of N9.7 billion ($31.8 million) was the present value of the $42 million loan note as at 31 December 2016. On 24 January 2017, the Group through Oando Netherlands Cooperatief 3 ("Coop 3"), issued a Transfer Interest Notification to HIP Glover S.a.r.l ("Luxco") in accordance with SHA Side Letter dated 13 September 2016. In particular, Coop 3 offered 5,000 A Shares with a nominal value of USD 0.01 each in the capital of Glover Gas & Power B.V. ("Glover BV"), comprising 5% of the total issued share capital of Glover BV and 5% of Oando's loan notes issued by Glover BV at closing in the principal amount of $7,033,811.49. Both transfers amounted to USD 8,275,072.36 (N2.6 billion). Luxco accepted the Transfer Interest Notification on 31 January 2017 and paid N3.1billion to the Company on 8 March 2017.

Consequently, the Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017. The transfers and residual interest have been accounted for in these audited consolidated and separate financial statements (note 18).

The recoverable amount has been determined using a discounted cash flow technique and categorized in Level 3 of the fair value hierarchy. Key assumptions include crude oil prices and the discount rate of 15%.

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23. Inventories

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Finished goods	1,647,997	1,321,893	-	-
Materials	935,097	797,857	-	-
Products-in-transit	-	10,684,582	-	-
	2,583,094	12,804,332	-	-

The cost of inventories recognised as an expense (written down to NRV) and included in 'cost of sales' was nil (2016: nil). There was no inventory carried at net realisable value as of the reporting date (2016: nil).

24. Trade and other receivables

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Trade receivables	45,340,699	48,664,918	-	-
Less: Allowance for impairment of trade receivables	(1,773,006)	(1,450,898)	-	-
	43,567,693	47,214,020	-	-
Other receivables	66,315,073	64,135,790	41,601,804	16,249,243
Witholding tax receivable	3,884,340	11,577,121	2,817,245	2,817,245
Deposit for import	4,941	37	-	-
Amount due from related parties (Note 37)	-	-	151,474,243	143,928,157
Less: Allowance for impairment of other receivables	(19,973,091)	(15,924,891)	(54,304,370)	(51,595,951)
	93,798,956	107,002,077	141,588,922	111,398,694

Other receivables during the year under review relates to cash call advances to joint operations partners of N28.8 billion ($80 million), receivable of N1.1 billion ($3 million) from NAE on the sale of OML 125/134 and receivable for services provided to third-party companies of N18.4 billion.

Other receivables in prior year relates to cash call advances to joint operations partners of N18.7 billion ($61.3 million), COP consent refund of N7.6 billion ($24.8 million), receivable receivable for services provided to third-party companies of N20.7 billion and N854 million ($2.8 million) relates to amounts due from bankers on realized portion of commodity contracts."

The carrying amounts of trade and other receivables for 2017 and 2016 respectively approximate their fair values due to their short term nature. The fair values are within level 2 of the fair value hierarchy.

Movement in provision for impairment of receivables for the year is as detailed below:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
As previously stated:				
At start of the year	17,375,789	5,399,704	51,595,951	7,248,882
Allowance for receivables impairment - Continuing operations (Note 10)	3,329,163	13,877,458	2,533,702	50,332,803
Allowance for receivables impairment - Discontinued operations	-	780,561	-	-
Receivables written off during the year as uncollectible	(113,518)	(782,743)	-	(5,985,734)
Disposal of subsidiary	-	(2,347,205)	-	-
Exchange difference	1,154,663	771,637	174,717	-
Transfer to disposal group classified as held for sale	-	(323,623)	-	-
At end of year	21,746,097	17,375,789	54,304,370	51,595,951

Trade & other receivables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other receivables for 2017 and 2016 respectively approximate their fair values.

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25. Available-for-sale financial assets & investment in subsidiaries

(a) Available-for-sale financial assets represent the Company's investments in listed securities on the Nigerian Stock Exchange, and they all relates to equity instruments. Each investment is carried at fair value based on current bid price at the Nigerian Stock Exchange.
The movement in the available-for-sale financial asset is as follows:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
At start of the year	115,642	137,202	113,985	136,130
Disposal	(71,780)	-	(71,780)	-
Impairment loss (note 10)	-	(22,145)	-	(22,145)
Fair value gain	17,690	-	17,690	-
Exchange difference	304	585	-	-
At the end of year	61,856	115,642	59,895	113,985

Impairment loss represents a significant and prolonged decline in fair value.

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
(a) Analysis of available-for-sale financial asset				
Non current	-	2,867	-	2,867
Current	61,856	112,775	59,895	111,118
Total	61,856	115,642	59,895	113,985

(b) Investment in subsidiaries (Cost)

	Company 2017 N'000	Company 2016 N'000
Oando Exploration and Production Limited	3,895,788	3,895,788
Oando Benin	3,997	3,997
Oando Trading Limited Bermuda	3,435,950	3,435,950
OML 112 & 117 Limited	6,538	6,538
Oando Terminal and Logistics Limited	2,500	2,500
Oando Liberia Limited	6,538	6,538
OES Passion Limited	1,752	1,752
OES Professionalism Limited	10,000	10,000
Oando Resources Limited	2,500	2,500
Trading DMCC	917,717	917,717
Oando Oil Limited	-	-
Oando Exploration Equator Holdings Limited	1,816	1,816
Oando Servco Nig Limited	-	-
XRS 1 Limited	18	18
Oando Energy Resources Inc.	50,997,513	50,997,513
	59,282,627	59,282,627
Allowance for impairment	(3,914,078)	(3,914,078)
	55,368,549	55,368,549

Movement in allowance for impairment of investments for the year is as detailed below:

	Company 2017 N'000	Company 2016 N'000
At start of the year	3,914,078	3,916,943
Liquidated subsidiaries	-	(2,865)
At end of year	3,914,078	3,914,078

26. Cash and cash equivalents (excluding bank overdrafts)

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Cash at bank and in hand	7,895,061	10,390,585	915,653	7,752,128
Restricted cash	12,479,146	6,538,952	-	4,682,749
	20,374,207	16,929,537	915,653	12,434,877

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The weighted average effective interest rate on short-term bank deposits at the year-end was 6.25% (2016: 7%). These deposits have an average maturity of 30 days. The management assessed that the fair value of cash and short term deposits approximates their carrying amounts.

Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flow purposes.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities. The year-end cash and cash equivalents comprise the following:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Cash at bank and in hand	7,895,061	10,390,585	915,653	7,752,128

27 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 disposed and presented as discontinued operations 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 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 in return for 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").

As a result of the sale, the Group lost control in the entities sold, but exerts significant influence over Copper JV. The Group accounted for its 40% interest in Copper JV as an investment in Associate under IAS 28. The initial carrying value of the Associate was determined as the fair value of interest retained of N10.44billion (pls refer to Note 18 for the current status of this associate).

A (loss)/gain on disposal of (N11.3billion) and N3.8billion, have been recognized in the 2016 consolidated financial statement (under profit after tax for the year from discontinued operations) and separate financial statement respectively."

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.

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Consideration received by Oando for the sale of shares includes cash (N14.26bn), deferred consideration (N3.15bn), issue of loan note (N9.7billion) and share consideration in Glover BV valued at N2.34billion. Following the share consideration, the Group gained 30% shares in Glover BV through Oando Holdco 3, a wholly owned subsidiary of Oando PLC.

As a result of the sale, the Group lost control in OGP, but however exerts significant influence over Glover BV. The Group accounted for its 30% interest in Glover BV as an investment in Associate under IAS 28. The initial carrying value of the Associate was determined as the fair value of shares transferred to Oando PLC through Oando Holdco 3. The fair value of the associate at initial recognition in 2016 was N2.34billion (pls refer to Note 18 for the current status of this associate).

A gain on disposal of N22billion and N28.5billion, have been recognized in the 2016 consolidated financial statement (under profit after tax for the year from discontinued operations) and separate financial statement respectively.

The Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. The sale and residual interest have been accounted for in these audited consolidated and separate financial statements (note 22b).

iii. Sale of Akute Power

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 enities prior to the finalization of the sale, Akute Power Limited was transfered to OGP which was owned 100% by Oando PLC, through a share exchange agreement. The transaction was concluded on 11 March 2016 after fulfilment of all closing conditions and obligations prior to that date of sale of OGP.

As a result of the sale, the Group lost control in Akute Power and have derecognized all assets and liabilities. A loss on disposal of N1.52billion, have been recognized in the 2016 audited consolidated financial statements (under profit after tax for the year from discontinued operations).

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. Oando Energy Services was in a net liability position of N20.92billion and was disposed for a consideration of $1. Consequently the Group lost control and derecognized assets & liabilities of the entity.

A gain/(loss) on disposal of N21.4billion and (N46.97billion), have been recognized in the 2016 consolidated financial statement and separate financial statement respectively.

2016	Oando Energy Services N'000	Akute Power Limited N'000	Marketing, refining & terminals & Supply & Training segment N'000	Gas & Power N'000	Total N'000
Consideration	-	1,819,769	32,943,233	28,478,817	63,241,819
Net liability/(asset)	21,437,371	(3,344,531)	(44,361,197)	(2,845,922)	(29,114,279)
Goodwill	-	-	(1,354,317)	(4,016,812)	(5,371,129)
NCI	-	-	1,458,632	401,900	1,860,532
Gain/(loss) on disposal*	21,437,371	(1,524,762)	(11,313,649)	22,017,983	30,616,943

The gain/(loss) on disposal of subsidiaries has been presented as part of profit/(loss) from discontinued operations in the 2016 statement of profit or loss.

(b) Liquidation of subsidiaries

In 2016, the Company employed the services of Mr. Olajide Oyewole to voluntarily liquidate 3 dormant entities namely Oando Port-Harcourt Refinery Limited, Oando Lekki Refinery Limited and Oando Property Limited. The liquidation process which commenced sometime ago, was successfully completed. Consequently, the companies have been dissolved. The liquidation was as a result of dormancy for several years. All creditors/payables have been duly settled and assets realized with the exception of the amount due to the parent company, Oando PLC.

Consequently, the investment in the subsidiaries have been written off in the 2016 separate financial statement and a loss of N5.2 million recognized in the 2016 statement of profit or loss being the carrying value of the investments before liquidation. Also the net receivable of N435million due from the the entities were also been written off in 2016.

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As a result of cessation of business, control was lost and the subsidiaries are excluded from these consolidated financial statements. A gain on deemed disposal of N420.38million and loss of N5.25 million was recognized in the 2016 consolidated (under profit after tax for the year from discontinued operations) and separate statement of profit or loss. The gain on disposal arose due to the net liability position of Oando Lekki Refinery and Oando Property Limited from amount payable to Oando PLC.

Summarized financial statement

2016	Oando Port Harcourt Refinery N'000	Oando Lekki Refinery N'000	Oando Property Limited N'000	Total N'000
Asset	2,500	-	13,100	15,600
Liabilities	-	(376)	(374)	(750)
Net asset/(liability)	2,500	(376)	12,726	14,850
Share capital	(2,500)	(2,500)	(250)	(5,250)
Retained earnings	-	2,876	(12,476)	(9,600)
Net (asset)/liability	(2,500)	376	(12,726)	(14,850)
Gain on deemed disposal				
Fair value of consideration received	-	-	-	-
Fair value of interest retained	-	-	-	-
Non controlling interest	-	-	-	-
	-	-	-	-
Net (asset)/liability	(2,500)	376	(12,726)	(14,850)
Goodwill	-	-	-	-
(Loss)/gain on deemed disposal	(2,500)	376	(12,726)	(14,850)

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(c) Subsidiary previously classified as held for sale and presented as discontinued operations in 2016 now disposed in 2017

Sale of Alausa Power Limited

On 28th September 2016, the board of Oando PLC passed a resolution to dispose 100% of the issued shares of Alausa Power Ltd. The sale, which was concluded on 31 March 2017, was made to Elektron Petroleum Energy & Mining Nigeria Limited (the buyer) following a no objection consent obtained from SEC on the same date. Consequently, the Group lost control and derecognized assets & liabilities of the entity.

A gain on disposal of N132 million (Group) and N939 million (Company), have been recognized in these consolidated and separate financial statements.

Sale of OML 125 & 134

In December 2015, the Group signed a Sale and Purchase Agreement (SPA), with Nigerian Agip Exploration Limited (NAE) for the sale of its non-operated interests in OMLs 125 and 134. As a result of this, the associated assets and liabilities were classified as held for sale as at December 31, 2015. Although the Group (through OER) was able to secure lenders consent in 2016, the minister's consent was obtained in 2017 and the sale became effective 30 June 2017. Consequently the Group lost control and derecognized assets & liabilities of the entity in these audited financial statements. As part of the arrangement with NAE, the Group retains its rights to the N22.2billion ($72.7million) underlift receivable from NNPC (See Note 22a). Consequently, the underlift amount is excluded from the disposal group.

A gain on disposal of N4.7 billion ($15 million), have been recognized in these consolidated statement of profit or loss.

*The gains on disposal of Alausa and OML 125 & 134 have been presented as part of the profit from discontinued operations in the consolidated statement of profit or loss.

(d) Net settlement adjustment on entities disposed in 2016

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

Following the sale and purchase agreement ("SPA") and tax deed of covenant (the "Tax Covenant'") in relation to the sale of some selected downstream entities (which was concluded on 30 June 2016), each dated on or about 24 June 2015 (each as amended and restated pursuant to a transaction amendment deed dated on or about 30 June 2016 and as amended from time to time); Oando PLC ("the seller") covenants to pay the Helios Investors Partners ("Helios) and The Vitol Group ("Vitol") (collectively "the purchaser") an amount equal to any tax liability subject to Clause 2 of the Tax Covenant.

In 2017, the purchaser advised the seller of tax assessment received from the Federal Inland Revenue Service of N424.7 million. The assessment relates to periods prior to the sale of the target downstream companies. The assessment amount has been reflected in these consolidated and separate financial statements.

Asides the above, a further reconciliation of the intercompany balances with the downstream entities was done and a post closing adjustment in favour of Oando PLC of N2.6 billion arose.

(ii) Sale of Gas & Power Entities

During the year, Helios paid N2.2 billion as part of the deferred consideration agreed upon as at the time of sale of the Gas & Power entities. However, a post closing adjustment of N796 million arose in favour of the buyer (Helios) which represents the balance of the deferred consideration unpaid as at 31 December 2017.

These have been presented as part of the profit from discontinued operations in the consolidated statement of profit or loss.

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	Marketing, refining & terminals & Supply & Oando Energy Services N'000	Gas & Power N'000	Alausa Power Limited N'000	OML 123 & 123 N'000	Total N'000
Consideration (less cost to sell)	-	-	941,797	1,173,456	2,115,253
Net (asset)/liability	-	-	(809,078)	4,254,203	3,445,125
Foreign currency translation reserve	-	-	-	(753,566)	(753,566)
Net settlement amount	2,204,715	(796,121)	-	-	1,408,594
Gain on disposal*	2,204,715	(796,121)	132,719	4,674,093	6,215,406

(e) Effect of disposal and liquidation on the financial position of the Group

	Group 2017 N'000	Group 2016 N'000
Assets:		
Property, plant and equipment	49,541,747	92,289,457
Intangible assets	1,350,164	29,197,157
Inventories	128,810	18,844,888
Trade and other receivables	3,483,678	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
Non-current prepayment	-	2,690,021
Prepayment	48,249	6,069,929
Cash and cash equivalents disposed of	28,847	32,358,135
Foreign currency translation reserve	753,566	-

	Group 2017 N'000	Group 2016 N'000
Liabilities:		
Total borrowing	(1,553,928)	(174,314,001)
Government grant	(449,434)	(17,499)
Dividend payable	-	(1,404,490)
Current income tax liabilities	(78,299)	(4,958,075)
Deferred income tax liabilities	(8,468,886)	(664,106)
Retirement benefit obligation	-	(1,822,681)
Other non-current liabilities	-	(3,152,216)
Provision for other liabilities & charges	(14,874,401)	(900,087)
Trade and other payables	(36,759,253)	(180,876,087)
	(2,691,560)	34,500,258
Profit on disposal	6,215,406	30,602,093
Effect of disposal and liquidation on the financial position of the Group	3,523,846	65,102,351
Satisfied by:		
Consideration received, satisfied in cash (less cost to sell)	90,083	16,081,748
Share exchange	-	12,784,121
Purchase price adjustment	913,485	(17,736,444)
Net intercompany payable net off	(410,647)	34,371,784
Non-controlling interest (NCI)	-	1,860,532
Deferred consideration	2,930,925	17,740,610
	3,523,846	65,102,351

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(f) Analysis of the result of assets and liabilities from the subsidiary

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:

	Group 2017 N'000	Group 2016 N'000
Assets of disposal group classified as held for sale		
Property, plant and equipment	-	41,934,577
Intangible assets	-	1,142,841
Finance lease receivables	-	4,201,638
Deferred tax assets	-	106,409
Inventory	-	62,455
Trade and other receivables	-	2,301,937
Prepayments	-	90,910
Cash and cash equivalents (excluding bank overdrafts)	-	205,885
Total assets	-	50,046,652
Liabilities of disposal group classified as held for sale		
Trade and other payables	-	31,384,984
Current income tax liabilities	-	66,276
Borrowing	-	1,628,127
Provision for other liabilities & charges	-	11,715,403
Deferred tax liabilities	-	7,274,866
Government Grant	-	449,434
Total liabilities	-	52,519,090

Subsidiaries classified as held for sale

	Company 2017 N'000	Company 2016 N'000
Investment in subsidiaries		
Alausa Power Ltd	-	2,500
	-	2,500

(g) Results of discontinued operations

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	Group 2017 N'000	Group 2016 N'000
Revenue	140,510	113,449,888
Expenses	(52,359)	(113,489,093)
Profit/(loss) before income tax from discontinued operations	88,151	(39,205)
Income tax expense (Note 13a)*	-	(1,262,367)
Profit/(loss) after tax from discontinued operations	88,151	(1,301,572)
Gain on sale of discontinued operations	6,215,406	30,602,093
	6,215,406	30,602,093
Profit after tax for the year from discontinued operations	6,303,557	29,300,521

*Income tax expense represents income, education and changes in deferred tax.

Cash flows from/(used in) discontinued operations

Net cash used in operating activities	(300,527)	(4,724,907)
Net cash from/(used in) investing activities	197,688	(137,561)
Net cash (used in)/from financing activities	(74,198)	4,421,723
Net cash flows for the year	(177,037)	(440,745)

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28 Share capital & share premium

	Number of Shares (Thousands)	Ordinary Shares N'000	Share Premium N'000	Total N'000
At 1 January 2016	12,034,618	6,017,309	174,806,923	180,824,232
At 31 December 2016	12,034,618	6,017,309	174,806,923	180,824,232
At 1 January 2017	12,034,618	6,017,309	174,806,923	180,824,232
Conversion of OODP's debt to equity	396,794	198,397	1,781,604	1,980,001
At 31 December 2017	12,431,412	6,215,706	176,588,527	182,804,233

Authorised share capital

The total authorised number of Ordinary Shares is fifteen (15) billion (2015: 15 billion) with a par value of 50 Kobo per share. All issued shares are fully paid.

Ocean and Oil Development Partners ("OODP") notified the Company of its intention to convert N1.98billion in exchange for 396,793,587 fully paid Ordinary Shares of the Company's common equity. The Company filed the conversion notice with the Securities and Exchange Commission ("SEC") in 2016 and received SEC's approval during the period under review. The shares have been alloted to OODP and recognised under equity in these consolidated and separate financial statements.

29 Other reserves

	Revaluation[1] reserves (thousands)	Share based[2] payment reserve N'000	Currency[3] translation reserve N'000	Available for Sale Reserve N'000	Total N'000
At 1 January 2016	22,186,494	1,620,670	31,943,576	-	55,750,740
Exchange difference on translation of foreign operations	8,488	-	74,276,740	-	74,285,228
Change in ownership interests in subsidiaries that do not result in a loss of control	-	-	(22,674,827)	-	(22,674,827)
Exchange differences on net investment in foreign operations			8,990,725		8,990,725
Value of employee services		469,829			469,829
Reclassification of FCTLR to retained earnings*	-	-	(1,218,976)	-	(1,218,976)
Reclassification of revaluation reserve to retained earnings*	(22,194,982)	-	-	-	(22,194,982)
At 31 December 2016	**-**	**2,090,499**	**91,317,238**	**-**	**93,407,737**
At 1 January 2017	-	2,090,499	91,317,238	-	93,407,737
Exchange difference on translation of foreign operations	-	-	42,848,217	-	42,848,217
Exchange loss on net investment in foreign operations	-	-	(5,118,409)		(5,118,409)
Change in ownership interests in subsidiaries that do not result in a loss of control	-	-	374,151	-	374,151
Reclassification of share of OVH Energy BV's foreign currency translation reserve	-	-	(3,291,936)		(3,291,936)
Share of associate's foreign currency translation reserve			3,237,573	-	3,237,573
Fair value (loss)/gain on available for sale financial assets	-	-	-	17,690	17,690
At 31 December 2017	**-**	**2,090,499**	**129,366,834**	**17,690**	**131,475,022**

*In line with IFRS 10, items previously recognised in OCI have been transferred to retained earnings upon disposal of subsidiary.

"The Group accounted for an increase in the decommissioning obligation as a corresponding increase in the value of the decommissioning asset under property, plant and equipment. IFRIC 1 requires that any decrease/increase in the decommissioning costs for assets measured under the revaluation model be recognised as an increase/decrease in the revaluation surplus account. There was an increase in the re-measurement of the decommissioning obligation estimate during the year. However, the subsidiary with the revaluation reserve was disposed in 2016, hence there was no IFRIC 1 adjustment (2016: nil).

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	Share based[2] payment reserve N'000	Available for Sale Reserve[4] N'000	Total N'000
Company			
At 1 January 2016	-	-	-
At 31 December 2016	-	-	-

	Share based[2] payment reserve N'000	Available for Sale Reserve[4] N'000	Total N'000
At 1 January 2017	-	-	-
Fair value (loss)/gain on available for sale financial assets	-	17,690	17,690
Deferred tax on fair value gain on available for sale financial assets	-	-	-
At 31 December 2017	-	17,690	17,690

Revaluation reserve(1)

The revaluation reserve is used to recognise revaluation increase (surplus) on property, plant and equipment. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Revaluation reserve is not available for redistribution to shareholders until realised through disposal of related assets.

Share based payment reserve(2)

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Share based payment reserve is not available for distribution to shareholders. As a result of the delisting from the TSX in 2016, all outstanding stock options became fully vested.

Share options issued to employees and officers of OER as compensation for services received had different strike prices and vesting periods. As these options were accounted for as equity settled share based payments, a share based payment reserve had been created in OER's books until the time of vesting per the share option contract held with the employee.

However as a result of the delisting from TSX, there was an accelerated vesting of all outstanding options granted to the employees. As such some options were in-the-money (7,410,000 units) and others were out-of-the-money (1,600,000 units) at transaction date. All option holders with exercise price of CAD 1.08 and CAD 1.14 (converted to US$ at close date of $0.84 and $0.88 respectively) which is less than the offer price of US$1.20 were to get the difference in value between the converted exercise price and the offer price. These category of option holders are deemed to be in-the-money and an oustanding settlement obligation of N613 million (2017: $1.7 million; 2016: $2.2 million) has been recorded in the books of OER. The remaining option holders are not in-the-money and are not entitled to any payments.

Currency translation reserve(3)

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations, as well as intercompany balances arising from net investment in foreign operations.

Available for sale reserve(4)

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (eg equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

30 Borrowings

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
The borrowings are made up as follows:				
(a) Non-current - Bank loans	99,587,920	101,639,606	87,320,834	87,320,834
(b) Current				
Bank loans	137,854,339	142,516,317	17,239,886	20,594,276
Convertible note	-	1,961,792	-	1,961,792
	137,854,339	144,478,109	17,239,886	22,556,068
Total borrowings	237,442,259	246,117,715	104,560,720	109,876,902

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In 2015, borrowings included secured bank borrowings amounting to N23.4 billion. Oando PLC (the borrower) by a security trust deed ("STD") dated 9 October 2009 and amendments in 2010 (Supplemental Security Trust Deed), 2011 (Second Supplemental Security Trust Deed), and 2014 (Third Supplemental Security Trust Deed), created Security over its assets in favour of FBN Trustees Limited (Security Trustee and formerly known as First Trustees Nigeria Limited). In 2016, as part of the company's corporate strategic objective of divestment in the downstream segment, it absorbed the outstanding debts of these subsidiaries into its global debt portfolio and restructured outstanding obligations under the Existing Facilities into a Medium Term Loan (MTL). In furtherance of the above, the then existing MTL and other short term lenders of the disposed subsidiaries agreed to refinance the Existing Facilities up to the sum of N108 billion. The STD creates a first ranking fixed and floating charges over plant, machinery, vehicles, computers, office and other equipment, all book and other debts, accounts receivables, all stock, shares, bonds, notes or loan capital, all copyrights, patents, licences, trademarks, etc., for and on behalf of the Lender.

Medium Term Loan

One of the conditions precedent for the sale of the target companies of the downstream segment (included under Marketing, Refining & Terminals and Supply & Trading) to Helios and Vitol to happen, was for Oando Marketing Limited (OML) formerly "Oando Marketing Plc" to be debt free, and Oando PLC to assume all external non-trading debts (i.e. debts taken by OML on behalf of Oando Plc and transferred to Oando PLC through intercompany account) of OML before the sale completion date. This was achieved through a Deed of assumption of debts, with the backing of the external lenders. A total of N74 billion debt was transferred from OML to Oando PLC. In addition. the external lenders restructured Oando PLC's existing loans of N34 billion and the N74 billion to a new medium-term loan facility of N108 billion with Access bank as the lead arranger. The tenure of the initial loan which ranged from overdraft to term loans was extended to 5 years. Floating interest rates were converted to a fixed rate at 15%.

At the date of restructuring, all USD loans were converted at the prevailing market rate of N290 to USD. The rate, was conditioned on the fact that the banks would be able to source for equivalent dollar amounts in the open market. Where these rates are not obtainable in the market, the banks have a window to transfer any exchange loss to Oando PLC. The restructuring amounted to a significant modification thereby resulting in extinguishment of the previous medium term loan. The extinguishment was accounted for in line with IAS 39.

The various sources of the loan and amounts recognised in OML & Oando PLC at 30 June 2016 are as detailed below and although the MTL had a 3 year moratorium, the loan was preliquidated with N21 billion on 20 December 2016 with income from the sale of our Gas and power business as a result of the mandatory prepayment clause of the MTL agreement.

The various sources of the loan and amounts recognised in OML and Oando Plc. are as detailed below.

Bank	Tenure	OML (N'bn)	Oando Plc (N'bn)	Restructured balance (N'bn)	Balance as at 31 December 2017 (N'bn)
Access	5 years	25.30	3.00	28.30	22.82
Diamond	5 years	0.02	0.92	0.94	0.75
Ecobank	5 years	16.57	-	16.57	13.36
FBN	5 years	0.26	0.91	1.17	0.94
Fidelity	5 years	12.23	-	12.23	9.86
Keystone	5 years	3.71	-	3.71	2.99
Stanbic	5 years	4.98	0.80	5.78	4.66
Union bank	5 years	8.07		8.07	6.50
Zenith	5 years	2.90	12.77	15.67	12.63
FCMB	5 years	-	12.82	12.82	10.34
UBA	5 years	-	3.07	3.07	2.47
Total		**74.04**	**34.29**	**108.33**	**87.32**

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(c) Non-current borrowings are analysed as follows:

Loan type	Purpose	Tenure/Interest rate	Security	Available facility N'000	Balance 2017 N'000	Balance 2016 N'000
Group						
Medium Term Loan	Restructuring of Short to Long Term Debt	5 years / 15%	Mortgage on assets of Oando Plc. and some subsidiaries	108,320,834	87,320,834	87,320,834
Term Loan	Medium term borrowing/ Augmentation of Working capital	18 months/ 12.5%+Libor		14,413,200	8,905,263	9,747,592
Term Loan	Finance of aircraft purchase	7 years / 5.23% p.a.	Security Assignment, Share Charge	9,146,013	5,176,515	5,824,833
				131,880,047	101,402,612	102,893,259
Less current Portion				-	(1,814,692)	(1,253,653)
Total non-current borrowing (See a above)				131,880,047	99,587,920	101,639,606

Loan type	Purpose	Tenure/Interest rate	Security	Available facility N'000	Balance 2017 N'000	Balance 2016 N'000
Group						
Medium Term Loan	Restructuring of Short to Long Term Debt	5 years / 15%	Mortgage on assets of Oando Plc. and some subsidiaries	108,320,834	87,320,834	87,320,834
Less current portion				-	-	-
Total non-current borrowing (See a above)				108,320,834	87,320,834	87,320,834

(d) Current borrowings are analysed as follows:

Loan type	Purpose	Tenure/Interest rate	Security	Balance 2017 N'000	Balance 2016 N'000
Import finance Facility	Purchase of petroleum products for resale	30-90days	Sales proceeds of products financed	-	6,182,367
Other Loans				1,849,753	1,910,962
Convertible Note	Conversion of loans to shares upon maturity			-	1,961,792
Corporate Finance Facility	Acquisition of COP assets	6 years / 9.5% + Libor p.a.	Oando Legacy assets	78,221,878	65,512,780
RBL	Acquisition of COP assets	5 years / 8.5% +3 mnths Libor p.a.	COP Assets	38,728,130	47,062,279
Bridge Facility	Refinanced from ODS Sale by a Medium Term Loan in June 2016	15%	MTL Security package	-	11,110,082
Asset Acquistion Finance	Conoco Phillips asset acquisition	LIBOR +10.5%		-	6,482,314
Working Capital Finance	Working Capital Finance	NIBOR +1.5%		-	3,001,880
Bridge Facility	Working Capital Facility	15%		7,043,835	-
Promisorry Note	Term loan	1year libor+2%		6,247,380	-
Term loan	Term loan	-		107,736	-
RFF Loan	OWDL rental funding facility			3,840,935	-
				136,039,647	143,224,456
Current portion of non-current borrowings				1,814,692	1,253,653
Total current borrowing (See b above)				137,854,339	144,478,109

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Loan type	Purpose	Tenure/Interest rate	Security	Balance 2017 N'000	Balance 2016 N'000
Bridge Facility	Refinanced from ODS Sale by a Medium Term Loan in June 2016	15%	MTL Security package	-	11,110,082
Convertible Note	Conversion of loans to shares upon maturity			-	1,961,792
Asset Acquistion Finance	Conoco Phillips asset acquisition	LIBOR +10.5%		-	6,482,314
Working Capital Finance	Working Capital Finance	NIBOR +1.5%		-	3,001,880
Bridge Facility	Working Capital Facility	15%		7,043,835	-
Promisorry Note	Term loan	1year libor+2%		6,247,380	-
Term loan	Term loan	-		107,736	-
RFF Loan	OWDL rental funding facility			3,840,935	-
				17,239,886	22,556,068
				-	-
Current portion of non-current borrowings				17,239,886	22,556,068

Weighted average effective interest rates at the year end were:

	2017 N'000	2016 N'000
- Bank overdraft	0.0%	21.0%
- Bank loans	15.0%	18.5%
- Import finance facility	3.0%	5.06%
- Other loans	1 year Libor+2%	13.0%

Fair values are based on cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the reporting date. Set out below is a comparison of the carrying amounts and fair values of the Company's borrowings that are carried in the financial statements.

	Carrying amounts 2017	2016	Fair values 2017	2016
Group	N'000	N'000	N'000	N'000
Bank loans	237,442,259	246,117,715	246,034,268	214,716,750

Company	Carrying amounts 2017 N'000	2016 N'000	Fair values 2017 N'000	2016 N'000
Bank loans	104,560,720	109,876,902	101,399,730	135,071,964

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Nigerian Naira	94,472,405	96,643,661	94,472,405	96,643,661
US Dollar	142,969,854	149,474,054	10,088,315	13,233,241
	237,442,259	246,117,715	104,560,720	109,876,902

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31 Provisions for liabilities

Provisions for liabilities relate to underground tanks decommissioning and oil and gas assets abandonment restoration obligation and other liabilities as follows:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Oil and gas fields provision	54,880,692	40,549,807	-	-
Other liabilities	217,350	525,629	217,350	525,629
	55,098,042	41,075,436	217,350	525,629

The decommissioning provision represent the present value of decommissioning cost relating to oil & gas assets. These provisions have been created based on internal estimates, and the estimates are reviewed regularly to take account of material changes to the assumptions.

The Group accounted for an increase in the decommissioning obligation as a corresponding increase in the value of the decommissioning asset under property, plant and equipment. IFRIC 1 requires that any increase in the decommissioning costs for assets measured under the revaluation model be recognised as a decrease in the revaluation surplus account. The key assumption upon which the carrying amount of the decommissioning obligation is based is a discount rates ranging from 15.61% to 15.82% (2016: 15.73% to 19.75%) and an inflation rate of 12.7% (2016: 12.9%). These obligations are expected to be settled over the next two to thirty-five years.

	Company 2017 N'000	Company 2016 N'000
Movement during the year is as follows:		
At 1 January		
- Opening balance	40,549,807	41,499,048
- (Reduction)/additional provisions on tank decommissioning in the year*	(1,146,956)	(32,525,818)
Charged/(credited) to the statement of profit or loss		
- Unwinding of discount	6,994,106	8,151,034
- Exchange differences	8,483,735	23,425,543
Balance at 31 December	54,880,692	40,549,807

*N91.4 million of this amount has been expensed as this relates to decommisioning cost on OML 90 for which the carrying value of PPE has been fully impaired and deemed irrecoverable.

Other liabilities in 2017 relates to bid deposits received on the sale of Alausa which is yet to be fully refunded to the initial buyer (2016: bid deposits received on the sale of Alausa). This was classfied as current as the sale has been finalised in Q1 2017 (see Note 27c).

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Movement in other liabilities during the year is as follows:				
At 1 January	525,629	2,434,105	525,629	2,434,105
Additions	-	525,629	-	525,629
Settlement	(308,279)	(2,434,105)	(308,279)	(2,434,105)
	217,350	525,629	217,350	525,629

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Analysis of total provisions and other liabilities				
Non current	54,880,692	40,549,807	-	-
Current	217,350	525,629	217,350	525,629
Total	55,098,042	41,075,436	217,350	525,629

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32 Derivative financial liabilities

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Convertible options (Note 30)	-	199,137	-	199,137
Analysis of total derivative financial liabilities				
Non current	-	-	-	-
Current	-	199,137	-	199,137
Total	-	199,137	-	199,137

Fair value gain of N181 million (2016: N4.96 billion) was recognised on the convertible option converted during the year in these statement of profit or loss.

33 Retirement benefit obligations

		Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
(a)	**Statement of financial position obligations for:**				
	Gratuity	-	1,161,705	-	782,416
(b)	**Statement of profit or loss charge (Note 11b):**				
	Gratuity	54,065	(26,524)	46,524	40,707
(c)	**Other comprehensive income**				
	Remeasurement losses recognised in the statement of other comprehensive income in the period	-	-	-	-

The gratuity scheme is unfunded.

The movement in the defined benefit obligation over the year is as follows:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
At 1 January:				
Opening balance: Contiuing operations	1,161,705	1,487,923	782,416	850,598
Interest cost	65,095	216,165	57,554	56,221
Interest cost not passed through statement of profit or loss	-	-	-	-
Exchange differences	69,391	(61,773)	-	-
Benefits paid	(1,285,161)	(141,529)	(754,311)	(39,021)
Disposal	-	(323,567)	-	-
Write back*	(11,030)	(15,514)	(11,030)	(15,514)
Transfer	-	-	(74,629)	(69,868)
At 31 December	-	1,161,705	-	782,416

Transfers relates to liabilities of employees transferrred to other entities within the group.

(d) The amount recognised in the statement of profit or loss are as follows

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Write back*	(11,030)	(15,514)	(11,030)	(15,514)
Interest cost	65,095	216,165	57,554	56,221
Exchange difference	-	(227,175)	-	-
	54,065	(26,524)	46,524	40,707

*Write back represents reversal of excess provision on exited staff's liability.

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34 Trade and other payables

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Trade payables - Products	34,470,762	86,717,711	-	-
Trade payables - Other vendors	25,220,712	8,187,185	-	-
Other payables	40,189,452	46,215,803	18,063,702	27,864,518
Statutory payables (WHT, VAT, PAYE etc)	5,687,037	4,174,531	2,819,371	2,172,200
Accrued expenses	82,367,982	53,164,258	6,419,681	8,496,114
Amount due to related parties	-	-	90,086,514	38,080,946
	187,935,945	198,459,488	117,389,268	76,613,778

Other payables relates to mainly outstanding royalties.

Trade & other payables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other payables for 2017 and 2016 respectively approximate their fair values.

35 Dividend payable

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Unpaid dividend	1,650,277	1,650,277	1,650,277	1,650,277

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36 Supplementary cash flow information

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
		Restated*		Restated*
Profit/(loss) before income tax - continuing operations	20,764,585	(62,956,942)	(30,599,529)	(27,934,427)
Profit before income tax - discontinued operations	6,303,557	30,562,888	-	-
Adjustment for:				
Interest income (Note 12)	(9,959,732)	(7,256,765)	(2,926,404)	(27,417)
Interest expenses (Note 12)	35,794,297	58,313,162	19,166,179	33,260,203
Interest income - Discontinued operations	(153,630)	(4,634,717)	-	-
Interest expenses - Discontinued operations	23,397	2,943,055	-	-
Depreciation (Note 10)	18,759,712	18,062,016	152,622	175,281
Amortisation of intangible assets (Note 10)	186,016	601,391	19,774	101,896
Impairment of intangible assets (Note 16)	162,377	-	162,377	-
Impairment of property, plant and equipment (Note 10)	-	16,001,499	-	-
Impairment losses on available for sale asset (Note 25a)	-	22,145	-	22,145
Impairment allowance on non-current receivables (Note 22)	1,844,201	-	-	-
Impairment allowance on current receivables (Note 24)	3,342,237	15,094,452	2,533,702	50,332,803
Dividend income	-	-	-	(5,376,430)
Share of loss of an associate (Note 18)	2,129,005	4,661,510	-	-
Profit/(loss) on sale of property, plant and equipment (Note 10)	(16,039)	40,559	(4,399)	3,280
Unwinding of discount on provisions (Note 12a)	7,949,563	9,506,662	-	-
Profit on sale of investments	(36,705,184)	-	-	-
Profit/(loss) on sale of subsidiary (Note 27d)	(1,541,313)	(30,602,093)	18,343,699	(57,166,653)
Profit on sale of OMLs 125&134 (Note 27d)	(4,674,093)	-	-	
Share based payment expense (options and swaps)	-	469,829	-	-
Write off of property, plant and equipment (Note 15)	223,909	-	-	-
Net foreign exchange (gain)/loss	(1,653,862)	12,801,175	2,102,379	(261,357)
Fair value loss on commodity options	2,995,655	9,776,438	-	-
Proceeds from early hedge settlement	5,175,929	-	-	-
Fair value gain on valuation of investment property (note 17)	(905,017)	-	(905,017)	-
Fair value gain on convertible options (Note 9, 32)	(180,929)	(4,961,665)	(180,929)	(4,961,665)
Changes in working capital				
Receivables and prepayments (current)	691,573	(87,067,988)	(17,199,869)	110,566,136
Non-current receivables and prepayments	308,819	(7,030,012)	(1,845,539)	7,519
Inventories	12,492,268	(16,552,338)	-	-
Payables and accrued expenses	21,828,245	176,115,908	16,611,539	(87,915,464)
Gratuity provisions	54,064	(192,862)	(28,105)	(29,161)
Government grant	-	434,884	-	-
	85,239,610	134,152,191	5,402,480	10,796,689

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 44d.

(b) Changes in liabilities arising from financing activities

	1-Jan-17 N'000	Cash Flows N'000	Foreign Exchange Movement N'000	Other N'000	31-Dec-17 N'000
Group					
Current interest bearing loans and borrowings	144,478,109	(31,391,175)	23,919,242	848,164	137,854,340
Non-current interest bearing loans and borrowings	101,639,606	(7,044,285)	2,440,059	2,552,540	99,587,920
Dividends payable	1,650,277				1,650,277
Total liabilities from financing activities	247,767,992	(38,435,460)	26,359,301	3,400,704	239,092,537

	1-Jan-17 N'000	Cash Flows N'000	Foreign Exchange Movement N'000	Other N'000	31-Dec-17 N'000
Company					
Current interest bearing loans and borrowings	22,556,068	(5,250,742)	2,019,133	(2,084,572)	17,239,887
Non-current interest bearing loans and borrowings	87,320,834	-	-	-	87,320,834
Dividends payable	1,650,277				1,650,277
Total liabilities from financing activities	111,527,179	(5,250,742)	2,019,133	(2,084,572)	106,210,998

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, amortization of transaction costs and convertion of OODP's loan to equity (note 7c).

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37 Related party transactions

Ocean and Oil Development Partners Limited (OODP) has the shareholding of 57.37% at 31 December 2017. The remaining 42.63% shares are widely held. OODP is ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Group Chief Executive of the Company.

The following transactions existed between Oando PLC (the “company”) and related parties during the year under review:

(i) Shareholder Agreements dated July 24, 2012 between Oando PLC and Oando Netherlands Holding 2 BV (Holdco 2) in respect of Oando Akepo Limited (Oando Akepo); Oando PLC and Oando Netherlands Holding 3 BV (Holdco 3) in respect of Oando Petroleum Development Company Limited (“OPDC2”) (which owns 95% of the shares of OPDC); Oando PLC and Oando OML 125 & 134 BVI in respect of Oando OML 125&134. Shareholder agreements dated April 30, 2013 between Oando PLC and Oando Netherlands Holding 4 BV (Holdco 4) and Oando Netherlands Holding 5 BV (Holdco 5) in respect of Oando Qua Ibo Limited (OQIL) and Oando reservoir and Production Services Limited (ORPSL), respectively. Shareholder Agreements dated July 31, 2014 between Oando PLC and Oando OPL 214 Holding BV (Holdco 214), Oando OML 131 Holding BV (Holdco 131), Phillips Deepwater Exploration Nigeria Limited (PDENL – name subsequently changed to Oando Deepwater Exploration Limited), and Conoco Exploration and Production Nigeria Limited (CEPNL – name subsequently changed to Oando 131 Limited), respectively. Oando PLC owns Class A shares and each of Holdco 2, Holdco 3, Oando OML 125&134 BVI, Holdco 4, Holdco 5, Holdco 214, and Holdco 131 (together the “Holdco Associates”) owns Class B shares, in each of Oando Akepo, OPDC2, Oando OML 125&134 Ltd, OQIL, ORPSL, POCNL, PDENL, and CEPNL (the “Operating Associates”), respectively. Ownership of the Class A shares by Oando PLC provides it with 60% voting rights but no rights to receive dividends or distributions from the applicable Operating Associate, except on liquidation or winding up. Ownership of the Class B shares entitles the Holdco Associates (each an indirectly wholly-owned subsidiary of the OER) to 40% voting rights and 100% dividends and distributions, except on liquidation or winding up.

Pursuant to each of these agreements, Oando PLC, on the one hand, and the respective Holdco Associates, on the other hand, agreed to exercise their respective ownership rights in accordance with the manner set forth in the Shareholder Agreements. Pursuant to the Shareholder Agreements, each of Oando PLC and the respective Holdco Associate is entitled to appoint two directors to the board of Oando Akepo, OPDC2, Oando OML 125&134 Ltd, OQIL, ORPSL, POCNL, PDENL, and CEPNL respectively, with the Holdco Associate being entitled to appoint the Chairman, who has a casting vote. In addition, the applicable Holdco Associate has the power to compel Oando PLC to sell its Class A shares for nominal consideration. The Shareholder Agreements in respect of most of the Operating Associates were filed on www.sedar.com under “Oando Energy Resources Inc.”. No amounts have been paid or are due to be paid by either party to the other under the Shareholder Agreements.

(ii) Right of First Offer Agreement (“ROFO Agreement”) dated September 27, 2011, as amended, between Oando PLC and OER. Pursuant to the ROFO Agreement, OER has the right to make an offer to Oando PLC in respect of certain assets owned by Oando PLC in accordance with the terms of the ROFO Agreement. No amounts have been paid or are due to be paid under the ROFO Agreement. On September 27, 2013, the ROFO agreement between OER and Oando PLC was amended. The amendment terminates the ROFO agreement on the first date on which Oando PLC no longer holds, directly or indirectly, at least 20% of the issued and outstanding common shares of OER. Prior to the amendment, the right of first offer in the ROFO Agreement would have terminated on September 27, 2013. OER has no amounts due to Oando PLC under this agreement (2016 - Nil).

(iiI) Referral and Non-Competition Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC is prohibited from competing with OER except in respect of the assets referred to in the ROFO Agreement until the later of July 25, 2014 and such time as Oando PLC owns less than 20% of the shares of OER. Oando PLC is also required to refer all upstream oil and gas opportunities to OER pursuant to this Agreement. In addition, in the event that Oando PLC acquired any upstream assets between September 27, 2011 and July 24, 2012, Oando PLC is required to offer to sell these assets to OER at a purchase price consisting of the amount paid by Oando PLC for the assets, together with all expenses incurred by Oando PLC to the date of the acquisition by OER, plus an administrative fee of 1.75%. OER has no amounts due to Oando PLC under this Agreement during the year under review (2016 – Nil).

(iv) Cooperation and Services Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this Agreement, Oando PLC agreed, until the later of July 24, 2017 and such time as Oando PLC owns less than 20% of the shares of OER, to provide certain services to OER, including in respect of legal services in Nigeria, corporate secretariat and compliance services in Nigeria, corporate finance, procurement, corporate communications, internal audit and control, information technology, human capital management, environment, health, safety, security and quality and administrative services. These services are to be provided to OER on the basis of the cost to Oando PLC plus a margin of 10%. The independent directors of OER are entitled to approve all such cost allocations. At any time, OER may elect to terminate any of the services under the Agreement provided such notice is effective only on December 31 or June 30 of any year and such notice has been given at least 60 days in advance. Once terminated, Oando PLC shall have no further obligation to make available the services as have been so terminated and equitable adjustments shall be made as to the cost for the remaining services, if any, that are continued to be supplied by Oando PLC to OER under the Agreement. OER incurred $29.5 million under this Agreement in 2017 (2016 - $22 million). The receivables and payables in the books of Oando PLC and OER respectively have been eliminated on consolidation.

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(v) Transitional Services Agreement dated July 24, 2012 between OER, Oando Servco Nigeria (a subsidiary of OER) and OEPL (a subsidiary of Oando PLC). Pursuant to this Agreement, OER and Oando Servco Nigeria (""Servco"") agreed that Servco would provide services to OEPL until January 24, 2014 for no more than 10% of the employees' normal working hours per month. OEPL is required to pay Servco's costs of providing such services. OER through Servco has N6.4 billion ($17.7 million) due from OEPL (2016: N5.4 billion/$17.7 million), under this Agreement in respect of services provided. During 2017, OER impaired part of the receivable by N2.2 billion ($6.9 million). The impairment amount was reversed on consolidation. In addition, the receivables and payables in the books of OEPL and OER respectively have been eliminated on consolidation.

(vi) Pursuant to the completion of the Oando reorganization in July 2012, the cumulative amount advanced by Oando PLC to Equator Exploration Limited, subsidiary of OER ("EEL") of N1.1billion (US$7.2 million) as of 21 December 2012 was classified as loan payable in EEL's books and loan receivable in Oando PLC's books. The carrying amount of the loan using effective interest method was N1.3billion at 31 December 2012. The amount increased to N2.4 billion at 31 December 2015 (2014: N2.0 billion) due to accrued interest. During 2016, the Company impaired the receivable and accrued interest of N2.7 billion. In 2017, the Company accrued an interest of N368 million which was also impaired. The impairment was reversed on consolidation. In addition, the receivables and payables in the books of the Company and EEL respectively have been eliminated on consolidation.

(vii) The Company signed an amendment to the operating lease agreement with a subsidiary, XRSII Ltd in 2015. The Company, the lessee in the agreement, agreed to lease the Bombardier XRS aircraft owned by XRS11 Ltd, the lessor, for a period of earlier of eighty four months from the execution date and date of termination of the agreement. XRS II Ltd recognized income of N3.8 billion which arose from the agreement in 2017 (2016: N2.9 billion). In addition, the outstanding loan amount from XRSII to the Company was N3.2 billion (2016:N2.7 billion). The income and loan have been eliminated on consolidation.

(viii) Settlement Deed agreement dated October 1, 2017 between Oando PLC, Oando Netherlands Holdings 2 Cooperatief U.A, HV Investments II B.V and OVH Energy B.V, following the completion of the sale of target downstream subsidiaries, pursuant to a Sale and Purchase Agreement dated on or about 24 June 2015 (as amended on or about 28 January 2016 and 30 June 2016) revealed that Oando PLC owed OVH Energy BV approximately $112m being the net adjustment amount. Oando PLC and OVH Energy BV agreed settlement of the net adjustment amount as follows: a dilution of Oando Netherlands Holdings 2 Cooperatief U.A to 5% from 40% through the issuance of 210,000 additional A shares to HV Investments II B.V. Further to the dilution, Oando PLC (through Oando Netherlands Holdings 2 Cooperatief U.A) shall be entitled to an option to buy buy 13,333 B Shares in OVH B.V (Option 1); or 28,235 B Shares in OVH B.V (Option 2) ; or 45,000 B Shares in OVH B.V (Option 3).

(ix) Debt Assumption deed dated November 1, 2016 between Oando PLC (the Borrower) and Oando Wings Development Limited (the Lessor), Oando PLC has leased certain premises from Oando Wings Development Limited under the terms of a lease agreement dated 20 August 2012, as amended. In order to meet rental payment obligations to the landlord, Oando PLC entered into a Rental Funding Facilities Agreement (comprising of US$10.725 Facility A and US$9.775 Facilities B) with RMB Westport Wings Limited and SB Wings Development Limited (the "Lenders").. Oando PLC had drawn down N3.8billion (US$10.7 million) under the Rental Funding Facilities Agreement as of the reporting date.

(x) Facility Agreement dated October 3, 2017 between Rand Merchant Bank Nigeria Limited (the "Lender"), Gaslink Nigeria Limited (the "Borrower"), Oando Gas & Power Limited (the "Guarantor") and Oando PLC. Under the Agreement, Gaslink Nigeria Limited (the "Borrower") borrowed N3.5 billion from the Lender at an annual rate of NIBOR plus applicable margin of 5% for a tenor of one year. The parties agreed that, if the Borrower does not repay the outstanding principal plus all accrued interest on the repayment date, Oando PLC shall have the option to provide the Oando Facility to the Borrower for the purpose of liquidation of the obligation. If Oando exercises the Oando Facility Option, the Borrower and Oando shall enter into, and shall procure that their affiliates shall enter into, such documents and do all things Oando may reasonably require in order to effect the Oando Equity Conversion in Oando Gas and Power Limited Oando Gas and Power Limited is owned by an associate of the Group.

Other related party transactions include:

i. Broll Properties Services Limited provided facilities management services consisting of structural, electrical and equipment maintenance and consumables for which the Group reimbursed the company N102.2million. In addition, the Group paid N9.5million fees for the services rendered (2016: reimbursable – N151million, fees – N10.2million). The GCE has control over one of the joint interest owners of the company.

ii. Noxie Limited supplied office equipment worth N201.6 million (2016: N86.3 million) to Oando PLC. A close family member of the GCE has control over Noxie Limited.

iii. Olajide Oyewole & co. rendered professional services worth N7.7million (2016: N235.6 million) to Oando PLC. A close family member of the GCE has significant influence over the firm.

iv. SCIB Nigeria and Co. Ltd. ("SCIB") provided insurance brokerage services worth N122 million (2016: N1 billion) to various members of the Group. A beneficial owner of SCIB is related to the GCE.

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v. Triton Aviation Limited provided management services consisting of consumables, jet fuel, handling charges, third party charters, aircraft maintenance and crew maintenance to XRS II, an indirect subsidiary of the Company and was paid fees of N93.7million and reimbursement of N430.9million (2016: fees – N79.9million, reimbursement - N413million) for the provision of the services. In addition to the reimbursement of N413million in 2016, the Group paid N8.3 million to Triton for aircraft charter. Triton Aviation Limited is owned by the GCE.

vi. Templars and Associates provided legal services worth N1.2bn (Nil: 2016) in connection with upstream merger, acquisition and disposal of oil mining license and the recovery of the overpayment of N6.5billion (USD24.75million) consent fees levied on the acquisition of upstream assets. The managing partner of Templars and Associates is a non-executive director in Oando PLC.

vii. OER provided financial sponsorship, which amounted to N15.5 million, to Temple Production Ltd. The Director of Temple Production Ltd is a close family member of the DGCE.

viii. Ocean and Oil Development Partners ("OODP") notified the Company of its intention to convert N1.98billion in exchange for 396,793,587 fully paid Ordinary Shares of the Company's common equity. The Company filed the conversion notice with the Securities and Exchange Commission ("SEC") in 2016 and received SEC's approval on January 23, 2017. The shares have been allotted to OODP and recognised under equity in these consolidated and separate financial statements.

Key management personnel

Key management includes directors (executive and non-executive) and members of the Group Leadership Council. The compensation paid or payable to key management for employee services is shown below:

	2017 N'000	2016 N'000
Salaries and other short-term employee benefits	2,199,363	4,016,146
Post employment benefits	511,172	588,835
	2,710,535	4,604,981

Year-end balances arising from transactions with related parties

The following receivables or payables at December 31, 2016 arose from transactions with related parties:

	Company 2017 N'000	Company 2016 N'000
Receivables from related parties:		
Churchill C-300 Finance Ltd	531,044	486,784
Oando Energy Resources Inc.	5,281,031	-
Oando Resources Ltd.	98,801,397	101,509,917
XRS II	2,658,079	2,094,126
Oando Refinery & Terminals	-	222,120
Oando Exploration & Production Limited	33,711,604	33,711,604
Oando Trading DMCC	820,834	818,879
Calabar Power Limited	2,219,627	-
ONHC 3	1,880,976	-
Oando Netherlands Holdings 1	-	11,203
Oando E&P Holdings Limited	2,744,042	2,247,916
Oando Equator Holdings	2,825,609	2,825,608
	151,474,243	143,928,157
Payables to related parties:		
Alausa Power Ltd	-	14,037
Oando Liberia	18,017	15,250
Oando Refinery & Terminals	2,500	-
Oando Trading Bermuda	36,755,748	38,022,840
ONHC 2	-	-
XRS I	36	31
Oando Servco Nigeria	53,280,637	2,500
OES Passion	3,543	1,647
Oando Petroleum Development Company Limited	2,500	2,500
Oando Servco UK Limited	-	3,734
Oando Netherlands Holdings 2 B.V	-	3,734
Oando Netherlands Holdings 3 B.V.	-	3,734
OES Professionalism	23,533	10,939
	90,086,514	38,080,946

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38 Commitments

The Group had no outstanding capital expenditure contracted but not provided for under property, plant and equipment (2016: N13.6 billion) at December 31, 2017.

39 Events after the reporting period

(i) Second tranche of OML 125 and 134 disposal

On January 16, 2018, OER received a payment of $3.0 million into the collection account under the corporate facility. In line with the amended SPA, this amount represent second tranche and final payment of cash consideration for the disposal of OML 125 and 134 to NAE.

(ii) Appointment of directors

The Board of Directors of the Company appointed Alhaji Bukar Aji, OON, as a non-executive director of the Company effective 19 January 2018. The Board also appointed Mr. Muntari Muhammad Zubairu as an executive director of the Company effective February 5, 2018. Both appointments were made in accordance with Article 88 of the Company's articles of association.

(iii) Extension of repayment to West Africa Investment Limited

As regards the loan agreement (fully disclosed under contingent liability below) between Golden Eye Energy Resources Limited (”Borrower”), West Africa Investment Limited (”Lender”) and Oando PLC (”Guarantor”); the Borrower, vide a letter dated March 12, 2018, has informed the Lender of its inability to repay the loan and accrued interest on March 31, 2018 as earlier agreed on September 29, 2017. The Borrower, vide the same letter, has requested an extension of the repayment date and maturity date of the outstanding obligation to June 30, 2018.

40 Contingent liabilities

(i) (a) Guarantees to third parties

Guarantees, performance bonds, and advance payment guarantees issued in favour of members of the Group by commercial banks and third parties amounted to N299.1 billion (2016: N543.3 billion).

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

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

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

On September 29, 2017, WAIL, the borrower and the Guarantor signed Amended and Restated Loan Agreement. The Agreement extends repayment of the outstanding loan amount (principal and accrued interest) by the borrower to the Lender to March 31, 2018. Thus, a contingent liability existed for the Company at the reporting date. Management performed fair valuation of the financial guarantee and the valuation of the OEPH shares receivable from the Borrower and determined that no provision is required as the value of the shares exceed the loan guarantee amount.

(c) Outstanding Letters of credit in respect of the offshore processing arrangement (OPA) amounted to N23.8 billion ($66 million) (2016:N59.4billion) at the reporting date.

(ii) Pending Litigation

There are a number of legal suits outstanding against the Company for stated amounts of NGN444.9 billion (2016: N608.2 billion). Of the total legal suits outstanding, NGN437.6 billion (2016: N528.2 billion) was filed against OER's portion of NAOC JV (OML 60-63). On the advice of Counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in the financial statements.

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(iii) Bilabri Oil Field (OML 122)

In 2007, OER transferred, under the Bilabri Settlement Agreement, the full responsibility for completing the development of the Bilabri oil field in OML 122 to Peak Petroleum Industries (Nigeria) Limited ("Peak"). Peak specifically assumed responsibility for the project's future funding and historical unpaid liabilities. In the event that Peak fails to meet its obligations to the projects creditors, it remains possible that OER may be called upon to meet the debts. Therefore, a contingent liability of $21.7 million exists at December 31, 2017 (2016 – $21.7 million). On May 26, 2015, Peak and OER (through Equator Exploration (OML 122) Limited) signed a Settlement Agreement which set out the terms under which Peak would pay OER the sum of $52.2 million ("Settlement Amount") as full and final settlement of its indebtedness to OER, three months from the date of the Settlement Agreement. Peak requested for an extension of time to pay the Settlement Amount which was granted by OER. Despite the extension, as at December 31, 2017, Peak has still failed to pay the Settlement Amount. OER has deemed this to be a contingent asset until such time as when the inflow of economic benefit from Peak becomes virtually certain.

(iv) OPL 321 and OPL 323

(a) In January 2009, the Nigerian government voided the allocation of OPL 323 and OPL 321 to the operator, Korea National Oil Corporation (KNOC) and allocated the blocks to the winning group of the 2005 licensing round comprising ONGC Videsh, Equator and Owel. KNOC brought a lawsuit against the government and a judgement was given in their favor. The government and Owel appealed the judgement. The Court of Appeal ruled against KNOC on the grounds that it instituted its original action wrongly. KNOC filed an appeal to the Supreme Court in June 2012. In February 2017, the Supreme Court affirmed the decision of the Court of Appeal. In 2009, the government refunded the signature bonus paid by Equator. The Company Equator, has not recognized a liability to the government for the blocks subsequent to the refund of the signature bonus. Following the decision of the Supreme Court, Equator has declared its intention to continue to invest in the blocks. Equator has impaired the carrying value and currently carries both assets at Nil value (2016: nil).

(b) Equator originally bid as member of a consortium for OPL 323 and 321. It was granted a 30% interest in the Production Sharing Contracts "PSCs" but two of its bidding partners were not included as direct participants in the PSCs, as a result, Equator granted those bidding partners 3% and 1% carried economic interests respectively in recognition of their contribution to the consortium. During 2007, it was agreed with the bidding partners that they would surrender their carried interests in return for warrants in Equator and payments of $4 million and $1 million. The warrants were issued immediately but it was agreed that the cash payments would be deferred. The warrants have expired. In the first instance, payment would be made within 5 days after the closing of a farm out of a 20% interest in OPL 323 to a subsidiary of BG Corporation PLC (BG). However, BG terminated the farm out agreement. Under the successor obligation, Equator issued loan notes with an aggregate value of $5 million which are redeemable out of the first $5 million of proceeds received on the occurrence of any one of the following events related to OPL 321 or OPL 323:

- A farm out with another party;
- A sale or partial sale of the interests; and
- A sale or partial sale of subsidiaries holding the relevant PSCs.

During 2010, one bidding partner successfully sued Equator in an arbitration tribunal for $1 million. This has been paid in full. On the advice of legal counsel, Equator maintains that the remaining $4 million owed is not yet due and that any second arbitration hearing can be successfully defended. If none of the above events occur, it is assumed that Equator will not need to settle the $4 million loan note and can defer payment indefinitely. The above contingencies are based on the best judgements of the Board and management.

(v) Tax Contingencies

Oando Oil Limited (OOL), the Company's indirect subsidiary, during the year received tax assessments from the FIRS for additional Petroleum Profit and Education Taxes relating to 2006, 2007 and 2009. The total assessments, which included penalty and interest, amounted to an additional tax liability of $79.7 million (Petroleum Profit Tax of $77.9 million and Education Tax of $1.8 million). OOL has objected to this and also filed tax appeals at the Tax Appeal Tribunal and Federal High Court to challenge and discharge the assessments. As this period relates to tax years before the effective acquisition date of January 1, 2012, ConocoPhillips company and Phillips Investment Company LLC, the previous owners of the company has provided an indemnity for these liabilities. The amount is deemed to be a contingent liability and has not been provided for in these consolidated financial statements.

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41 Subsidiaries information

(a)Below is a summary of the principal subsidiaries of the Group

Entity name Operational subsidiaries	Country of incorporation	Investment Currency All figures in thousands	Nature of business	Issued share capital	Percentage interest held 2017	Percentage interest held 2016
Direct Shareholding						
Oando Logistics and Services Limited	United Kingdom	GBP	Logistics and services	1	100%	100%
Oando Resources Limited	Nigeria	Naira	Exploration and Production	2,500,000	100%	100%
Oando Terminals and Logistics	Nigeria	Naira	Storage & haulage of petroleum products	2,500,000	100%	100%
Oando Trading DMCC	Dubai	USD	Supply of crude oil & refined petroleum products.	11,000,000	100%	100%
XRS 1	Cayman Island	USD	Investment company	50,000	100%	100%
Oando Trading Limited	Bermuda	USD	Supply of crude oil and refined petroleum products.	3,500,000	100%	100%
Oando Netherlands Holdings 2 Cooperative U.A	Netherlands	Euro	Financial holding company	0	100%	100%
Oando Netherlands Holdings 3 Cooperative U.A	Netherlands	Euro	Financial holding company	0	100%	100%
Oando E&P Holdings Limited	Canada	USD	Financial holding company	792,228,566	78.18%	77.74%
Indirect Shareholding						
Ebony Oil and Gas South Africa Proprietary Limited	South Africa	Rand	Storage, Trading & Distribution of Petroleum & Gas Products	120	100%	100%
Royal Ebony Terminal Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	980	49%	49%
Ebony Trading Rwanda Limited	Rwanda	Rwandan Francs	Storage, Trading and Distribution of Petroleum & Gas Products	100,000,000	100%	100%
Petrad Mozambique Limitada	Mozambique	MZM	Storage, Trading and Distribution of Petroleum and Gas Products	200,000	100%	100%
XRS 11	Cayman Island	USD	Aviation	50,000	100%	100%
Churchill Finance C300-0462 Limited	Bermuda	USD	Aviation	1	100%	100%
Oando Energy Resources Inc. (Subsidiary of Oando E&P Holdings Limited)	Canada	USD	Exploration and Production	796,049,213.00	78.18%	77.7%

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Disposed Subsidiaries						
Central Horizon Gas Company Limited	Nigeria	Naira	Gas Distribution	9,100,000	0%	0%
Gaslink Nigeria Limited	Nigeria	Naira	Gas Distribution	1,717,697,000	0%	0%
Akute Power Limited	Nigeria	Naira	Power Generation	2,500,000	0%	0%
Oando Gas and Power Limited	Nigeria	Naira	Gas and Power generation and distribution	10,000,000	0%	0%
Oando Energy Services Limited	Nigeria	Naira	Provision of drilling and other services upstream companies	5,000,000	0%	0%
Apapa SPM Limited	Nigeria	Naira	Offshore submarine pipeline construction	19,125,000	0%	0%
Oando Marketing Ltd	Nigeria	Naira	Marketing and sale of petroleum products	437,500,000	0%	0%
Oando Supply and Trading Limited	Nigeria	Naira	Supply of crude oil and refined petroleum products	6,250,000	0%	100%
Oando Lekki Refinery Company Limited	Nigeria	Naira	Petroleum Refining	2,500,000	0%	0%
Oando Ghana Limited	Ghana	Cedis	Marketing and sale of petroleum products (Subsidiary of Oando Marketing PLC)	2,346,000	0%	0%
Oando Togo S.A	Togo	CIA	Marketing and sale of petroleum products	186,288,000	0%	0%
Gas Network Services Limited	Nigeria	Naira	Gas Distribution	5,000,000	0%	0%
Ebony Oil & Gas Limited	Ghana	Cedis	Supply of crude oil and refined petroleum products	100	0%	0%
Alausa Power Limited	Nigeria	Naira	Power Generation	2,500,000	0%	100%

(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as at 31 December 2017.

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Summarised statement of profit or loss

	Oando Energy Resources 2017	Oando Energy Resources 2016	Gaslink 2017	Gaslink 2016	Oando Ghana 2017	Oando Ghana 2016
Revenue	103,549,482	77,276,507	-	26,733,938	-	1,214,770
Profit before income tax	33,372,039	(37,632,784)	-	6,849,289	-	(199,930)
Taxation	(6,653,964)	37,719,977	-	(716,478)	-	-
Profit after taxation	26,718,075	87,193	-	6,132,811	-	(199,930)
Total comprehensive income	26,718,075	87,193	-	6,132,811	-	(199,930)
Non-controlling interest proportion	21.8%	22.3%	0.0%	2.8%	0.0%	17.1%
Profit or loss allocated to non-controlling interests	5,831,032	19,413	-	169,266	-	(34,188)
Dividends paid to non-controlling interests	-	-	-	80,743	-	-
Summarised statement of financial position						
Current:						
Asset	58,120,087	92,465,975	-	-	-	-
Liabilities	(276,334,547)	(321,623,648)	-	-	-	-
Total current net assets	(218,214,460)	(229,157,673)	-	-	-	-
Non-Current:						
Asset	861,004,147	779,628,519	-	-	-	-
Liabilities	(237,906,670)	(234,020,620)	-	-	-	-
Total non-current net assets	623,097,477	545,607,899	-	-	-	-
Net assets	404,883,017	316,450,226	-	-	-	-
Accumulated non-controlling interest	88,478,648	70,554,972	-	-	-	-

	Oando Energy Resources 2017	Oando Energy Resources 2016	Gaslink 2017	Gaslink 2016	Oando Ghana 2017	Oando Ghana 2016
Summarised cash flows						
Cash generated from operations	82,857,302	56,453,609	-	-	-	-
Interest paid	(9,393,215)	(7,291,910)	-	-	-	-
Income tax paid	(8,924,300)	(4,127,051)	-	-	-	-
Net cash generated from operating activities	64,539,787	45,034,648	-	-	-	-
Net cash used in investing activities	(32,075,856)	(25,698,690)	-	-	-	-
Net cash used in financing activities	(27,608,124)	(26,930,615)	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	4,855,807	(7,594,657)	-	-	-	-
Cash, cash equivalents and bank overdrafts at beginning of year	1,114,775	8,709,432	-	-	-	-
Exchange gains/(losses) on cash and cash equivalents	202,231	-	-	-	-	-
Cash and cash equivalents at end of year	6,172,813	1,114,775	-	-	-	-

	CHGC 2017	CHGC 2016	Oando Togo 2017	Oando Togo 2016	Ebony 2017	Ebony 2016
Summarised statement of profit or loss						
Revenue	-	1,102,127	-	2,193,717	-	22,808,166
Profit before income tax	-	215,586	-	33,194	-	924,775
Taxation	-	(61,379)	-	(4,069)	-	(226,277)
Profit after taxation	-	154,208	-	29,125	-	698,498
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	154,208	-	29,125	-	698,498
Non-controlling interest proportion	0%	44%	0%	25%	0%	20%
Profit or loss allocated to non-controlling interests	-	67,852	-	7,192	-	139,700
Dividends paid to non-controlling interests	-	-	-	-	-	-

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(c) Change in ownership interests in subsidiaries that do not result in a loss of control

On May 31, 2016, Ocean and Oil Development Partners Limited (OODP) exercised the option to convert the amount oustanding on their dollar denominated convertble notes of $154,096,406.44 to 128,413,672 Ordinary Shares of Oando PLC's holding in OER under and pursuant to the terms of the Convertible Note Purchase Agreement dated 23 July 2014. Also, following the delisting of OER from TSX in May 2016, the institutional investors were bought over by Oando E&P and certain performance share units ("PSU") and stock options given to certain employees in May 2015 were accelerated and made to vest at transaction date. Consequently, the indirect percentage ownership in OER reduced from 93.73% (NCI: 6.27%) to 77.735 (NCI: 22.26%). The loss on deemed disposal has been recognised directly in equity.

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

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

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

Consequently, the indirect percentage ownership in OER increased from 77.735 (NCI: 22.26%) to 78.176 (NCI: 21.82%). The loss on deemed disposal has been recognised directly in equity.

Impact of change in ownership interests in subsidiaries that do not result in a loss of control is as analysed below:

	Group 2017 N'000	Group 2016 N'000
Consideration (paid to)/received from non-controlling interest	(1,883,416)	29,736,344
Decrease/(increase) in non-controlling interest	1,507,292	(31,513,805)
Group's loss on deemed disposal	(376,124)	(1,777,461)

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42 (a) Financial instruments by category

Group	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2017				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	61,856	61,856
Non-current receivable	-	23,202,580	-	23,202,580
Trade and other receivables	-	89,909,675	-	89,909,675
Commodity option contracts	18,572	-	-	18,572
Cash and cash equivalents	-	20,374,207	-	20,374,207
	18,572	133,486,462	61,856	133,566,890

	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2017			
Liabilities per statement of financial position:			
Borrowings	-	237,442,259	237,442,259
Trade and other payables	-	187,935,945	187,935,945
	-	425,378,204	425,378,204

	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2016				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	115,642	115,642
Non-current receivable	-	22,034,389	-	22,034,389
Trade and other receivables	-	95,424,919	-	95,424,919
Commodity option contracts	6,932,527	-	-	6,932,527
Cash and cash equivalents	-	16,929,537	-	16,929,537
	6,932,527	134,388,845	115,642	141,437,014

	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2016			
Liabilities per statement of financial position:			
Borrowings	-	246,117,715	246,117,715
Trade and other payables	-	198,459,488	198,459,488
Convertible options	199,137	-	199,137
	199,137	444,577,203	444,776,340

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COMPANY

	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2017				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	59,895	59,895
Trade and other receivables	-	138,771,677	-	138,771,677
Cash and cash equivalents	-	915,653	-	915,653
	-	139,687,330	59,895	139,747,225

	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2017			
Liabilities per statement of financial position:			
Borrowings	-	104,560,720	104,560,720
Trade and other payables	-	117,389,268	117,389,268
	-	221,949,988	221,949,988

	Financial instruments at fair value through profit and loss N'000	Loans and receivables N'000	Available-for-sale N'000	Total N'000
2016				
Assets per statement of financial position:				
Available-for-sale financial assets	-	-	115,642	115,642
Trade and other receivables	-	108,581,449	-	108,581,449
Cash and cash equivalents	-	12,434,877	-	12,434,877
	-	121,016,326	115,642	121,131,968

	Financial instruments at fair value through profit and loss N'000	Other financial liabilities at amortised cost N'000	Total N'000
2016			
Liabilities per statement of financial position:			
Borrowings	-	109,876,902	109,876,902
Trade and other payables	-	82,408,778	82,408,778
Convertible options	199,137	-	199,137
	199,137	192,285,680	192,484,817

(b) Financial Instruments: Carrying values and fair values

Group	**Carrying amounts**		**Fair values**	
	2017	**2016**	**2017**	**2016**
	N'000	**N'000**	**N'000**	**N'000**
Non-current receivables	23,202,580	22,034,389	18,463,613	18,210,239
Finance lease receivables	72,539,702	60,926,511	63,981,672	43,884,459
Derivative financial assets	18,572	6,932,527	18,572	6,932,527
Available for sale investment measured at the fair value	61,856	115,642	61,856	115,642
Derivative financial liabilities	-	199,137	-	199,137
Borrowings	237,442,259	246,117,715	246,034,268	214,716,750
Company				
Non-current receivables	9,365,366	9,711,893	9,365,366	8,026,358
Available for sale investment measured at the fair value	59,895	113,985	59,895	113,985
Derivative financial liabilities	-	199,137	-	199,137
Borrowings	104,560,720	109,876,902	101,399,730	135,071,964

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43 Upstream activities

(a) Details of upstream assets

	Mineral rights acquisition N'000	Land and building N'000	Expl. costs and producing wells N'000	Production Well N'000	Oil and gas properties under development N'000	Other fixed assets N'000	Total N'000
Opening NBV 1 January 2016							
Opening net book amount	4,351,455	36,227	11,685,845	166,353,901	27,959,802	596,530	210,983,760
Decommissioning costs	-	-	-	-	(32,525,818)	-	(32,525,818)
Additions	-	-	-	8,958,072	263,005	-	9,221,077
Depreciation charge	(23,715)	-	(37,367)	(13,964,372)	(1,792,384)	(31,877)	(15,849,715)
Exchange difference	2,312,297	19,283	6,213,995	86,256,884	14,588,505	312,293	109,703,257
Year ended 31 December 2016	6,640,037	55,510	17,862,473	247,604,485	8,493,110	876,946	281,532,561
Opening NBV 1 January 2017							
Opening net book amount	6,640,037	55,510	17,862,473	247,604,485	8,493,110	876,946	281,532,561
Decommissioning costs	-	-	-	-	(1,055,562)	-	(1,055,562)
Additions	-	-	1,144,815	16,971,774	132,164	15,336	18,264,089
Transfer to FFE	-	-	-	-	-	(221,582)	(221,582)
Depreciation charge	(26,372)	-	(121,711)	(13,814,925)	(3,135,350)	(47,077)	(17,145,435)
Exchange difference	1,200,316	10,070	3,220,806	42,690,624	1,035,247	151,497	48,308,560
Year ended 31 December 2017	7,813,981	65,580	22,106,383	293,451,958	5,469,609	775,120	329,682,631

(b) Joint arrangements

The Group participates in various upstream exploration and production (E&P) activities through joint operations with other participants in the industry. Details of concessions are as follows:

2017	License	Operator	Working/ Participating interest	Location	License type	Expiration date	Status
Oando Production and Development Company Limited	OML 56	Energia	45% participatory interest	Onshore	JV	January 31, 2023	Producing
Oando Akepo Limited	OML 90	Sogenal	30% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Exile Resources Nigeria Limited	OML 90	Sogenal	10% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Oando Qua Ibo Limited	OML 13	Network Exploration and Production Company Limted	40% working interest	Onshore	JV	March 13, 2025	Producing
Oando Oil Limited	OML 60, 61, 62 and 63	Nigeria Agip Oil Company Limited	20% working interest	Onshore	JV	July 22, 2027	Producing
Oando Deepwater Exploration Nigeria Limited	OML 145	ExxonMobil	21.05% working interest	Offshore	PSC	June 12, 2034	Non- Producing
Oando 131 Limited	OML 131	Oando 131 Limited	95% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Medal Oil Company Limited	OML 131	Oando 131 Limited	5% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Equator Exploration Nigeria 323 Limited	OPL 323	KNOC	30% participating interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration Nigeria 321 Limited	OPL 321	KNOC	30% participating interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration (OML 122) Limited	OML 122	PEAK	Carried interest of 5% in the Bilabri oil project and a paying interest of 12.5% in any gas development	Offshore	PSC	Sept. 13, 2021	Non- Producing
Equator Exploration STP Block 5 Limited	Block 5	Kosmos Energy	20% participating interest	Offshore	PSC	May 13, 2043	Non- Producing
Equator Exploration STP Block 12 Limited	Block 12	Kosmos Energy	22.5% participating interest	Offshore	PSC	February 22, 2044	Non- Producing

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

44 Prior year restatements

OTB declared a dividend of $19 million (N5.8 billion) to Oando PLC during the period ended 31 December 2016. This dividend income was not recognized in the audited financial statements of Oando PLC For the year ended 31 December 2017 and as such, the prior period has been restated to reflect the impact of this transaction as shown below.

(a) Reconciliation of previously published statement of profit or loss

Group	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Continuing operations			
Revenue	455,746,734	-	455,746,734
Cost of sales	(426,933,813)	-	(426,933,813)
Gross profit	28,812,921	-	28,812,921
Other operating income	72,782,420	418,570	73,200,990
Administrative expenses	(109,252,946)	-	(109,252,946)
Operating loss	(7,657,605)	418,570	(7,239,035)
Finance costs	(58,313,162)	-	(58,313,162)
Finance income	7,256,765	-	7,256,765
Finance costs - net	(51,056,397)	-	(51,056,397)
Share of loss of associates	(4,661,510)	-	(4,661,510)
Loss before income tax from continuing operations	(63,375,512)	418,570	(62,956,942)
Income tax credit	37,569,028	-	37,569,028
Loss for the year from continuing operations	(25,806,484)	418,570	(25,387,914)
Discontinued operations			
Profit after tax for the year from discontinued operations	29,300,521	-	29,300,521
Profit for the year	3,494,037	418,570	3,912,607
Profit attributable to:			
Equity holders of the parent	3,124,803	418,570	3,543,373
Non-controlling interest	369,234	-	369,234
	3,494,037	418,570	3,912,607

Earnings/(loss) per share from continuing and discontinued operations attributable to ordinary equity holders of the parent during the year: (expressed in kobo per share)

Basic and diluted earnings per share			
From continuing operations	(215)	4	(211)
From discontinued operations	241	-	241
From loss for the year	26	4	30

	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Company			
Revenue	4,858,182	5,376,430	10,234,612
Cost of sales	-	-	-
Gross profit	4,858,182	5,376,430	10,234,612
Other operating income	97,776,195	418,570	98,194,765
Administrative expenses	(103,131,018)	-	(103,131,018)
Operating (loss)/profit	(496,641)	5,795,000	5,298,359
Finance costs	(33,260,203)	-	(33,260,203)
Finance income	27,417	-	27,417
Finance costs - net	(33,232,786)	-	(33,232,786)
Loss before income tax	(33,729,427)	5,795,000	(27,934,427)
Income tax expense	(146,405)	-	(146,405)
Loss for the period	(33,875,832)	5,795,000	(28,080,832)
Total comprehensive loss for the period	(33,875,832)	5,795,000	(28,080,832)
Attributable to:			
Equity holders of the parent	(33,875,832)	5,795,000	(28,080,832)
Non controlling interest	-	-	-
	(33,875,832)	5,795,000	(28,080,832)

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

(b) Reconciliation of previously published consolidated statement of financial position

GROUP	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Profit for the year	3,494,037	418,570	3,912,607

Other comprehensive income:

Items that may be reclassified to profit or loss in subsequent periods:

Exchange differences on translation of foreign operations	108,887,918	(418,570)	108,469,348
	108,887,918	(418,570)	108,469,348
Other comprehensive income for the year, net of tax	108,887,918	(418,570)	108,469,348
Total comprehensive income for the year, net of tax	112,381,955	-	112,381,955
Attributable to:			
- Equity holders of the parent	86,819,326	-	86,819,326
- Non-controlling interests	25,562,629	-	25,562,629
Total comprehensive income for the year, net of tax	112,381,955	-	112,381,955
Total comprehensive income/(loss) attributable to equity holders of the parent arises from:			
- Continuing operations	57,518,805	-	57,518,805
- Discontinued operations	29,300,521	-	29,300,521
	86,819,326	-	86,819,326

COMPANY	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Loss for the year	(33,875,832)	5,795,000	-28,080,832
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year, net of tax	(33,875,832)	5,795,000	(28,080,832)
Attributable to:			
- Equity holders of the parent	(33,875,832)	5,795,000	-28,080,832
- Non-controlling interests			
Total comprehensive loss for the year, net of tax	(33,875,832)		(28,080,832)

Annual Consolidated and Separate Financial Statements

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

(c) Reconciliation of previously published consolidated and separate statement of financial position

GROUP	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Non-current assets			
Property, plant and equipment	293,541,702	-	293,541,702
Intangible assets	361,530,468	-	361,530,468
Investment in associates	10,653,425	-	10,653,425
Deferred tax assets	44,758,179	-	44,758,179
Derivative financial assets	844,438	-	844,438
Finance lease receivables	60,926,511	-	60,926,511
Non-current receivables	22,034,389	-	22,034,389
Available-for-sale financial assets	2,867	-	2,867
Prepayments	6,292	-	6,292
Restricted cash	6,538,952	-	6,538,952
	800,837,223	-	800,837,223
Current assets			
Inventories	12,804,332	-	12,804,332
Derivative financial assets	6,088,089	-	6,088,089
Trade and other receivables	107,002,077	-	107,002,077
Prepayments	4,263,242	-	4,263,242
Deferred income tax assets		-	
Available-for-sale financial assets	112,775	-	112,775
Cash and cash equivalents (excluding bank overdrafts) 10,390,585		10,390,585	-
	140,661,100	-	140,661,100
Assets of disposal group classified as held for sale	50,046,652	-	50,046,652
Total assets	**991,544,975**	**-**	**991,544,975**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Share capital	6,017,309	-	6,017,309
Share premium	174,806,923	-	174,806,923
Retained loss	(152,287,138)	418,570	(151,868,568)
Other reserves	93,826,307	(418,570)	93,407,737
	122,363,401	-	122,363,401
Non controlling interest	69,981,178	-	69,981,178
Total equity	192,344,579	-	192,344,579
Liabilities			
Non-current liabilities			
Borrowings	101,639,606	-	101,639,606
Deferred tax liabilities	198,908,983	-	198,908,983
Provision and other liabilities	40,549,807	-	40,549,807
Retirement benefit obligations	1,161,705	-	1,161,705
	342,260,101	-	342,260,101
Current liabilities			
Trade and other payables	198,459,488	-	198,459,488
Derivative financial liabilities	199,137	-	199,137
Borrowings	144,478,109	-	144,478,109
Current income tax liabilities	59,108,565	-	59,108,565
Provision and other liabilities	525,629	-	525,629
Dividend payable	1,650,277	-	1,650,277
	404,421,205	-	404,421,205
Liabilities of disposal group classified as held for sale	52,519,090	-	52,519,090
Total liabilities	799,200,396	-	799,200,396
Total equity and liabilities	**991,544,975**	**-**	**991,544,975**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

COMPANY ASSETS	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Non-current assets			
Property, plant and equipment	379,819	-	379,819
Intangible assets	182,151	-	182,151
Investment in associates	15,500,552	-	15,500,552
Non-current receivables	9,711,893	-	9,711,893
Available-for-sale financial assets	2,867	-	2,867
Investment in subsidiaries	55,373,649	-	55,373,649
Prepayments	6,292	-	6,292
Restricted cash	4,682,749	-	4,682,749
	85,839,972	-	85,839,972
Current assets			
Trade and other receivables	111,398,694	-	111,398,694
Prepayments	3,174,809	-	3,174,809
Available-for-sale financial assets	111,118	-	111,118
Cash and cash equivalents (excluding bank overdrafts)	7,752,128	-	7,752,128
	122,436,749	-	122,436,749
Non current asset held for sale	2,500	-	2,500
Total assets	**208,279,221**	**-**	**208,279,221**
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	6,017,309	-	6,017,309
Share premium	174,806,923	-	174,806,923
Retained loss	(168,509,605)	5,795,000	(162,714,605)
Total Equity	12,314,627	5,795,000	18,109,627
Liabilities			
Non-current liabilities			
Borrowings	87,320,834	-	87,320,834
Retirement benefit obligations	782,416	-	782,416
	88,103,250	-	88,103,250
Current liabilities			
Trade and other payables	82,408,778	(5,795,000)	76,613,778
Derivative financial liabilities	199,137	-	199,137
Borrowings	22,556,068	-	22,556,068
Current income tax liabilities	521,455	-	521,455
Provision and other liabilities	525,629	-	525,629
Dividend payable	1,650,277	-	1,650,277
	107,861,344	(5,795,000)	102,066,344
Total liabilities	195,964,594	(5,795,000)	190,169,594
Total equity and liabilities	**208,279,221**	**-**	**208,279,221**

Annual Consolidated and Separate Financial Statements

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

(d) Reconciliation of previously published consolidated and separate cash generated from operations

GROUP	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Profit/(loss) before income tax - continuing operations	(63,375,512)	418,570	(62,956,942)
Profit before income tax - discontinued operations	30,562,888	-	30,562,888
		-	
Adjustment for:		-	
Interest income (Note 12)	(7,256,765)	-	(7,256,765)
Interest expenses (Note 12)	58,313,162	-	58,313,162
Interest income - Discontinued operations	(4,634,717)	-	(4,634,717)
Interest expenses - Discontinued operations	2,943,055	-	2,943,055
Depreciation (Note 10)	18,062,016	-	18,062,016
Amortisation of intangible assets (Note 10)	601,391	-	601,391
Impairment of intangible assets (Note 16)	-	-	-
Impairment of property, plant and equipment (Note 10)	16,001,499	-	16,001,499
Impairment losses on available for sale asset (Note 25a)	22,145	-	22,145
Impairment allowance on non-current receivables (Note 22)	-	-	-
Impairment allowance on current receivables (Note 24)	15,094,452	-	15,094,452
Share of loss of an associate (Note 18)	4,661,510	-	4,661,510
Profit/(loss) on sale of property, plant and equipment (Note 10)	40,559	-	40,559
Unwinding of discount on provisions (Note 12a)	9,506,662	-	9,506,662
Profit/(loss) on sale of subsidiary (Note 27d)	(30,602,093)	-	(30,602,093)
Share based payment expense (options and swaps)	469,829	-	469,829
Net foreign exchange (gain)/loss	12,801,175	-	12,801,175
Fair value loss on commodity options	9,776,438	-	9,776,438
Fair value gain on convertible options (Note 9, 32)	(4,961,665)	-	(4,961,665)
		-	
Changes in working capital		-	
Receivables and prepayments (current)	(87,067,988)	-	(87,067,988)
Non-current receivables and prepayments	(7,030,012)	-	(7,030,012)
Inventories	(16,552,338)	-	(16,552,338)
Payables and accrued expenses	174,100,373	(418,570)	173,681,803
Gratuity provisions	(192,862)	-	(192,862)
Gratuity benefit paid	172,799	-	172,799
Government grant	434,884	-	434,884
	131,890,885	-	131,890,885

COMPANY	IFRS previously reported N'000	Prevoisly classified as held for sale N'000	IFRS represented N'000
Cash flows from operating activities			
Loss before income tax	(33,729,427)	5,795,000	(27,934,427)
		-	
Adjustment for:		-	
Interest income (Note 12)	(27,417)	-	(27,417)
Interest expenses (Note 12)	33,260,203	-	33,260,203
Depreciation (Note 10)	175,281	-	175,281
Amortisation of intangible assets (Note 10)	101,896	-	101,896
Impairment losses on available for sale asset (Note 25a)	22,145	-	22,145
Dividend income	-	(5,376,430)	(5,376,430)
Impairment allowance on current receivables (Note 24)	50,332,803	-	50,332,803
Loss on sale of property, plant and equipment (Note 10) 3,280		3,280	-
Profit on sale of subsidiary (Note 27d)	(57,166,653)	-	(57,166,653)
Net foreign exchange gain	(261,357)	-	(261,357)
Fair value gain on convertible options (Note 9, 32)	(4,961,665)	-	(4,961,665)
		-	
Changes in working capital		-	
Receivables and prepayments (current)	110,566,136	-	110,566,136
Non-current receivables and prepayments	7,519	-	7,519
Payables and accrued expenses	(87,496,894)	(418,570)	(87,915,464)
Gratuity provisions	(29,161)	-	(29,161)
Gratuity benefit paid	(39,021)	-	(39,021)
Provision and other liabilties	(2,434,105)	-	(2,434,105)
	8,323,563	-	8,323,563

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

45 Going concern

The Company recorded comprehensive losses of N30.6 billion during the year ended 31 December 2017 (2016: comprehensive losses N28.1billion). The Company also recorded net liabilities of N10.5 billion (2016: net assets – N18.1 billion). As of year-end, the Group reported net current liabilities of N293.1billion (2016 net current liabilities N263.8billion).

Management has developed key strategic initiatives which aim to return the Company (and Group) to profitability, improve working capital and cash flows. The key initiatives include:

- Restructure the Reserve Based Loan and Corporate Loan Facilities at Oando Energy Resources to ensure the loans:
  (a) are default free and fully compliant with credit agreements,
  (b) achieve a tenor extension of up to two years, and
  (c) reduce debt service requirements in the near term.

The net effect of the initiative will be to reclassify up to N117 billions of current liabilities into long-term liabilities thus creating a substantial remedy to the negative working capital position. Implementation of this initiative started in 2016 and will be completed between April 2018 and June 2018.

- Refinance an approximate N9 billion credit facility provided by one of the bilateral lenders.
- Sale of the Company's shares in Oando Energy Resources to raise up to N84 billion in 2018 in order to prepay debt across the Group.

- Sale of the Company's 25% stake in Glover BV to raise up to N24 billion over the next 18 months. Proceeds will be applied towards principal repayment of debts across the Group.

- Recapitalisation through private placement to raise up to N18 billion by December 2020.

The initiatives discussed above are expected to improve the profitability of the group through interest savings arising from repayment of borrowings.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Consolidated and Separate Financial Statements

Value Added Statement

For the year ended 31 December 2017

	2017 N'000	%	2016 N'000	%
Group				
Turnover	497,422,483		455,746,734	
Other income	46,490,127		73,200,990	
Interest received	9,959,732		7,256,765	
	553,872,342		536,204,489	
Bought in goods and services				
- Local purchases	(443,811,994)		(457,692,999)	
- Foreign purchases	-		(415,866)	
Value added	110,060,348	100	78,095,624	100
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	6,959,928	6	9,477,603	12
Government				
- To pay tax	12,476,156	11	(1,636,859)	(2)
Providers of capital				
- To pay dividend	-		-	
- To pay interest on borrowings	43,743,860	40	58,313,162	75
Non-controlling interest	19,359,738	18	25,562,629	33
Maintenance and expansion of assets				
- Deferred tax	(5,180,790)	(5)	(34,669,801)	(44)
- Depreciation	18,759,712	17	17,505,517	22
- Retained in the business	13,941,744	13	3,543,373	5
Value distributed	110,060,348	100	78,095,624	100

	2017 N'000	%	2016 N'000	%
Company				
Turnover	-		4,858,182	
Other Income	25,989,048		97,776,195	
Interest received	2,926,404		27,417	
	28,915,452	-	102,661,794	-
Bought in goods and services				
- Local purchases	(39,735,275)		(96,444,854)	
- Foreign purchases	-		-	
Value added	(10,819,823)	(100)	6,216,940	100
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	460,905	4	715,881	12
Government				
- To pay tax	15,904	0	146,405	2
Providers of capital				
- To pay dividend	-			-
- To pay interest on borrowings	19,166,179	177	33,260,203	535
Maintenance and expansion of assets				
- Deferred tax	-	-	-	-
- Depreciation	152,622	1	175,281	3
- Retained in the business	(30,615,433)	(283)	(28,080,830)	(452)
Value distributed	(10,819,823)	(100)	6,216,940	100

Consolidated and Separate Financial Statement

Five Year Financial Summary (2013 – 2017)

For the year ended 31 December 2017

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
GROUP					
Property, plant and equipment	343,466,113	293,541,702	223,130,072	314,042,207	172,209,842
Intangible exploration assets, other intangible assets and goodwill	426,866,570	361,530,468	254,715,745	245,705,184	82,232,746
Investment property	1,033,000	-	-	-	-
Deferred income tax assets	46,108,713	44,758,179	35,042,529	12,328,465	4,995,280
Available for sale investments	-	2,867	5,067	10,834	14,500
Investments accounted for using the equity method	7,540,014	10,653,425	2,530,813	3,409,413	2,880,478
Deposit for acquisition of a business	-	-	-	-	69,840,000
Other non-current receivables	108,221,428	90,350,582	74,298,769	123,118,474	27,358,945
Net current liabilities	(293,123,502)	(263,760,105)	(260,443,505)	(329,001,646)	(126,873,433)
Assets/(liabilities) of disposal group classified as held for sale	-	(2,472,438)	(23,492,732)	-	23,253,101
Borrowings	(99,587,920)	(101,639,606)	(55,998,437)	(162,328,636)	(71,872,418)
Deferred income tax liabilities	(222,207,944)	(198,908,983)	(155,907,424)	(148,727,530)	(13,905,217)
Other non-Current liabilities	(54,880,692)	(41,711,512)	(42,986,971)	(14,945,994)	(7,765,747)
	263,435,780	192,344,579	50,893,926	43,610,771	162,368,077
Share capital	6,215,706	6,017,309	6,017,309	4,542,343	3,411,177
Share premium	176,588,527	174,806,923	174,806,923	131,554,223	98,425,361
Retained earnings	(138,677,099)	(151,868,568)	(199,723,265)	(150,300,361)	33,937,579
Other reserves	131,475,022	93,407,737	55,750,740	45,342,918	23,217,694
Non controlling interest	87,833,624	69,981,178	14,042,219	12,471,648	3,376,266
	263,435,780	192,344,579	50,893,926	43,610,771	162,368,077
Revenue	497,422,483	455,746,734	203,431,526	92,912,344	449,873,466
Profit before income tax	27,068,142	(32,394,054)	(51,136,898)	(137,696,205)	7,711,850
Income tax expense	(7,295,366)	36,306,661	1,447,021	(7,958,945)	(6,314,924)
Profit for the year	**19,772,776**	**3,912,607**	**(49,689,877)**	**(145,655,150)**	**1,396,926**
Per share data					
Weighted average number of shares	12,406,408	12,034,618	11,940,150	8,698,231	6,226,567
Basic earnings per share (kobo)	113	30	(422)	(2,076)	23
Diluted earnings per share (kobo)	113	30	(274)	(1,380)	23
Dividends per share (kobo)	-	-	-	-	30

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
COMPANY					
Property, plant and equipment	1,507,722	379,819	511,583	819,188	925,365
Intangible exploration assets, other intangible assets and goodwill	-	182,151	283,082	162,918	105,551
Investment property	1,033,000	-	-	-	-
Investments accounted for using the equity method	2,716,431	15,500,552	2,716,431	2,716,431	2,716,431
Deferred income tax assets	-	-	-	-	1,292,116
Available for sale investments	-	2,867	5,067	10,834	14,500
Investment in subsidiaries	55,368,549	55,373,649	61,424,349	77,794,091	108,186,115
Other non-current receivables	9,365,366	14,400,934	254,978	16,415,243	22,186,519
Net current liabilities	6,821,651	20,370,405	(32,778,930)	(34,709,292)	(16,214,366)
Assets/(liabilities) of disposal group classified as held for sale	-	2,500	16,359,269	-	10,000
Borrowings	(87,320,834)	(87,320,834)	(1,734,773)	(4,142,857)	(11,942,482)
Deferred income tax liabilities	-	-	-	-	-
Other non-current liabilities	-	(782,416)	(850,598)	(1,032,786)	(1,189,998)
	(10,508,115)	18,109,627	46,190,458	58,033,770	106,089,751
Share capital	6,215,706	6,017,309	6,017,309	4,542,343	3,411,177
Share premium	176,588,527	174,806,923	174,806,923	131,554,223	98,425,361
Retained earnings	(193,330,038)	(162,714,605)	(134,633,774)	(78,066,602)	2,861,024
Other reserves	17,690	-	-	3,806	1,392,189
	(10,508,115)	18,109,627	46,190,458	58,033,770	106,089,751
	-	-	-	-	-
Revenue	-	10,234,612	8,452,665	14,217,468	5,883,304
Profit before income tax	(30,599,529)	(27,934,427)	(56,325,673)	(64,925,182)	2,783,697
Income tax expense	(15,904)	(146,405)	(241,499)	(1,572,367)	(433,123)
Profit for the year	(30,615,433)	(28,080,832)	(56,567,172)	(66,497,549)	2,350,574
Per share data					
Weighted average number of shares	12,406,408	12,034,618	11,940,150	8,698,231	6,226,567
Basic earnings per share (kobo)	113	30	(422)	(2,076)	23
Diluted earnings per share (kobo)	113	30	(274)	(1,380)	23
Dividends per share (kobo)	-	-	-	-	30

Consolidated and Separate Financial Statement

Share Capital History

For the year ended 31 December 2017

Year/ Date	Authorized (N) Increase	Cumulative	Issued and fully Paid-up (N) Increase	Cumulative	Consideration Cash/Bonus
1969	0	4,000,000	0	4,000,000	Cash
1978	3,000,000	7,000,000	2,100,000	6,100,000	Cash
1987	43,000,000	50,000,000	33,900,000	40,000,000	Cash
1991	10,000,000	60,000,000	0	40,000,000	-
1993	40,000,000	100,000,000	10,000,000	50,000,000	Bonus
1995	0	100,000,000	12,500,000	62,500,000	Cash
1998	0	100,000,000	15,625,000	78,125,000	Bonus
2001	50,000,000	150,000,000	0	78,125,000	-
2002	150,000,000	300,000,000	70,129,233	148,254,233	Bonus, Loan Stock Conversion and Agip Share Exchange
2003	0	300,000,000	14,825,423	163,079,656	Bonus
2004	0	300,000,000	40,769,914	203,849,570	Bonus
2005	0	300,000,000	82,300,879	286,150,449	Cash
2005	100,000,000	400,000,000	0	286,150,449	-
2007	100,000,000	500,000,000	90,884,813	377,035,262	Share Exchange under Scheme of Arrangement
2008	0	500,000,000	75,407,052	452,442,314	Bonus issue
2009	0	500,000,000	100,000	452,542,314	Staff Share Scheme
2009	500,000,000	1,000,000,000	0	452,542,314	-
2010	2,000,000,000	3,000,000,000	150,847.438	603,389,752	Right Issue
2010	0	3,000,000,000	301,694,876	905,084,628	Bonus Issue
2011	0	3,000,000,000	226,271,157	1,131,355,785	Bonus Issue
2011	0	3,000,000,000	5,703,284	1,137,059,069	Staff Equity Scheme
2012	2,000,000,000	5,000,000,000	0	1,137,059,069	Rights Issue
2013	0	5,000,000,000	2,274,118,138	3,411,177,207	Rights Issue
2014	2,500,000,000	7,500,000,000		3,411,177,207	-
2014	0	7,500,000,000	1,023,353,162	4,434,530,369	Private Placement
2014	0	7,500,000,000	107,812,500	4,542,342,869	Debt-to-equity conversion
2015	0	7,500,000,000	1,474,966,578	6,017,309,447	Rights Issue
2016	0	7,500,000,000	198,396,794	6,215,706,241	Convertible Notes

Unclaimed Dividend

For the year ended 31 December 2017

Payment Number	December 2016	Payable Date
17	219,482,010.36	5/30/2008
18	159,755,217.26	9/30/2008
19	17,357,970.04	8/3/2009
20	149,303,154.56	8/31/2010
21	340,555,018.08	8/30/2011
22	187,303,808.66	8/30/2013
23	104,694,129.83	11/17/2014
24	202,888,273.07	12/15/2014
	1,381,339,581.86	

Consolidated and Separate Financial Statement

Share Range

For the year ended 31 December 2017

Range	No of Holders	% Holders	Units	% Units
1 - 1000	168,231	61.68	61,723,758	0.50
1001 - 5000	73,058	26.79	153,139,091	1.23
5001 - 10000	12,452	4.57	89,891,326	0.72
10001 - 50000	13,529	4.96	297,571,759	2.39
50001 - 100000	2,388	0.88	172,046,470	1.38
100001 - 500000	2,400	0.88	498,709,084	4.01
500001 - 1000000	325	0.12	233,183,664	1.88
1000001 - 5000000	297	0.11	590,675,845	4.75
5000001 - 10000000	33	0.01	222,962,817	1.79
10000001 - 50000000	24	0.01	585,782,765	4.71
50000001 - 100000000	6	0.00	461,618,260	3.71
100000001 - 12431412481	9	0.00	9,064,107,642	72.91
	272,752	**100.00**	**12,431,412,481**	**100.00**

Additional information

Complaints Management Policy

1. Introduction

1.1 Oando Plc. (the "Company") is committed to providing the highest standards of services to its Stakeholders in line with the Oando Quality Policy Statement.

1.2 The Company acknowledges that complaints are a common occurrence in all Stakeholder business engagements. The Company further recognizes the right of any person covered under this Policy to raise an issue or make a complaint in the course of their dealings with the Company and shall ensure that their complaints are dealt with in an efficient, responsive, impartial and courteous manner.

1.3 This Policy will complement the Company's Whistle Blowing Policy which provides a broader framework for employees and other stakeholders to report unlawful conduct, financial malpractice, harassment or misbehavior at work or an actual or potential infraction of the company's policies and business principles or danger to the public or the environment.

2. Regulatory Framework

This Policy is issued in compliance with the provisions of:

a. the Investment and Securities Act 2007 (ISA);
b. the Security and Exchange Commission ("SEC") Rules and Regulations 2013; and
c. Rules Relating to the Complaints Management Framework of the Nigerian Capital Market released by the Securities and Exchange Commission in February 2015.

3. Scope and Objective of the Policy

The key objective of this Policy is to provide information about the framework for handling complaints relating to the Company. The Policy will:

- provide a fair complaints procedure which is clear and easy to follow by any Complainant wishing to make a complaint;
- document and publicise the existence of our complaints procedure so that Stakeholders know what to do when they have a complaint.
- make sure that all complaints are investigated fairly and in a timely manner.
- make sure that complaints are, wherever possible, resolved and that relationships are appropriately managed.

4. Definitions

Complaint	A written expression of dissatisfaction (justified or not) made to the Company, relating to an act or omission of the Company covered under the Investment and Securities Act 2007, Securities and Exchange Commission Rules; NSE Listing Rules for which a response or resolution is expected.
	For the avoidance of doubt, the following shall not constitute a complaint under this Policy: i. a request for information, clarification of service offered or provided; ii. a complaint against any of the Company's unlisted, delisted, wound up or liquidated subsidiaries or affiliates; iii. a request for explanation(s) for non-trading of shares or illiquidity of shares; iv. dissatisfaction with the trading price of the shares of the Company; v. Complaints whose subject matter are being investigated by competent persons or have been or are currently the subject of legal proceedings. vi. complaints that are not covered under the ISA, SEC Rules, NSE and/or within the purview of other regulatory bodies;
Complainant	A person, organization or their legal representative who makes a complaint
Competent Authority	Means Self-Regulatory Organizations (SROs) and recognized Capital Market Trade Associations
CMO	Capital Market Operators as defined under ISA
NSE	Nigerian Securities and Exchange Commission
Stakeholder	A shareholder and/or an investor of Oando Plc; including their legal representatives.
SEC	Security and Exchange Commission
SROs	Self-Regulatory Organisations (SROs)

5. Complaints Handling Responsibility

5.1 The Chief Compliance Officer & Company Secretary (CCO&CS) shall be responsible for handling all complaints received from complainants. In this context, complaints should be in writing and addressed to any of the following:

(a) The Chief Compliance Officer & Company Secretary
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

(b) Head, Investor Relations
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

(c) Head, Corporate Communication
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

E-mail: complaint@oandoplc.com

5.2 The CCO&CS shall be responsible for ensuring that the proper process for managing complaints is followed and for monitoring compliance.

5.3 The CCO&CS shall designate a Governance Officer to assist him /her in the discharge of these responsibilities.

5.4 A copy of this Policy shall be made freely available on the Company website.

6. Compliance Handling Procedure

6.1 Receipt and Acknowledgment

6.1.1 Upon receipt of a Complaint, the Complaint will be recorded in the Electronic Complaints Register by the Governance office.

6.1.2 Receipt of an electronic Complaint via email shall be acknowledged as soon as possible (not exceeding 2 (two) working from the date of receipt), whilst a Complaint received by post shall be acknowledged within 5 (five) working days of receipt.

6.1.3 Where a Complaint is resolved within the timeframe for acknowledging complaints as set out in paragraph 6.1.2 above, and a response containing the decision regarding the complaint sent to the Complainant, this will be deemed to be sufficient acknowledgment and resolution of the complaint.

6.1.4 Sufficient records of complaints received by email and the respective email acknowledgement shall be made available to NSE on a quarterly basis. Records for complaints received and resolved via a physical or post office box addresses shall also be sent to the NSE on a quarterly basis. Evidence of posting a response to the complainant shall be deemed sufficient proof that the complaint received attention from the company.

6.2 Resolving a Complaint

6.2.1 The CCO&CS shall have the capacity to investigate and take all reasonable steps to resolve complaints and to implement appropriate remedies as may be required.

6.2.2 Upon resolution of a complaint, the outcome shall be communicated to the Complainant and the Governance Officer shall record the decision in the Complaint Register.

6.2.3 Where a complainant is dissatisfied with the decision reached by the Company, the complainant, may, if he/she so wishes, refer the complaint to a Competent Authority.

6.3 Timing of Complaint Resolution

6.3.1 All complaints received shall be resolved and a final response sent to the Complainant within 10 (ten) business days of it being received by the Company and the NSE shall be notified of the resolution of the complaint within two (2) working days following the date the response was sent to the Complainant.

6.3.2 Where the Company is unable to resolve a particular complaint within the timeline stipulated above, the complainant shall have a right to refer the complaint to a Competent Authority.

7. Complaints Record Management

7.1 The Company shall maintain a Complaints Register which shall be in electronic form. The Complaints Register shall contain the following details:
i. Name of the Complainant;
ii. Date the complaint was received;
iii. Nature of the complaint;
iv. Summary of the complaint;
v. Decision/resolution made

7.2 Copies of letters, memos sent including any update letters, acknowledgment letters, and response/resolution documents shall form part of the complaint management record that shall be kept in accordance with the Oando Document Management Policy.

Complaints Management Policy continued

8. Malicious Complaints

Any improper use of the Complaint process by way of malicious accusations shall not be tolerated and appropriate actions shall be taken within the confines of the law.

9. Confidentiality

The identity of Complainants shall be kept strictly confidential except where the concern raised is of a criminal nature and requires legal proceedings. However, the Company will to the best of its ability ensure that the Complainant is protected from any form of retaliation, victimization or retribution.

10. Monitoring and Reporting

The CCO&CS shall monitor the resolution status of all complaints and shall provide a quarterly report of complaints received and their status, independently verified by the Internal Audit, to the Group Leadership Council of the company. The report shall serve as a monitoring tool which shall enable management monitor the effectiveness of the Company's complaint-handling procedures, other related policies and/or procedures and identify relevant trends (if any) which could indicate areas for future focus or improved performance.

11. Publicity

This Policy shall be published on the Company's website together with details of the contact person(s) mentioned in section 5 above and the procedure described under section 6 above.

12. Commencement Date

This Policy shall come to force on the 20th day of November 2015.

Proxy Form

Oando

NOTICE IS HEREBY GIVEN that the 41st (Forty-first) Annual General Meeting (the "Meeting") of Oando PLC (the "Company") will be held at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Friday, July 27, 2018 at 10:00a.m.

I / We* ……………………………………………………………….of ………………………………………………………………………...

…………………………………………………………………………………… being a member/members of Oando PLC and holders of

…………………………………………. shares hereby appoint** …………………………….................................……………………

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Meeting of the Company to be held on _______________, _______________, _______________, and at any adjournment thereof, which will be held for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed at the Meeting and to vote for or against the resolutions in accordance with the following instructions.

INSTRUCTIONS TO NOTE

A member who is unable to attend the Meeting is entitled by law to vote by proxy. The proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form **should not** be completed if you will be attending the Meeting.

If you are unable to attend the Meeting, complete the form as follows:

a. Write your name in BLOCK CAPITALS on the proxy form where marked * above
b. Write the name of your proxy where marked ** above
c. Ensure that the proxy form is signed and dated by you where marked *** below. The Common Seal must be affixed on the proxy form if executed by a corporation.

S/N	Proposed resolution	For	Against
1	To receive the audited financial statements of the Company and of the Group for the year ended 31st December, 2017 and the Reports of the Directors, Auditors and Audit Committee thereon;		
2	To re-appoint Ernst & Young as Auditors;		
3	To authorise the Directors of the Company to fix the remuneration of the Auditors;		
4	To elect Alhaji Bukar Goni Aji to the Board of Directors of the Company with effect from January 19, 2018 as a Director whose term expires in accordance with Article 88 of the Articles of Association of the Company but being eligible, offer himself for election.		
5	To elect Mr. Muntari Zubairu to the Board of Directors of the Company with effect from February 5, 2018 as a Director whose term expires in accordance with Article 88 of the Articles of Association of the Company but being eligible, offer himself for election.		
6	To re-elect Chief Sena Anthony a as a Director		
7	To re-elect Mr. Ike Osakwe as a Director		
8	To re-elect Mr. Ademola Akinrele, SAN as a Director		
9	To elect members of the Statutory Audit Committee;		
10	To consider, and if approved, to pass, with or without modification, the following ordinary resolution to fix the remuneration of the Non-Executive Directors: "It is hereby resolved that the fees, payable quarterly in arrears remain N5,000,000 per annum for the Chairman and N4,000,000 per annum, for all other Non-Executive Directors."		

Registered holders of certificated shares and holders of dematerialised shares in their own name(s) who are unable to attend the Meeting and who wish to be represented at the Meeting, must complete and return the attached form of proxy so as to be received by the share registrars, First Registrars & Investors Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, not less than 48 hours before the date of the Meeting.

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

Signed*** ____________________________________ Dated*** ____________________________________

Please affix postage stamp

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

or

Computershare Investor Services (Proprietary) Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa

Oando PLC

ADMISSION CARD

THE 41ST (FORTY-FIRST) ANNUAL GENERAL MEETING TO BE HELD AT THE ZINNIA HALL, EKO HOTELS AND SUITES, PLOT 1415, ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA

On Friday, July 27, 2018 at 10.00 a.m

NAME OF SHAREHOLDER

____

SIGNATURE OF PERSON ATTENDING

____

NOTE: The Shareholder or his/her proxy must produce this admission card in order to be admitted at the meeting.

Collect your Oando Dividend and Bonus instantly with ease

Dear Shareholder,

Now, your dividend can be paid directly into your bank account and your bonus credited to your CSCS account instantly on issue, through an electronic channel.

Benefits

- Shareholders' bank and CSCS accounts will be credited with declared dividend and bonus respectively **within 24 hours!**
- Elimination of time and cost of verification of physical share certificates with the registrar before trading bonus shares
- Elimination of physical dividend warrants & bonus certificates and attendant costs of printing and posting same
- Avoid loss of dividend warrants or non receipt of bonus certificates due to change of address
- Elimination of unclaimed dividends

3 Steps to receiving your e-Dividend and/or e-Bonus:

1. Fill out an e-Dividend payment Mandate & e-Bonus form (Forms have been posted to all shareholders and can also be downloaded from our website www.oandoplc.com). Ensure that all required information is supplied, particularly your:
   a. CSCS account number
   b. Clearing house number
   c. Stockbrokers name
   d. Bank account number and
   e. Bank sort code number.

2. Verify your account details by having your banker sign and stamp in the space marked "Authorised signature & stamp of Bankers"

3. Return completed Mandate forms to:
   a. **Oando PLC Head Office:** The Wings Office Complex, 17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria
   b. **First Registrars & Investor Services Limited**
   Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria
   c. **All First Registrars & Investor Services Limited, Liason Offices Nationwide:** Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

Unclaimed Dividends

Shareholders with outstanding dividend payments can also have their bank accounts credited immediately by following below instructions:

- Complete your e-dividend form as outlined in the steps 1 - 3 above
- Attach a letter of authorisation addressed to the Registrar mandating payment of outstanding dividends to the bank account stated on your completed e-dividend form
- Attach stale dividend warrants (where available)
- Submit your e-dividend form along with the authorisation letter at any of the locations stated above.

Signed
Ayotola Jagun (Ms.)
Company secretary

Oando PLC RC:6474

e-DIVIDEND PAYMENT MANDATE, e-BONUS, e-REPORT INFORMATION & CHANGE OF ADDRESS FORM

I. PERSONAL DETAILS, 2. e-BONUS & 3. e-REPORT INFORMATION

Shareholder's name(s)____

(Surname/Company name) (Other names)

Full Name(s) of any other holder* ____

(*Including Deceased if applicable)

Shareholders Certificate No(Where available													

CSCS A/c No________________________________
(Where available)

Stockbroker's Name ______________________________Clearing House No (CHN)______________________________

No of units held: ________________ Date of Birth/Incorporation of Company: ______________________________

Address (As it appears in the Register of Shareholders): ______________________________

____

____

Mobile (GSM) Number(s):______________________________Other Nos.______________________________

Email Address: ______________________________ Fax ______________________________

4 BANK MANDATE

Agreement and Acknowledgment

i. I/We hereby agree that this mandate form is an acceptance and acknowledgment of the receipt of our dividend payment in Cash from Oando Plc and an authorization to Oando Plc to act under item (iii) below.

ii. I/We hereby agree that Oando Plc may act and rely on these instructions until Oando Plc receives written notification from me/us of the revocation or modification of these instructions.

iii. I/We hereby authorize Oando Plc to credit or cause to be credited all dividend payments due to me/us into my/our Bank Account as detailed below, with effect from the date hereof

Bank: ______________________________ Branch ______________________________

Shareholder's Bank Account No:																																

Dated this _________ day of ______________________________20______

_____________________________ _______________________________

Shareholders Signature Shareholders Signature**

Authorised Signature & Stamp of Bankers

** In the case of corporate shareholder, please use company seal/stamp

5. CHANGE OF ADDRESS I/We hereby request that all correspondences relating to my/our holdings be sent to the address below:

New Address: ____

____

____

Date:_________________DD___________/______MM_______/_________YYYY

Completed forms should be returned to:

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

All First Registrars & Investor Services Limited, Liason Offices Nationwide: Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

Oando PLC Head Office: The Wings Office Complex,
17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria

ELECTRONIC DELIVERY MANDATE FORM

I / We, Chief, Dr, Mr, Mrs.

of

by this form agree to the delivery of annual reports and other statutory documents of Oando PLC to me/us via electronic mode:

The company should forward the materials to the e-mail address stated below:

Signature and date

Please fill and return the completed form to either:

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

OR

The Chief Compliance Officer & Company Secretary
Oando PLC
The Wings Complex, 17a Ozumba Mbadiwe
Victoria Island, Lagos, Nigeria

Notes

Notes

Oando_PLC

Oando PLC

Oando PLC

Oando_PLC

Oando PLC

HEAD OFFICE

Oando PLC
The Wings Office Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

Tel: +234 1 270 2400
E-mail: info@oandoplc.com