



Unaudited Consolidated and Separate Interim Financial Statements
For the period ended 30 June 2019 and 2018

OANDO PLC

UNAUDITED INTERIM CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

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OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

GROUP	NOTE	Three months ended 30 June 2019 N'000	Three months ended 30 June 2018 N'000	Six months ended 30 June 2019 N'000	Six months ended 30 June 2018 N'000
Continuing operations					
Revenue	3.3a	147,399,015	146,760,671	315,408,564	297,307,627
Cost of sales		(128,720,571)	(123,690,188)	(273,520,244)	(246,295,318)
Gross profit		18,678,444	23,070,483	41,888,320	51,012,309
Other operating income		3,816,903	1,165,881	2,358,908	1,968,160
(Impairment)/reversal of assets		670,206	(6,442,989)	10,622,083	(6,718,875)
Administrative expenses		(39,097,525)	(18,839,383)	(53,700,971)	(32,418,742)
Operating (loss)/profit	3.3a	(15,931,972)	(1,046,008)	1,168,340	13,842,852
Finance costs		(10,591,010)	(10,358,439)	(21,285,113)	(21,000,649)
Finance income		2,125,438	2,689,636	4,617,116	5,088,987
Finance costs - net	3.3a	(8,465,572)	(7,668,803)	(16,667,997)	(15,911,662)
Share of loss of associates		(1,653,494)	(53,904)	(1,781,152)	(193,819)
Loss before income tax from continuing operations	3.3a	(26,051,038)	(8,768,715)	(17,280,809)	(2,262,629)
Income tax expense	3.3a	28,585,601	13,070,295	24,449,451	10,755,789
Profit for the period		2,534,563	4,301,580	7,168,642	8,493,160
Profit attributable to:					
Equity holders of the parent		(1,557,885)	750,485	3,608,308	2,978,981
Non-controlling interest		4,092,448	3,551,095	3,560,334	5,514,179
		2,534,563	4,301,580	7,168,642	8,493,160
(Loss)/earnings per share from operations attributable to ordinary equity holders of the parent during the period (expressed in kobo per share):					
Basic and diluted (loss)/earnings per share	17				
From continuing operations		(13)	6	29	24
From (loss)/profit for the period		(13)	6	29	24

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

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

GROUP	Three months ended 30 June 2019 N'000	Three months ended 30 June 2018 N'000	Six months ended 30 June 2019 N'000	Six months ended 30 June 2018 N'000
Profit for the period	2,534,563	4,301,580	7,168,642	8,493,160
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	(860,767)	5,584,859	(2,822,381)	5,887,513
Reversal of estimated share of associate's foreign currency translation reserve	54,363	-	54,363	-
Other comprehensive income/(loss) for the period, net of tax	(806,404)	5,584,859	(2,768,018)	5,887,513
Reclassification to profit or loss				
Reclassification adjustment for proportionate amount of associate's gain/(loss) previously recognized in other comprehensive income	917,920	5,268	456,326	5,268
Other comprehensive income/(loss) for the period, net of tax	111,516	5,592,120	(2,311,692)	5,894,774
Total comprehensive profit for the period, net of tax	2,646,079	9,893,700	4,856,950	14,387,934
Attributable to:				
- Equity holders of the parent	(1,453,641)	5,916,790	2,223,256	8,479,692
- Non-controlling interests	4,099,720	3,976,910	2,633,694	5,908,242
Total comprehensive profit for the period net of tax	2,646,079	9,893,700	4,856,950	14,387,934

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

COMPANY	Three months ended 30 June 2019 N'000	Three months ended 30 June 2018 N'000	Six months ended 30 June 2019 N'000	Six months ended 30 June 2018 N'000
Revenue	93,515,895	-	218,241,956	-
Cost of sales	(93,709,364)	-	(218,597,741)	-
Gross loss	(193,469)	-	(355,785)	-
Other operating income	1,801,046	859,479	4,169,566	1,764,210
Reversal/(impairment) of assets	1,216,219	(3,542,566)	10,006,713	(3,647,796)
Administrative expenses	(19,581,486)	(1,891,203)	(21,833,248)	(2,977,672)
Operating loss	(16,757,690)	(4,574,290)	(8,012,754)	(4,861,258)
Finance costs	(3,807,833)	(4,641,700)	(7,710,703)	(8,579,261)
Finance income	5,340	594,845	397,005	880,205
Finance costs - net	(3,802,493)	(4,046,855)	(7,313,698)	(7,699,056)
Loss before income tax	(20,560,183)	(8,621,145)	(15,326,452)	(12,560,314)
Income tax expense	(116,895)	-	(288,341)	-
Loss for the period	(20,677,078)	(8,621,145)	(15,614,793)	(12,560,314)
Loss attributable to:				
Equity holders of the parent	(20,677,078)	(8,621,145)	(15,614,793)	(12,560,314)
Non-controlling interest	-	-	-	-
	(20,677,078)	(8,621,145)	(15,614,793)	(12,560,314)

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

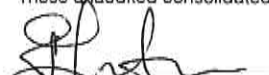
OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

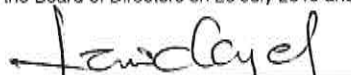
COMPANY	Three months ended 30 June 2019 N'000	Three months ended 30 June 2018 N'000	Six months ended 30 June 2019 N'000	Six months ended 30 June 2018 N'000
Loss for the period	(20,677,078)	(8,621,145)	(15,614,793)	(12,560,314)
Other comprehensive loss:				
Items that will not be reclassified to profit or loss in subsequent periods:				
Items that may be reclassified to profit or loss in subsequent periods:				
Other comprehensive loss for the period, net of tax	-	-	-	-
Reclassification to profit or loss				
Reclassification of fair value gain on financial assets at fair value through profit or loss	-	1,993	-	1,993
Other comprehensive income for the period, net of tax	-	1,993	-	1,993
Total comprehensive loss for the period, net of tax	(20,677,078)	(8,619,152)	(15,614,793)	(12,558,321)
Attributable to:				
- Equity holders of the parent	(20,677,078)	(8,619,152)	(15,614,793)	(12,558,321)
- Non-controlling interests	-	-	-	-
Total comprehensive loss for the period, net of tax	(20,677,078)	(8,619,152)	(15,614,793)	(12,558,321)

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2019 AND 31 DECEMBER 2018

Assets	NOTE	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Non-current assets					
Property, plant and equipment	4	351,782,113	355,020,085	1,661,695	1,705,376
Intangible assets	5	428,867,817	432,321,760	188,523	-
Investment property	6	1,033,000	1,033,000	1,033,000	1,033,000
Investment in associate	7	1,117,008	6,424,732	2,716,431	2,716,431
Deferred tax assets		48,235,771	45,093,156	-	-
Financial assets at fair value through profit or loss	8	11,106,341	11,106,341	11,106,341	11,106,341
Finance lease receivables		73,109,587	73,612,863	-	-
Non-current receivables	9	-	13,079,187	-	2,977,040
Investment in subsidiaries		-	-	51,932,598	51,932,598
Prepayments		329,136	493,705	329,136	493,705
Restricted cash	12a	6,360,483	6,807,064	-	-
		<u>921,941,256</u>	<u>944,991,893</u>	<u>68,967,724</u>	<u>71,964,493</u>
Current assets					
Inventories	10	2,154,584	28,392,500	-	26,514,991
Derivative financial assets		-	1,853,245	-	-
Trade and other receivables	11	96,109,578	84,791,443	146,223,731	135,177,498
Prepayments		2,964,446	4,113,394	1,355,778	1,023,376
Financial assets at fair value through profit or loss	8	45,728	53,219	43,711	50,716
Cash and cash equivalents (excluding bank overdrafts)	12a	13,291,123	10,914,741	2,116,160	1,635,634
		<u>114,565,459</u>	<u>130,118,542</u>	<u>149,739,380</u>	<u>164,402,215</u>
Total assets		1,036,506,715	1,075,110,435	218,707,104	236,366,708
Equity and Liabilities					
Equity attributable to equity holders of the parent					
Share capital	16	6,215,706	6,215,706	6,215,706	6,215,706
Share premium	16	176,588,527	176,588,527	176,588,527	176,588,527
Retained loss		(122,926,124)	(126,534,432)	(259,318,594)	(243,703,801)
Other reserves		143,219,883	144,604,935	-	-
		<u>203,097,992</u>	<u>200,874,736</u>	<u>(76,514,361)</u>	<u>(60,899,568)</u>
Non controlling interest		78,875,669	76,241,975	-	-
Total equity		281,973,661	277,116,711	(76,514,361)	(60,899,568)
Liabilities					
Non-current liabilities					
Borrowings	14	64,886,325	76,848,651	63,945,229	69,856,667
Deferred tax liabilities		198,358,412	214,662,084	-	-
Provision and other liabilities	15	49,600,295	56,717,572	-	-
		<u>312,845,032</u>	<u>348,228,307</u>	<u>63,945,229</u>	<u>69,856,667</u>
Current liabilities					
Trade and other payables	13	263,747,253	265,417,181	185,718,388	184,967,900
Borrowings	14	135,811,572	134,052,667	42,846,399	39,392,034
Current income tax liabilities		39,031,983	47,245,129	823,594	1,161,820
Dividend payable		1,650,277	1,650,277	1,650,277	1,650,277
Provision and other liabilities	15	237,578	237,578	237,578	237,578
		<u>440,478,663</u>	<u>448,602,832</u>	<u>231,276,236</u>	<u>227,409,609</u>
Liabilities of disposal group classified as held for sale	18	<u>1,209,359</u>	<u>1,162,585</u>	<u>-</u>	<u>-</u>
Total liabilities		754,533,054	797,993,724	295,221,465	297,266,276
Total equity and liabilities		1,036,506,715	1,075,110,435	218,707,104	236,366,708

These unaudited consolidated and separate financial statements were approved by the Board of Directors on 26 July 2019 and signed on its behalf by:


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


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

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

OANDO PLC
UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

GROUP	Share Capital & Share Premium N'000	Other reserves N'000	Retained earnings N'000	Equity holders of parent N'000	Non controlling interest N'000	Total equity N'000
Balance as at 1 January 2018	182,804,233	131,475,022	(138,677,099)	175,602,156	87,833,624	263,435,780
Profit for the period	-	-	2,978,981	2,978,981	5,514,179	8,493,160
Other comprehensive income for the period	-	5,500,711	-	5,500,711	394,063	5,894,774
Total comprehensive income/(loss) for the period	182,804,233	136,975,733	(135,698,118)	184,081,848	93,741,866	277,823,714
Total transactions with owners of the parent, recognised directly in equity						
Change in ownership interests in subsidiaries that do not result in a loss of control	-	2,852,556	(2,045,036)	807,520	(4,536,209)	(3,728,689)
Total transaction with owners	-	2,852,556	(2,045,036)	807,520	(4,536,209)	(3,728,689)
Total transactions with owners of the parent, recognised directly in equity	-	2,852,556	(2,045,036)	807,520	(4,536,209)	(3,728,689)
Balance as at 30 June 2018	182,804,233	139,828,289	(137,743,154)	184,889,368	89,205,657	274,095,025
Balance as at 1 January 2019	182,804,233	144,604,935	(126,534,432)	200,874,736	76,241,975	277,116,711
Change in accounting policy	-	-	-	-	-	-
Restated total equity at the beginning of the financial	182,804,233	144,604,935	(126,534,432)	200,874,736	76,241,975	277,116,711
Profit for the period	-	-	3,608,308	3,608,308	3,560,334	7,168,642
Other comprehensive loss for the period	-	(1,385,052)	-	(1,385,052)	(926,640)	(2,311,692)
Total comprehensive (loss)/income for the period	-	(1,385,052)	3,608,308	2,223,256	2,633,694	4,856,950
Total transactions with owners of the parent, recognised directly in equity	-	-	-	-	-	-
Balance as at 30 June 2019	182,804,233	143,219,883	(122,926,124)	203,097,992	78,875,669	281,973,661

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

Company	Share Capital N'000	Other reserves N'000	Retained earnings N'000	Total equity N'000
1 January 2018	182,804,233	17,690	(193,330,038)	(10,508,115)
Loss for the period	-	-	(12,560,314)	(12,560,314)
Other comprehensive income for the period	-	1,993	-	1,993
Total comprehensive loss	-	1,993	(12,560,314)	(12,558,321)
Total transaction with owners	-	-	-	-
Balance as at 30 June 2018	182,804,233	19,683	(205,890,352)	(23,066,436)
Balance as at 1 January 2019	182,804,233	-	(243,703,801)	(60,899,568)
Loss for the period	-	-	(15,614,793)	(15,614,793)
Total transactions with owners of the parent, recognised directly in equity	-	-	-	-
Balance as at 30 June 2019	182,804,233	-	(259,318,594)	(76,514,361)

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 UNAUDITED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

	NOTE	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
<i>Cash flows from operating activities</i>					
Cash generated from operations	19	12,466,514	34,364,023	(17,985,175)	(1,037,516)
Net changes in working capital	20	21,047,836	9,939,314	16,122,468	4,621,376
Interest paid		(11,071,682)	(10,340,429)	(6,678,424)	(6,565,603)
Income tax paid		(1,326,494)	(23,838,611)	(626,567)	-
Net cash from/(used in) operating activities		21,116,174	10,124,297	(9,167,698)	(2,981,743)
<i>Cash flows from investing activities</i>					
Purchases of property plant and equipment		(22,455,757)	(8,778,771)	(143,870)	(122,736)
Proceeds from disposal of subsidiary, net of cash		-	1,083,960	-	-
Proceeds from disposal of investment in associate		12,623,800	-	12,335,222	-
Acquired minority interest		-	(1,920,223)	-	-
Acquisition of software		-	-	(188,523)	-
Purchase of intangible exploration assets		(388,354)	(277,841)	-	-
Proceeds from sale of property plant and equipment		-	2,401,564	-	15,025
Finance lease received		4,011,388	3,919,841	-	-
Interest received		11,892	12,518	11,892	12,454
Net cash (used in)/from investing activities		(6,197,031)	(3,558,952)	12,014,721	(95,257)
<i>Cash flows from financing activities</i>					
Repayment of long term borrowings		(891,645)	(3,192,445)	-	-
Proceeds from other short term borrowings		7,070,367	16,901,446	-	3,668,238
Repayment of other short term borrowings		(15,698,813)	(16,307,635)	(2,060,529)	-
Proceeds from loan note from Helios with respect to the sale of the Gas & Power entities		(2,960,759)	-	-	-
Restricted cash		385,617	3,115,539	-	(350,000)
Net cash (used in)/from financing activities		(12,095,233)	516,905	(2,060,529)	3,318,238
Net change in cash and cash equivalents		2,823,910	7,082,250	786,494	241,238
Cash and cash equivalents at the beginning of the period		10,620,544	7,895,061	1,341,437	915,653
Exchange (loss)/gain on cash and cash equivalents		(153,331)	46,886	(11,771)	1,209
Cash and cash equivalents at end of the period		13,291,123	15,024,197	2,116,160	1,158,100
Cash and cash equivalents at 30 June 2019:					
Included in cash and cash equivalents per statement of financial position		13,291,123	15,024,197	2,116,160	1,158,100
		13,291,123	15,024,197	2,116,160	1,158,100
<i>Cash and cash equivalent at period end is analysed as follows:</i>					
Cash and bank balance as above		13,291,123	15,024,197	2,116,160	1,158,100
Bank overdrafts		-	-	-	-
	12b	13,291,123	15,024,197	2,116,160	1,158,100

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

OANDO PLC
UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

1. General information

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

Oando PLC (the "Company") is listed on the Nigerian Stock Exchange and the Johannesburg Stock Exchange. In 2016, the Company embarked on a reorganisation and disposed some subsidiaries in the Energy, Downstream and Gas & Power segments. The Company retains its significant ownership in Oando Trading Bermuda (OTB), Oando Trading Dubai (OTD) and its upstream businesses (See note 3 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 OEPD first entered into a reorganization transaction (the "Oando Reorganization") with the purpose of facilitating the transfer of the OEPD interests to OER (formerly Exile).

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

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

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 for 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 owns 100% of the shares in OER.

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

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

Upon failure by the Borrower to 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. The Borrower and Lenders are not related parties to the Guarantor.

On May 19, 2018, Oando Plc (through its subsidiary Calabar Power) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US\$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2017: 78.18%) shares in OEPH.

In 2018, Calabar Power paid \$8.3mn and in addition, paid \$10mn in 2019 out of the indebtedness to WAIL. Both amounts paid have been reflected as deposit for shares as the corresponding shares are yet to be transferred to Calabar Power by WAIL. The payment further reduced the exposure to WAIL under the guarantee provided by Oando Plc.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Oando Plc. have been prepared in accordance with IAS 34 of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The interim 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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

2.2 Basis of Consolidation

(i) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(iii) Disposal of subsidiaries

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

(iv) Investment in associates

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

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

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

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

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

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

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

(v) Joint arrangements

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

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

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

For the arrangements determined to be joint operations, the Group recognises in relation to its interest the following:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

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

Transactions with other parties in the joint operations

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

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

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

(vi) Functional currency and translation of foreign currencies

Functional and presentation currency

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

The Company's functional and presentation currency is Naira.

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

(viii) Consolidation of Group entities

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

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

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

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

(ix) Business combinations and goodwill

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

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

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

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.

2.3 Other significant accounting policies

(a) Segment reporting

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

(b) 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 Contracts with Customers under IFRS 15

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

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

A valid contract is recognised as revenue after:

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

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

a) Revenue recognition

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of a customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil and natural gas liquid, this occurs when the products are lifted by the customer (buyer). Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas, revenue is recognised as the product is being passed through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time. The surplus or deficit of the product sold during the period over the Group's ownership share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. If the over-lifter meets the definition of a customer, revenue is recognised and a corresponding receivable.

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

• Definition of a customer

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

• Identification of performance obligation

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

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

• Contract enforceability and termination clauses

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

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

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

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

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

b) Transaction price

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

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

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

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

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

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

c) Contract modification and contract combination

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

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

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

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

d) Portfolio expedients

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

e) Contract assets and liabilities

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

f) Disaggregation of revenue from contract with customers

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

(c) Property, plant and equipment (PPE)

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:

OANDO PLC
UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

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.

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

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

(b) Computer software

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

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

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

a) Classification and measurement

• Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs.

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

Financial assets classified at amortised cost

The Group's financial assets are measured at amortised cost only if they meet both of the following conditions:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset shall be measured at fair value through other comprehensive income only if it meets both of the following conditions:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets classified at fair value through profit or loss

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

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

All the Group's financial assets as at 31 December 2018 satisfy the conditions for classification at amortised cost, fair value through profit or loss and as fair value through other comprehensive income under IFRS 9.

The Group's financial assets include trade receivables, other receivables, non-current receivables and cash and cash equivalents.

• Financial liabilities

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

b) Impairment of financial assets

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

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the three-stage approach is applied to loans, other receivables, non-current receivables and cash & cash equivalents.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. These three components are multiplied together and adjusted using macro-economic indicators. This effectively calculates an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Derecognition

▪ **Financial assets**

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

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

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

▪ **Financial liabilities**

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

d) Significant increase in credit risk and default definition

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

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

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

(g) Accounting for leases under IAS 17

Leases

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

Group as a lessee

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

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

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

Embedded leases

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

Group as a lessor

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

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

(h) Inventories

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

(i) Share capital

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

(j) Cash and cash equivalents

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

(k) Employee benefits

(i) Retirement benefit obligations

Defined contribution scheme

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

Defined benefit scheme

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

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

After the settlement was paid to the fund manager in 2017, 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.

Decommissioning liabilities

A provision is recognised for the decommissioning liabilities for underground tanks. 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.

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.

(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.

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

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

(s) Production underlift and overlift

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

(t) Fair value

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

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

(u) Offshore processing arrangements

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

The Group acting in the capacity of a principal

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

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

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

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

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

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

The Group acting in the capacity of an agent

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

(v) Investment property

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The Group has elected to state investment properties at fair value in accordance with IAS 40.

3. Segment information

3.1 Primary reporting format - business segments

At 30 June 2019, the Group had three operating segments namely:

- 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.
- Supply and Trading – involved in trading of crude refined and unrefined petroleum products.
- Corporate and others

OANDO PLC
 UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

3.2a The segment results for the period ended 30 June 2019 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Other	Group
	N'000	N'000	N'000	N'000
Total gross segment sales	68,882,544	233,359,921	221,009,416	523,251,881
Inter-segment sales	-	-	(207,843,317)	(207,843,317)
Revenue from external customers*	68,882,544	233,359,921	13,166,099	315,408,564
Operating (loss)/profit*	(1,854,006)	1,410,842	1,611,504	1,168,340
Finance cost - (net)*	(9,201,864)	(268,434)	(7,197,699)	(16,667,997)
Share of loss in associates	-	-	(1,781,152)	(1,781,152)
(Loss)/profit before income tax*	(11,055,870)	1,142,408	(7,367,347)	(17,280,809)
Income tax (credit)/expense*	28,405,881	-	(3,956,430)	24,449,451
Profit/(loss) for the period	17,350,011	1,142,408	(11,323,777)	7,168,642

The segment results for the period ended 30 June 2018 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Other	Group
	N'000	N'000	N'000	N'000
Total gross segment sales	77,690,617	219,181,574	2,817,467	299,689,658
Inter-segment sales	-	-	(2,382,031)	(2,382,031)
Revenue from external customers*	77,690,617	219,181,574	435,436	297,307,627
Operating profit/(loss)*	24,554,511	(2,392,838)	(8,318,821)	13,842,852
Finance cost - (net)*	(8,210,491)	(8,244)	(7,692,927)	(15,911,662)
Share of loss in associates	-	-	(193,819)	(193,819)
Profit/(loss) before income tax*	16,344,020	(2,401,082)	(16,205,567)	(2,262,629)
Income tax credit*	10,755,789	-	-	10,755,789
Profit/(loss) for the period	27,099,809	(2,401,082)	(16,205,567)	8,493,160

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

3.3a Reconciliation of reporting segment information for the six months ended 30 June 2019 are as follows:

	Revenue N'000	Operating profit N'000	Finance cost (net) N'000	Loss before income tax N'000	Income tax credit N'000
As reported in the segment report	523,251,881	1,168,340	(16,667,997)	(17,280,809)	24,449,451
Elimination of inter-segment transactions on consolidation	(207,843,317)	-	-	-	-
As reported in the statement of profit or loss	315,408,564	1,168,340	(16,667,997)	(17,280,809)	24,449,451

Reconciliation of reporting segment information for the six months ended 30 June 2018 are as follows:

	Revenue N'000	Operating profit N'000	Finance cost (net) N'000	Loss before income tax N'000	Income tax credit N'000
As reported in the segment report	299,689,658	13,842,852	(15,911,662)	(2,262,629)	10,755,789
Elimination of inter-segment transactions on consolidation	(2,382,031)	-	-	-	-
As reported in the statement of profit or loss	297,307,627	13,842,852	(15,911,662)	(2,262,629)	10,755,789

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

3.3b Reconciliation of reporting segment information for three months ended 30 June 2019 are as follows:

	Revenue N'000	Operating loss N'000	Finance cost (net) N'000	Loss before income tax N'000	Income tax credit N'000
As reported in the segment report	242,288,308	(15,931,972)	(8,465,572)	(26,051,038)	28,585,601
Elimination of inter-segment transactions on consolidation	(94,889,293)	-	-	-	-
As reported in the statement of profit or loss	147,399,015	(15,931,972)	(8,465,572)	(26,051,038)	28,585,601

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Reconciliation of reporting segment information for three months ended 30 June 2018 are as follows:

	Revenue N'000	Operating loss N'000	Finance cost (net) N'000	Loss before income tax N'000	Income tax credit N'000
As reported in the segment report	147,706,259	(1,046,008)	(7,668,803)	(8,768,715)	13,070,295
Elimination of inter-segment transactions on consolidation	(945,588)	-	-	-	-
As reported in the statement of profit or loss	146,760,671	(1,046,008)	(7,668,803)	(8,768,715)	13,070,295

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

4 Property, plant and equipment
 4.1

Group	Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Capital work in progress (WIP)	Total
At 31 December, 2018	N'000	N'000	N'000	N'000	N'000	N'000
Cost	499,579,207	869,383	11,696,642	4,872,192	-	517,017,424
Accumulated Depreciation	(155,522,019)	(94,588)	(2,999,315)	(3,381,417)	-	(161,997,339)
Net book values	344,057,188	774,795	8,697,327	1,490,775	-	355,020,085

Company

At 31 December, 2018						
Cost	-	868,929	123,641	2,187,751	-	3,180,321
Accumulated Depreciation	-	(94,134)	(108,162)	(1,272,647)	-	(1,474,943)
Net book values	-	774,795	15,479	915,104	-	1,705,378

Net book values 31 December 2018

Group	344,057,188	774,795	8,697,327	1,490,775	-	355,020,085
Company	-	774,795	15,479	915,104	-	1,705,378

4.2

Group

At 30 June, 2019						
Cost	506,327,296	869,388	11,592,992	5,026,980	6,650	523,823,306
Accumulated Depreciation	(164,924,164)	(138,039)	(3,294,253)	(3,684,737)	-	(172,041,193)
Net book values	341,403,132	731,349	8,298,739	1,342,243	6,650	351,782,113

Company

At 30 June, 2019	Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Capital work in progress (WIP)	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost	-	868,929	123,641	2,324,972	6,650	3,324,192
Accumulated Depreciation	-	(137,581)	(109,016)	(1,415,900)	-	(1,662,497)
Net book values	-	731,348	14,625	909,072	6,650	1,661,695

Net book values 30 June, 2019

Group	341,403,132	731,349	8,298,739	1,342,243	6,650	351,782,113
Company	-	731,348	14,625	909,072	6,650	1,661,695

5 Intangible assets

Group	Software N'000	Goodwill N'000	Exploration and Evaluation asset N'000	Total N'000
Opening net book amount - 1 January 2019	-	379,221,241	53,100,519	432,321,760
Addition	188,523	-	199,831	388,354
Exchange difference	-	(3,366,726)	(475,571)	(3,842,297)
Closing net book amount as at 30 June 2019	188,523	375,854,515	52,824,779	428,867,817

Company

	Software N'000
Opening net book amount - 1 January 2019	-
Additions*	188,523
Closing net book amount as at 30 June 2019	188,523

*The additions relate to the cost of software upgrade (Oracle Fusion) which will be written off over the economic life of the software.

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6 Investment property

	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Group 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
Closing balance	1,033,000	1,033,000	1,033,000	1,033,000

For the purpose of completion of the audited consolidated financial statements for the year ended 31 December 2018, the fair value of the Company's investment property was determined and valued by an independent Estate Valuer, Ubosi Eleh and Co on January 25, 2019 as N1bn. Given that there has been no significant change to the basis of valuation between the last valuation date and the interim reporting date, management has retained the same fair value as of the interim reporting date.

7 Investment in associate
Group

	Umugini Asset Company Limited N'000	Glover BV N'000	OWDL N'000	TOTAL N'000
Carrying value:				
At 1 January 2018	386,289	3,020,821	4,132,904	7,540,014
Share of profit/(loss) in associate	307,170	889,610	(1,310,095)	(113,315)
Effect of adopting IFRS 9 amendments	-	(259,054)	-	(259,054)
Loss from deemed disposal of interest in OWDL	-	-	(748,544)	(748,544)
Exchange difference	5,631	-	-	5,631
At 31 December 2018	699,090	3,651,377	2,074,265	6,424,732

2019

	Umugini Asset Company Limited N'000	Glover BV N'000	OWDL*** N'000	TOTAL N'000
At 1 January 2019	699,090	3,651,377	2,074,265	6,424,732
Share of profit/(loss) in associate	-	41,411	(1,822,563)	(1,781,152)
Reversal of share of associate's foreign currency translation reserve	-	-	54,363	54,363
Adjustment of loss from deemed disposal of interest in OWDL	-	-	118,115	118,115
Derecognition of the carrying value of investment in associate following the disposal of 25% interest in Glover BV	-	(4,154,382)	-	(4,154,382)
Exchange difference	(6,262)	461,594	-	455,332
At 30 June 2019	692,828	-	424,180	1,117,008

***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 agreement provides that the Lenders will make available to the Borrower, \$20,500,000 divided into Facility A \$10,725,000 and Facility B \$9,775,000. The agreement further provides that, on each Facility A and Facility B 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 and Facility B) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and Facility B Profit Share Period.

Following from the above, on 8th June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 23.3%. Oando Plc ought to have been diluted to 19.45% as of 30 June 2019, had OWDL followed the reduced shareholding percentage of the Borrower described above.

The effect of the dilution to 23.3% has been accounted for in the audited consolidated financial statements as at 31 December 2018.

Company

	Oando Wings N'000
At 1 January 2018	2,716,431
At 31 December 2018	2,716,431
At 1 January 2019	2,716,431
At 30 June 2019	2,716,431

8 Financial assets at fair value through profit or loss
Non-current

	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
At start of the period	11,106,341	-	11,106,341	-
Additions	-	11,106,341	-	11,106,341
Fair value loss	-	-	-	-
	11,106,341	11,106,341	11,106,341	11,106,341

Current

	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
At start of the period	53,219	61,856	50,716	59,895
Fair value loss	(7,005)	(9,179)	(7,005)	(9,179)
Exchange difference	(486)	542	-	-
	45,728	53,219	43,711	50,716

Non current portion	11,106,341	11,106,341	11,106,341	11,106,341
Current	45,728	53,219	43,711	50,716
	11,152,069	11,159,560	11,150,052	11,157,057

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9	Non-current receivables	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Underlift receivables (a)	26,225,706	26,462,707	17,053,000	17,207,108
	Other non-current receivables (b)	19,189,703	34,494,200	-	9,460,753
		45,415,409	60,956,907	17,053,000	26,667,861
	Less: current portion of JV receivables	(4,389,811)	-	-	-
	Less: Allowance for impairment of non-current receivables	(41,025,598)	(47,877,720)	(17,053,000)	(23,690,821)
		-	13,079,187	-	2,977,040

(a) Under lift receivables represent the Group's crude oil entitlements of N26.2 billion (\$72.7 million) as a result of operations on OML 125. The balance is owed by the Nigerian National Petroleum Corporation (NNPC). OER is currently in dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009. The Group has made full provision for the receivables due to the uncertainty associated with the timing of collectability and the related dispute. The increase in the underlift receivables of N237 million as a result of exchange difference, has also been included as provision under allowance for impairment of non-current receivables.

(b) Other non-current receivables represents joint venture (JV) receivable of N4.4 billion which has been reclassified to current receivables. N14.8 billion out of the JV receivable of N19.2 billion has been impaired and included in the allowance for impairment above.

On March 29, 2019, the Group through Oando Netherlands Cooperatief 3 ("Coop 3") sold 25% of her interest in Glover Gas and Power B.V. (an associate of the Group) and the loan note receivable from Glover Gas and Power B.V to HIP Glover S.a.r.l ("Luxco") for a total consideration of \$41.5 million. The loan note principal consideration of \$34,199,905.22 and \$800,094.78 representing the initial share consideration was paid to the Company on the completion date while the balance of \$7,300,094.78 represents the deferred consideration to be paid in 12 months' time.

As a result of the above, the loan note receivable has been settled and Glover Gas and Power B.V. ceases to be an associate of the Group effective the same date (see note 7 for disposal accounting).

10	Inventories	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Crude oil	1,225,501	1,006,055	-	-
	Materials	926,923	935,300	-	-
	Products-in-transit	-	26,449,402	-	26,514,991
	Consumables	2,160	1,743	-	-
		2,154,584	28,392,500	-	26,514,991

11	Trade and other receivables	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Trade receivables	43,905,956	53,294,749	1,558,394	-
	Other receivables	62,304,728	48,539,024	23,880,403	22,588,714
	Withholding tax receivable	3,905,207	3,905,661	2,824,966	2,824,966
	Amounts due from related companies	-	-	179,257,461	176,010,942
		110,115,891	105,739,434	207,521,224	201,424,622
	Less: Allowance for impairment of other receivables	(14,006,313)	(20,947,991)	(61,297,493)	(66,247,124)
		96,109,578	84,791,443	146,223,731	135,177,498

12a	Cash and cash equivalents	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Cash at bank and in hand	12,436,788	10,694,513	1,261,825	1,415,406
	Short term deposits	854,335	220,228	854,335	220,228
		13,291,123	10,914,741	2,116,160	1,635,634
	Restricted cash	6,360,483	6,807,064	-	-
		19,651,606	17,721,805	2,116,160	1,635,634

Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flows purposes. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held on call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities. The period-end cash and cash equivalents comprise the following:

b		Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Cash and bank balance as above	13,291,123	10,914,741	2,116,160	1,635,634
	Bank overdrafts (Note 14)	-	(294,197)	-	(294,197)
		13,291,123	10,620,544	2,116,160	1,341,437

13	Trade and other payables	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Trade payables	62,917,078	56,019,455	-	-
	Other payables	56,083,968	79,662,942	29,231,735	55,317,205
	Statutory payables (WHT, VAT, PAYE etc.)	8,701,339	7,581,678	5,491,083	4,438,745
	Accrued expenses	136,044,868	122,153,106	28,164,260	9,741,415
	Amounts due to related companies	-	-	122,831,310	115,470,535
		263,747,253	265,417,181	185,718,388	184,967,900

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14	Borrowings	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Current				
	Bank loans	135,811,572	133,758,470	42,846,399	39,097,837
	Bank overdraft	-	294,197	-	294,197
		135,811,572	134,052,667	42,846,399	39,392,034
	Non-current				
	Bank loan	64,886,325	76,848,651	63,945,229	69,856,667
	Total borrowings	200,697,897	210,901,318	106,791,628	109,248,701

15	Provision and other liabilities	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
	Decommissioning of oil and gas fields	49,600,295	56,717,572	-	-
	Other liabilities - deposits	237,578	237,578	237,578	237,578
	Balance, end of period	49,837,873	56,955,150	237,578	237,578
	Non current portion	49,600,295	56,717,572	-	-
	Current	237,578	237,578	237,578	237,578
		49,837,873	56,955,150	237,578	237,578

The decommissioning provisions represent present value of decommissioning costs relating to oil & gas assets. These provisions have been created based on internal estimates, and the estimates are reviewed regularly to take account of material changes to the assumptions. A corresponding amount is included under property, plant and equipment and depreciated in accordance with the Group accounting policy.

Other liabilities relate to bid deposits received on the sale of Alausa which is yet to be fully refunded to the initial buyer of N217.4million and N20.2 million under charge of interest.

16	Share capital & share premium	Number of shares (thousands)	Ordinary shares N'000	Share premium N'000	Total N'000
	At 1 January 2018	12,431,412	6,215,706	176,588,527	182,804,233
	At 31 December 2018	12,431,412	6,215,706	176,588,527	182,804,233
	At 1 January 2019 and 30 June 2019	12,431,412	6,215,706	176,588,527	182,804,233

Authorised share capital

The total authorised number of Ordinary Shares is thirty (30) billion (2018: 30 billion) with a par value of 50 Kobo per share. The increase in the authorised number of Ordinary Shares of fifteen (15) billion in 2018, which was approved by the Corporate Affairs Commission on 12th September 2018, is yet to be issued.

17	Earnings per share	Three months ended 30 June 2019 N'000	Three months ended 30 June 2018 N'000	Six months ended 30 June 2019 N'000	Six months ended 30 June 2018 N'000
	(Loss)/profit from continuing operations attributable to equity holders of the parent	(1,557,885)	750,485	3,608,308	2,978,981
		(1,557,885)	750,485	3,608,308	2,978,981
	Weighted average number of Ordinary shares outstanding (thousands)				
	Opening balance	12,431,412	12,431,412	12,431,412	12,431,412
	Closing balance	12,431,412	12,431,412	12,431,412	12,431,412
	Basic (loss)/earnings per share				
	From continuing operations	(13)	6	29	24
		(13)	6	29	24

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 30 June 2019.

18 Disposal groups held for sale

Analysis of the result of entities classified as held for sale are as shown below:

Sale of OML 90

In August 2018, the Group (through OER) signed a Sale and Purchase Agreement (SPA) with Tate Akepo Oil and Gas Limited ("TATE") for the sale of its 40% non-operated interests in OML 90 (sale of asset but not the company) for a cash consideration \$5 million. The transaction is expected to be completed in 2019 subject to the receipt of consents from Minister of Petroleum Resources, Lenders under the Corporate Facility, NNPC and Chevron Nigeria Limited.

The asset has been classified as held for sale under IFRS 5.

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

	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
Reconciliation of profit/(loss) before income tax to cash generated from operations:				
Loss before income tax - continuing operations	(17,280,809)	(2,262,629)	(15,326,452)	(12,560,314)
Adjustments for:				
Interest income	(4,617,117)	(5,088,987)	(397,005)	(880,205)
Interest expenses	16,727,126	16,659,397	7,710,703	8,579,261
Depreciation	11,493,573	10,586,601	187,553	134,958
Impairment of intangible assets	-	5,977,356	-	-
Impairment allowance on non-current receivables	(6,578,684)	-	(6,578,684)	-
Impairment allowance on current receivables	(4,043,400)	741,519	(3,428,029)	211,846
Impairment allowance on investment	-	-	-	3,435,950
Share of loss of associates	1,781,152	193,819	-	-
Loss on disposal of associate	3,528,574	1,061,966	-	-
Loss on sale of property, plant and equipment	-	419,607	-	14,478
Unwinding of discount on provisions	4,557,987	4,341,251	-	-
Net foreign exchange loss/(gain)	885,749	1,716,476	(160,266)	26,510
Fair value loss on commodity options	1,836,647	17,647	-	-
Proceeds from early hedge settlement	4,168,711	-	-	-
Fair value loss on financial assets at fair value through profit or loss	7,005	-	7,005	-
	12,466,514	34,364,023	(17,985,175)	(1,037,516)

20 Net changes in working capital

	Group 30 Jun. 2019 N'000	Group 31 Dec. 2018 N'000	Company 30 Jun. 2019 N'000	Company 31 Dec. 2018 N'000
Receivables and prepayments - current	(7,144,948)	(52,937,735)	(7,400,923)	(4,058,822)
Non current receivables and prepayments	6,935,377	1,330,726	(2,747,514)	-
Inventories	26,220,529	(17,485,776)	26,514,991	-
Payables and accrued expenses	(4,963,122)	79,032,099	(244,086)	8,680,198
	21,047,836	9,939,314	16,122,468	4,621,376

21 Accounting policy changes

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

22 Seasonality or cyclical of operations

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

23 Unusual items

No unusual transactions were recorded during the period under review except as disclosed in these unaudited financial statements.

24 Estimates and changes

The group accounted for depreciation, depletion and amortization ("DD&A") and decommissioning provision using the latest reserves valuation.

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

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

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

26 Dividends

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

27 Significant events after the end of the interim period.

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

28 Business combinations

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

29 Long term investments

The Company did not make any long term investments during the interim review period.

30 Restructuring and reversals of restructuring provisions

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

31 Write-down of inventory to net realizable value

The Company applied the recognition and measurement requirements on inventory as was applied in the most recent annual financials statements.

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

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

33 Litigation settlements

No significant litigation settlement occurred during the period under review.

34 Related party transactions

Significant related party transactions were in respect of intragroup sales, purchases, receivables and payables between related parties. Amounts in these regards have been eliminated on consolidation. We had accounted for and disclosed the dilution of Oando Plc's interest in Oando Wings Development Limited (an associate) in the audited financial statement as at 31 December 2018 using 2017 draft audited financials. The 2017 audited financials were signed in 2019 and as such the loss on deemed disposal was recalculated (see note 7).