Unaudited Interim Consolidated and Separate Interim Financial Statements
For the three months ended 31 March 2023 and 2022

CONTENTS PAGE

Unaudited consolidated and separate statements of profit or loss & other comprehensive income	3 - 6
Unaudited consolidated and separate statements of financial position	7
Unaudited consolidated and separate statements of changes in equity	8
Unaudited consolidated and separate statements of cash flows	9
Notes to the interim financial statements	10 - 31

GROUP	NOTES	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Revenue from contract with customers	3.3	537,592,979	415,610,600
Cost of sales		(525,300,979)	(402,182,141)
Gross profit		12,292,000	13,428,459
Other operating income	4	4,621,693	7,936,462
Reversal/(impairment) of financial assets, net	5	399,785	(386,707)
Administrative expenses		(18,468,036)	(18,491,338)
Operating (expense)/income	3.3	(1,154,558)	2,486,876
Finance cost		(23,625,258)	(17,990,754)
Finance income		2,682,195	2,412,050
Net finance cost	3.3	(20,943,063)	(15,578,704)
Loss before income tax	3.3	(22,097,621)	(13,091,828)
Income tax expense	3.3	(5,828,504)	(1,989,744)
Loss for the period		(27,926,125)	(15,081,572)
Loss attributable to:			
Equity holders of the parent		(27,459,440)	(14,056,211)
Non-controlling interest		(466,685)	(1,025,361)
		(27,926,125)	(15,081,572)
Loss per share from attributable to ordinary equity holders of the parent during the period (expressed in Naira per share):			
Basic and diluted loss per share from loss for the period	22	(2)	(1)

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

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023 AND 2022

GROUP	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Loss for the period	(27,926,125)	(15,081,572)
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(593,865)	6,058,840
Share of associate's foreign currency translation reserve	43,972	(113,737)
Other comprehensive (loss)/profit for the period	(549,893)	5,945,103
Items that may not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit plan	-	-
Other comprehensive (loss)/profit for the period	(549,893)	5,945,103
Total comprehensive loss for the period	(28,476,018)	(9,136,469)
Attributable to:		
- Equity holders of the parent	(27,812,596)	(8,288,651)
- Non-controlling interests	(663,422)	(847,818)
Total comprehensive loss for the period	(28,476,018)	(9,136,469)

COMPANY	NOTES	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Revenue from contract with customers		455,009,878	370,915,323
Cost of sales		(455,004,180)	(372,037,710)
Gross profit/(loss)		5,698	(1,122,387)
Other operating income	4	5,460,783	12,236,744
(Impairment)/reversal of impairment of financial assets, net	5	(1,422,291)	1,447,092
Administrative expenses		(9,391,671)	(7,245,604)
Operating (loss)/profit		(5,347,481)	5,315,845
Finance cost		(5,787,489)	(4,519,197)
Finance income		788,904	570,243
Net finance cost		(4,998,585)	(3,948,954)
(Loss)/profit before income tax		(10,346,066)	1,366,891
Income tax expense		(2,280,873)	(1,854,577)
Loss for the period		(12,626,939)	(487,686)
Loss attributable to:			
Equity holders of the parent		(12,626,939)	(487,686)
Non-controlling interest		-	-
		(12,626,939)	(487,686)
Loss per share from attributable to ordinary equity holders of the parent during the period (expressed in Naira per share):			
Basic and diluted loss per share from loss for the period	22	(1)	(0)

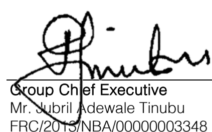
The accounting policies and notes form an integral part of these unaudited interim consolidated and separate financial statements.

COMPANY	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Loss for the period	(12,626,939)	(487,686)
Other comprehensive loss:		
Total comprehensive loss for the period	(12,626,939)	(487,686)
Attributable to:		
- Equity holders of the parent	(12,626,939)	(487,686)
- Non-controlling interests	-	-
Total comprehensive loss for the period	(12,626,939)	(487,686)

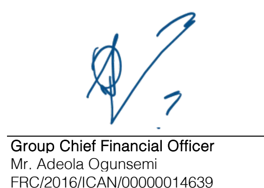
Oando PLC
UNAUDITED INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023 AND 31 DECEMBER 2022

Assets	NOTES	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
Non-current assets					
Property, plant and equipment	6	420,809,603	462,706,448	1,411,548	1,499,606
Intangible assets	7	320,502,785	312,500,299	11,223	14,964
Investment property	8	4,450,000	4,450,000	4,450,000	4,450,000
Right-of-use assets	9	7,205,940	7,818,960	3,928,909	4,311,850
Investment in associates	10	1,791,357	1,747,385	-	-
Deferred income tax assets		649,698	633,750	-	-
Finance lease receivables		90,518,797	88,458,693	18,208,688	18,446,135
Investment in subsidiaries		-	-	22,467,109	22,467,109
Prepayments		90,523	102,103	9,463	9,463
Restricted cash	16a	5,902,114	3,600,838	-	-
		851,920,817	882,018,476	50,486,940	51,199,127
Current assets					
Inventories	13	7,381,274	1,807,163	-	-
Derivative financial assets		148,852	620,549	-	-
Trade & other receivables and contract assets	14	424,795,191	340,522,170	345,093,392	263,701,319
Deposit for shares		1,841,400	1,796,200	-	-
Prepayments		7,959,846	3,750,894	54,295	57,169
Financial assets at fair value through profit or loss	11	59,559	59,559	59,560	59,560
Short term investments	15	1,407,068	923,701	1,407,068	923,701
Cash and cash equivalents (excluding bank overdrafts)	16b	33,898,058	20,831,769	1,198,709	618,792
		477,491,248	370,312,005	347,813,024	265,360,541
Total assets		**1,329,412,065**	**1,252,330,481**	**398,299,964**	**316,559,668**
Equity and Liabilities					
Equity attributable to equity holders of the parent					
Share capital	21	6,215,706	6,215,706	6,215,706	6,215,706
Share premium	21	176,588,527	176,588,527	176,588,527	176,588,527
Retained loss		(595,463,142)	(568,003,702)	(439,307,018)	(426,680,079)
Other reserves		195,479,568	195,832,724	-	-
		(217,179,341)	(189,366,745)	(256,502,785)	(243,875,846)
Non controlling interest		(8,502,445)	(7,839,023)	-	-
Total equity		(225,681,786)	(197,205,768)	(256,502,785)	(243,875,846)
Liabilities					
Non-current liabilities					
Borrowings	18	89,426,653	110,465,837	6,076,579	6,026,823
Deferred income tax liabilities		3,695,573	3,680,666	-	-
Decommissioning provisions	20	97,026,642	142,287,995	150,016	146,010
Lease liabilities	19	3,013,627	3,575,711	13,888,758	14,913,824
Retirement benefit obligation		539,619	470,826	-	-
		193,702,114	260,481,035	20,115,353	21,086,657
Current liabilities					
Trade and other payables	17	804,826,967	705,848,498	514,112,990	422,343,573
Borrowings	18	462,499,930	396,870,904	95,939,571	95,939,571
Lease liabilities	19	463,246	41,498	8,029,322	6,741,073
Current income tax liabilities		91,951,317	84,644,037	14,955,236	12,674,363
Dividend payable		1,650,277	1,650,277	1,650,277	1,650,277
		1,361,391,737	1,189,055,214	634,687,396	539,348,857
Total liabilities		1,555,093,851	1,449,536,249	654,802,749	560,435,514
Total equity and liabilities		**1,329,412,065**	**1,252,330,481**	**398,299,964**	**316,559,668**

These unaudited consolidated and separate financial statements were approved by the Board of Directors on 31 May 2024 and signed on its behalf by:



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



Group Chief Financial Officer
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023 AND 2022

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 2022	182,804,233	172,937,110	(480,619,594)	(124,878,251)	(4,139,440)	(129,017,691)
				-		-
Loss for the period	-	-	(14,056,211)	(14,056,211)	(1,025,361)	(15,081,572)
Other comprehensive profit for the year	-	5,767,560	-	5,767,560	177,543	5,945,103
Balance as at 31 March 2022	182,804,233	178,704,670	(494,675,805)	(133,166,902)	(4,987,258)	(138,154,160)
Balance as at 1 January 2023	182,804,233	195,832,724	(568,003,702)	(189,366,745)	(7,839,023)	(197,205,768)
Loss for the period	-	-	(27,459,440)	(27,459,440)	(466,685)	(27,926,125)
Other comprehensive loss for the period	-	(353,156)	-	(353,156)	(196,737)	(549,893)
Balance as at 31 March 2023	182,804,233	195,479,568	(595,463,142)	(217,179,341)	(8,502,445)	(225,681,786)

Company	Share Capital & Share Premium N'000	Retained earnings N'000	Total equity N'000
Balance as at 1 January 2022	182,804,233	(385,020,138)	(202,215,905)
Loss for the period	-	(487,686)	(487,686)
Balance as at 31 March 2022	182,804,233	(385,507,824)	(202,703,591)
Balance as at 1 January 2023	182,804,233	(426,680,079)	(243,875,846)
Loss for the period	-	(12,626,939)	(12,626,939)
Balance as at 31 March 2023	182,804,233	(439,307,018)	(256,502,785)

Oando PLC
UNAUDITED INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023 AND 2022

	NOTES	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	23	1,520,258	12,700,955	(3,218,181)	4,015,478
Net changes in working capital	24	(8,841,769)	28,623,596	4,208,261	(4,002,340)
Interest paid		(9,335,020)	(6,872,461)	(288,882)	(2,334)
Income tax paid		(329,763)	(416,747)	-	-
Net cash (used in)/generated from operating activities		(16,986,294)	34,035,343	701,198	10,804
Cash flows from investing activities					
Purchases of property plant and equipment		(5,016,563)	(4,095,870)	(13,784)	(119,205)
Deposit for shares		-	(1,729,119)	-	-
Purchase of intangible exploration assets		(142,810)	(50,618)	-	-
Premium paid on hedges		(190,164)	(340,742)	-	-
Finance lease received		2,816,757	2,484,622	846,315	1,327,178
Interest received		25,189	720	25,500	715
Net cash (used in)/generated from investing activities		(2,507,591)	(3,731,007)	858,031	1,208,688
Cash flows from financing activities					
Proceeds from borrowings		44,472,267	99,838,653	-	-
Repayment of borrowings		(9,929,790)	(105,688,118)	(115,130)	(102,500)
Lease payments		(335,364)	(405,229)	(873,987)	(1,353,531)
Restricted cash		(2,210,664)	242,134	-	-
Net cash generated from/(used in) financing activities		31,996,449	(6,012,560)	(989,117)	(1,456,031)
Net change in cash and cash equivalents		12,502,564	24,291,776	570,112	(236,539)
Cash and cash equivalents at the beginning of the period		20,831,769	27,876,864	618,792	1,193,819
Exchange gain/(loss) on cash and cash equivalents		563,725	(1,174,866)	9,805	(15,718)
Cash and cash equivalents at end of the period		33,898,058	50,993,774	1,198,709	941,562
Cash and cash equivalent at period end is analysed as follows:					
*Cash and bank balance		33,898,058	50,993,774	1,198,709	941,562

*Cash and cash equivalent represents the balance at 31 March 2023 and 31 March 2022 whereas the cash and cash equivalent in the statement of financial position represents the balance at 31 March 2023 and 31 December 2022.

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

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 Exchange Group 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% (2018: 78.18%) shares in OEPH. Calabar Power (through Oando PLC) paid $8.3 million (N3 billion) in 2018 and $13.5 million (N4.9 billion) in 2019 to WAIL. On May 31, 2019, Goldeneye transferred 5,236,626 shares to Calabar Power amounting to $13,349,083.59, thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 79.93%. Amounts paid up to 31 December 2019 have been reflected as deposit for shares in these consolidated financial statements. Subsequently, the company (through Oando PLC) paid the outstanding indebtedness to WAIL as follows: 2020: $1.5 million, 2021: $10 million while Goldeneye paid $4.12 million in 2022 out of the indebtedness to Oando PLC of $9.59 million. The final payment of $4.12 million extinguished the debt to WAIL as guaranteed by Oando PLC. Upon the final payment and on April 12, 2022, the outstanding shares of 12,218,788 were transferred to Calabar Power.

On November 2, 2020, M1 Petroleum Limited (an NCI in OEPH) transferred 2,935,774 shares in OEPH (amounting to $5 million) to Calabar Power thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 80.3%. Furthermore, on 31 March 2021 (the "effective date"), OODP Nigeria (the "Seller") agreed to sell, assign and deliver to the Calabar Power Limited (the "Purchaser") and the Purchaser agreed to purchase and accept from the Seller the Shares - 128,413,672 common shares of Oando E & P Holdings Limited ("OEPH") free from all encumbrances on the effective date for a consideration of $225 million. The Seller and the Purchaser further agreed that costs and taxes directly related to the sale and transfer by the Seller shall be borne by the Seller; and that the consideration will be paid in full by the Purchaser within twelve months from the effective date. The Seller and Purchaser executed a Share Transfer Form on the effective date. A Share Certificate covering the 128,413,672 common shares dated the effective date was also issued to the Purchaser by Oando E & P Holdings Limited thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 96.51% at same date. Following the transfer of 12,218,788 shares in OEPH from WAIL to Calabar Power in April 2022, Oando PLC's (direct and indirect) percentage interest in OEPH to 98.05% at same date. On November 14 2022, M1 Petroleum Limited transferred 1,761,465 shares in OEPH to Calabar Power Limited thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 98.27% at same date.

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 IFRS 9 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 sale 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. All other foreign exchange gains and losses are presented in the statement of profit or loss within other operating income and administrative expenses respectively. Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets measured at fair value through profit or loss 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 are included in other comprehensive income.

(viii) Consolidation of Group entities

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

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

- all resulting exchange differences are recognised in other comprehensive income.

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

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

(ix) Common control business combinations

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

A business combination is a “common control combination” if:

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

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

i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value
ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).

iii. No goodwill is recorded in the consolidated financial statement. The difference between the acquirer's cost of investment and the acquiree's equity is taken directly to equity.
iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
v. Any expenses of the combination are written off immediately in the statement of comprehensive income.
vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and
vii. Adjustments are made to achieve uniform accounting policies

(x) Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, 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 from contracts with customers

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.

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 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 barging costs incurred, demurrage and freight costs. These do not represent a distinct service transferred and is therefore recognised as a direct deduction from revenue.

c) Contract modification and contract combination

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

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

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

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

d) Portfolio expedients

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

Leasehold improvements	10 – 50 years	(2% – 10%)
Plant and machinery	8 – 20 years	(5% – 12.5 %)
Fixtures, fittings, computer & equipment, motor vehicles	3 – 8 years	(12.5% – 331/3 %)
Upstream assets	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.

Derecognition of property, plant and equipment

The Group derecognises the carrying amount of an item of property, plant and equipment on disposal or when no economic benefits are expected from its use or disposal. The disposal of an item of property, plant and equipment may occur in a variety of ways (by sale, by entering into a finance lease or by donation). The Group applies the criteria in IFRS 16 where the disposal is through a finance lease. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of profit or loss when the item is derecognised, save for the criteria in IFRS 16 for a sale and leaseback transaction. The Group does not classify gains on derecognition of property, plant and equipment as revenue. Such gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(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, 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 reporting date. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(c) Concession contracts

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

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

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

- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

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

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

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

(e) Impairment of non financial assets

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

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.

a) Classification and measurement
▪ Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group classifies its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income (OCI).

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

Financial assets classified at fair value through other comprehensive income (debt instruments)
A financial asset shall be measured at fair value through other comprehensive income only if it meets both of the following conditions:

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

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

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

Derivatives, including separated embedded derivatives, are also classified as financial assets measured at fair value through profit or loss 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 the reporting period 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, finance lease 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, lease liabilities 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 finance lease receivables, 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) 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

d) 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.

e) 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 IFRS 16

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
– the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

The Group's leases include leases of land, buildings (offices and residential apartments) and aircraft. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 15 years. On renewal of a lease, the terms may be renegotiated. The leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate the lease and non-lease components. The non-lease components will be accounted for as an expense in profit or loss in the related period.

<u>Leases in which the Group is a lessee</u>
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than $5,000 when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

Extension and termination options

Extension and termination options are included in most of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and some of the termination options held are exercisable only by the Group.

Leases in which the Group is a lessor

Sub-leases

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the short term lease exemption, then it classifies the sub-lease as an operating lease.

The Group classifies a sub-lease as finance leases if the sublease is for the a significant part or whole of the term of the head lease. The head lease liability is measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate. The measurement of the right-of-use asset depends on the classification of the sub-lease. The Group has defined significant to mean that the sub-lease term represents, at the minimum, 70% of the remaining term of the head lease.

If the sub-lease is classified as a finance lease, the Group does not recognise a right of use asset but recognises a lease receivable (net investment in a lease) to the extent that it is subject to the sub-lease. If the sub-lease is classified as an operating lease, the Group continues to recognise the right-of-use asset.

(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 scheme 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 obligation 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 employers and employees in the Group in line with the provisions of the Pension Reform Act, 2014 and are managed by pension fund custodians.

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) Dividend

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

(o) 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.

(p) 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 separately in the statement of profit or loss.

(q) 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.

(r) 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 reporting 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. The change arising from this remeasurement is included in the profit or loss as other income or cost of sales.

(s) 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, investment properties 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.

(t) 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.

(u) 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.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognise contingent liability but discloses it unless the possibility of an outflow of resources embodying economic benefits is remote. When the possibility of an outflow of economic benefits becomes more than remote but less than probable, contingent liability is disclosed. If it becomes probable that there will be an outflow of economic benefits, a provision is recognised in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made). When the amount and timing of the liability become certain, the obligation is presented as a trade or other payable or as a financial liability. Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability while the Group recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

(w) Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognise a contingent asset since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and both the asset and income are recognised in the financial statements of the period in which the change occurs. The Group discloses contingent assets where an inflow of economic benefits is probable.

(x) ECL on financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. For loan commitments and financial guarantee contracts, the date that the entity becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirements.

Initial recognition

An issued financial guarantee contract is a financial liability, which is initially recognised at fair value. If the financial guarantee contract is issued to an unrelated party at arms-length, the initial fair value is likely to equal the premium received. If no premium is received (often the case in intragroup situations), the fair value must be determined using a different method that quantifies the economic benefit of the financial guarantee contract to the holder.

Subsequent measurement

After initial recognition, an issuer of a financial guarantee contract shall subsequently measure it at the higher of:

a)the IFRS 9 expected credit loss (ECL); and
b)the amount initially recognised (i.e. fair value) less any cumulative amount of income/ amortisation recognised.

At each reporting date, an entity in the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the entity shall use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. Furthermore, the entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

3 Segment information

3.1 Primary reporting format - business segments

At 31 March 2023, the Group had four operating segments namely:

(i) Exploration and production (E&P) – involved in the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore and São Tomé and Príncipe "STP".
(ii) Supply and Trading – involved in trading of crude, refined and unrefined petroleum products.
(iii) Mining & infrastructure development - exploration and mining of solid minerals.
(iv) Corporate and others

3.2 The segment results for the period ended 31 March 2023 are as follows:	Exploration & Production	Supply & Trading	Mining & Infrastructure Development	Corporate & Others	*Group*
	N'000	N'000	N'000	N'000	N'000
Total gross segment sales	8,129,297	529,026,709	-	456,690,637	993,846,643
Inter-segment sales	-	(162,679,798)	-	(293,573,866)	(456,253,664)
Revenue from external customers*	8,129,297	366,346,911	-	163,116,771	537,592,979
Operating (loss)/profit*	(5,468,429)	3,844,425	(94,565)	564,011	(1,154,558)
Finance cost - (net)*	(13,909,464)	(2,451,197)	(35)	(4,582,367)	(20,943,063)
(Loss)/profit before income tax*	(19,377,893)	1,393,228	(94,600)	(4,018,356)	(22,097,621)
Income tax expense*	(3,547,632)	-	-	(2,280,872)	(5,828,504)
(Loss)/profit for the period	(22,925,525)	1,393,228	(94,600)	(6,299,228)	(27,926,125)

The segment results for the period ended 31 March 2022 are as follows:	Exploration & Production	Supply & Trading	Mining & Infrastructure Development	Corporate & Others	*Group*
	N'000	N'000	N'000	N'000	N'000
Total gross segment sales	18,619,912	367,392,008	-	372,771,890	758,783,810
Inter-segment sales	-	(158,454,456)	-	(184,718,754)	(343,173,210)
Revenue from external customers*	18,619,912	208,937,552	-	188,053,136	415,610,600
Operating (loss)/profit*	(10,625,439)	1,781,707	4,136,694	7,193,914	2,486,876
Finance cost - (net)*	(10,501,507)	(1,675,734)	-	(3,401,463)	(15,578,704)
(Loss)/profit before income tax*	(21,126,946)	105,973	4,136,694	3,792,451	(13,091,828)
Income tax expense*	(135,168)	-	-	(1,854,576)	(1,989,744)
(Loss)/profit for the period	(21,262,114)	105,973	4,136,694	1,937,875	(15,081,572)

Crude marketing services income was reclassified from other operating income (Note 4) to total gross segment revenue (Note 3) in 2022 for comparability.

3.3 Reconciliation of reporting segment information for the three months ended 31 March 2023 are as follows:

	Revenue	Operating loss	Finance cost (net)	Loss before income tax	Income tax expense
	N'000	N'000	N'000	N'000	N'000
As reported in the segment report	993,846,643	(1,154,558)	(20,943,063)	(22,097,621)	(5,828,504)
Elimination of inter-segment transactions on consolidation	(456,253,664)	-	-	-	-
As reported in the statement of profit or loss	537,592,979	(1,154,558)	(20,943,063)	(22,097,621)	(5,828,504)

Reconciliation of reporting segment information for the three months ended 31 March 2022 are as follows:

	Revenue	Operating profit	Finance cost (net)	Loss before income tax	Income tax expense
	N'000	N'000	N'000	N'000	N'000
As reported in the segment report	758,783,810	2,486,876	(15,578,704)	(13,091,828)	(1,989,744)
Elimination of inter-segment transactions on consolidation	(343,173,210)	-	-	-	-
As reported in the statement of profit or loss	415,610,600	2,486,876	(15,578,704)	(13,091,828)	(1,989,744)

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

4 Other operating income

	Group 31 Mar. 2023	Group 31 Mar. 2022	Company 31 Mar. 2023	Company 31 Mar. 2022
	N'000	N'000	N'000	N'000
Foreign exchange gain	5,092,178	11,088,817	5,084,172	11,876,038
Fair value loss on commodity options	(677,580)	(3,202,224)	-	-
Rental income	-	16,175	21,123	36,991
Fair value gain on quoted equity instruments	-	3,828	-	3,828
Sundry income	207,095	29,866	355,488	319,887
	4,621,693	7,936,462	5,460,783	12,236,744

Crude marketing services income was reclassified from other operating income (Note 4) to total gross segment revenue (Note 3) in 2022 for comparability.

5 (Reversal)/impairment of assets

	Group 31 Mar. 2023	Group 31 Mar. 2022	Company 31 Mar. 2023	Company 31 Mar. 2022
	N'000	N'000	N'000	N'000
Impairment of finance lease	-	380,781	632,206	237,890
(Reversal)/impairment of trade and other receivables, net	(399,785)	5,926	790,085	(1,684,982)
Total (reversal)/impairment of financial assets, net	(399,785)	386,707	1,422,291	(1,447,092)

6 Property, plant and equipment

6.1

Group	Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Total
	N'000	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2022	420,801,339	514,015	8,112,975	1,533,125	430,961,454
Decommissioning cost	(26,289,566)	-	-	-	(26,289,566)
Addition	45,134,637	-	-	1,002,715	46,137,352
Write-off	-	-	-	(60)	(60)
Depletion/depreciation charge - continuing operations	(589,873)	(86,893)	(754,975)	(456,401)	(1,888,142)
Exchange difference	13,558,267	-	217,969	9,174	13,785,410
Closing net book amount - 31 December 2022	452,614,804	427,122	7,575,969	2,088,553	462,706,448
Cost	754,282,567	868,929	14,441,840	7,810,795	777,404,131
Accumulated depreciation	(301,667,763)	(441,807)	(6,865,871)	(5,722,242)	(314,697,683)
Net book value	452,614,804	427,122	7,575,969	2,088,553	462,706,448

Company	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Total
	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2022	514,015	11,654	807,910	1,333,579
Addition	-	-	555,012	555,012
Depreciation charge	(86,893)	(722)	(301,370)	(388,985)
Closing net book amount - 31 December 2022	427,122	10,932	1,061,552	1,499,606
Cost	868,929	123,641	3,407,792	4,400,362
Accumulated depreciation	(441,807)	(112,709)	(2,346,240)	(2,900,756)
Net book value	427,122	10,932	1,061,552	1,499,606

6.2 Group

	Upstream Assets	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Total
	N'000	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2023	452,614,804	427,122	7,575,969	2,088,553	462,706,448
Decommissioning cost	(54,034,851)	-	-	-	(54,034,851)
Addition	4,969,756	-	-	46,807	5,016,563
Depletion/depreciation charge - continuing operations	(4,138,920)	(21,723)	(204,236)	(120,346)	(4,485,225)
Exchange difference	11,390,574	-	189,377	26,717	11,606,668
Closing net book amount - 31 March 2023	410,801,363	405,399	7,561,110	2,041,731	420,809,603
Cost	723,936,275	868,929	14,801,112	7,970,375	747,576,691
Accumulated depreciation	(313,134,912)	(463,530)	(7,240,002)	(5,928,644)	(326,767,088)
Net book value	410,801,363	405,399	7,561,110	2,041,731	420,809,603

Company

	Land and buildings	Plant and machinery	Fixtures, fittings, motor vehicle and equipment	Total
	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2023	427,122	10,932	1,061,552	1,499,606
Addition	-	-	13,784	13,784
Depreciation charge	(21,723)	(27)	(80,092)	(101,842)
Closing net book amount - 31 March 2023	405,399	10,905	995,244	1,411,548
Cost	868,929	123,641	3,421,576	4,414,146
Accumulated depreciation	(463,530)	(112,736)	(2,426,332)	(3,002,598)
Net book value	405,399	10,905	995,244	1,411,548

7 Intangible assets

7.1 Group

	Goodwill	Software*	Exploration and Evaluation asset**	Total
	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2022	272,824,425	197,098	46,912,327	319,933,850
Addition	-	-	173,544	173,544
Correction of classification of E&E asset	-	(642)	642	-
Impairment	-	-	(16,808,595)	(16,808,595)
Amortisation	-	(181,492)	-	(181,492)
Exchange difference	8,811,916	-	571,076	9,382,992
Closing net book amount as at 31 December 2022	281,636,341	14,964	30,848,994	312,500,299
Cost	479,080,012	714,200	115,138,875	594,933,087
Accumulated amortisation and impairment	(197,443,671)	(699,236)	(84,289,881)	(282,432,788)
Net book value	281,636,341	14,964	30,848,994	312,500,299

Company	Software
	N'000
Opening net book amount - 1 January 2022	196,536
Amortisation	(181,572)
Closing net book amount as at 31 December 2022	14,964
Cost	714,200
Accumulated amortisation and impairment	(699,236)
Net book value	14,964

7.2 Group

	Goodwill	Software*	Exploration and Evaluation asset**	Total
	N'000	N'000	N'000	N'000
Opening net book amount - 1 January 2023	281,636,341	14,964	30,848,994	312,500,299
Addition	-	-	142,810	142,810
Amortisation	-	(3,741)	-	(3,741)
Exchange difference	7,087,163	-	776,254	7,863,417
Closing net book amount - 31 March 2023	288,723,504	11,223	31,768,058	320,502,785
Cost	490,617,746	714,200	118,179,029	609,510,975
Accumulated amortisation and impairment	(201,894,242)	(702,977)	(86,410,971)	(289,008,190)
Net book value	288,723,504	11,223	31,768,058	320,502,785

Company	Software
	N'000
Opening net book amount - 1 January 2023	14,964
Amortisation	(3,741)
Closing net book amount - 31 March 2023	11,223
Cost	714,200
Accumulated amortisation and impairment	(702,977)
Net book value	11,223

**The above exploration and evaluation assets represent expenditures arising from the exploration and evaluation of oil and gas interests. The costs relate to oil and gas properties primarily located in Nigeria and São Tomé and Príncipe "STP". The technical feasibility and commercial viability of extracting oil and gas has not yet been determined in relation to the above properties, and therefore, they remain classified as exploration and evaluation assets at March 31, 2023.

8 Investment property

Fair value of the properties:	Group 31 Mar. 2023	Group 31 Dec 2022	Company 31 Mar. 2023	Company 31 Dec 2022
	N'000	N'000	N'000	N'000
Land located in Abuja (5,168.14 sqm)	1,550,000	1,550,000	1,550,000	1,550,000
Land located in Lagos (10,864.11 sqm)	2,900,000	2,900,000	2,900,000	2,900,000
	4,450,000	4,450,000	4,450,000	4,450,000

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Opening balance	4,450,000	3,440,000	4,450,000	3,440,000
Fair value gain recognised in statement of profit or loss	-	1,010,000	-	1,010,000
Closing balance	4,450,000	4,450,000	4,450,000	4,450,000

The Company acquired an investment property (a land) in 2017 and perfected the title of another in 2019. These were classified as investment properties as management's intention for use is yet to be determined and the fair value of the properties at December 2022 were determined using the direct market comparison method of valuation by Emeka D. Eleh (FRC/2015/NIESV/00000013406), a representative of the independent estate valuer, Ubosi Eleh and Co (FRC/2014/00000003997).

9 Right-of-use assets

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Opening balance	18,464,831	17,890,728	12,185,042	12,057,228
Additions	-	544,301	-	101,128
Change in estimate of restoration cost	-	26,686	-	26,686
Exchange difference on translation	26,675	3,116	-	-
Closing balance	18,491,506	18,464,831	12,185,042	12,185,042
Depreciation				
Opening balance	(10,645,871)	(8,132,033)	(7,873,192)	(6,350,432)
Charge for the period	(639,474)	(2,522,945)	(382,941)	(1,522,760)
Exchange difference on translation	(221)	9,107	-	-
Closing balance	(11,285,566)	(10,645,871)	(8,256,133)	(7,873,192)
Net book value	**7,205,940**	**7,818,960**	**3,928,909**	**4,311,850**

10 Investment in associates

Group	Alliance Oil Producing Nigeria Limited N'000	Umugini Asset Company Limited N'000	Total N'000
Carrying value:			
At 1 January 2022	-	2,634,487	2,634,487
Share of loss in associate	-	(824,826)	(824,826)
Dividend paid	-	(101,036)	(101,036)
Reclassification from financial assets at fair value through profit or loss (Note 11)	2,416	-	2,416
Impairment	(2,288)	-	(2,288)
Exchange difference	(128)	38,760	38,632
At 31 December 2022	-	1,747,385	1,747,385

2023	Alliance Oil Producing Nigeria Limited N'000	Umugini Asset Company Limited N'000	Total N'000
At 1 January 2023	-	1,747,385	1,747,385
Exchange difference	-	43,972	43,972
At 31 March 2023	-	1,791,357	1,791,357

Umugini Pipeline Infrastructure Limited

Umugini Pipeline Infrastructure Limited, formerly Umugini Asset Company Limited until January 2, 2019 when Corporate Affairs Commission granted approval to effect the change of name after a special resolution was passed by the board of directors on July 24, 2018.

The principal activity of Umugini Pipeline Infrastructure Limited "UPIL" is to carry on the business of planning, design, construction, ownership and provision of crude pipeline and fiscal metering facilities for the custody, operation, maintenance, handling and transportation by pipeline of stabilized crude on behalf of the shareholders and other oil and gas producing companies to downstream crude oil terminal facilities.

The associate has share capital consisting solely of Ordinary Shares, which are held in trust by Energia Limited for the Company's indirect subsidiary, Oando Production and Development Company Limited (OPDCL) in 2012 until the shares will be transferred to the joint venture company set up by both parties.

The transfer was effected on 8 March 2019 to Ebegwati Pipeline Company Limited (a joint venture company set up to hold shares in UACL). Through the shareholder and heads of terms agreement, OPDCL is guaranteed a seat on the board of UACL and participates in all significant financial and operating decisions even though it only holds 11.25% ownership.

Alliance Oil Producing Nigeria Limited

Alliance Oil Producing Nigeria Limited (Alliance) was incorporated on 22 November 1994 with ARC Oil and Gas Nigeria Limited owning 60% and Oando PLC owning 40% of the share capital.

The licence for OPL 282 has expired as such, the investment in the associate has been fully impaired.

11 Financial assets at fair value through profit or loss

Current	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
At start of the year	59,559	54,835	59,560	52,256
Fair value gain	-	7,304	-	7,304
Reclassification to investment in associates accounted for using the equity method (Note 10)	-	(2,416)	-	-
Exchange difference	-	(164)	-	-
	59,559	59,559	59,560	59,560

12 Non-current receivables

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Joint operations receivables	-	9,292,177	-	-
	-	9,292,177	-	-
Less: Allowance for impairment of non-current receivables	-	-	-	-
Less: current portion of joint operations receivables reclassified to other receivables (Note 14)	-	(9,292,177)	-	-
	-	-	-	-

Joint operations receivables of N16.9 billion out of which N9.3 billion was previously impaired and N7.6 billion reclassified to current receivables in 2019. In 2021, there was a reversal of impairment of N554.7 million which was subsequently reclassified to current receivables. In 2022, the full provision was reversed.

13 Inventories

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Crude oil	6,692,968	1,134,363	-	-
Materials	673,236	657,090	-	-
Consumables	15,070	15,710	-	-
	7,381,274	1,807,163	-	-

14 Trade & other receivables and contract assets

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Trade receivables	352,127,142	284,717,198	218,483,136	137,847,126
Other receivables*	266,408,809	245,064,836	19,459,476	19,006,044
Withholding tax receivable	4,052,963	4,008,420	3,737,823	3,737,823
Amounts due from related companies	-	-	169,126,713	168,195,499
	622,588,914	533,790,454	410,807,148	328,786,492
Less: allowance for impairment of other receivables	(197,793,723)	(193,268,284)	(65,713,756)	(65,085,173)
	424,795,191	340,522,170	345,093,392	263,701,319

*This includes the N9.3 billion reclassified from non-current receivables (Note 12)

15 Short term investments

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Short term investments	1,407,068	923,701	1,407,068	923,701

This relates to money market investment domiciled in Asset & Resource Management Company (ARM) and Access Bank UK.

16 a Cash and bank balance (including restricted cash)

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Cash at bank and in hand	33,898,058	20,831,769	1,198,709	618,792
Restricted cash*	5,902,114	3,600,838	-	-

*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 year-end cash and cash equivalents comprise the following:

b Cash and cash equivalents

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Cash and bank balance as above	33,898,058	20,831,769	1,198,709	618,792

17 Trade and other payables

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Trade payables	606,380,345	522,217,582	-	-
Other payables	45,799,418	50,441,217	9,111,767	9,532,369
Statutory payables (WHT, VAT, PAYE etc.)	16,090,881	15,526,047	7,646,256	7,491,411
Accrued expenses	135,944,602	117,101,711	65,836,151	61,796,238
Amounts due to related companies	-	-	431,518,816	343,523,555
	804,826,967	705,848,498	514,112,990	422,343,573

18 Borrowings

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Current				
Bank loans	462,499,930	396,870,904	95,939,571	95,939,571
Bank overdraft	-	-	-	-
	462,499,930	396,870,904	95,939,571	95,939,571
Non-current				
Bank loan	89,426,653	110,465,837	6,076,579	6,026,823
Total borrowings	551,926,583	507,336,741	102,016,150	101,966,394

19 Lease liabilities

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Opening balance	3,617,209	4,317,787	21,654,897	23,340,861
Additions	-	544,301	-	101,128
Interest expense	108,848	451,827	599,174	2,426,267
Payments	(335,364)	(1,838,245)	(873,987)	(4,743,898)
Transfer to WHT liability	(3,075)	(9,595)	(3,075)	(9,595)
Exchange difference	89,255	151,134	541,071	540,134
Closing balance	3,476,873	3,617,209	21,918,080	21,654,897
Current lease liabilities	463,246	41,498	8,029,322	6,741,073
Non-current lease liabilities	3,013,627	3,575,711	13,888,758	14,913,824
	3,476,873	3,617,209	21,918,080	21,654,897

20 Decommissioning provisions

	Group 31 Mar. 2023 N'000	Group 31 Dec 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Dec 2022 N'000
Decommissioning of oil and gas fields	96,876,626	142,141,985	-	-
Asset restoration obligation - Building	150,016	146,010	150,016	146,010
Balance, end of year	97,026,642	142,287,995	150,016	146,010
Non current portion	97,026,642	142,287,995	150,016	146,010
Current	-	-	-	-
	97,026,642	142,287,995	150,016	146,010

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

21 Share capital & share premium

	Number of shares (thousands)	Ordinary shares N'000	Share premium N'000
At 1 January 2022 and 31 December 2022	12,431,412	6,215,706	176,588,527
At 1 January 2023 and 31 March 2023	12,431,412	6,215,706	176,588,527

22 Loss per share

GROUP	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Loss attributable to equity holders of the parent	(27,459,440)	(14,056,211)
Weighted average number of Ordinary shares outstanding (thousands):	12,431,412	12,431,412
Basic loss per share (expressed in Naira per share)	(2)	(1)

COMPANY	Three months ended 31 March 2023 N'000	Three months ended 31 March 2022 N'000
Loss attributable to equity holders of the parent	(12,626,939)	(487,686)
Weighted average number of Ordinary shares outstanding (thousands):	12,431,412	12,431,412
Basic loss per share (expressed in Naira per share)	(1)	(0)

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 31 March 2023.

23 Net cash flows generated from/(used in) operating activities before changes in working capital

	Group 31 Mar. 2023 N'000	Group 31 Mar. 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Mar. 2022 N'000
Reconciliation of loss before income tax to cash generated from/(used in) operations:				
(Loss)/profit before income tax	(22,097,621)	(13,091,828)	(10,346,066)	1,366,891
Adjustments for:				
Interest income	(2,682,195)	(2,412,050)	(788,904)	(570,242)
Interest expenses	18,427,565	13,421,062	5,783,483	4,516,831
Depreciation on property, plant and equipment	4,485,225	5,449,735	101,842	92,394
Amortisation of intangible assets	3,741	59,776	3,741	59,696
Depreciation to right-of-use asset	639,474	631,007	382,941	380,699
(Reversal of impairment)/impairment of current receivables	(399,785)	5,928	790,085	(1,684,982)
Impairment of finance lease	-	380,781	632,206	237,890
Write off of sale of property, plant and equipment	-	60	-	-
Unwinding of discount on provisions	5,308,264	4,760,915	4,006	2,366
Net foreign exchange (gain)/loss	(2,898,946)	272,507	218,485	(382,237)
Gratuity provisions	56,957	24,666	-	-
Fair value loss on commodity options	487,415	2,861,482	-	-
Premium paid on hedges	190,164	340,742	-	-
Fair value gain on financial assets at fair value through profit or loss	-	(3,828)	-	(3,828)
	1,520,258	12,700,955	(3,218,181)	4,015,478

24 Net changes in working capital

	Group 31 Mar. 2023 N'000	Group 31 Mar. 2022 N'000	Company 31 Mar. 2023 N'000	Company 31 Mar. 2022 N'000
Increase in receivables and prepayments - current	(92,911,305)	(72,718,573)	(82,179,286)	(91,227,752)
(Increase)/decrease in inventories	(5,529,419)	24,646,664	-	30,798,315
Increase in short-term investments	(483,367)	(274,336)	(483,367)	(274,336)
Increase in payables and accrued expenses	90,082,322	76,969,841	86,870,914	56,701,433
	(8,841,769)	28,623,596	4,208,261	(4,002,340)

25 Seasonality or cyclicality 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.

26 Unusual items

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

27 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.

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

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

29 Dividends

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

30 Significant events after the end of the interim period.

a) Arbitration between Oando & NAOC

Prior to the execution of the ASA and CCFA, OOL had commenced and was conducting an audit of the NAOC JV operations for the period January 2016 to December 2017. A conclusion of the audit process in June 2020 revealed a credit in favour of OOL for which OOL made a claim on NAOC and NAOC denied same. On the 9th of February 2021, OOL commenced arbitration proceedings against NAOC via the issuance of a notice of Arbitration “the notice” for the recovery of the sum of $240.47 million and N13.49 billion (the “Audit Credit”) and damages for NAOC’s willful misconduct, concealing and refusing to disclose JV information, keeping of inaccurate records and misrepresentation of OOL’s financial position. The Audit Credit emanates from the audit of the NAOC JV Joint Operations for 2016 and 2017 financial years conducted by an independent firm of chartered accountants on behalf of OOL pursuant to the Joint Operating Agreement “JOA” and as detailed in the independent Audit Report submitted to NAOC on 23rd December 2020. NAOC rejected the findings in the Audit Report and the Audit Credit by OOL. In addition, the arbitration notice was issued in respect of NAOC’s obstruction and frustration of the ongoing 2018 audit. OOL is seeking a claim for the Audit Credit; a declaration that NAOC is in breach of Articles 2.2.1, 2.2.3, 4.1.1 and 6.1 of the JOA and an order that NAOC should provide OOL with unfettered access to all joint venture information. Concurrent with the commencement of the Arbitration, OOL obtained an interim order dated 11th February 2021 from the Federal High Court suspending the ASA and preventing termination of the CCFA to enable OOL to pursue its claims before the Arbitration Tribunal. This order, which is still subsisting, was made pending conclusion of the arbitration and is under appeal at the Court of Appeal by NAOC.

Upon commencement of the Arbitration, NAOC filed an application for interim measures on 26th October 2021, seeking amongst others, the Tribunal’s direction that OOL make payment of certain sums as cash calls as of August 2021 comprised of the OOL Arrears. This Application by NAOC was dismissed by the Tribunal in February 2023. NAOC also filed a counter claim for alleged unpaid cash calls up until October 2022 in the sum of N125.9 billion and $366.9 million, and alleged consequential damages for loss of production in the sum of $837.4 million as a result of OOL’s alleged underfunding since 2020. Upon agreement of the Parties, a hybrid hearing (virtual and in-person in London) for the arbitration was held in January 2023. The evidential hearing for the arbitration has now been concluded and closing submissions done. Following the hearing, the delivery date of award was set for the 3rd of July, 2023. However, the Tribunal, on the joint written request of the parties, deferred the delivery of the award and kept same in abeyance as parties are involved in a transaction under which NAOC will become a subsidiary of Oando, and therefore, result in an amicable settlement of the dispute.

Amicable Settlement of the dispute and Oando's Acquisition of NAOC:

The settlement of the dispute is a consequential result and part of a broader transaction under the Share Sale and Purchase Agreement ("SPA") between the Eni Group and Oando Group, the parent companies of Nigerian Agip Oil Company Limited (“NAOC”) and Oando Oil Limited (“OOL”) for the acquisition of NAOC.

The transaction involves the acquisition of NAOC’s interest in OMLs 60, 61, 62 and 63 and the JOA (the underlying asset for the dispute), among other assets. The SPA has been signed by the parties and a formal announcement issued. At the conclusion of the transaction, NAOC will become an affiliate of OOL - the parties in the arbitration.

The disputes between the parties encompass activities under the Joint Operating Agreement related to the OMLs. These matters were factored into the negotiations for the SPA, resulting in a mutually agreed settlement of both parties' claims. Completion of the SPA will constitute settlement of the dispute between OOL and NAOC. Accordingly, therefore, one the key commercial arrangements contemplated by the parties is the suspension of the right to access the Award until the SPA can be concluded seeing as the issues in disputes are part of the broader exchange of considerations for the acquisition of NAOC.

The SPA

The SPA establishes an intricate framework to address the legal, financial, technical, and regulatory issues that necessarily accompany such complex transactions before the sale and purchase can be deemed final. The resolution of these issues usually requires a substantial amount of time, especially in Nigeria. For example, the sale of the OMLs is subject to Ministerial consent and an anti-trust approval process to enable the parties reach a conclusion and achieve an effective transfer of ownership.

Consequently, the SPA accommodates these complexities by providing for a reasonable timeline for the parties to fulfil their obligations, including obtaining the authorisations stated above.

b) Ganic Foods Limited – Convertible promissory notes

In July 2022, Calabar Power Limited a subsidiary of Oando PLC issued convertible promissory notes amounting to N500 million in three tranches to Ganic Foods Limited, channeled through a special purpose vehicle (SPV) "Ganic Nutrition Limited" wholly owned by Ganic Foods Limited. On 24 January 2023, an amendment was signed which extends the maturity date of each notes by another 180 days. On 3 July 2023, an amendment was signed which extends the maturity date of each notes by another 180 days.

An additional convertible note purchase agreement of N1 billion (with similar conditions as the N500 million stated above) was signed on 24th November 2022 to be issued to Ganic Foods Limited in five tranches. N400 million were disbursed in the last quarter of 2022 and N600 million in April 2023. On 1 March 2023, an amendment was signed which updates the principal amount to N999,999,000 by six note tranches and maturity date of each notes by another 180 days.

The Maturity Date for each Note as set out in the Amendment Agreement shall be extended automatically for an additional 180-day period, unless the Noteholder issues at least 5 days’ prior written notice to the Noteholder requesting for the relevant Note to be paid on the relevant Maturity Date.

c) Oando PLC's 'Go- Private' arrangement

On March 25, 2021, a petition was filed by fourteen (14) shareholders of the Company holding a total of 299,257,869 shares (the "Petition"). The Petition (in Suit No: FHC/L/CP/494/2021) was filed for and on behalf of Oando's minority shareholders led by Venus Construction Company Limited and is brought pursuant to sections 353, 354 and 355 of the Companies and Allied Matters Act 2020 ("CAMA"). Ocean and Oil Development Partners Limited ("OODP") and the Company were listed as 1st and 2nd Respondents (together, the "Respondents"). The Petitioners requested that the Court ordered the buyout of their entire shareholding either by OODP or the Company. OODP in response to the Petition, filed an Answer and a Cross Petition dated 15th March 2022 stating that it is willing and ready to buy out the minority shareholders via a members' scheme of arrangement to the Company for presentation to its shareholders at a general meeting, in order to place itself in a position to inject further capital into the Company and facilitate the reorganization of the Company's capital structure.

On March 30, 2023, Oando PLC notified Nigerian Exchange Limited ("NGX") and Johannesburg Stock Exchange Limited ("JSE Limited") that OODP has offered to acquire the shares of all minority shareholders in the Company ("Scheme Shareholders"). Upon receipt of all requisite approvals the Company will subsequently be delisted from NGX and JSE and re-registered as a private company (the "Transaction").

It is intended that the Transaction will be executed through a Scheme of Arrangement (''Scheme"), in accordance with Section 715 of the Companies and Allied Matters Act, 2020 (as amended), and other applicable laws, rules, and regulations. Under the Scheme, the current proposal that each Scheme Shareholder shall be entitled to receive the sum of N7.07 in cash or its equivalent in South African Rand (ZAR) for every ordinary share held by the qualified Scheme Shareholders at the Effective Date of the Scheme ("Scheme Consideration"). The proposed Scheme Consideration represented a 58% premium to the last traded share price of Oando on 28 March 2023, being the day prior to the date of submission of the Scheme application to the Securities and Exchange Commission ("SEC").

Consequently, we confirm that Oando has applied for the SEC's 'No Objection' to the Scheme. Please note that the effectiveness of the Scheme is however subject to the approval of the shareholders of Oando at the Court-Ordered Meeting of the Company, as well as the sanction of the Federal High Court. The terms and conditions of the Transaction will be provided in the Scheme Document which will be dispatched to all shareholders following the receipt of an order from the Federal High Court to convene a Court-Ordered Meeting. If the conditions of the Transaction are satisfied and same is sanctioned by the Federal High Court, the Company will be delisted from NGX and JSE and re-registered as a private company.

On May 22, 2023, Honourable Justice Aneke sitting at the Federal High Court, Ikoyi, Lagos Division (the "Court") further adjourned the matter to 10th October 2023. The adjournment to 10th October 2023 is to enable report by the Company of its compliance with the Court's order dated June 7, 2022, and update the Court on the status of the Scheme of Arrangement. Subsequently, the matter was adjourned to April 17, 2024. On April 17, 2024, the matter was further adjourned to June 24, 2024.

d) Restructuring of Medium Term Loan

Effective the date on which the Facility Agent notified the Borrower of the due satisfaction by the Borrower or waiver by the Facility Agent, of the conditions precedent as set out in Schedule II of the Deed, per the deed of amendment and restatement to the upsized Facility Agreement dated 24 November 2020, the Borrower and Lenders agreed to amend the Original Facility Agreement dated 30 June 2016 to reflect inter alia an upsize in the total commitment of the Lenders under the Original Facility Agreement to the sum of N115.3 billion (the "Upsized Facility") from N108.3 billion following a change in the foreign exchange rate for conversion from United States Dollar to Naira, with a Principal outstanding sum as at execution date of N92.2 billion. Per the facility restructuring with an effective date of 27 April 2023, the parties agreed to restructure the Upsized Facility for the purposes of: (i) re-sculpting the repayment profile under the Upsized Facility Agreement (as defined in the Deed); (ii) extending the maturity date of the Facility; and (iii) updating the details in relation to the Security. The interest on the loan has been increased to 19% with effect from 11 October 2022. Consequent upon the Deed, the Lenders are to waive the Borrower's existing EoD as of the effective date. The Facility Agent has communicated the Lenders' approval of the extension of the principal moratorium period to 18 months effective 27 April 2023 resulting in the restructuring of the facility. The agreed restructuring of the facility effectively cures the event that led to the default.

The Facility Agent has communicated the Lenders' approval of the extension of the principal moratorium period to 18 months effective 27 April 2023 resulting in the restructuring of the facility. The agreed restructuring of the facility effectively cures the event that led to the default.

e) Shares Sale and Purchase Agreement between M1 Petroleum Limited and Calabar Power Limited

M1 Petroleum Limited ("Seller") signed a Share Sale and Purchase Agreement ("SSPA") with Calabar Power Limited ("Buyer") on 29 June 2020 in respect of its entire 17,614,649 common shares (representing 2.22% of the issued share capital) of Oando E&P Holdings Limited ("Oando E&P"). In consideration of the assignment, transfer and sale of the common shares, the Buyer agrees to pay or cause to be paid to the Seller $30 million, representing a transfer price of $1.70 per sale share, net of any tax and any other fees and expenses incurred or payable under or in connection with the transaction. The Buyer agrees to pay the Seller in four instalments: (a) $5 million payable on or prior to 31 July 2020; (b) $3 million payable on or prior to 31 October 2020; (c) $7 million payable on or prior to 31 January 2021; and (d) $15 million payable on or prior to 31 July 2022. Oando PLC has paid $15 million to M1 Petroleum Limited under the Agreement as of 31 December 2023. The third batch of 4,110,085 shares of OEPH was transferred to Calabar Power on 16 February 2024.

f) Acquisition of 100% of the shares of Nigerian Agip Oil Company Limited

On 4 September 2023, Oando Plc announced that it has reached an agreement with Eni ("ENI") (an integrated energy company actively supporting a just energy transition, with the objective of achieving Net-Zero carbon emissions by 2050 and promoting efficient and sustainable access to energy for all), for the acquisition of 100% of the shares of Nigerian Agip Oil Company Limited (NAOC Ltd) subject to Ministerial Consent and other required regulatory approvals.

Upon completion, the transaction will increase Oando's current participating interests in OMLs 60, 61, 62, and 63 from 20% to 40% and Oando's ownership stake in all NEPL/NAOC/OOL Joint Venture assets and infrastructure which include forty discovered oil and gas fields, of which twenty-four are currently producing, approximately forty identified prospects and leads, twelve production stations, approximately 1,490 km of pipelines, three gas processing plants, the Brass River Oil Terminal, the Kwale-Okpai phases 1 & 2 power plants (with a total nameplate capacity of 960MW), and associated infrastructure.

Furthermore, the transaction is expected to grow Oando's exploration asset portfolio through the acquisition of a 90% interest in OPL 282 and 48% interest in OPL 135. The acquisition excludes NAOC Ltd participating interest in SPDC JV (Shell Production Development Company Joint Venture - operator Shell 30%, TotalEnergies 10%, NAOC 5%, NNPC 55%). On 14 November 2023, Oando Plc secured Afreximbank's commitment towards the acquisition and signed an $800 million loan document to facilitate same.

g) Indorama loan agreement

On 16 October 2023, Oando Petroleum and Natural Gas Company Limited (OPNGL), a subsidiary of Oando Oil II Corporatief U.A., acting as the Borrower, entered into a loan agreement with Indorama Eleme Petrochemicals Limited as the Lender, for the provision of a loan of N50 billion loan with an interest rate of 20% p.a. The loan was guaranteed by Oando PLC. The Borrower shall apply the loan amount exclusively towards refinancing any outstanding Financial Indebtedness incurred by the Borrower with respect to the payment of the Signing Payment. The funds have been disbursed to OPNGL.

h) Cancellation of outstanding authorised Ordinary Shares

Members of the Company at the AGM on 6 November 2023 resolved to cancel the outstanding authorised Ordinary Shares of 17,568,587,519 in fulfillment of the provisions of section 124 of CAMA 2020 and the Companies Regulations 2021.

i) Oando Servco Ltd and OODP Loan Agreement and Disbursement

On 27 October 2021, Oando Servco Nigeria Limited ("Oando Servco") granted and fully advanced a loan in the sum of $20 million to Ocean and Oil Development Partners Limited BVI ("OODP BVI") for the purchase of 1,968,512,614 shares beneficially held by Alhaji Dahiru Bara'u Mangal ("DBM") under a Cooperation Agreement as part of the Settlement Agreement with DBM. The loan was granted at 6% per annum interest rate, a repayment period of twenty (20) years from the utilization of the last advance of the loan and a ten (10) years moratorium on the principal repayment. In addition, OODP BVI has the option to pay any portion of the accrued interest in kind.

Furthermore, on February 10, 2023 (the "2023 Agreement"), Oando Servco entered into a new $20 million loan agreement with OODP BVI for the purpose of the latter's "general corporate purposes". The 2023 Agreement has the same terms and conditions as the 2021 loan agreement with respect to interest rate, moratorium, tenor and payment of accrued interest. Under the 2023 Agreement, OODP BVI issued utilisation requests to Oando Servco to make payments on its behalf. Consequently, the requests were executed by affiliates of Oando Servco as follows: $250,000 on August 8, 2023 and $250,000 on October 24, 2023 to OODP BVI by Oando PLC; $1 million by Oando Trading DMCC and $1.1 million by Oando PLC on July 3, 2023 and October 24, 2023 respectively to Ansbury Investments Inc.. OODP BVI is yet to issue utilisation request for the balance of $17.4 million as of the approval date of these consolidated and separate financial statements.

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

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

32 Long term investments
The Company did not make any long term investments during the period under review.

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

34 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.

35 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.

36 Litigation settlements
No significant litigation settlement occurred during the period under review.

37 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.