



Oando

Annual Reports
& Accounts 2004

Oando Plc
CONTENTS

Board of Directors	3
Notice of Annual General Meeting	4
Group Results at a Glance	5
Letter from the Chairman	6-8
Group Chief Executive Officer's Report	9-14
Board of Directors	15-16
Board of Directors' Report	17-19
Report of the Audit Committee	20
Statement of Directors Responsibilities	21-22
Report of the Auditors	23
Statement of Accounting Policies	24-25
Profit and Loss Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29-37
Statement of Value Added	38
Five-Year Financial Summary	39
Performance Charts	40
Statement of Unclaimed Warrants	41
Proxy Form	42
Admission Card	44
Offices	45-46
Notes	47

Oando Plc
BOARD OF DIRECTORS

Major General M. Magoro (Rtd.) PSC, OFR, USAWC <i>Galadiman Zuru</i>	- Chairman, Board of Directors
Mr. J. A. Tinubu	- Group Managing Director
Mr. G.O. Boyo	- Group Deputy Managing Director
Alhaji I. D. Boyi	- Director (resigned from board on 4 th November 2004)
Prince F.N Atako JP	- Director
Alhaji H. Mahmud <i>Walim Mubi</i>	- Director
Mr. O. P Okoloko	- Director
Mr. I. Osakwe	- Director
Mr. A. Akinrele (SAN)	- Director
Alhaji W. Mohammed	- Director
Mr. O Osifo	- Director
Mr. V. O. Ibru	- Director

Professional Adviser: Group Counsel & Company Secretary, **Mrs. Oredeji K. Delano**

Registered Office: Stallion House, 2, Ajose Adeogun Street, Victoria Island, Lagos

Auditors: PricewaterhouseCoopers, 252 E, Muri Okunola Street,
Victoria Island, Lagos

The Registrar & Transfer Office: First Registrars Nigeria Limited, Plot 2, Abebe Village Road,
Iganmu, Lagos

Investor Relations Officer: Mrs. Ayotunde Moyan

BANKS

AfriBank Nigeria Plc	New Nigeria Bank Plc
Bank of the North Limited	Oceanic International Bank Limited
Ecobank Nigeria Plc	Standard Trust Bank Plc
First Bank of Nigeria Plc	Standard Chartered Bank Nigeria Limited
First City Monument Bank Limited	Union Bank of Nigeria Plc
Guaranty Trust Bank Plc	United Bank for Africa Plc
NAL Bank Plc	WEMA Bank Plc
National Bank of Nigeria Limited	Zenith International Bank Limited

Oando Plc**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting of Oando Plc will be held at the **Conference Hall, Tahir Guest Palace**, N^o. 4, Ibrahim Nataugune Road, off Ahmadu Bello Way, Nassarawa, Kano, Kano State, Nigeria on Tuesday the 28th day of June 2005 at 10.00 a.m. to transact the following business:

Ordinary Business

1. Presentation of Financial Statements for the year ended 31 December 2004 and Report of Directors and Auditors thereon.
2. To receive the Report of Audit Committee.
3. To declare the dividend recommended by the Directors.
4. To re-elect Directors in accordance with Articles 90 and 92 of the Company's Articles of Association.
5. To authorize Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

Special Business

7. To fix the remuneration of the Directors.
8. To consider and if thought fit to pass the following resolution, which will be proposed as a Special Resolution: -

"That the Authorized Share Capital of the Company be and is hereby increased from ₦300,000,000.00 (Three Hundred Million Naira) to ₦400,000,000.00 (Four Hundred Million Naira) by the creation of 200,000,000 new ordinary shares of 50 kobo each ranking in all respects pari pasu with the existing shares of the Company and that Clause 6 of the Company's Memorandum of Association and Article 3 of the Company's Articles of association of the Company be altered accordingly"

9. To consider and if thought fit to pass the following resolutions, which will be proposed as Ordinary Resolutions: -
 - i. "That there be established, a Staff Equity Participation Scheme for the benefit of all the employees of the companies comprising Oando Plc on terms and conditions to be determined by the Directors (the Scheme)".
 - ii. "The Directors be and are hereby authorized to supervise and oversee the implementation of the Scheme"
 - iii. "The Directors be and are hereby mandated to report upon the progress of the Scheme on an

annual basis at each Annual General Meeting of the Company"

Proxies

A member of the Company, entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A form of Proxy is enclosed in this Report. All instruments of Proxy must be deposited at the office of the Registrars, Plot 2, Abebe Village Road, Iganmu, Lagos, not less than 48 hours before the date of the Meeting.

Dividend Warrants

If the dividend recommended is approved, the warrants will be posted on the 28th day of June 2005 to those Shareholders whose names appear in the Company's Register of Members at the close of business on the 3rd of June 2005

Closure of Register of Members

The Register of members and Transfer Books of the Company will be closed between the 6th and 10th days of June 2005 (both inclusive) in terms of the provisions of Section 89 of the Companies and Allied Matters Act, 1990.

Nomination for the Audit Committee

In Accordance with Section 359(5) of the Companies and Allied Matters Act of 1990, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

BY THE ORDER OF THE BOARD

Oredeji K. Delano (Mrs.)
Group Counsel & Company Secretary

REGISTERED OFFICE

Stallion House
2, Ajose Adeogun Street
Victoria Island
Lagos

Oando Plc
GROUP RESULTS AT A GLANCE

	2004	2003
	N'000	N'000
Turnover	103,059,763	68,492,356
Profit on ordinary activities before taxation	1,614,792	1,117,297
Profit after tax and exceptional item	1,471,145	875,698
Reserve for bonus issue	-	40,770
Proposed Dividend	1,144,600	652,318
Minority Interests	314,669	27,129
Earnings per 50k share	2.02	1.48
Dividend per 50k share	2.00	2.00
Net assets per 50k share	39.68	18.32
Dividend cover x	1.3	1.2



Our Esteemed Shareholders, I am pleased to once again welcome you all to the Twenty-Eighth Annual General Meeting of your Company.

As stated in my speech last year, your company went to the stock market during the year to raise a sum of N5billion through the combined rights issue and offer for subscription. I am delighted to inform you that the public issue was successful, as your company was able to raise N16billion from the combined issues as against the N5billion, resulting in an over-subscription of N11billion, thus confirming the extent of confidence the public has in the management of your organization.

OPERATING ENVIRONMENT

Macroeconomic Environment

GDP: Exceptionally strong expansion in the energy sector as a result of rising oil and gas production, and strong agricultural growth saw a 10% increase in real GDP growth according to official estimates for 2003-2004. It is predicted that economic growth for the next few years in the run up to the next elections in 2007 should remain at about 3.5% per annum as infrastructural, agricultural and

service sector activity remain robust with the Federal Government attempting to keep interest rates in check.

Inflation: Averaged about 16% in 2004 on the back of increased fuel prices up from about 14% in 2003. Prospects for a reduction in the rate of inflation seem unlikely as loose monetary policy will prevail owing to the Federal Government's determination that, the Central Bank should not raise interest rates in order to promote economic growth.

Exchange Rate: Central Bank of Nigeria in 2005 is expected to maintain the strategy of supporting the Naira and the EIU estimates that there will be a slight depreciation of the Naira against the US Dollar from an average of N133: 1 in 2004 to about N136: 1 in 2005.

Oil Price: On January 02 2004, using closing prices, the oil price was \$29.32 and by 30 December it had risen to \$40.37, a 38% increase, having peaked on October 26th 2004 at \$51.56.

Governmental/Social: The significant increase in the price of our base material, crude, was central to the similar increase we witnessed in our cost of sales. As a reflection of the fact that the Nigerian market was still not fully deregulated, it was not possible to pass these increased costs on to the pump prices as the Petroleum Product & Pipelines Regulatory Authority (PPPRA) effectively maintained pricing control throughout the year.

Political

The political environment was characterized by tension and uncertainty, as there was continued politically motivated violence and unrelenting sectarianism that characterized the past years. These were caused mainly by powerful vested interests and intra party crises for political supremacy at federal, state and local levels.

The climax of this situation manifested in May 2004 when the President had to declare a six months state of emergency in Plateau State and assume control there, after thousands of people were killed in ethno-religious riots.

The Government in order to arrest the ugly situation has taken positive steps by calling for a National Political Reform Conference to dialogue on the country's political problems. A Committee was subsequently set up towards the end of the year to draft modalities for the conference.

The political reform was conceived by the Government to reassure the investing public both locally and internationally of its ability to resolve the lingering political crises and chart a path of progress for the future political and economic stability of the country.

The political situation also negatively impacted the international perceptions of the Country as persistent threats to oilrigs, resulted in an atmosphere of insecurity and at various times resulted in the increased volatility of the international price of crude.

Economic

Economic growth was affected by deteriorating infrastructure, erratic energy supply and low consumer income, which resulted in low-capacity utilization in non-oil industries.

The plan of the Government to solve the problem of power outages was stalled during the year by the delay in the enactment of the power sector reform bill. The frequent power outages forced many Small and Medium Enterprises (SME) out of business during the year, resulting in increased unemployment and low productivity.

The upsurge in the international price of crude oil, as I mentioned earlier, brought additional cash inflow to the coffers of the Government in excess of budget projections for the year.

The positive impact of this on the economy has largely not been felt as the Federal Government has decided to use the surplus funds to boost the country's foreign reserves, which should assist in stabilizing the economy and creating long-term wealth.

OPERATING RESULTS

During the year under review, the Group posted a combined turnover of ₦ 103 billion.

Apart from the underlying price increase caused by higher crude prices, the rise in turnover was the result of an aggressive sales policy undertaken during the year, coupled with the continuation of the attempts to deregulate the Downstream sector, which gave rise to a general increase in refined petroleum product prices.

In the same vein, the gross profit increased by 7.6% to ₦ 8.5 billion in 2004 from ₦ 7.9 billion in 2003, while the gross margin ratio decreased to 8.2% from 11.5% over the period. Decrease in gross margin was occasioned by the increase in landing cost of imported petroleum products arising from the increase in the international price of crude oil.

There was only a 2% increase in Administrative Expenses for the year. In line with the drive to streamline operational costs and retain only the best staff, an employee costs increase of 2% with a corresponding 50% increase in revenue shows the beginnings of the effort to hire and retain, a highly motivated and skilled workforce to drive the company to greater performance and withstand the tough competitive terrain.

Profit After Tax for the year ended 2004 stood at ₦ 1.47 billion increasing by 68% from ₦876 million recorded as at year ended 2003. This improved performance was not only the culmination of all the points I have previously mentioned, but also reflects to some degree, the incorporation of the increasingly diverse profit streams of the Oando Group of companies.

GOODWILL

The goodwill that resulted from the acquisition of 60% equity in Agip Nigeria Plc is still being amortized over a period of twenty years. We commenced amortization from 2003 in line with of International Accounting Standards.

CAPITAL INVESTMENT

The Company made capital investment amounting to ₦1.9billion in the year under review as against ₦1.239billion in 2003. These investments were made in developing rail transportation, retail network upgrade, computerization, furniture and motor vehicles.

THE BOARD

In compliance with section 259(1) and (2) of CAMA 1990 and Articles 90 & 92 of the Company's Article of Association Mr. Osaze Osifo and Mr. Oboden Ibru were elected at last year's AGM.

Alhaji Ibrahim Boyi (former Managing Director of Gaslink Nigeria Limited and Director of Oando Plc) voluntarily resigned from the Company as an employee and as a member of the Board of Directors after 15 years of service to the Company.

FUTURE OUTLOOK

The business environment continues to present enormous challenges in the years ahead. In spite of the extensive approval of the Federal Government's reform programme, indications are that it will require some more time for the benefits to manifest in terms of significant improvement in the socio-economic environment.

Despite this, we are targeting significant growth in 2005 and beyond especially in our high margin products and specialties. We intend to achieve this aim by continually leveraging on our strength as the largest downstream Oil & Gas Company in terms of retail networks.

The factors that contributed to our sales growth in 2004 such as deregulation and our aggressive sales strategy are expected to be sustained with further advances to be made in the future.

Our positive attitude is supported by:

- a. Widespread support for total price deregulation for petroleum products
- b. Continued growth forecasts for the economy
- c. Stability of the polity and steady foreign direct investments

In 2005, we propose further diversification into other areas of the energy sector, to counteract the impact of dwindling margins in our traditional business lines. We are already the largest indigenous Supply & Trading company in the country for physical petroleum products and intend to fortify our efforts in this area.

Our investment in the Natural Gas sector is evidenced through our subsidiary, Gaslink, and we fully hope to broaden our network of customers in years to come.

Oando Plc

LETTER FROM THE CHAIRMAN

Oando Power has been established to leverage off Gaslink's industrial client base and is seeking to build a number of Independent Power Projects. Through Oando Energy Services we gain exposure to the high margin upstream business segment as well.

As dynamism in the industry increases, the need for world-class systems & business processes cannot be over-emphasized. This cannot be done without a high quality information technology backbone. Recognizing this, our company has planned significant investments in upgrading its information technology backbone in the next couple of years. Based on this an Enterprise Resources Planning (ERP) System will be deployed on the basis of continuous process improvement. On implementation, this is expected to significantly improve the competitive capabilities of your company.

In order to effectively annex its resources in 2005, your company plans to upgrade its engineering project management system, develop and implement cost reduction programs, improve working capital management and implement leadership development programs.

In the continued quest to ensure Oando Plc retains its premier position as Nigeria's largest and fastest growing Energy Solutions Provider, Management has embarked on various initiatives aimed at strengthening the Company's platforms for achieving Liquidity, Profitability and Growth, as I touched on before.

The Oando Group now consists of several entities whose business focus and assets span the entire oil and gas spectrum, thereby increasing and diversifying revenue streams and spreading business risk.

To help us meet our short- and long-term aspirations, we must retain our focus on PEOPLE as the most critical asset for sustained competitive advantage. The dynamics of our business are changing very rapidly and to retain our premier position, we must remain able to attract and retain quality people available in both local and international talent markets. In order to do this, there is a need to implement employee reward and retention schemes focused on short-medium and long-term business performance. This will be structured in a manner that does not bloat the company's wage bill, while being capable of motivating employees to achieve stretch goals and increase shareholder value. Your Board of Directors has resolved that an equity incentive plan will achieve this and will be recommending that a Staff Equity Participation Scheme is established for your company. It will be a win-win scenario for you and your employees.

Finally, in compliance with our objective of being Proudly West African, your company intends to profitably grow market share of its existing subsidiaries to a higher level and also plan to penetrate other selected deregulated West African Countries in order to expand its business tentacles through the region.

Thank you for your attention.



Major General Mohammed Magoro (Rtd) OFR, PSC, USAWC
Galadiman Zuru



Introduction

I have the pleasure of introducing the Annual Group Accounts of Oando Plc for 2004, a year in which we have been faced with arduous trading conditions.

While times have been challenging, they have also been formative and our desire to work tirelessly in transforming the company into one of Africa's most respected business entities remains undiminished.

Historically, our business has been about the supply of refined petroleum products to retail customers in West Africa, an activity from which we make a very small margin for the enormous effort and complexity associated with moving these products from the refineries to our customers. Oil and gas is the lifeblood of many, if not all modern day economies and as a commodity it is therefore inextricably linked to the social fabric of the very people who consume it. It is for this reason that the pricing of petroleum products continues to be a sensitive and delicate socio-political issue.

In 2004, we found ourselves held prey to the rampant upward march of the international price of crude oil without being able to fully reflect these increases in pump prices.

Oando, sadly, does not control international crude prices, and without the ability to recover costs fully at the pump, we will remain operationally hindered in maximising profits to our shareholders.

It is for this fundamental reason of maximising returns to you, our shareholders, that we have aggressively embarked on a course of increasingly diversifying our income base from simply supplying refined petroleum products to retail clients, to other higher margin activities, like Supply & Trading, through our new and expanding Group structure.

In the meantime, we will continue to implement our integration strategy and extract as much value from the Oando brand and principles as we can.

Overview

Oil price: The price of crude oil rose by over 40% during 2004, with the Brent crude price index, for example, closing the year at \$40.37. This price movement represents one of the most dramatic annual increases of the commodity since records began. Flourishing Asian economies, especially China, and the demand for oil associated with this growth was at the centre of the surge in crude prices. Asian economic growth is not a new world phenomenon but it took on a much more voracious intensity in 2004.

Continued instability in the Middle East helped add to the pervasive fear that the replenishment ratio of many of the world's Exploration & Production companies would not be adequate to sustain current crude prices at previous norms.

So, when looking at our performance in 2004, it is important to keep in mind that we are perhaps at the dawn of a new paradigm where the rules of old may no longer hold sway, and we, as well as the rest of the industry might have to make significant changes in order to continue towards our path of success in the future. We cannot over-emphasize the depths to which we have gone in rethinking our business strategy, our operational models and our execution imperatives. Our vision is clear, our mission is focused, and our determination and energy remains unrelenting.

MARKETING

Revenues: Increased by 35% from N63.4bn in 2003 to N85.8bn in 2004. Despite four weeks of lost sales caused by national industrial strikes as a result of fuel price increases, revenues rose in line with the cost of the underlying price of crude.

Profit after tax: Increased 12% from N798m to N890m. The 40% increase in the Cost of sales, outstripped the previously stated growth in Revenues, mitigating some of

Oando Plc

the positive impact on the bottom line, but a 5% reduction in Administrative expenses added to the overall improvement in profits.

Total White Product Volume in 2004 (in '000 litres)

	2003	2004	Change
PMS (Petrol)	1,227,087	1,217,847	-0.8%
AGO (Diesel)	311,073	267,152	-14.1%
HHK (Kerosene)	167,342	118,635	-29.1%
Total White Products	1,705,502	1,603,634	-6.0%

Lubes & Specialties

	2003	2004	Change
Lubes	11,347	14,328	26.3%
LPG MT	15,693	20,767	32.3%
Jet A1	86,652	100,228	15.7%
LPFO	82,489	40,730	-50.6%
Bitumen MT	20,392	32,162	57.7%

The performance of PMS in 2004 did not meet up with that of the previous year because of the teething problems we experienced with product importation in the first and second quarters of the year. With the introduction of deregulation late in 2003, the industry was just beginning to adapt. We discontinued the importation of products in the fourth quarter as a result of regulatory bodies keeping a strict tab on Open Market Prices (OMP). Furthermore, increasing PLATTS prices led to increased OMPs, which subsequently reduced consumers' buying power/ability.

Locally, HHK was not sufficiently available to trade with. A major refinery for the product was shut down for most of the year, resulting in scarcity and hence volume drops.

AGO volumes, the chief driver of the Commercial business, were down 25%. This was a result of dwindling local (NNPC) supplies and high international import prices which drove the end user prices to record levels, stifling demand (despite deteriorating electric power supply). Although severe supply side market distortions persist, within these figures lie the sterling efforts the Oando Operations teams made to import significant AGO volumes to keep Nigeria working. With significant investment in shoreline storage to drive product availability and support of the upstream oil business, and the deployment of onsite Vendor Managed Inventory strategies, this decline is set to be reversed in 2005.

Having demonstrated our strength in the Aviation industry, Oando plc won the FAAN Best Oil Company Corporate Award for Jet Fuel Marketing for the year 2004. The criteria considered were operational, technical and quality assurance competencies in the execution of the aviation refuelling business. The 15.7% rise in volumes delivered the No.1 spot in volume terms to Oando for the first time.

The lubricants and specialties businesses add further profitability to the business unit. The lubricants business, driven by our state of the art blending plant in Kaduna and the flagship Oleum automotive oil range delivered strong growth, up 17%, which is set to accelerate in 2005, improving the No.3 spot attained in 2004.

A strategic reduction in LPFO business will continue in 2005 as this fuel is further substituted by natural gas and local production falls as Nigeria's refineries return to full operation and convert this low-end fuel into higher value distillates. Ethical profitability remains a challenge in this market, as low priced export product looks set to continue to be diverted back into the local market in significant quantities.

Corporate Affairs

Customer Care Unit (CCU): This was established to develop a long-term strategic partnership with Oando customers by providing excellent customer care with after sales services. CCU is a direct support unit for the sales team and primarily exists to ensure a seamless supply chain from the point of sale to delivery thereby enhancing customer satisfaction. CCU commenced operations on 1st June 2004 and immediately began to address the then extensive issues affecting our entire supply chain. Notable improvements have been experienced since its introduction, chief of which are the improved turnaround times of our trucks, improved coordination between customers' orders and product delivery, and improved service support to the sales team.

Supply & Distribution/Customer Service and Logistics

Product sourcing and coordination: There was an overall decline in inland lifting due to product availability in the industry (approx 20% drop from 2003). Despite this, Oando was able to keep its key position amongst major marketers. Total Volume lifted in 2004 was 1.44 billion litres compared to 1.92bn litres lifted in 2003, a fall of 25%.

Lifting performance represented 14.8% market share and 2nd position amongst the major marketers (0.25% below the market leader). This compares to 15.9% in the previous year.

Progressive Transporters & Trucks Rationalization:

Transportation policy consistent, Transporter Operator Scheme (TOS) saw the addition of 107 Grade A transporters nationwide and 135 trucks were re-branded Grade A. We commenced safety meetings with drivers and transport managers in order to enhance their safety awareness. We were able to introduce three additional tank builders-Frigoglass Ltd, Van Vliet and Metal Mates to augment the implementation of the TOS scheme.

Distribution through Rail Network: Since the start of product movement by rail in August, over 3700MT have been successfully transported to the north. Two locomotives have been dedicated to Oando as well as 59 refurbished wagons painted in Oando colours. Future plans are to take full advantage of this mode of product haulage, and continuously improve and monitor our rail operations.

West African Operations

Oando Ghana Limited

Unipetrol Ghana Limited on the May 7, 2004 officially changed its name to **Oando Ghana Limited**. This corporate re-branding is a comprehensive exercise that

Oando Plc

affects the entire visual identity and image of the Company. The Company posted a turnover of Cedis 329,543 million in 2004 as against a turnover of Cedis 298,742 million in 2003 representing an increase of 10%. In Ghana, the government subsidises the cost of Petroleum imported by marketers. The import parity, which is recoverable by marketers, had an outstanding amount of about Cedis 12 billion by the end of 2004. This under-recovery was primarily responsible for the Company's net loss of Cedis 697 million in 2004 as against a net profit of Cedis 3,043 million in 2003.

The Company presently has 18 branded retail outlets, comprising of 6 stations owned by the company and 12 private developments. At the end of 2004, greater focus through strategy, planning and financial restructuring commenced in our Ghana operation which we are monitor closely for incremental performance.

Oando Togo SA

The Company posted a turnover of CFA3, 733 million in 2004 as against a turnover of CFA 3,224 million in 2003 representing an increase of 16%. The company's net profit for the year however declined from CFA87 million recorded in 2003 to CFA 23 million in 2004 representing a decline of 74%. The decline in profit was due to increase in cost of sales arising from high cost of crude oil in the international market without a corresponding regulation by government to allow increase in open market prices at the pump.

The Company currently operates 8 branded retail outlets in Togo, comprising 5 stations owned by the Company and 3 private developments. The company is yet to gain full membership of the GPP (Gruopement Proffsional De L'industrie Du Petrole), a league of major marketers in Togo that has the responsibility of importing the country's entire petroleum products requirement.

Oando Sierra-Leone:

The company carried out very modest commercial operations largely due to significant delay in the resumption of economic activities in the post-war Sierra-Leone. The resulting uncertainty significantly affected the timely start of business operations of the entity. However, the company still recorded a modest turnover of Le 616 million for the year.

Oando Supply & Trading Limited

Oando Supply & Trading Limited was incorporated in April 2004 to procure and trade a broad range of refined petroleum products which include, Jet A1, Gasoline, Diesel, Low/High Pour Fuel Oil, Kerosene, Bitumen and Base Oils. The company is a Joint Venture with Ocean & Oil Holdings and is 51% controlled by Oando Plc. In line with the leadership culture of the Oando Group, Oando Supply & Trading is now the foremost indigenous physical trader of petroleum products in Nigeria, developing a reputation for quality and reliability. Its delivery record and operational performance are unparalleled, resulting in an extensive network of customers and suppliers worldwide including, major marketers, independent

marketers, trading companies and refiners. The Company was able to take advantage of the deregulation of products in the downstream petroleum sector in 2004 to record a turnover of ₦15.9bn and profit before tax of ₦132m for the nine months to December 2004, and projects to improve on this performance in 2005 and beyond as the sector becomes fully deregulated.

Gaslink Nigeria Limited

Gaslink Nigeria Limited, 51% Owned subsidiary of Oando Plc, was incorporated in 1988, and is one of only two companies in Nigeria involved in the piping and distribution of natural gas direct to the consumers. Gaslink Nigeria Limited is operating in pursuance of a 20-year Natural Gas Sale & Purchase Agreement (NGSPA) with the Nigerian Gas Company (a subsidiary of NNPC) having been assigned all of Oando's exclusive rights, benefits, privileges and obligations under the agreement with the Nigerian Gas Company in July 1999. This agreement grants Oando/Gaslink the exclusive rights to market Natural Gas to industrial energy consumers in the "Greater Lagos Industrial Area".

Since the confirmation of gas as a reliable source of energy and the development of its gas distribution network, the Company has built a 100 kilometer pipeline covering all Industrial estates in Lagos and signed Gas Sales and Purchase Agreements, (GSPAs), with at least 48 companies. All the companies that have linked up to its pipeline now enjoy uninterrupted supply. More industries are now willing to connect given the clean value proposition of gas as a better alternative for energy. The sale of gas is growing as many more customers take the gas advantage. To create more capacity, Gaslink finally obtained approval from the NNPC/NGC to expand the City Gate Station at Alausa, Lagos to provide additional volume and pressure. Management has since commenced the process to actualize the upgrade.

The company completed the second phase of the Greater Lagos Pipeline construction delivering gas to Apapa and its environs. With this, gas is now available to all major industrial estates in Lagos. The ongoing deregulation of the downstream sector and the resultant increased prices of petroleum products has led to an upsurge in new demand as most fuels are substituted by natural gas. Gaslink is set for substantial growth in the near future.

The challenge, however, remains sustaining and attracting the requisite staff. With our improving operational performance, the company is now set to be more competitive in staff reward issues. With regards to operational safety, the company maintains an underground pipeline buried 1.2 metres below the ground to ensure that it is not easily vandalized. However, in the event of vandalism or leakage, the pipeline is fitted with automatic shutdown, which will draw immediate attention and repairs. The gas is further deodorized to make it user-friendly.

Looking into the horizon, the Federal Government's move to curb flared gas might offer oil field operators, local host communities and other stakeholders some significant advantages beyond just environmental. The

Oando Plc

substantial reduction in atmospheric greenhouse emissions will not only secure environmental stability in the oil-producing region, but such reduction in emissions in Nigeria can even possibly attract companies in more advanced countries seeking carbon reduction credit under the Kyoto Protocol programme of emission trading. This will definitely be an additional source of income to the country. Gaslink Nigeria Limited is strategically positioned to harness these opportunities and deliver the gains identified above to the nation.

Gaslink's strategy is to grow earnings from a stable utility foundation, by investing in related businesses and services that provide opportunities for higher, unregulated returns to both its customers and shareholders. There are plans to expand the existing capacity to cater for existing industries and the several independent power initiatives contemplating for the Lagos Area.

In 2004 Gaslink had a Turnover of ₦351m and a Profit after Tax of ₦34m.

INFORMATION TECHNOLOGY

Oando's IT initiatives were positively advanced in year 2004. These initiatives, which greatly improved the efficiencies of the business operations, included the following:

- Expansion and enhancement of the Wide Area Network. Onne terminal, the new divisional office in Benin and our Abuja office are now all directly connected to Head Office.
- Technology setup of the new Customer Care Unit in Apapa. The Customer Care Unit has been setup with a 21st Century E1 circuit giving our customers 'always-on' access to the Customer Care team.
- Organisation wide migration from Windows NT to Windows 2003, a more versatile, robust and secure operating platform. The move facilitates better communications and more efficient operations.
- ACCPAC Stabilization Project was successfully implemented. Highlights from the project include resolution of key issues, renewed user confidence in the system and more accurate reporting.
- Alternative power sources for business continuity where base infrastructure is a challenge were deployed to those areas.
- Reduced telephony costs and enhanced telephony services at head office. Through the deployment of E1 circuits and the implementation of access policies.

ENVIRONMENT, HEALTH, SAFETY & QUALITY (EHSQ)

Oando has become proactive in Environmental, Health, Safety & Quality related issues.

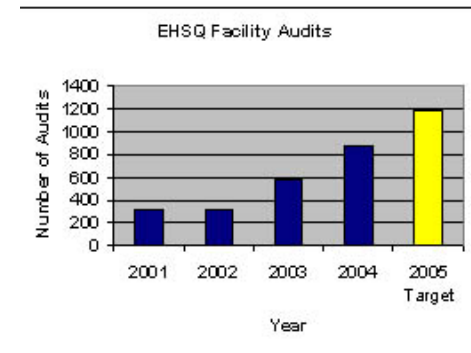
Safety of men and equipment continued to receive prime attention in 2004 with EHSQ given a full departmental status. The EHSQ Department was strengthened with a new Head of Department and new staff to enable the department perform its

assigned roles effectively. Various programs were executed in continuation of the company's Enlightenment Campaign and EHSQ Awareness Training for all stakeholders.

EHSQ Monthly Updates were regularly circulated to all staff. EHSQ data collection and utilization was strengthened and is now carried out routinely in Oando for both internal and external (statutory requirements for monitoring agencies) reporting as well as for business performance improvement. The company continues to witness a reduction in the number of lost work hours attributed to injuries/accidents.

Training sessions and various meetings were held with Contractors and Transporters/Drivers on the new EHSQ direction of the company and the responsibilities, which this have bestowed on every stakeholder. These meetings also served as fora to receive feedback on earlier training activities of the company relating to EHSQ. The feedback received assisted the department in no small measures to plan areas of improvements.

Oando held the gains of 2003 and continued in 2004 to improve on its performance through continuous emphasis on Quality Assurance and an integrated ISO 9001 Quality Management System. **The ISO Certification Program was launched in 2004** and we are on track for an External Quality Audit which will culminate in a company-wide ISO certification of Oando's quality processes including design and



development planning, resource management, purchasing, customer-related processes, measurement & analysis and continuous improvement.

As usual, Oando continues to play a leading role in the EHSQ issues in the industry. The company was

actively involved in the organization of the 2004 EHS International Biennial Conference on Oil and Gas Industry in Nigeria and several other activities of similar agencies in creating the much needed EHS Awareness in the country.

CORPORATE COMMUNICATIONS

The Group, through its Corporate Communications Department was proactive in promoting its positive image and businesses throughout 2004. The Department:

- Developed a highly successful print and electronic media campaign for the Public Offer & Rights Issue and overall management and successful execution of the marketing for Public Offer and Rights Issue.
- Maintained excellent visibility in the press throughout 2004 with continuous generation of news stories
- Ensured successful Commissioning of newly re-branded stations in each Division, and Commissioning of Onne Tank Farm and launch of the Rail Haulage initiative
- Managed the branding exercise and rollout for Nigeria, Ghana and Togo and re-branded a total of 140 stations in 2004 (We now have 240 fully re-branded stations)
- Led the Major Marketers PR Committee in the deregulation campaign and developed a plan and worked with Advertising Agencies in respect thereof.

ENGINEERING

Highlighted hereunder are some of the major projects embarked upon and completed in 2004:

- Completion of Onne tank farm project
- Completion of pipeline and tank swap to ensure segmented product severance from Apapa Terminals 1 and 2
- Provision of support logistics to NRC for the commencement of rail haulage including refurbishment of locomotives and rail wagons, rehabilitation of rail tracks at Oando plant locations
- Modernization of Divisional office at Benin
- Modernization of Apapa Terminal Office complex
- Improvement of loading speed at Apapa terminal 1 and 2 including provision of faster pumps, Accuload digital loading meters, extension of the loading gantries
- Improvement of productions facility at Kaduna Lube plant including the centralization of production to ex-Agip lube plant, provision of a new compressor to increase output level and seamless closure of ex-Unipetrol plant

- Improvement of illumination at retail outlets by provision of high intensity lights to improve night loading
- Provision of additional 300 dispensing pumps and 60 generators to the retail outlet network national wide, plus 30 retail outlet structural upgrades in the Dealers Operator Scheme initiative

Oando Group Company Result

Revenues: During the year under review, the company had a combined turnover of ₦ 103 billion up from ₦ 68.5 billion in 2003, representing an increase of over 50%. The increase was the result of aggressive sales policy undertaken during the year. Another factor was the deregulation of the Downstream sector, which gave rise to a general price increase.

Cost of sales: Increased by 56% from ₦60.63bn in 2003 to ₦94.57bn in 2004, thus highlighting the surge in international crude prices.

Profit and Margins: Profit on ordinary activities before taxation increased by 46% from ₦ 1.12bn in 2003 to ₦ 1.61bn in 2004. Profit after Tax increased by 69% to ₦1.47bn in 2004 from ₦ 876m in 2003. Profit attributable to group shareholders went from ₦ 849m in 2003 to ₦ 1.16bn in 2004, 37% higher. Since our margins were eroded by price caps in a semi-deregulated environment in the downstream sector, our Supply & Trading business and our Gas businesses provided much needed support to our bottom line performance.

Proposed Dividend: We are presently in the build-up, investment phase and acquisition stage in our businesses, except our downstream marketing business, where we are looking to further streamline our activities to enhance returns in an already minimal margin environment. We look to our past and present investments yielding multiple benefits for years to come. For 2004, we will be recommending a dividend of ₦2.00 per ordinary share.

Future Strategic Plans: Oando Group continues to be the premier last mile energy solutions provider and in that regard has extensive future strategic plans which involve the development of amongst other things, a 100,000-barrel per day refinery, several Independent Power Plant projects, and the ongoing consolidation of all various Group's businesses into a well harmonized and efficient corporate structure.

Capital Base: The Company's share capital was augmented through a fully subscribed Rights Issue and substantially oversubscribed Share offer, which raised ₦1.9bn and ₦14.1bn respectively at the end of 2004. There are now 572,300,897 Oando shares of 50k issued and, held by over 295,485 individual shareholders, the second largest of any quoted company on the Nigerian Stock Exchange.

Oando Plc

Market Capitalization: Oando's market valuation stood at over N64bn at the end of December 2004, ranking amongst the ten largest listed companies in Nigeria.

Oando Share Price: Our Share Price closed the year at N112 an increase of 31% from January 2004, performing considerably better than most of the other Petroleum Marketers and significantly more so than the NSE which rose 18% over the same period.

Our resolve to increase significantly the value of this company to its shareholders remain emphatically undiminished. The dedication of your management to excellence is the industry benchmark. The mandate of every employee of this company is to demonstrate value. Our critical success factor, "Last mile energy solutions company," is our clarion call to execution. We appreciate your continued support.

Thank you & God Bless.



Jubril Adewale Tinubu

Group Managing Director & Chief Executive Officer





Oando Plc

BOARD OF DIRECTORS' REPORT

1. RESULTS

	2004	2003
Turnover	103,059,763	68,492,356
Profit on ordinary activities before taxation	1,614,792	1,117,297
Profit after tax and exceptionals	1,471,145	875,698
Reserve for bonus issue	-	40,770
Proposed Dividend	1,144,600	652,318
Minority Interests	314,669	27,129

2. LEGAL FORM

In 1956, Oando Plc commenced operation in Nigeria under the name "ESSO West Africa Incorporated", a subsidiary of Exxon Corporation of the USA, marketing petroleum products. In 1969, the Company was incorporated under Nigeria Laws as "Esso Standard Nigeria Limited". In 1976, the Nigeria Government bought Esso's interest and thus became the 100% owner of the company. The Company was then re-branded "Unipetrol Nigeria Limited".

On 1st March 1991, the Company became a Public Limited Company Unipetrol Nigeria Plc. In the same year, 60% of the company's shareholding was sold to the Nigerian public under the first phase of the then privatization exercise.

In February 1992, the Company was quoted on the Nigerian Stock Exchange.

In 2000, under the 2nd phase of the Federal Government of Nigeria's privatization programme, Ocean & Oil Investments Limited became a core investor by acquiring 30% of the Federal Government's 40% equity stake in the Company. The remaining 10% was sold to the Nigerian public. The investment in the then Unipetrol Nigeria Plc by Ocean & Oil Services Limited was with the support of its then International Technical Partners, Compania Espanola De Petroleos (CEPSA), who were at the time, the 2nd largest Oil Group in Spain and rank among the top 10 Oil Groups in Europe. CEPSA is a fully integrated petroleum company involved in Exploration & Production, Petrochemicals, Natural Gas, Trading, Refining, Distribution and Marketing.

In August 2002, the Company acquired Agip Petroli's 60% stake of Agip Nigeria Plc. The sale of the 60% interest of AgipPetroli International was the result of an International bid conducted by AgipPetroli International B.V. with the assistance of an International adviser during which Agip Petroli International selected the then Unipetrol Nigeria Plc. Following the acquisition of Agip Nigeria Plc, the company was re-branded to "Oando Plc" in 2003.

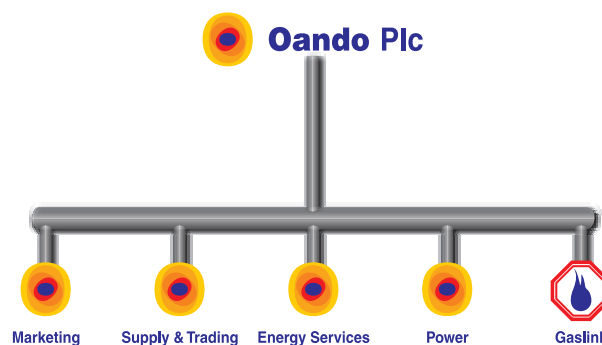
3. PRINCIPAL ACTIVITIES OF THE GROUP

With the new Group Structure there are five main business activities carried out by its five main companies. These businesses include Downstream

Marketing, Large Scale Import and Export of Refined Petroleum Products and Crude Oil, Local Distribution of Natural Gas, Upstream Oil Services and Independent Power Projects.

4. DEVELOPMENT OF THE BUSINESS OF THE COMPANY AND ITS SUBSIDIARY

Group Organogram



Your Company, Oando Plc, has evolved from a Petroleum Marketing Company to the largest Energy Group in Nigeria.

5. DIVIDEND

The Directors are pleased to recommend the payment of dividend of ₦ 2.00 or 200kobo per share. The recommended dividend is subject to the deduction of appropriate withholding taxes.

6. DIRECTORS

In year 2004, Alhaji Ibrahim Boyi (former Executive Director, Oando Plc and former Managing Director, Gaslink Nigeria Limited) voluntarily resigned from the Company as an employee and from the Board of Directors after over 15 years of service to the Company. He is now the Managing Director of Eterna Oil & Gas Plc.

In accordance with section 259(1) and (2) of CAMA 1990 and Articles 90 and 92 of the Company's Articles of Association, the following Directors, who are the longest in office, are retiring by rotation and will present themselves for re-election at this meeting:-

- Prince Felix N. Atako JP
- Mr. Omamofe Boyo
- Alhaji Hamidu Mahmud
- Major Gen. Mohammed Magoro (Rtd.)

Directors' Interest

According to the Register of Directors' shareholding, the interest of Directors in the issued share capital of the Company for the purpose of section 275 part 1 of schedule 5 of the Companies and Allied Matters Act 1990 is as follows:

NAMES HOLDINGS

Maj. Gen. Magoro (Rtd) OFR*	NIL
Mr. J. A Tinubu*	NIL
Mr. O. Boyo*	NIL
Prince F.N Atako	51,001
Mr. Ike Osakwe	61,931
Mr. O .P. Okoloko*	NIL
Alhaji H. Mahmud	6,956
Mr. A. Akinrele (SAN)	32,170
Alhaji W. Mohammed	276,306
Mr. O. Osifo*	1,795
Mr. O. Ibru	126,141

**Maj. Gen Magoro (rtd), OFR, Mr. J. A Tinubu, Mr. O. Boyo, Mr. O. P. Okoloko and Mr. O. Osifo are Directors representing the Core Investor, Ocean and Oil Investments Limited.*

Directors' Interest in Contracts

None of the Directors notified the Company of any declarable interest in contracts in which the company was involved during the period under review for the purpose of section 277 of the Companies and Allied Matters Act, 1990 and Article 114 of the Company's Articles of Association.

7. ACQUISITION OF ITS OWN SHARES

The Company did not acquire its shares in 2004. Both the Company's Provident fund and Terminal Benefits Scheme however held shares in the company.

8. SUBSTANTIAL SHAREHOLDING

Ocean and Oil Investments Limited is the highest single shareholder in the Oando Plc. This follows the sale of the Company's shares to Messrs Ocean and Oil Investments Limited in May 2000 and the merger of the Company with former Agip Nigeria Plc in year 2002. Ocean and Oil Investments Limited holds 141,309,062 units in the Company representing 29.69% of shares. Other than this no other shareholder holds 5% of issued share capital of Oando Plc.

9. ANALYSIS OF SHAREHOLDERS AS AT 31st DECEMBER 2004

Range	No. of Holders	Percent	Units	Percent
1 - 1000	237,619	82.41%	72,277,506	12.63%
1001 - 5000	40579	14.07%	86,960,246	15.19%
5001 - 10,000	5,622	1.95%	41,982,439	7.34%
10001 - 50,000	3,917	1.36%	77,583,806	13.56%
50001 - 100000	322	0.11%	22,700,538	3.97%
100001 - 500000	211	0.07%	43,532,348	7.61%
500001 - 1000000	38	0.01%	28,498,384	4.98%
1000001 - 9999999999999	23	0.01%	198,765,630	34.73%
Grand Total	288,331	100.00%	572,300,897	100.00%

10. ASSET VALUE

Changes in the value of property, plant and equipment were due to additions and disposals as shown in note 10 on page 29 of this Report. In the opinion of the directors, the market value of the Company's property is not lower than the value shown in the financial statements.

CORPORATE AREA

1. AWARDS

“Quoted Company of the Year” and “Best Company in the Petroleum Marketing Sector”

The Nigerian Stock Exchange (NSE) declared Oando Plc the **Quoted Company of the Year** for the year 2003 financial year in September 2004. The company was also adjudged the **Best in the Downstream Petroleum Sector**. These two awards were based on Oando's exemplary performance in adherence to post Listing Requirements and other indices of Corporate Governance including financial performance and return on investment.

“Federal Airports Authority of Nigeria (FAAN) Award”

Oando Plc was awarded the “**Best Oil Company of the Year Corporate Award**” by the Federal Airports Authority of Nigeria (FAAN). This prestigious award was given because Oando was adjudged the best in Operational, Technical and Quality Competencies in Jet Fuel Marketing, beating ExxonMobil, ChevronTexaco, Total, AP and Conoil in International Air Transport Association's (IATA's) and International Civil Aviation.

2. PUBLIC OFFER AND RIGHTS ISSUE

The company's share capital was augmented through a successful Rights Issue and Share offer, which raised ₦1.9bn and ₦14.1bn respectively at the end of 2004. This increased the number of individual shareholders to over 295,485.

3. EMPLOYMENT AND EMPLOYEES

Staff Strength

In order to support the rapid expansion of the company's business activities the staff strength of the Group is 577.

The company continues to support the Industrial Training Programs; during the year ended 2004 the organization supported 8 young people in this regard.

Manpower Development

The Company believes in its work force, which is its greatest asset. Training and development of the Company's staff is constant. Training courses are geared towards the developmental needs of staff and

the improvement in their skill sets to face the increasing challenges in the industry.

Equal Employment Opportunity

The Company does not discriminate against any person on the ground of race, religion, colour, or physical disability. It pursues an equal employment opportunity policy. The Company maintains a policy of giving fair consideration to applications from physically disabled persons, bearing in mind their respective aptitudes and abilities.

Staff Equity Participation Scheme

In the continued quest to ensure Oando Plc retains its premier position as Nigeria's largest and fastest growing Energy Solutions Provider, Management has embarked on various initiatives aimed at strengthening the Company's platforms for achieving Liquidity, Profitability and Growth. The Oando Group now consists of several entities whose business focus and assets span the entire oil and gas spectrum, thereby increasing and diversifying revenue streams and spreading business risk. To help us meet our short- and long-term aspirations, we must retain our focus on PEOPLE as the most critical asset for sustained competitive advantage. The dynamics of our business are changing very rapidly and to retain our premier position, we must remain able to attract and **retain** quality people available in both local and international talent markets. In order to do this, there is a need to implement employee reward and retention schemes focused on short, medium and long-term business performance, and **structured in a manner that does not bloat the company's wage bill, while being capable of motivating employees to achieve stretch goals and increase shareholder value.** The directors' believe that this will be achieved by the establishment of a Staff Equity Participation Scheme, and recommend that the resolution is passed.

7. SOCIAL RESPONSIBILITY

As a socially responsible corporate citizen, Oando is continually striving to improve the welfare and support the interest of the communities in which it operates. To this end the following donations were made in year 2004:

Name of Organisation	Amount (₦)
Kano State Motherless Home	214,300
Home for the Elderly Harbour Road, PH	106,000
Motherless Baby Home, Borokiri, PH	138,000
Remar Nigeria Christian Rehabilitation Centre	70,000
Edo State Remand and Orphanage Home, Benin	38,000
Jamaiyyar Mata Arewa Orphanage, Kaduna	48,800
Hope for the Blind	49,500
Helping Hands African Children Foundation	210,000
Sponsorship: Renovation of Dala Hard Tennis Court in Kano	2,441,250
In Support of National Essay Competition for Secondary Schools	1,000,000
Total	4,316,050

9. AUDIT COMMITTEE

In accordance with Section 359(6) of the Companies & Allied Matters Act 1990, the following shareholders and Directors sat on the Audit Committee for the purpose of the Company's year 2004 Accounts:

- Otunba Olatunde Olowu-Chairman
- Mr. Peter I. Nwalozie
- Mr. Jude Okpala
- Mr. Ike Osakwe
- Mr. Onajite P. Okoloko
- Prince F. N. Atako JP

10 CORPORATE GOVERNANCE

Oando maintains a commitment to relentlessly seeking absolute transparency and disclosure to its shareholders and stakeholders in all its dealings, in line with the highest standard of Corporate Governance Policies. The Audit Committee Members and the Members of the Board of Directors were in year 2004 presented with documents on Corporate Governance Practice in order to aid them in their deliberations.

The Board and the Management team are constantly discussing, reviewing and even challenging proposed plans and recommendations which help check decision making, project the Company's culture and values and protect the interest of investors and all stakeholders.

BY ORDER OF THE BOARD



Oredeji K. Delano (Mrs.)
Group Counsel/Company Secretary
Oando Plc
Stallion House
2, Ajose Adeogun Street, Victoria Island, Lagos

Oando Plc

REPORT OF THE AUDIT COMMITTEE

In compliance with section 359 (6) of the Companies and Allied Matters Act 1990, we the members of Oando Plc Audit Committee have, on the documents and information made available to us:

- a. Reviewed the scope and planning of the audit requirements
- b. Reviewed the external Auditors' Management Report for the year ended December 31, 2004 as well as the Management response thereto, And can ascertain that accounting and reporting policies of the company for the year ended December 31, 2004 are in accordance with legal requirements and agreed ethical practices



Otunba O. Olowu
Chairman, Audit Committee

Members

1. Otunba Olatunde Olowu

He is an experienced Chartered Accountant, a fellow of the Chartered Accountants of Nigeria (ICAN) and the Institute of Chartered Secretaries and Administrators, England. He is a member and chairman of Audit Committees of many companies. He is the chairman of SIFAX Group. Otunba Olowu serves on the Board of many companies.

2. Mr. Peter Nwalozie

He holds a B.SC in Agric Economics from the University of Ife, Ife, Osun State and an MBA in Financial Management. He is an Associate of the Chartered Institute of Stockbrokers and the Chartered Institute of Marketing. He has at various times served in many Financial and Investment organizations. He is currently the Managing Director of Pinefields Investment Services Limited.

3. Mr. Okpala Jude

An Electrical Engineer by Profession .He also holds a PGD in Accounting from Imo State University. He is a member of Audit Committees of many companies. He is currently Managing Director of Lumen Electric Co. Ltd and Transorbit Investment Ltd.

4. Mr. Ike Osakwe

Mr. Ike Osakwe, a seasoned Chartered Accountant, Financial and Management Consultant, holds a B.A (Oxon) and an M.A (Oxon) in Chemistry from the University of Oxford, England. He is an Associate Member of the Institute of Chartered Accountants for England and Wales. He has worked in various Audit and Consultancy Firms and has carried out extensive Management Systems, Operational and Accounting Review Assignments within Nigeria and internationally.

5. Mr. Onajite Okoloko

He holds a Bachelor Degree in Economics from the University of Benin, Benin City. He is a Founding Partner of the Ocean & Oil Group. He developed the marketing and sales strategy of the business while remaining heavily involved in product trading. He is the Managing Director of Oando Energy Services Limited. Mr. Okoloko also sits on the Board several companies.

6. Prince Felix N. Atako JP

Prince Atako holds a Bachelor's degree in Public Accountancy & Economics and M.B.A in Finance & Investments from the City University of New York, U.S.A and Baruch College, New York, U.S.A, respectively. He is a seasoned Financial Analyst, who has served in various capacities both in the Private and Public Sectors. He is a Member of the Nigerian Stock Exchange and he on Board many companies.

SECRETARY

Oredeji K. Delano (Mrs.)

OANDO PLC**STATEMENT BY THE AUDITORS OF DIRECTORS' RESPONSIBILITIES****31 December 2004**

i. Responsibilities in respect of the financial statements

This statement which should be read in conjunction with the Report of the Auditors, is made with a view to setting out for shareholders, the responsibilities of the Directors of the Company with respect to the financial statements.

In accordance with the provisions of the Companies and Allied Matters Act 1990, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position of the Company and of the profit or loss for the financial period.

The responsibilities include ensuring that:

- a) appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- b) the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 1990;
- c) the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

It is also the responsibility of the directors to be satisfied that it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

ii. Responsibilities in respect of Corporate Governance**Introduction**

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

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

The Board of Directors

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

The Board consists of the Chairman, eight non-executive directors and two executive directors. The non-executive directors are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgement. They have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the company's progress. The Managing Director is a separate individual from the Chairman and he implements the management strategies and policies adopted by the Board. They meet at least four times a year.

The Audit Committee

The Audit Committee is made up of six members - three directors (all of whom are non-executive) and three shareholders. The Committee members meet at least thrice a year.

Its duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Audit Committee also keeps under review internal financial controls, compliance with laws and regulations and the safeguarding of assets. It also reviews the adequacy of the plan of the internal audit and reviews its audit reports.

OANDO PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONT'D)

31 December 2004

ii. Responsibilities in respect of Corporate Governance (Cont'd)

Systems of Internal Control

Oando Plc has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled.

The corporate internal audit function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Code of Business Ethics

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

REPORT OF THE AUDITORS TO THE MEMBERS OF OANDO PLC

We have examined the consolidated financial statements of Oando Plc ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2004 set out on pages 28 to 39, which have been prepared in accordance with the accounting policies set out on pages 26 and 27

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities on pages 21 to 22, the Directors are responsible for the preparation of the Company's financial statements and that of the Group. Our responsibility is to form an independent opinion, based on our audit, on those financial statements prepared by the Directors and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates and judgments made by the directors and an evaluation of the overall adequacy of the information in the financial statements.

We planned and performed such audit procedures and obtained all the information and explanations which we considered necessary for the purposes of our audit. We believe that our audit provides us with a reasonable basis for our opinion.

Opinion

In our opinion, the Company and the Group have kept proper books, and the financial statements which are in agreement with them give in the prescribed manner, the information required by the Companies and Allied Matters Act 1990 and give a true and fair view of the state of the Company and the Group's affairs as of 31 December 2004 and of their profit and cash flows for the year then ended, in conformity with generally accepted accounting principles in Nigeria.



Chartered Accountants
Lagos



27 April 2005

OANDO PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

31 December 2004

a. Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and comply with the relevant Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

b. Consolidation**(i) Subsidiaries**

Subsidiaries include all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the equity as capital reserve on consolidation.

All balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Separate disclosure (in equity) is made of Minority Interests.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

c. Turnover

Turnover represents the net invoice value of sales to customers less returns.

d. Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

e. Depreciation

Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their estimated useful lives. Principal annual depreciation rates are:

	%
Building	2 - 5
Bulk Plants, Terminal and Equipment	5 - 12 ¹ / ₂
Motor Vehicles	20 - 25
Other Assets and Equipment	5 - 33 ¹ / ₃

OANDO PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

31 December 2004

f. Deferred Taxation

The Company provides for the deferred taxation on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation, using the liability method in line with SAS 19.

g. Stocks

Stocks are stated at lower of cost and net realisable value. The weighted average cost method is adopted where stock is to be valued at cost.

h. Debtors

Debtors are stated after provisions have been made for debts considered doubtful of recovery.

i. Investments

Investments, other in investments in associates are stated at cost less provision for any permanent diminution in value.

j. Staff Provident Fund

The Company operates a defined Provident Fund Scheme for its employees, which is managed by a Board of Trustees. The Scheme is funded by contributions which are based on varying percentages of basic salary, presently 7.5%, 10% and 12.5% by members with the Company contributing equal amount in all cases.

k. Foreign Currency

- (i) Transactions in foreign currencies are converted to Naira at the exchange rates ruling at the transaction date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Naira at the applicable rate of exchange as at that date. Realised profit and loss arising from currency conversion are dealt with in the profit and loss account.
- (ii) In accordance with the Statement of Accounting Standards (SAS 7) the financial statements of foreign entities, prior to consolidation, are translated into Naira using the Closing Rate Method as follows:
 - (a) assets and liabilities, both monetary and non-monetary are translated at the closing rate;
 - (b) income statement items are translated at the closing rate;
 - (c) the exchange differences resulting from translating the opening net investment in the foreign entity at an exchange rate different from that at which it was previously reported is taken to a Capital Reserve Account.

OANDO PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 December 2004**

N'000

	NOTE	2004		2003	
		Group	Company	Group	Company
Turnover	2	103,062,711	85,852,713	68,492,356	63,447,251
Cost of sales		<u>(94,574,971)</u>	<u>(78,391,947)</u>	<u>(60,632,012)</u>	<u>(56,002,266)</u>
Gross profit		8,487,740	7,460,766	7,860,344	7,444,985
Administrative expenses	3	<u>(5,824,880)</u>	<u>(5,143,812)</u>	<u>(5,696,067)</u>	<u>(5,390,108)</u>
		2,662,860	2,316,954	2,164,277	2,054,877
Share of profit of associated companies	4	7,460	7,460	9,577	9,577
Other income	5	<u>713,179</u>	<u>203,344</u>	<u>1,199,436</u>	<u>1,195,881</u>
Trading profit		3,383,499	2,527,758	3,373,290	3,260,335
Interest payable and similar charges (net)	6	<u>(2,613,459)</u>	<u>(2,384,014)</u>	<u>(2,707,600)</u>	<u>(2,692,535)</u>
Profit on ordinary activities before taxation and exceptional item	7	770,040	143,744	665,690	567,800
Exceptional item	8	1,375,207	1,375,207	982,062	982,062
Amortisation of intangible assets	12	<u>(530,455)</u>	<u>(530,455)</u>	<u>(530,455)</u>	<u>(530,455)</u>
Profit on ordinary activities before taxation		1,614,792	988,496	1,117,297	1,019,407
Taxation	9	<u>(143,647)</u>	<u>(97,694)</u>	<u>(241,599)</u>	<u>(221,697)</u>
Profit on ordinary activities after taxation and exceptional item		1,471,145	890,802	875,698	797,710
Minority interests	24	<u>(314,669)</u>	<u>-</u>	<u>(27,129)</u>	<u>-</u>
Profit attributable to group shareholders		1,156,476	890,802	848,569	797,710
General reserve brought forward (restated)	23	1,457,279	1,387,322	1,302,612	1,282,701
Appropriations:					
Reserve for bonus issue		-	-	(40,770)	(40,770)
Dividend		<u>(1,144,602)</u>	<u>(1,144,602)</u>	<u>(652,318)</u>	<u>(652,319)</u>
General reserves carried forward		<u>1,469,153</u>	<u>1,133,522</u>	<u>1,458,092</u>	<u>1,387,322</u>
Earnings per share (adjusted) (kobo)		202	156	148	139
Dividend per share (adjusted) (kobo)		200	200	114	114

The accounting policies on pages 26 to 27 and notes on pages 13 to 21 form an integral part of these financial statements.

OANDO PLC

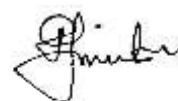
BALANCE SHEET
AS OF 31 December 2004

N'000

	NOTE	2004		2003	
		Group	Company	Group	Company
Fixed assets	10	11,702,542	11,415,060	11,686,294	11,474,700
Long term Investments	11	54,183	1,303,573	51,663	1,042,825
Intangible assets	12	9,723,129	9,548,197	10,205,879	10,078,653
Long term receivable	13	3,797,521	385,093	2,926,324	297,772
Current assets					
Stocks	14	5,506,691	3,872,364	2,665,585	2,402,586
Debtors and prepayments	15	22,428,836	13,217,289	7,874,413	7,112,997
Bank and cash balances		9,821,342	6,258,846	1,509,271	1,370,983
		<u>37,756,869</u>	<u>23,348,499</u>	<u>12,049,269</u>	<u>10,886,566</u>
Current liabilities					
Creditors and accruals	16	27,263,638	18,635,307	15,316,172	14,356,342
Short term loans	17	9,037,963	4,090,457	6,880,102	6,880,102
Dividend payable		1,146,323	1,145,638	654,071	653,355
Tax payable	9	23,010	11,161	9,847	10,419
		<u>37,470,934</u>	<u>23,882,563</u>	<u>22,860,192</u>	<u>21,900,218</u>
Net current assets/(liabilities)		285,935	(534,064)	(10,810,923)	(11,013,652)
Creditors due after one year	18	3,058,551	1,374,251	6,276,457	5,066,457
Provision for liabilities and charges					
Staff gratuity	19	470,447	460,830	388,563	388,563
Deferred taxation	20	469,637	458,920	449,077	443,556
		<u>940,084</u>	<u>919,750</u>	<u>837,640</u>	<u>832,119</u>
NET ASSETS		<u>21,564,675</u>	<u>19,823,858</u>	<u>6,945,140</u>	<u>5,981,722</u>
FINANCED BY:					
Share capital	21	286,150	286,150	163,079	163,079
Share premium account	22	15,980,263	15,980,263	1,269,427	1,269,427
Revaluation reserve		2,423,923	2,423,923	3,121,124	3,121,124
Reserve for bonus issue		-	-	40,769	40,770
General reserve		1,469,153	1,133,522	1,458,092	1,387,322
		<u>20,159,489</u>	<u>19,823,858</u>	<u>6,052,491</u>	<u>5,981,722</u>
Minority interest	24	1,405,186	-	892,649	-
TOTAL CAPITAL AND RESERVES		<u>21,564,675</u>	<u>19,823,858</u>	<u>6,945,140</u>	<u>5,981,722</u>

The financial statements and notes on pages 10 to 21 were approved by the Board of Directors on 26 April 2005 and signed on its behalf by:

DIRECTORS:

The accounting policies on pages 8 to 9 and notes on pages 13 to 21 form an integral part of these financial statements.

OANDO PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2004

N'000

	NOTE	2004		2003	
		Group	Company	Group	Company
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net cash flow from operating activities before changes in working capital	25	4,314,344	3,338,920	3,970,280	3,776,818
Net increase in working capital	26	(4,945,990)	(957,306)	(3,283,804)	(3,497,260)
(Increase)/decrease in long term prepayments		(87,321)	(87,321)	199,892	199,892
Increase in customers' security deposits		251,210	251,210	457,989	457,989
(Decrease)/increase in income deferred for more than one year		(82,240)	(82,240)	37,347	37,347
Income tax paid		(104,747)	(76,646)	(152,950)	(138,223)
Staff gratuity paid		(374,375)	(374,375)	(460,369)	(460,369)
Net cash inflow (used in)/from operating activities		(1,029,119)	2,012,242	768,385	376,194
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of fixed assets		(2,001,252)	(1,860,511)	(1,321,531)	(1,238,860)
Purchase of software		(28,455)	-	-	-
Purchase of long term investments		-	(258,228)	(562)	(562)
Additional consideration in subsidiary undertaking		(19,251)	-	-	-
Payments relating to pipeline construction by Gaslink		(1,403,701)	-	(1,150,240)	-
Pipeline construction costs recovery		618,983	-	138,491	-
Proceeds from sale of buildings and related assets		1,670,500	1,670,500	1,059,500	1,059,500
Proceeds from sale of other fixed assets		56,993	31,498	23,304	16,581
Proceeds from sale of long term investment		-	-	878,749	878,749
Interest received		395,943	363,340	195,067	192,272
Cash (used in)/provided by investing activities		(710,239)	(53,401)	(177,222)	907,680
CASH FLOWS FROM FINANCING ACTIVITIES:					
Decrease in long term loan		(3,386,876)	(3,861,176)	(2,204,939)	(2,944,939)
Increase/(decrease) in short term loan		2,157,861	(2,789,645)	1,666,606	1,666,606
Decrease in bank overdraft		(31,082)	(1,813,620)	(1,329,724)	(1,336,894)
Net proceeds from sale of shares		14,793,137	14,793,137	-	-
Proceeds from sale of Gaslink's shares to minority interests		180,394	-	3,041	-
Dividend paid		(652,350)	(652,319)	-	-
Interest paid		(3,009,402)	(2,747,354)	(2,902,667)	(2,884,807)
Net cash provided by/(used in) financing activities		10,051,682	2,929,023	(4,767,683)	(5,500,034)
Net change in cash		8,312,324	4,887,863	(4,176,521)	(4,216,160)
Cash at the beginning of the year		1,509,271	1,370,983	5,685,792	5,587,143
Exchange difference		(253)	-	-	-
Cash at year end		9,821,342	6,258,846	1,509,271	1,370,983
Cash at year end is analysed as follows:					
Cash at bank and in hand		6,876,760	3,591,281	1,272,264	1,166,999
Fixed deposits		2,944,582	2,667,565	237,007	203,984
		9,821,342	6,258,846	1,509,271	1,370,983

The accounting policies on pages 26 to 27 and notes on pages 13 to 21 form an integral part of these financial statements.

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

N'000

1. THE COMPANY

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. The Company was partially privatised in 1991. It was however fully privatised in the year 2000 consequent upon the sale of Federal Government's 40% shareholding in the Company. 30% was sold to core investors (Ocean and Oil Investments Limited) and the remaining 10% to the Nigerian public. In December 2002, the Company merged with Agip Nigeria Plc following its acquisition of 60% Agip Petroli's stake of Agip Nigeria Plc in August of the same year. The Company formally changed its name from Unipetrol Nigeria Plc to Oando Plc in December 2003.

2. TURNOVER

	2004		2003	
	Group	Company	Group	Company
Analysis by geographical region				
Within Nigeria	85,300,562	85,852,713	63,961,992	63,447,251
Other West African Countries	5,313,556	-	4,530,364	-
Others	12,448,593	-	-	-
	<u>103,062,711</u>	<u>85,852,713</u>	<u>68,492,356</u>	<u>63,447,251</u>
Analysis by type/business segment				
Fuels	95,870,569	80,772,620	62,752,254	58,761,615
Lubricants and other products	5,825,683	5,075,903	5,062,558	4,522,834
Gas	1,342,443	-	513,260	-
Non Fuel Revenue	4,190	4,190	162,802	162,802
Others	19,826	-	1,482	-
	<u>103,062,711</u>	<u>85,852,713</u>	<u>68,492,356</u>	<u>63,447,251</u>

3. ADMINISTRATIVE EXPENSES

Repairs and maintenance	287,149	250,261	198,079	170,992
Insurance	174,403	169,135	149,503	147,600
Rent and other hiring costs	274,509	257,574	201,708	189,478
Staff costs	2,085,157	1,832,229	2,012,548	1,917,302
Depreciation	940,568	885,038	868,874	836,082
Other administrative expenses	2,050,625	1,738,454	2,254,121	2,117,314
Loss on sale of fixed assets	12,469	11,121	11,234	11,340
	<u>5,824,880</u>	<u>5,143,812</u>	<u>5,696,067</u>	<u>5,390,108</u>

4. SHARE OF PROFIT OF ASSOCIATED COMPANIES

This represents the Company and Group's share, respectively, of pre-tax profit of Oando Togo SA. Associated taxes are included in current year taxation (note 8a) and the net amounts adjusted against investment in associates (note 11). Being the first year of applying the equity method of accounting for associated companies prior year balances, including opening reserves, have been restated accordingly.

5. OTHER INCOME

Rent	18,691	18,401	88,786	86,488
Profit on sale of investment	-	-	735,407	735,407
Other operating income	694,488	184,943	375,243	373,986
	<u>713,179</u>	<u>203,344</u>	<u>1,199,436</u>	<u>1,195,881</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES (NET)

Interest payable on syndicated long term loan	977,418	977,418	1,755,936	1,755,936
Interest payable on short term loans and overdrafts	2,031,984	1,769,936	1,146,731	1,128,871
	<u>3,009,402</u>	<u>2,747,354</u>	<u>2,902,667</u>	<u>2,884,807</u>
Interest received	(395,943)	(363,340)	(195,067)	(192,272)
	<u>2,613,459</u>	<u>2,384,014</u>	<u>2,707,600</u>	<u>2,692,535</u>

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

N'000

	2004		2003	
	Group	Company	Group	Company
7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX				
Profit on ordinary activities before taxation is stated after charging the following:				
- Depreciation	940,568	885,038	868,874	836,082
- Auditors' remuneration	21,440	12,000	12,848	10,000
- Amortisation of short term investments	530,455	530,455	530,455	530,455
and after crediting the following:				
- Profit on sale of investments	-	-	735,407	735,407
- Profit on sale of assets (including exceptional item)	1,387,676	1,364,086	993,296	993,402
	<u>1,387,676</u>	<u>1,364,086</u>	<u>993,296</u>	<u>993,402</u>
8. EXCEPTIONAL ITEM				
Profit on sale of buildings and related assets	1,375,207	1,375,207	982,062	982,062
	<u>1,375,207</u>	<u>1,375,207</u>	<u>982,062</u>	<u>982,062</u>
9. TAX ON PROFIT ON ORDINARY ACTIVITIES				
(a) Per profit & loss account				
Charges for the year				
Income tax	92,553	55,050	192,728	169,807
Education tax	25,357	22,338	30,327	30,327
Other - National Reconstruction Levy (Ghana)	-	-	1,437	-
	117,910	77,388	224,492	200,134
Deferred tax (Note 20)	20,796	15,365	13,275	17,732
Tax on share of profit of associated companies	4,941	4,941	3,831	3,831
	<u>143,647</u>	<u>97,694</u>	<u>241,599</u>	<u>221,697</u>

The Company applied for a rollover relief with respect to capital gains on sale of buildings and related assets. Accordingly, Capital Gains Tax of N103 million as not been provided for in these financial statements.

(b) Per balance sheet

Balance, 1 January	9,847	10,419	156,002	166,206
Payments during the year	(104,747)	(76,646)	(152,950)	(138,223)
Charge for the year	117,910	77,388	224,492	200,134
Tax effect on prior year adjustment	-	-	(217,698)	(217,698)
Balance, 31 December	<u>23,010</u>	<u>11,161</u>	<u>9,847</u>	<u>10,419</u>

10. FIXED ASSETS

Group					Total
	Land & buildings	Plant, machinery & motor vehicles	Fixtures, fittings, & equipment	Construction in progress	
Cost/Valuation	N'000	N'000	N'000	N'000	N'000
At 1 January 2004	8,494,551	3,890,932	898,597	1,480,003	14,764,084
Additions	268,019	569,597	96,249	1,067,386	2,001,252
Disposals	(1,238,781)	(198,526)	(58,350)	-	(1,495,656)
Transfers	940,532	143,827	129,339	(1,213,698)	-
Exchange difference	(3,070)	(5,188)	(1,757)	(478)	(10,493)
At 31 December 2004	<u>8,461,252</u>	<u>4,429,898</u>	<u>1,038,786</u>	<u>1,328,336</u>	<u>15,258,272</u>
Depreciation					
At 1 January 2004	928,123	1,715,034	434,633	-	3,077,789
Charge for the year	359,736	453,862	126,969	-	940,568
Disposals	(297,580)	(120,952)	(40,105)	-	(458,637)
Reclassification	1,000	(454)	(546)	-	-
Exchange difference	(273)	(2,047)	(755)	-	(3,075)
At 31 December 2004	<u>991,007</u>	<u>2,056,883</u>	<u>507,840</u>	<u>-</u>	<u>3,555,730</u>
Net book value					
At 31 December 2004	<u>7,470,245</u>	<u>2,373,015</u>	<u>530,946</u>	<u>1,328,336</u>	<u>11,702,542</u>
At 31 December 2003	<u>7,566,429</u>	<u>2,175,898</u>	<u>463,965</u>	<u>1,480,003</u>	<u>11,686,294</u>

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

10. FIXED ASSETS (Cont'd)

Company	Land & buildings N'000	Plant, machinery & motor vehicles N'000	Fixtures, fittings, & equipment N'000	Construction in progress N'000	Total N'000
Cost/Valuation					
At 1 January 2004	8,422,823	3,744,093	839,925	1,458,923	14,465,764
Additions	267,624	496,784	37,265	1,058,838	1,860,511
Disposals	(1,238,781)	(191,849)	(54,357)	-	(1,484,987)
Transfers	940,040	143,827	129,339	(1,213,206)	-
At 31 December 2004	8,391,706	4,192,855	952,172	1,304,555	14,841,288
Depreciation					
At 1 January 2004	921,755	1,659,722	409,587	-	2,991,064
Charge for the year	358,360	417,308	109,370	-	885,038
Disposals	(297,580)	(114,501)	(37,793)	-	(449,874)
Reclassification	1,000	(454)	(546)	-	-
At 31 December 2004	983,535	1,962,075	480,618	-	3,426,228
Net book value					
At 31 December 2004	7,408,171	2,230,780	471,554	1,304,555	11,415,060
At 31 December 2003	7,501,068	2,084,371	430,338	1,458,923	11,474,700

11. LONG TERM INVESTMENTS

These comprise investments in subsidiary and associated companies. Consolidated profit and loss account and balance sheet have been prepared for the company and its operating subsidiaries; Gaslink Nigeria Limited, Oando (Ghana) Limited, Oando Supply and Trading Limited, Oando Trading Limited Bermuda and the associated company; Oando Togo SA.

(a) Long term investments are analysed as follows:

	2004		2003	
	Group	Company	Group	Company
Unquoted shares				
UNITAB Nigeria Limited	20,400	20,400	20,400	20,400
Oando (Ghana) Limited	-	146,743	-	146,743
Gaslink Nigeria Limited	-	1,107,496	-	852,496
Unipetrol Sierra Leone	4,400	4,400	4,400	4,400
Oando Benin	3,997	3,997	3,997	3,997
Oando Supply and Trading Limited	-	2,450	-	-
Oando Trading Limited Bermuda	-	778	-	-
Trans Gas Nigeria Limited	8,077	-	8,077	-
	36,874	1,286,264	36,874	1,028,036
Provision for diminution in value	(20,400)	(20,400)	(20,400)	(20,400)
	16,474	1,265,864	16,474	1,007,636
Associated Companies				
West African Refinery Company Limited - Sierra Leone	11,451	11,451	11,451	11,451
Oando Togo SA - Cost	17,591	17,591	17,591	17,591
Share of Associate's profits - Oando Togo SA	8,667	8,667	6,147	6,147
	54,183	1,303,573	51,663	1,042,825

(b) In the directors opinion, the values of these investments are not less than their realisable value at balance sheet date.

(c) The nature of business and percentage holdings in direct subsidiaries are as follows:

	Nature of business	Shareholding
UNITAB Nigeria Limited	Marketing of automobile parts	51%
Oando (Ghana) Limited	Petroleum marketing	80.5%
Gaslink Nigeria Limited	Gas distribution	51%
Unipetrol Sierra Leone	Petroleum marketing	80%
Oando Benin	Petroleum marketing	100%
Oando Supply and Trading Limited	Trading in refined petroleum products	49%
Oando Trading Limited, Bermuda	Trading in refined petroleum products	49%

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

11. LONG TERM INVESTMENTS (Cont'd)

(d) Consolidation

The financial statements of Oando Supply and Trading Limited and Oando Trading Limited have been consolidated on the basis of the control, which the Company currently exerts on the Boards of the two companies and the consideration of a resolution passed by the Directors in December 2004 to increase the Company's shareholdings in both companies to 51% respectively.

Conversely, Unipetrol Sierra Leone and Oando Benin were not included in the consolidation, as the companies were not fully operational as of the balance sheet date. In the Directors' opinion it is impracticable or would be of no real value to the members to include these companies in the consolidation, in view of the insignificant amounts involved. Also, UNITAB Nigeria Limited was not included in the consolidation because it is currently inactive and the Directors have taken a decision to dispose of their interest in 2005. Accordingly, the carrying amount of the investment has been fully written down.

12. INTANGIBLE ASSETS

	2004		2003	
	Group	Company	Group	Company
Goodwill on acquisition of Agip Nig. Plc	9,548,197	9,548,197	10,078,653	10,078,653
Goodwill on consolidation of subsidiaries	146,477	-	127,226	-
Software costs	28,455	-	-	-
	<u>9,723,129</u>	<u>9,548,197</u>	<u>10,205,879</u>	<u>10,078,653</u>
Movement in intangible assets:				
Balance, beginning of year	10,205,879	10,078,653	10,609,108	10,609,108
Additions:				
Software acquisition costs	28,455	-	-	-
Goodwill on consolidation of subsidiaries	19,251	-	127,226	-
Charge for the year:				
Amortisation of goodwill	(530,456)	(530,456)	(530,455)	(530,455)
	<u>9,723,129</u>	<u>9,548,197</u>	<u>10,205,879</u>	<u>10,078,653</u>

Goodwill arising from acquisition of Agip Nigeria Plc in 2002 amounted to N10,609,108,000. Company and Allied Matters Act, 1990 prescribes that goodwill should be amortised over 5 years. However, in the Directors' opinion the goodwill arising from this transaction will yield economic benefits for at least 20 years, hence the consideration for amortisation for 20 years beginning from 2003. This disclosure is in line with the relevant provisions of section 335 of the same Act. Current year charge has been included in the profit and loss account.

Deferred software costs and goodwill on consolidation are to be amortised over 5 years.

13. LONG TERM RECEIVABLE

	2004		2003	
	Group	Company	Group	Company
Long term prepayment	385,093	385,093	297,772	297,772
Pipeline cost recovery	3,412,428	-	2,628,552	-
	<u>3,797,521</u>	<u>385,093</u>	<u>2,926,324</u>	<u>297,772</u>

14. STOCKS

Finished products	4,375,649	3,017,901	1,346,850	1,335,863
Products in transit	148,824	-	407,758	171,760
	<u>4,524,473</u>	<u>3,017,901</u>	<u>1,754,608</u>	<u>1,507,623</u>
Materials and other stock	1,123,783	996,028	1,048,179	1,032,165
	<u>5,648,256</u>	<u>4,013,929</u>	<u>2,802,787</u>	<u>2,539,788</u>
Provision for slow moving and obsolete stock	(141,565)	(141,565)	(137,202)	(137,202)
	<u>5,506,691</u>	<u>3,872,364</u>	<u>2,665,585</u>	<u>2,402,586</u>

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

	2004		2003	
	Group	Company	Group	Company
15. DEBTORS & PREPAYMENTS				
Trade debtors	13,203,690	3,963,564	2,723,645	1,990,118
Bridging claims receivable	2,643,292	2,643,292	1,381,590	1,381,590
Deposit for import	370,743	370,743	2,044,054	2,044,054
Other debtors	5,520,328	5,453,294	2,551,286	2,462,267
Deposit for shares	-	-	2,449	2,450
Amounts due from other related companies (Note 13a)	1,075,506	1,126,554	206,987	231,182
Prepayments	353,259	244,291	173,375	109,964
	<u>23,166,818</u>	<u>13,801,738</u>	<u>9,083,386</u>	<u>8,221,625</u>
Provision for doubtful bridging claims receivable	(100,728)	(100,728)	(261,839)	(261,839)
Provision for doubtful trade and other receivables	(637,254)	(483,721)	(947,134)	(846,789)
	<u>22,428,836</u>	<u>13,217,289</u>	<u>7,874,413</u>	<u>7,112,997</u>
16. CREDITORS AND ACCRUALS				
Trade creditors	17,395,741	12,097,075	9,033,354	8,450,047
Other creditors	5,268,871	4,357,874	3,323,503	2,979,448
Accruals	1,872,483	1,250,834	195,912	177,925
Bank overdrafts	2,726,543	929,524	2,757,625	2,743,144
Deferred income	-	-	5,778	5,778
	<u>27,263,638</u>	<u>18,635,307</u>	<u>15,316,172</u>	<u>14,356,342</u>
17. SHORT TERM LOANS				
Import finance facilities	-	-	2,992,767	2,992,767
Other short term loans	9,131,848	4,184,342	2,614,154	2,614,154
Less: Amount due after more than one year	(93,885)	(93,885)	(25,348)	(25,348)
	<u>9,037,963</u>	<u>4,090,457</u>	<u>5,581,573</u>	<u>5,581,573</u>
Current portion of syndicated long term loan	-	-	1,298,529	1,298,529
	<u>9,037,963</u>	<u>4,090,457</u>	<u>6,880,102</u>	<u>6,880,102</u>

Short term loans of the Company comprises various Commercial Papers and finance leases from various banks at commercial rates. Also included in the group's balance is the Naira equivalent of various advances obtained from a foreign commercial bank by Oando Trading to finance the purchase of refined petroleum products.

Import Finance Facilities relate to special loan facilities obtained from banks to finance letters of credit opened in respect of the importation of refined petroleum products. Other short term loans relate to various commercial papers and leases obtained from banks to finance working capital needs.

	2004		2003	
	Group	Company	Group	Company
18. CREDITORS DUE AFTER ONE YEAR				
Long term loan	1,778,185	93,885	5,165,061	3,955,061
Deferred income	-	-	82,240	82,240
Customers' security deposits	1,280,366	1,280,366	1,029,156	1,029,156
	<u>3,058,551</u>	<u>1,374,251</u>	<u>6,276,457</u>	<u>5,066,457</u>
Long term loan comprises:				
Outstanding balance on syndicated long term loan	1,684,300	-	6,438,242	5,228,242
Less: Portion due within one year	-	-	(1,298,529)	(1,298,529)
	<u>1,684,300</u>	<u>-</u>	<u>5,139,713</u>	<u>3,929,713</u>
Portion of short term loans due after one year	93,885	93,885	25,348	25,348
	<u>1,778,185</u>	<u>93,885</u>	<u>5,165,061</u>	<u>3,955,061</u>

Current outstanding balance on syndicated long term loan represents cumulative draw down on a N1.956bn facility obtained by Gaslink Nigeria Limited from a syndicate of six commercial banks on 15 September 2003, to finance the execution of the Greater Lagos Phase II gas distribution project. The loan is repayable over 6 years inclusive of 2.5 years moratorium period on principal repayment at an interest rate of 22% p.a. The loan is secured by the domiciliation in a dedicated account of the proceeds of the sale of gas and a corporate guarantee of Oando Plc for the sum of N1.956bn.

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

	2004		2003	
	Group	Company	Group	Company
19. STAFF GRATUITY				
Balance, beginning of year	388,563	388,563	214,481	214,481
Provision during the year	456,259	446,642	634,451	634,451
Payments during the year	(374,375)	(374,375)	(460,369)	(460,369)
	<u>470,447</u>	<u>460,830</u>	<u>388,563</u>	<u>388,563</u>

The actuarial valuation of the Company's Staff Pension and Gratuity Scheme as at 31 March 2003 done by HR Nigeria Limited put the Company's total liability at N1,041,939,143. Of this amount, N700,939,143 was unfunded. This is being provided for and funded over a period of 4 years, beginning from 2003.

	2004		2003	
	Group	Company	Group	Company
20. DEFERRED TAXATION				
Balance, beginning of year	449,077	443,555	435,802	425,823
Provision during the year (Note 8)	20,796	15,365	13,275	17,732
Exchange difference	(236)	-	-	-
	<u>469,637</u>	<u>458,920</u>	<u>449,077</u>	<u>443,555</u>

21. SHARE CAPITAL**Authorised:**

600,000,000 Ordinary shares of 50k each

	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
--	----------------	----------------	----------------	----------------

Issued and fully paid:572,300,897 Ordinary shares of 50k each
(2003: 326,159,312 ordinary shares of 50k each)

	<u>286,150</u>	<u>286,150</u>	<u>163,079</u>	<u>163,079</u>
--	----------------	----------------	----------------	----------------

Movement in issued share capital:

	2004		2003	
	Number of shares	Value N'000	Number of shares	Value N'000
Balance, beginning of year	326,159,312	163,079	296,508,466	148,254
Bonus shares issued	81,539,828	40,770	29,650,846	14,825
Public offer	31,419,785	15,710	-	-
Rights issue	20,384,957	10,192	-	-
Supplementary offer	112,797,015	56,399	-	-
Balance, end of year	<u>572,300,897</u>	<u>286,150</u>	<u>326,159,312</u>	<u>163,079</u>

22. SHARE PREMIUM ACCOUNT

	2004		2003	
	Group	Company	Group	Company
Balance, beginning of year	1,269,427	1,269,427	1,269,427	1,269,427
Public offer	3,047,719	3,047,719	-	-
Rights issue	1,926,378	1,926,378	-	-
Supplementary offer	10,941,311	10,941,311	-	-
	<u>17,184,836</u>	<u>17,184,836</u>	<u>1,269,427</u>	<u>1,269,427</u>
Share issue costs	(1,204,573)	(1,204,573)	-	-
Balance, end of year	<u>15,980,263</u>	<u>15,980,263</u>	<u>1,269,427</u>	<u>1,269,427</u>

23. GENERAL RESERVE BROUGHT FORWARD

Balance at 1 January (as previously reported)	1,458,092	1,387,322	2,096,657	2,098,598
Prior year adjustment	-	-	(794,447)	(816,298)
Share of Associate's opening reserves	-	-	401	401
Exchange difference	(813)	-	-	-
Balance at 1 January (restated)	<u>1,457,279</u>	<u>1,387,322</u>	<u>1,302,612</u>	<u>1,282,701</u>

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

	2004		2003	
	Group	Company	Group	Company
24. MINORITY INTEREST				
Share capital	732,537		638,286	
Share premium	317,328		212,834	
Deposit for shares	1,203		1,257	
Retained profit of previous years	40,272		13,143	
Exchange difference	(823)		-	
Retained profit for the year	314,669		27,129	
	<u>1,405,186</u>		<u>892,649</u>	
25. NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL				
Profit on ordinary activities before taxation	1,614,792	988,496	1,117,297	1,019,407
Adjustments for non-cash items and interests:				
- Depreciation	940,568	885,038	868,874	836,082
- Loss on sale of fixed assets	12,469	11,121	11,234	11,340
- Exceptional profit on sale of buildings and related assets	(1,375,207)	(1,375,207)	(982,062)	(982,062)
- Profit on sale of investments	-	-	(735,407)	(735,407)
- Amortisation of goodwill on acquisition of Agip	530,455	530,455	530,455	530,455
- Amortisation of deferred charges	-	-	61,780	61,780
- (Decrease)/increase in provision for doubtful debts	(470,991)	(524,179)	751,810	751,810
- Provision for staff gratuity	456,259	446,642	634,451	634,451
- Effect of prior year adjustment	-	-	(986,175)	(1,033,996)
- Net interest paid	2,613,459	2,384,014	2,707,600	2,692,535
- Share of profit of associated companies	(7,460)	(7,460)	(9,577)	(9,577)
	<u>4,314,344</u>	<u>3,338,920</u>	<u>3,970,280</u>	<u>3,776,818</u>
26. NET INCREASE IN WORKING CAPITAL				
- Increase in stocks	(2,841,106)	(1,469,778)	(239,022)	(372,049)
- Increase in debtors and prepayments	(14,083,432)	(5,580,113)	(4,214,746)	(3,707,271)
- Increase in creditors and accruals	11,978,548	6,092,585	1,169,964	582,060
	<u>(4,945,990)</u>	<u>(957,306)</u>	<u>(3,283,804)</u>	<u>(3,497,260)</u>
27. DIRECTORS AND EMPLOYEES				
(a) Directors' remuneration:				
The remuneration paid to the directors of the Company was as follows:				
Fees paid to non executive directors:				
Chairman		250		250
Others		1,400		1,200
		<u>1,650</u>		<u>1,450</u>
Executive directors' salaries		58,220		55,134
		<u>59,870</u>		<u>56,584</u>
Other emoluments		13,925		13,875
		<u>73,795</u>		<u>70,459</u>
The directors received emoluments (excluding pension contributions) in the following ranges:				
		Number		Number
N1,000,000 - N1,750,000		9		7
Above N5,000,000		<u>2</u>		<u>4</u>

Included in the above analysis is the highest paid director at N38.22 million (2003: N18.164 million).

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004

N'000

	2004		2003	
	Group	Company	Group	Company
28. DIRECTORS AND EMPLOYEES (CONT'D)				
(b) Staff costs				
i. Employee costs during the year amounted to:				
Wages and salaries	1,164,818	1,040,182	1,110,764	1,024,159
Staff gratuity provision	456,259	446,642	634,451	634,451
Welfare and training	282,246	264,871	181,300	178,825
Other staff costs	181,834	80,534	86,033	79,867
	<u>2,085,157</u>	<u>1,832,229</u>	<u>2,012,548</u>	<u>1,917,302</u>
ii. The average number of full-time persons employed by the Company during the year was as follows:				
	Number	Number	Number	Number
Management staff	71	58	56	46
Senior staff	380	328	326	285
Junior staff	93	87	127	102
	<u>544</u>	<u>473</u>	<u>509</u>	<u>433</u>
iii. Higher-paid employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:				
	Number	Number	Number	Number
N50,001 - N500,000	21	0	35	0
N500,001 - N1,000,000	42	33	102	86
N1,000,001 - N1,500,000	230	209	131	116
N1,500,001 - N2,000,000	97	93	115	107
N2,000,001 - N2,500,000	64	56	69	69
N2,500,001 - N3,000,000	52	47	24	24
N3,000,001 - N3,500,000	14	14	4	4
N3,500,001 - N4,000,000	1	0	9	9
N4,000,001 - N4,500,000	0	0	3	3
N4,500,001 - N5,000,000	10	10	6	6
Above N5,000,000	13	11	11	9
	<u>544</u>	<u>473</u>	<u>509</u>	<u>433</u>
29. CAPITAL COMMITMENT	N'000	N'000	N'000	N'000
Outstanding capital expenditure contracted but not provided for in the accounts	419,334	174,422	663,265	74,105
Capital expenditure approved by the Board but not yet committed	1,761,542	869,393	590,313	-
	<u>2,180,876</u>	<u>1,043,815</u>	<u>1,253,578</u>	<u>74,105</u>
30. CONTINGENT LIABILITIES				
a) Pending litigation				
There are a number of legal suits outstanding against the Company for stated amounts of N2,997,301,921 (2003: N1,310,890,451). On the advice of Counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in the financial statements.				

OANDO PLC

NOTES TO THE FINANCIAL STATEMENTS
31 December 2004**31. CONTINGENT LIABILITIES (CONT'D)****b) Bonds and guarantees**

Guarantees, performance bonds, and advance payment guarantees issued in favour of the Company amounted to N559,885,007. On the other hand, Oando Ghana issued guarantees in favour of third parties for oil importation participation amounting to N137.6 million.

The Company guaranteed a loan of N1,956,000,000 from a commercial bank on behalf of a subsidiary, Gaslink Nigeria Limited.

c) Other claims

Following an investigation conducted by the Special Investigation Unit of the Inland Revenue Service during the year, the Company was served with additional assessments of N5.3 billion and N354 million respectively for Income and Education taxes. This is currently being contested by the Company, and in the Director's opinion, the Revenue claim is unlikely to succeed. Accordingly, no provision has been made in these financial statements.

32. RELATED PARTY TRANSACTIONS

Significant related party transactions were in respect of intragroup purchase and sale of refined petroleum products on terms similar to such transactions entered into with third parties. Amounts in these regard have been eliminated on consolidation. However, transactions relating to the Company's own financial statements are as follows:

Purchase of refined petroleum products from:	N'000
Oando Supply and Trading Limited	5,863,503
Oando Trading Limited	<u>10,067,757</u>
	<u>15,931,260</u>
Amounts outstanding as of balance sheet date (included in trade creditors):	
Oando Supply and Trading Limited	374,532
Oando Trading Limited	<u>1,478,560</u>
	<u>1,853,092</u>

In addition, an affiliate company, Avante Capital Partners was involved in providing financial advisory services in respect of the public and rights issues conducted during the year. Amounts paid by the company to the affiliate company in this regard was N29.8 million.

33. TECHNICAL AND MANAGEMENT SERVICES AGREEMENT

The Company is a party to subsisting agreements in respect of technical know-how, marketing, management expertise, strategic planning and consultancy services assistance. These agreements are between the Company and Ocean and Oil Holdings Limited.

The terms of the agreements include payment of Technical and Management Service fees of 4% and 3% respectively of the Company's net profit before taxation, where net profit before tax is under N2 billion (or 5% and 4% where net profit before tax is over N2 billion). A total provision of N69,194,650 (2003: N70,688,138) has been made in respect of the Technical and Management Service fees for the year and included in administrative expenses disclosed in the financial statements.

34. POST BALANCE SHEET EVENTS

No events or transactions have occurred since the balance sheet date which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order to make them not misleading as to the financial position or results of operations at the balance sheet date.

35. RECLASSIFICATION OF BALANCES

Certain prior year balances have been restated to conform with current year presentation as well as ensure proper disclosure.

OANDO PLC

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED
31 December 2004

	2004				2003			
	Group		Company		Group		Company	
	N'000	%	N'000	%	N'000	%	N'000	%
Turnover	103,062,711		85,852,713		68,492,356		63,447,251	
Other income	713,179		203,344		1,199,436		1,195,881	
Interest received	395,943		363,340		195,067		192,272	
Share of Associate's profit	7,460		7,460		9,577		9,577	
	<u>104,179,293</u>		<u>86,426,857</u>		<u>69,896,436</u>		<u>64,844,981</u>	
Bought-in materials and services	(96,280,515)		(79,724,881)		(62,998,881)		(58,191,214)	
Value added	<u>7,898,778</u>	100	<u>6,701,976</u>	100	<u>6,897,555</u>	100	<u>6,653,767</u>	100
Distributed as follows:								
Employees:								
- To pay salaries, wages and other staff costs	2,085,157	26	1,832,229	27	2,012,548	29	1,917,302	29
Government:								
- To pay tax	117,910	2	77,388	1	224,492	3	200,134	3
Providers of capital:								
- Reserve for bonus issue	-		-		40,770	1	40,770	1
- To pay dividend	1,144,602	15	1,144,602	17	652,318	10	652,319	10
- To pay interest on borrowings	3,009,402	38	2,747,354	41	2,902,667	42	2,884,807	43
Minority interests	314,669	4	-		27,129	0	-	
Maintenance and expansion of assets:								
- Deferred tax	20,796	0	15,365	0	13,275	0	17,732	0
- Depreciation	940,568	12	885,038	13	868,874	13	836,082	13
- Retained for the Company's growth	265,674	3	-		155,481	2	104,621	2
Value distributed	<u>7,898,778</u>	100	<u>6,701,976</u>	100	<u>6,897,555</u>	100	<u>6,653,767</u>	100

OANDO PLC

FIVE-YEAR FINANCIAL SUMMARY (2000 - 2004)

N'000

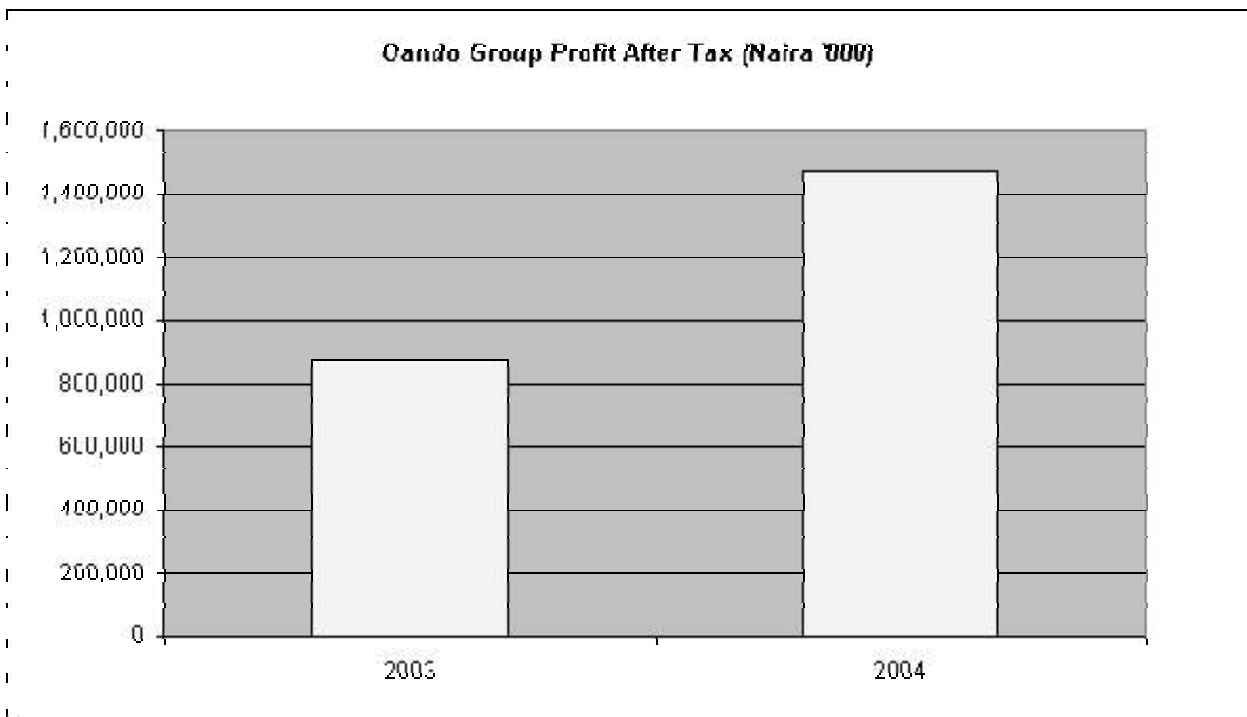
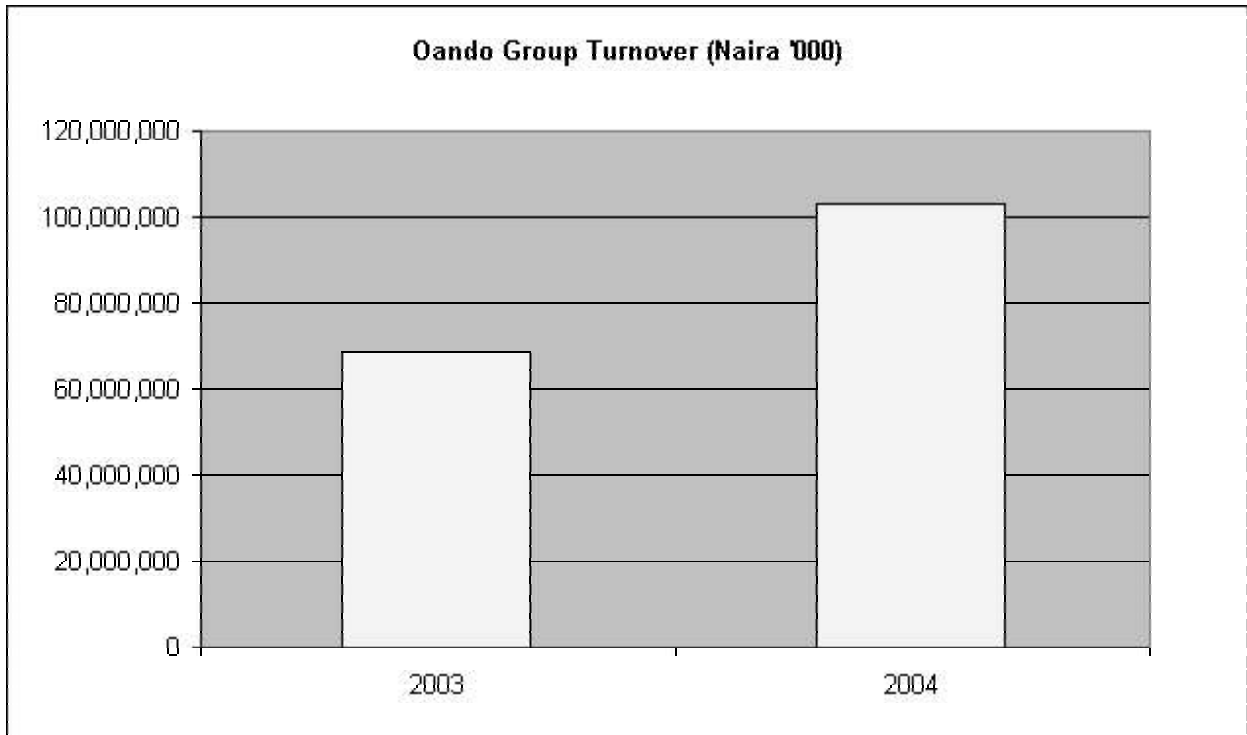
Company

	2004	2003	2002	2001	2000
BALANCE SHEET					
Fixed assets	11,415,060	11,474,700	11,177,281	6,007,652	1,890,473
Investments	1,303,573	1,042,825	1,059,542	691,132	333,192
Long term prepayments	385,093	297,772	497,664	-	-
Deferred charges	-	-	61,780	60,820	-
Goodwill on consolidation	9,548,197	10,078,653	10,609,108	-	-
Net current liabilities	(534,064)	(11,013,652)	(8,596,782)	(1,957,847)	(645,687)
Long term liabilities	(1,374,251)	(5,066,457)	(7,516,060)	-	-
Staff gratuity	(460,830)	(388,563)	(214,481)	-	-
Deferred taxation	(458,920)	(443,556)	(525,824)	(78,774)	-
	<u>19,823,858</u>	<u>5,981,722</u>	<u>6,552,228</u>	<u>4,722,983</u>	<u>1,577,978</u>
Share capital	286,150	163,079	148,254	78,125	78,125
Share premium	15,980,263	1,269,427	1,269,427	96,574	96,574
Revaluation reserve	2,423,923	3,121,124	3,121,124	3,121,124	-
Reserve for bonus issue	-	40,770	14,825	7,813	-
Revenue reserve	1,133,522	1,387,322	2,098,598	1,419,347	1,403,279
	<u>19,823,858</u>	<u>5,981,722</u>	<u>6,652,228</u>	<u>4,722,983</u>	<u>1,577,978</u>
PROFIT AND LOSS ACCOUNT					
Turnover	<u>85,852,713</u>	<u>63,447,251</u>	<u>47,172,727</u>	<u>25,183,604</u>	<u>20,181,688</u>
Profit before taxation	143,744	567,800	2,049,806	1,385,406	1,199,127
Exceptional item	1,375,207	982,062	(1,720,834)	(871,385)	(398,000)
Amortisation of goodwill	(530,455)	(530,455)	-	-	-
Taxation	(97,694)	(221,697)	(269,012)	(138,577)	(272,980)
Profit after taxation	890,802	797,710	59,960	375,444	528,147
General reserve brought forward (restated)	1,387,322	1,282,701	2,053,463	1,403,279	1,226,695
Reserve for bonus issue	-	(40,770)	(14,825)	(7,813)	-
Dividend	(1,144,602)	(652,319)	-	(351,563)	(351,563)
General reserve carried forward	<u>1,133,522</u>	<u>1,387,322</u>	<u>2,098,598</u>	<u>1,419,347</u>	<u>1,403,279</u>
PER SHARE DATA					
Earnings per share (kobo)	198	245	20	240	338
Earnings per share - adjusted (kobo)	198	242	367	248	245
Dividends per share (kobo)	200	200	-	225	225
Dividends per share - adjusted (kobo)	200	114	-	61	61
Net assets per share (kobo)	3,464	1,834	2,244	3,023	1,010
Net assets per share - adjusted (kobo)	3,464	1,045	1,162	825	276
Dividend cover	0.99 times	1.2 times	-	1.1 times	1.5 times

Note: Adjusted earnings, dividend and net assets per share are based on 572,300,897 ordinary shares of the Company as at 31 December 2004.

OANDO PLC

PERFORMANCE CHARTS



OANDO PLC

STATEMENT OF UNCLAIMED/ RETURNED DIVIDEND WARRANTS

:

:

OANDO PLC PRE-MERGER ACCOUNT

S/N	PYT NO.	PAY ABLE DATE
1	3	AUG. 09, 1994
2	4	AUG. 09, 1995
3	5	AUG. 09, 1996
4	6	DEC. 04, 1977
5	7	DEC. 04, 1977
6	8	DEC. 16, 2000
7	9	MAR. 06, 2000
8	10	SEPT.14, 2000
9	11	JUNE 21, 2001
10	12	JULY 31, 2002
11	13	JUNE 25, 2004

EX-AGIP PLC PRE-MERGER ACCOUNT

S/N	PYT NO.	PAY ABLE DATE
1	15	AUG.13, 1993
2	16	AUG.15, 1994
3	17	AUG.10, 1995
4	18	MAY 10.1995
5	19	APR. 30, 1997
6	20	MAY 05.1998
7	21	APR. 26,1999
8	22	MAY 03.2000
9	23	OCT.30, 2000
10	24	APR.25, 2001
11	25	SEPT. 25, 2001
12	26	APR. 30, 2002

According to the Company's Registrar, the amount of dividends declared but not claimed by shareholders as at December 31, 2004 is ₦ 249,917,964.04K

According to the Company's Register, the amount of dividends declared but not yet Claimed by shareholders, as December 31, 2004 is ₦ 122,351,528.52K

OANDO PLC

PROXY FORM



TWENTY EIGHTH ANNUAL GENERAL MEETING of Oando Plc holding at the Conference Hall , Tahir Guest Palace, N^o. 4, Ibrahim Nataugune Road, off Ahmadu Bello Way, Nassarawa, Kano, Kano State, Nigeria on Tuesday the 28th day of June 2005 at 10.00 a.m.

I/WE.....

of

Member/members of OANDO PLC hereby appoint** or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, June 28, 2005 and any adjournment thereof.

Signature.....

NUMBER OF SHARES.....

Dated thisof.....2005

NOTE

A member who is unable to attend the Annual General Meeting is entitled by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form should not be completed if you will be attending the Meeting.

If you are unable to attend the Meeting, read the following instructions carefully:

- a. Write your name in BLOCK CAPITALS on the proxy form where marked*
- b. Write the name of your proxy where marked**, and ensure that the proxy form is dated and signed by you. The Common Seal must be affixed on the proxy form if executed by a corporation.

PLEASE NOTE THAT this Proxy form must be posted so as to reach the address shown over-leaf or deposited thereat not less than 48 hours before the date of the Meeting.

RESOLUTIONS	FOR	AGAINST
1. To receive the Report of the Audit Committee.		
2. To declare the dividend recommended by the Directors.		
3. To re-elect: Prince F.N Atako JP Mr. O. Boyo Alhaji H. Mahmud Maj. Gen. M. Magoro (Rtd)		
4. To elect members of the Audit Committee		
5. To authorize the Directors to fix the remuneration of Auditors		
6. To approve remuneration of the Directors		
7. To authorize that the Authorized Share Capital of the Company be increased from ₦300, 000,000.00 (Three Hundred Million Naira) to ₦400,000,000.00 (Four Hundred Million Naira) by the creation of 200,000,000 new ordinary shares of 50 kobo each ranking in all respects pari pasu with the existing shares of the Company and that Clause 6 of the Company's Memorandum of Association and Article 3 of the Company's Articles of association of the Company be altered accordingly";		
8. (i). To authorize the establishment of a Staff Equity Participation Scheme for the benefit of all the employees of the companies comprising Oando Plc on terms and conditions deemed fit by the Directors (the Scheme)". (ii) To authorize the Board of Directors to supervise and oversee the implementation of the Scheme" (iii) To require the Board of Directors to report on the progress of the Scheme on an annual basis at each Annual General Meeting of the Company"		

OANDO PLC

Please affix
Postage stamp

THE REGISTRAR, OANDO PLC
FIRST REGISTRARS NIGERIA LIMITED
PLOT 2 ABEBE VILLAGE ROAD
PM.B 12692 IGANMU
LAGOS

Before posting the above Proxy Form, please tear off this part
(ADMISSION CARD) and retain it for admission to the Meeting

ADMISSION CARD



Oando Plc

RC: 6474

ANNUAL GENERAL MEETING TO BE HELD AT
TAHIR GUEST PALACE
No. 4, IBRAHIM NATAUGUNE ROAD,
OFF AHMADU BELLO WAY, NASSARAWA,
KANO, KANO STATE, NIGERIA.
On Tuesday, June 28, 2005 at 10:00am

NAME OF SHAREHOLDER

.....
.....

SIGNATURE OF PERSON ATTENDING

.....

NOTE: The Shareholder or his/her proxy must produce this admission card in order to be admitted at the meeting.

Shareholder or their proxies are requested to sign the admission card at the entrance in the presence of the Registrar on the day of the Annual General Meeting.

OANDO PLC**OFFICES**

OFFICE	LOCATION/ Addresses	PHONE NUMBER
HEAD OFFICE	Stallion House (8 th -10 th floor) 2, Ajose Adeogun Street, Victoria Island Lagos, Nigeria	234-1-2601290-9 E-mail: info@oandopl.com Web site: www.oandopl.com
Benin Divisional Office	Agbor Road, PO Box 441 Benin City, Edo State, Nigeria	234-52-245066 234-52-250715
Kaduna Divisional Office	109, Constitution Road, Kaduna Kaduna State, Nigeria	234-62-242786,244237, 241232,244815
Kano Divisional Office	197, Club Road, P.O. Box 653 Kano State, Nigeria	234-64-631086-7 234-64-940223
Lagos Divisional Office	2 nd Floor, Motorways Avenue Alausa, Ikeja, Lagos State, Nigeria	234-1-7732172-5
Port Harcourt Divisional Office	Reclamation Road, P.O. Box 424 Port Harcourt, Rivers State, Nigeria	234-84-239175,235527, 235457,230257,233370
Abuja Area Office	Wuse Zone 6, Herbert Macaulay Way By Berger Junction Federal Capital Territory, Abuja, Nigeria	234-9-5235458, 5235459
Terminal Office	Terminal Office Apapa, Lagos	234-1-5870218
Aviation Office	Oando Aviation Muritala Mohammed Local Airport Opposite Aerocontractors, Ikeja, Lagos	234-01-4975888 234-01-2707582
Oando LPG Plant	Jetty Road, Behind NNPC Refinery, P.O. 380, Effurun-Warri Delta State, Nigeria	324-53-252810
Oando Lubricant Blending Plant	Kachia Road, Off Rido Village, P.M.B. 2110, Kaduna State, Nigeria	234-62-236282, 236128 Fax: 234-9-5235458
Oando Bitumen Plant	c/o Oando Divisional Office Reclamation Road, Port Harcourt River State, Nigeria	234-84-234516

West African Region Offices

Oando (Ghana) Limited	35 Augustino Neto Road, Airport Residential Area, Accra, Ghana	233-21-761196/ 761520
Oando Sierra Leone Ltd	Refinery Complex Kissy Dockyard, Freetown, Sierra Leone	TEL: +232-22-229545 TEL/FAX: +232-22-225008
Oando Benin Republic	OIBP 1093 Recette Principale Cotonou	299 313679
Oando (Togo) S. A.	No 1 Boulevard do Mono, Roud point du point, B. P 2987, Lome, Togo	228-227 04 22, 227 59 46

OANDO PLC**Group Offices**

Oando Energy Services	Stallion House, 2 Ajose Adeogun Street (10 th Floor) Victoria Island, Lagos, Nigeria	01-2623442-4 Fax: 01-2622311
Oando Supply & Trading	Stallion House, 2 Ajose Adeogun Street (10 th Floor) Victoria Island, Lagos, Nigeria	01-2704400 Fax: 01-2696758
Gaslink Nigeria Limited	Stallion House, 2 Ajose Adeogun Street (8 th Floor) Victoria Island, Lagos, Nigeria	01-2702794 - 5 Fax: 01-2708852
Oando Power	Stallion House, 2 Ajose Adeogun Street (9 th Floor) Victoria Island, Lagos, Nigeria	01-2702422

OANDO PLC

NOTES



Oando Plc

Stallion House
2 Ajose Adeogun Street
Victoria Island
P.M. B. 12801, Lagos
Nigeria
Tel: +234-1-2601290-9
E-mail: info@oandopl.com
Website: www.oandopl.com