

Financial Statements



Financial Statements 31 December 2006



Oando Aviation Terminal, Lagos, Nigeria

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Statement of Directors' Responsibilities

For the year ended 31 December 2006

i. Responsibilities in respect of the financial statements

The Companies and Allied Matters Act 1990 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- (a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act 1990;
- (b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Nigerian Accounting Standards and the requirements of the Companies and Allied Matters Act 1990.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

ii. Responsibilities in respect of Corporate Governance 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

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.

Statement of Directors' Responsibilities

For the year ended 31 December 2006

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.

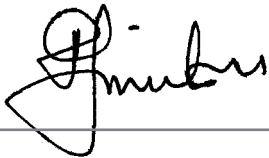
Code of Business Ethics

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.

Director

A handwritten signature in black ink, appearing to be 'A. S. G.', written above a horizontal line.

Director

A handwritten signature in black ink, appearing to be 'J. M. S.', written above a horizontal line.

Report of the Auditors

For the year ended 31 December 2006



PricewaterhouseCoopers
Chartered Accountants
Plot 252E, Muri Okunola Street,
Off Ajose Adeogun Street,
Victoria Island, Lagos Nigeria.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OANDO PLC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Oando Plc ("the Company") and its subsidiaries (together "the Group") set out on pages 39 to 66.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Company and Group's financial affairs at 31 December 2006 and of their profit and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act 1990.

Report on other legal requirements

The Companies and Allied Matters Act 1990 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the Company and the Group, so far as appears from our examination of those books;
- (iii) the Company and the Group's balance sheet and profit and loss account are in agreement with the books of account;

Chartered Accountants
Lagos



19 April 2007

Consolidated Balance Sheet
For the year ended 31 December 2006

N000

	NOTE	31-Dec-06		31-Dec-05	
		Group	Company	Group	Company
Non-current assets					
Property, plant and equipment	4	14,396,003	13,788,755	13,689,809	13,149,388
Intangible assets	5	14,514,551	13,445,903	13,326,871	12,501,645
Long term investments	6	10,000	2,080,320	-	1,755,153
Long term receivable	7	4,612,042	326,654	3,573,468	60,346
Current assets					
Inventories	8	15,159,178	9,552,972	10,004,646	6,919,148
Debtors and prepayments	9	36,139,592	20,664,171	33,432,757	16,626,785
Loan receivable	10	-	-	25,134	25,134
Bank and cash balances		7,605,153	4,102,872	7,642,632	3,678,443
		58,903,923	34,320,015	51,105,169	27,249,510
Current liabilities					
Creditors and accruals	11	23,600,313	15,260,729	18,012,552	9,909,165
Dividend payable		1,910	1,910	1,035	1,035
Tax payable	26	928,902	728,931	632,678	553,550
Borrowings	12	40,053,723	23,652,443	36,668,790	20,711,273
		64,584,848	39,644,013	55,315,055	31,175,023
Net current (liabilities)		(5,680,925)	(5,323,998)	(4,209,886)	(3,925,513)
Non-current liabilities					
Borrowings		1,551,396	375,225	1,977,853	738,928
Other non-current liabilities	13	706,448	655,957	758,046	710,868
Deferred taxation	14	687,224	662,199	638,790	620,446
Retirement benefit obligation	15	138,254	138,254	279,782	279,782
Provision	4	372,079	372,079	-	-
		3,455,401	2,203,714	3,654,471	2,350,024
Net Assets		24,396,270	22,113,920	22,725,791	21,190,995
Capital and Reserves attributable to equity holders					
Share capital	16	286,150	286,150	286,150	286,150
Share premium account	17	15,980,263	15,980,263	15,980,263	15,980,263
Revaluation reserve		2,423,923	2,423,923	2,423,923	2,423,923
Retained earnings	18	3,853,399	3,423,584	2,607,931	2,500,659
		22,543,735	22,113,920	21,298,267	21,190,995
Minority interest	19	1,852,535	-	1,427,524	-
Total Equity		24,396,270	22,113,920	22,725,791	21,190,995

DIRECTORS:




The accounting policies and notes on pages 43 to 65 form an integral part of these financial statements.

Profit and Loss Account

For the year ended 31 December 2006

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	NOTE	31-Dec-06		31-Dec-05	
		Group	Company	Group	Company
Turnover	20	209,078,938	132,397,373	182,763,434	121,591,635
Cost of sales		(191,273,828)	(118,942,980)	(165,300,597)	(108,344,412)
Gross profit		17,805,110	13,454,393	17,462,837	13,247,223
Selling and marketing costs		(5,394,251)	(5,394,251)	(6,713,187)	(6,287,547)
Administrative expenses	21	(7,110,043)	(5,101,015)	(7,013,798)	(5,277,730)
Interest received		456,453	308,661	322,758	258,570
Other operating income	22	697,613	362,923	520,056	813,201
Operating profit		6,454,882	3,630,711	4,578,666	2,753,717
Interest payable and similar charges	23	(3,269,136)	(1,383,465)	(1,268,333)	(120,341)
Amortisation of goodwill	5	-	-	(689,194)	(530,455)
Profit before taxation and exceptional item	24	3,185,746	2,247,246	2,621,139	2,102,921
Exceptional item	25	608,345	608,345	-	-
Profit before taxation		3,794,091	2,855,591	2,621,139	2,102,921
Taxation	26	(719,023)	(501,914)	(847,496)	(727,117)
Profit after taxation		3,075,068	2,353,677	1,773,643	1,375,804
Attributable to:					
Minority interests	19	349,587	-	258,299	-
Equity holders of the company		2,725,481	2,353,677	1,515,344	1,375,804
		3,075,068	2,353,677	1,773,643	1,375,804
Earnings per share for profit attributable to equity holders of the company during the year:					
Basic earnings per share (kobo)	27	476	411	265	240
Diluted earnings per share (kobo)	27	476	411	265	240

The accounting policies and notes on pages 43 to 65 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2006

N'000

	NOTE	31-Dec-06		31-Dec-05	
		Group	Company	Group	Company
Cash flows from operating activities					
Net cash flow from operating activities before changes in working capital	28	8,161,546	5,303,634	6,068,593	3,947,997
Net increase in working capital	29	(2,313,382)	(1,352,955)	(22,547,868)	(14,556,285)
(Increase)/Decrease in long term prepayments		(266,308)	(266,308)	324,747	324,747
Increase in pre-operational expenses		(239,786)	-	(444,357)	-
Decrease in customers' security deposits		(51,598)	(54,911)	(535,590)	(569,498)
Income tax paid	26	(414,360)	(284,780)	(68,675)	(23,202)
Staff gratuity paid	15	(287,305)	(287,305)	(603,305)	(593,688)
Net cash from/(used in) operating activities		4,588,807	3,057,375	(17,806,455)	(11,469,929)
Cash flows from investing activities					
Investment in Transcorp Plc		(10,000)	(10,000)	-	-
Purchase of property plant and equipment		(1,704,380)	(1,531,953)	(2,982,012)	(2,779,470)
Purchase of subsidiary - Oando Togo		-	-	(158,033)	-
Additional consideration in subsidiary undertaking		-	(315,167)	(402,822)	(467,431)
Payments relating to pipeline construction by Gaslink		(1,924,818)	-	(735,118)	-
Pipeline construction costs recovery		1,152,552	-	634,424	-
Deposit for shares in new subsidiary undertaking		-	-	(10,000)	(10,000)
Payment to acquire exploration rights in marginal fields		(831,268)	(831,268)	(3,483,903)	(3,483,903)
Investment in exploration activities		(112,990)	(112,990)	-	-
Proceeds from sale of property plant and equipment		112,087	95,647	23,604	23,538
Proceeds from sale of long term investment		-	-	8,201	8,201
Dividend received		-	-	-	268,631
Interest received		456,453	308,661	322,758	258,570
Cash used in investing activities		(2,862,364)	(2,397,070)	(6,782,901)	(6,181,864)

Statement of Cash Flows

For the year ended 31 December 2006

N'000

NOTE	31-Dec-05		31-Dec-05	
	Group	Company	Group	Company
Cash flows from financing activities				
Repayment of long term loan	(1,379,258)	(270,000)	(207,260)	(363,885)
Proceeds from long term loans	1,176,171	-	675,000	675,000
Net proceeds from import finance facilities	(18,153,061)	(3,012,190)	22,718,190	7,577,319
Proceeds from loan to finance acquisition of mineral rights	-	-	3,483,903	3,483,903
Proceeds from finance lease	162,894	162,894	1,239,605	1,239,605
Repayment of finance lease	(482,899)	(482,899)	(142,584)	(142,584)
Proceeds/(Repayment) from other short term loans	19,078,254	5,227,920	(7,053,835)	(2,178,888)
Increase in bank overdrafts	2,556,375	951,742	4,390,933	6,045,865
Dividend paid to minority interests	-	-	(279,597)	-
Dividend paid	(1,429,878)	(1,429,878)	(1,145,288)	(1,144,603)
Interest paid	(3,269,136)	(1,383,465)	(1,268,333)	(120,341)
Net cash (used in)/from financing activities	(1,740,538)	(235,876)	22,410,734	15,071,391
Net change in cash and cash equivalents	(14,095)	424,429	(2,178,622)	(2,580,403)
Cash and cash equivalent at the beginning of the year	7,642,632	3,678,443	9,821,342	6,258,846
Exchange difference	(23,384)	-	(88)	-
Cash and cash equivalents at end of the year	7,605,153	4,102,872	7,642,632	3,678,443
Cash at year end is analysed as follows:				
Cash at bank and in hand	5,209,669	2,924,086	5,305,294	2,210,770
Fixed deposits	2,395,484	1,178,786	2,337,338	1,467,673
	7,605,153	4,102,872	7,642,632	3,678,443

The accounting policies and notes on pages 43 to 65 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2006

1. General information

Oando Plc (formerly Unipetrol Nigeria Plc) was registered by a special resolution as a result of the acquisition of the shareholding of Esso Africa Incorporated (principal shareholder of Esso Standard Nigeria Limited) by the Federal Government of Nigeria. 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.

Oando Plc ("the Company") and its subsidiaries (together "the Group") have their primary listing on the Lagos Stock Exchange. In November 2005, the Group established a secondary listing on the Johannesburg Stock Exchange in South Africa.

The Group has marketing and distribution outlets in Nigeria, Ghana and Togo and other smaller markets along the West African coast. The Group also has controlling interests (51% each) in two trading companies Oando Trading (Bermuda) and Oando Supply and Trading (Nigeria). These entities mainly import and supply products to marketing companies and large industrial customers. The other investor, which has 49% in these subsidiaries is Ocean and Oil Investments Limited.

The Group also invested in a new subsidiary, Oando Energy Services, in January 2005 to carry out its energy services business, having 51% interest while the remaining 49% is owned by Ocean and Oil Investments Limited. Other subsidiaries in which the Group has equity interests include Oando Production and Development Company Limited (51%); Oando Lekki Refinery Limited (100%); Oando Port Harcourt Refinery Limited (100%) and Oando Exploration and Production Company (51%). All subsidiaries information are included in note 34.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigeria Naira (N), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.2 Consolidation

(a) 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 cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed and the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. 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.

(b) 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

Notes to the Financial Statements

For the year ended 31 December 2006

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.

The accounting policies of the associates are consistent with the policies adopted by the Group.

All subsidiaries and associates have uniform calendar year ends.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Transactions and balances

Transactions in foreign currencies during the year are converted into the functional currency, Nigeria Naira, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

b) Group companies

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.

2.5 Property, Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

Depreciation

Depreciation is calculated using the straight-line method to allocate their

Notes to the Financial Statements

For the year ended 31 December 2006

cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment.

Change in accounting Policy

Until 31 December 2005, goodwill was amortised on a straight line basis over a period between 5 to 20 years and assessed for an indication of impairment at each balance sheet date. However, in line with the Nigerian Accounting Standards Board Exposure Draft 28 and changes in International Financial Reporting Standards, the Group ceased amortisation of goodwill from 1 January 2006 and tested for impairment at 31 December 2006. The effect of the impairment testing is shown in note 5.1. Also, from the year ended 31 December 2006 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development costs. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

(c) Pre-operational expenses

Expenses incurred prior to the commencement of production of a subsidiary are deferred and treated as intangible assets but expensed fully in the first year of production.

(d) Mineral rights acquisition costs

In accordance with SAS 14, all costs incurred on mineral rights acquisition, exploration, appraisal and development activities are capitalised initially on the basis of wells, field or exploration cost centers, pending determination. Such costs are written off when it is determined that the well is dry.

Mineral rights acquisition costs which have not been allocated are amortised over the remaining life of the license. Net book value of undepreciated mineral rights acquisition costs are reviewed annually for impairment on a well-by-well basis. Any impairment discovered is written off.

2.7 Long term receivable - pipeline cost recovery

Long term receivable in respect of pipeline cost recovery is accounted for at cost, less provision for impairment. Provision for impairment of the long term receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

2.8 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the Financial Statements

For the year ended 31 December 2006

2.9 Inventories

Inventories are stated at lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and transporting the inventory to its present location. Cost is determined on using the weighted average method. For finished goods and work in progress, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade receivables

Trade receivables are stated after provisions have been made for debts considered doubtful of recovery. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except when they are directly attributable to the acquisition, construction or production of a qualifying asset.

2.13 Deferred income tax

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax has not been provided on temporary differences arising on investments in subsidiaries and associates, as the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Where this ceases to be the case, deferred tax will be provided for.

2.14 Employee benefits

As at 31 December 2004, the Group operated a pension and gratuity scheme which was generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The plan (defined benefit plan) specified an amount of pension benefit that an employee would receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

With effect from 1 January 2005, the Group adopted a new scheme in view of the Pensions Reforms Act 2004 enacted by the National Assembly of the Federal Government of Nigeria. The Group therefore, in agreement with the Employee Union, resolved that:

- the old scheme be discontinued forthwith and the accrued benefit obligation as at that date be determined and funded over a determinable period; and
- the new scheme, involving payment of defined contributions by both employers and employees as stipulated in the Pensions Reforms Act 2004, be effective from 1 January 2005.

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Consequently, under the new scheme (effective 2005), the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. This is a defined contribution plan, in which contributions are recognised as employee benefit expense when they are due.

2.15 Provisions

In accordance with SAS 23, provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money.

Decommissioning liabilities

With effect from 31 December 2006, a provision is recognised for the decommissioning liabilities for underground tanks. Based on management estimation of the future cash flows required for the decommissioning of those assets, a provision is recognised and the corresponding amount added to the cost of the asset under property plant and equipment. The present values are determined using the company's average cost of borrowing. Subsequent depreciation charges of the asset are accounted for in accordance with the Company's depreciation policy and the accretion of discount (i.e. the increase during the period in the

discounted amount of provision arising from the passage of time) included in finance costs.

2.16 Share capital

Ordinary shares are classified as equity. Incidental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

Discounts are usually negotiated with commercial customers and are sometimes given on a transaction basis or fixed per customer, subject to subsequent reviews. The Group also gives rebates per litre of petroleum products sold to retailers who operate their own outlets. Revenue is recognised as follows:

(a) Sale of products

Revenue from sale of petroleum products and gas is recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Sale of services

Revenue from sale of services, such as freight and through-put charges, is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Dividend income

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

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate.

2.17 Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership

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For the year ended 31 December 2006

are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases

Leases in which ownership, risks and rewards are transferred to the lessee, who is obligated to pay such costs as insurance, maintenance and similar charges on the asset are classified as finance leases. Assets under finance lease are capitalised and depreciated over their estimated useful lives in line with the Group's policy for assets of the same class. Finance charges are allocated over the lease term.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Segment information

3.1 Primary reporting format - business segments

The Group is broadly organised on a worldwide basis into four main business segments within the energy industry:

(i) Exploration and production of oil and gas (E&P)

This segment involves the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore.

(ii) Refining and marketing of petroleum products

This segment involves the refining of crude and the marketing and sale of petroleum products. Over the years, the Group had focused primarily on the marketing of petroleum products. Presently, the Group is in the process of acquiring and developing a refinery business. The activities of the trading companies are reported under this segment.

(iii) Gas and power

The Group through the activities of its subsidiary, Gaslink, is also involved in the distribution of natural gas. The Group also incorporated a Power company to serve a niche in Nigeria's power sector, by providing reliable power to industrial customers. The company is however yet to commence operations.

(iv) Energy services

This segment involves the provision of services such as drilling and completion fluids and solid control waste management; oil-well cementing and other services to upstream companies.

The Group's segment results are as follows:

	31-Dec-06			31-Dec-05		
	Refining & marketing	Gas & power	Group	Refining & marketing	Gas & power	Group
Total gross segment sales	299,972,230	4,276,126	304,248,356	209,612,836	2,355,481	211,968,317
Inter-segment sales	(95,169,418)	-	(95,169,418)	(29,204,883)	-	(29,204,883)
Sales	204,802,812	4,276,126	209,078,938	180,407,953	2,355,481	182,763,434
Operating Profit	5,933,389	521,493	6,454,882	4,497,287	81,379	4,578,666
Finance cost	(3,257,534)	(11,602)	(3,269,136)	(1,262,291)	(6,042)	(1,268,333)
Amortisation of goodwill	-	-	-	(689,194)	-	(689,194)
Exceptional item	608,345	-	608,345	-	-	-
Profit before income tax			3,794,091			2,621,139
Income tax expense			(719,023)			(847,496)
Profit for the year			3,075,068			1,773,643

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Notes to the Financial Statements

For the year ended 31 December 2006

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The segment assets and liabilities as at 31 December 2006 and capital expenditure for the year then ended are as follows:

	31-Dec-06			Group
	Exploration & production	Refining & marketing	Gas & power	
Assets	234,021	85,699,776	6,502,722	92,436,519
Liabilities	227,921	62,101,314	3,722,809	66,052,044
Capital Expenditure*	-	2,636,636	12,002	2,648,638
	31-Dec-05			Group
	Exploration & production	Refining & marketing	Gas & power	
Assets	155,119	76,127,639	5,412,559	81,695,317
Liabilities	145,119	54,601,044	2,951,895	57,698,058
Capital Expenditure	-	6,438,225	27,690	6,465,915

Segment assets consist primarily of property, plant and equipment, intangible assets, investments, inventories, receivables and operating cash. They exclude deferred taxation.

*Capital expenditure comprises additions to property, plant and equipment (note 4) and intangible assets, excluding pre-operational expenses (note 5).

3.2 Secondary reporting format - geographical segments

The home country of the Company - which is also the main operating company - is Nigeria. The areas of operation are primarily the marketing and sale of petroleum products. The Group's sales are mainly in Nigeria and other countries within and outside the West African coast, namely, Ghana, Togo, Republic of Benin, and Sierra Leone. Segment information in respect of 'other countries' is associated with the Trading subsidiary registered in Bermuda.

	31-Dec-06			31-Dec-05		
	Refining & marketing	Gas & power	Group	Refining & marketing	Gas & power	Group
Sales						
Within Nigeria	159,250,940	4,276,126	163,527,066	147,599,215	2,355,481	149,954,696
Other West African countries	9,466,314	-	9,466,314	11,396,321	-	11,396,321
Other countries	36,085,558	-	36,085,558	21,412,418	-	21,412,418
	204,802,812	4,276,126	209,078,938	180,407,953	2,355,481	182,763,434
Total assets						
Within Nigeria	74,504,025	6,466,304	80,970,329	72,611,988	5,294,684	77,906,672
Other West African countries	1,530,733	-	1,530,733	2,632,988	-	2,632,988
Other countries	9,935,457	-	9,935,457	1,155,656	-	1,155,656
	85,970,215	6,466,304	92,436,519	76,400,633	5,294,684	81,695,317
Capital expenditure						
Within Nigeria	2,624,213	12,002	2,636,215	6,374,187	44,046	6,418,233
Other West African countries	12,423	-	12,423	47,682	-	47,682
	2,636,636	12,002	2,648,638	6,421,869	44,046	6,465,915

Sales are disclosed based on the country in which the customer is located. Total assets are allocated based on where the assets are located. Capital expenditure is allocated based on where the assets are located.

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For the year ended 31 December 2006

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4 Property plant and equipment (4.1) Group

	Land and buildings	Plant and machinery	Motor vehicles	Fixtures fittings, and equipment	Construction in progress	Total
Cost/Valuation						
At 1 January 2005	9,217,167	4,912,674	884,247	1,544,956	1,793,789	18,352,833
Additions	245,909	298,785	196,233	253,958	709,495	1,704,380
Decommissioning asset	-	372,079	-	-	-	372,079
Disposals	(61,842)	(39,330)	(143,796)	(3,368)	(9,309)	(257,645)
Transfers/reclassification	58,608	14,623	31,540	39,762	(144,533)	-
Exchange difference	1,516	9,856	751	12,069	-	24,192
At 31 December 2006	9,461,358	5,568,687	968,975	1,847,377	2,349,442	20,195,839
Depreciation						
At 1 January 2005	1,396,646	2,042,707	500,952	722,719	-	4,663,024
Charge for the year	416,578	478,038	191,954	199,463	-	1,286,033
Disposals	(15,307)	(24,672)	(104,701)	(14,613)	-	(159,293)
Exchange difference	255	6,088	464	3,265	-	10,072
At 31 December 2006	1,798,172	2,502,161	588,669	910,834	-	5,799,836
Net book value						
At 31 December 2006	7,663,186	3,066,526	380,306	936,543	2,349,442	14,396,003
At 31 December 2005	7,820,521	2,869,967	383,295	822,238	1,793,789	13,689,809

(4.2) Company

	Land and buildings	Plant and machinery	Motor vehicles	Fixtures, fittings, and equipment	Construction in progress	Total
Cost/Valuation						
At 1 January 2006	9,124,274	4,713,961	736,762	1,246,164	1,704,897	17,526,058
Additions	245,909	297,244	119,360	235,519	633,921	1,531,953
Decommissioning asset	-	372,079	-	-	-	372,080
Disposals	(61,842)	(27,730)	(130,393)	(12,503)	-	(232,468)
Transfers	51,677	10,419	31,540	39,024	(132,660)	-
At 31 December 2006	9,360,018	5,365,973	757,269	1,508,204	2,206,158	19,197,622
Depreciation						
At 1 January 2006	1,382,615	1,954,274	447,930	591,850	-	4,376,669
Charge for the year	412,221	454,510	152,303	163,720	-	1,182,754
Disposals	(14,971)	(23,540)	(103,552)	(8,493)	(150,556)	-
At 31 December 2006	1,779,865	2,385,244	496,681	747,077	-	5,408,867
Net book value						
At 31 December 2006	7,580,153	2,980,729	260,588	761,127	2,206,158	13,788,755
At 31 December 2005	7,741,659	2,759,686	288,832	654,314	1,704,897	13,149,388

Property, plant and equipment include the following assets which were held under finance leases at year end.

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	Land and buildings	Plant and machinery	Motor vehicles	Total
Cost	130,000	473,538	757,268	1,360,806
Accumulated depreciation	(11,375)	(12,148)	(496,681)	(520,204)
	118,625	461,390	260,587	840,602

Assets acquired under finance lease have been capitalised and depreciated in accordance with the requirements of the Statement of Accounting Standard No. 11. Depreciation charges for the year are included in administrative expenses.

Decommissioning assets/provision

In accordance with the accounting policy in respect of underground tanks decommissioning obligation, a provision is recognised for the first time at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision (N372million) is recognised under non-current liabilities, while a corresponding amount is included in property plant and equipment as decommissioning asset. This first time treatment is in accordance with SAS 23.

5 Intangible assets	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Goodwill (note 5.1)	9,388,648	9,017,742	9,377,602	9,017,742
Software costs (note 5.2)	13,599	-	21,009	-
Mineral rights acquisition costs (note 5.3)	4,315,171	4,315,171	3,483,903	3,483,903
Exploration costs (note 5.4)	112,990	112,990	-	-
Pre-operational expenses (note 5.5)	684,143	-	444,357	-
	14,514,551	13,326,871	13,326,871	12,501,645

(5.1) Goodwill

Goodwill arising from the acquisition of Agip Nigeria Plc in 2002 amounted to N10.61 billion. Whereas according to Section B21(2) of Schedule 2 of the Companies and Allied Matters Act 1990 (CAMA), goodwill arising from the combination of business should be so amortised over a five year period or less. In the opinion of the Directors and in reliance on Section 335 (2) & (8) of CAMA, goodwill arising from Agip had been amortised over 20 years as the Directors were of the opinion that goodwill arising from this transaction would yield economic benefits for at least 20 years. Doing otherwise will be misleading and of high distortion to the understanding of the financials.

However, commencing from the year ended 31 December 2006, in line with accepted best practice (IFRS) and the exposure draft on Business combination released by the Nigerian Accounting Standard Board (NASB), the Directors opted for yearly impairment testing of goodwill rather than amortisation. As stated below, this test revealed no impairment and accordingly, no charge was taken on goodwill for the year. If amortisation of goodwill had been done in line with the previous policy of 20years amortisation, the effect on current year profit would have been a reduction by N530.45million. If goodwill had been amortised over 5 years, the impact on the net assets of the company would have been a reduction of N6.90billion, net of three years amortisation of N1.59billion as at the beginning of the year.

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Movement in goodwill is analysed as follows:

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Cost				
At 1 January	11,127,707	10,609,108	10,755,585	10,609,108
Additions	11,046	-	372,122	-
At 31 December	11,138,753	10,609,108	11,127,707	10,609,108
Amortisation				
At 1 January	1,750,105	1,591,366	1,060,911	1,060,911
Charge for the year		-	689,194	530,455
At 31 December	1,750,105	1,591,366	1,750,105	1,591,366
Net book value at 31 December	9,388,648	9,017,742	9,377,602	9,017,742

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the business segments. Impairment tests were conducted as at the balance sheet date based on value in use calculations. The calculations used cash flow projections based on financial forecasts covering a five year-period. The discount rate used is the pre-tax interest rate that reflects the current market assessment of the risks specific to the business segment.

(5.2) Software costs

In accordance with the Group's accounting policy, deferred software costs are amortised over 5 years. Current year charge of N5 million is included in other administrative expenses.

(5.3) Mineral rights acquisition costs

Mineral rights acquisition costs are analysed as follows:

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Signature Bonus on OPL 278	3,427,903	3,427,903	3,427,903	3,427,903
Signature Bonus on OPL 282	56,000	56,000	56,000	56,000
25% Signature Bonus on OPL 236	388,129	388,129	-	-
Capitalised borrowing costs on signature bonuses	443,139	443,139	-	-
	4,315,171	4,315,171	3,483,903	3,483,903

All mineral rights acquisition cost were made in the name of Oando plc to be subsequently transferred to Oando Exploration upon commencement of operation.

(5.4) Exploration costs

Exploration costs include capitalised interest costs in respect of OPL 278 and 282.

5.5) Pre-operational expenses

These relate to start-up and preproduction costs in respect of the Exploration and Production, Refinery and Power subsidiaries. In accordance with the Group's accounting policy, these will be fully written off in the first year of production.

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6 Long term investments

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Quoted shares				
Transcorp Plc	10,000	10,000		-
Unquoted shares				
UNITAB Nigeria Limited	-	20,400	-	20,400
Oando (Ghana) Limited	-	146,743	-	146,743
Gaslink Nigeria Limited	-	1,422,663	-	1,107,496
Unipetrol Sierra Leone	-	4,400	-	4,400
Oando Benin	-	3,997	-	3,997
Oando Supply and Trading Limited	-	50,629	-	50,629
Oando Trading Limited Bermuda	-	260,755	-	260,755
Oando Togo SA	-	171,883	-	171,883
Oando Power Limited	-	1,000	-	1,000
Oando Petroleum and Development Company Limited	-	5,100	-	5,100
Oando Energy Services Limited	-	2,550	-	2,550
Oando Port Harcourt refinery Limited	-	2,500	-	2,500
Oando Lekki Refinery Limited	-	2,500	-	2,500
	10,000	2,105,120	-	1,779,953
Provision for diminution in value	-	(24,800)	-	(24,800)
	10,000	2,080,320	-	1,755,153

Provision for diminution in value per company is analysed as follows:

UNITAB Nigeria Limited	20,400	20,400
Unipetrol Sierra Leone	4,400	4,400
	24,800	24,800

7 Long term receivable

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Long term prepayment	326,654	326,654	60,346	60,346
Pipeline Cost Recovery Account	4,285,388	-	3,513,122	-
	4,612,042	326,654	3,573,468	60,346

Pipeline Cost Recovery Account (PCRA) represents accumulated costs incurred in respect of the design, funding and construction of the pipeline infrastructure on behalf of the Nigerian Gas Company by Gaslink Ltd, which are recoverable from gas sales over the duration of the Natural Gas Sale and Purchase Agreement.

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The PCRA includes land and building construction costs, plant and equipment costs, work-in-progress, pipeline construction costs, project vehicle costs, interest on borrowings, bank charges and fees, pipeline insurance cost and other charges relevant to the pipeline construction such as legal and professional fees. This is stated at cost less amounts recovered from gas purchases.

Movement in the PCRA is analysed as follows:

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
At 1 January	3,513,122		3,412,427	
Additions during the year	1,924,818		735,119	
Capital recovered during the year	(1,152,552)		(634,424)	
At 31 December	4,285,388		3,513,122	
8 Inventories				
Finished products	10,002,487	4,871,208	7,014,548	4,545,707
Products in transit	1,600,708	1,600,708	1,113,542	706,515
	11,603,195	6,471,916	8,128,090	5,252,222
Consumable materials and engineering stocks	3,707,883	3,232,956	2,018,120	1,808,490
	15,311,078	9,704,872	10,146,210	7,060,712
Provision for slow moving and obsolete stocks	(151,900)	(151,900)	(141,564)	(141,564)
	15,159,178	9,552,972	10,004,646	6,919,148
9 Debtors and prepayments				
Trade debtors	19,970,271	4,223,724	21,578,429	4,552,258
Bridging claims receivable	6,865,866	6,710,151	3,782,811	3,696,971
Petroleum Support Fund receivable	7,495,457	7,495,457	-	-
Deposit for imports	185,315	185,315	5,700,609	5,700,609
Other debtors	2,158,163	1,485,708	2,773,232	2,737,441
Deposit for shares	-	-	10,001	270,501
Amounts due from related companies	23,093	1,054,953	-	8,740
Prepayments	484,382	404,538	612,237	532,967
	37,182,547	21,559,846	34,457,319	17,499,487
Provision for doubtful bridging claims receivable	(141,089)	(141,089)	(125,915)	(125,915)
Provision for doubtful trade and other receivables	(901,866)	(754,586)	(898,647)	(746,787)
	36,139,592	20,664,171	33,432,757	16,626,785
10 Loan receivable				
Loan receivable	25,134	25,134	25,134	25,134
Provision for loan receivable	(25,134)	(25,134)	-	-
	-	-	25,134	25,134

Loan receivable represents amount due from a former associate, West African Refinery Company (WARCo), incident on the sale of the company to new investors. This was granted at the libor rate plus 5% and was due by the end of 2006 upon maturity. Amount has been fully provided for.

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	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
11 Creditors and accruals				
Trade creditors	13,622,469	8,154,398	9,940,943	4,441,701
Other creditors	4,338,174	2,593,697	6,121,584	4,723,653
Accruals	5,567,506	4,440,470	1,716,512	630,879
Amounts due to other related companies	-	-	120,581	-
Deferred income	72,164	72,164	112,932	112,932
	23,600,313	15,260,729	18,012,552	9,909,165
12 Borrowings				
Current				
Bank overdrafts	9,673,851	7,927,131	7,117,476	6,975,389
Import finance facilities	4,565,129	4,565,129	22,718,190	7,577,319
Finance lease obligation (note 30)	401,791	401,791	493,093	493,093
Other short term loans	24,546,285	10,623,392	5,468,031	5,395,472
Current portion of syndicated loan	731,667	-	602,000	-
Current portion of other long term loan	135,000	135,000	270,000	270,000
	40,053,723	23,652,443	36,668,790	20,711,273
Non-current				
Syndicated/other gas project loan	1,176,171	-	1,053,500	-
Finance lease obligation (note 30)	375,225	375,225	603,928	603,928
	-	-	320,425	135,000
	1,551,396	375,225	1,977,853	738,928

Import Finance Facilities relate to special short term 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 bankers acceptance obtained from banks to finance working capital needs.

The syndicated long term loan represents cumulative draw down on a N1.956billion 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 3 years moratorium period on principal repayment at a fixed interest rate of 22% p.a. The moratorium expired in September 2005 and first principal repayment was made in December 2005. 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 N1.956billion. Interest paid on this loan is recovered through the pipeline cost recovery account.

A new long term loan facility of N2.8billion was secured in January 2006 to finance the execution of Greater Lagos Phase III gas distribution project. Total drawdown as at 31 December 2006 was N1.17billion. The loan was granted at MPR+2% with a moratorium of 2 years on principal repayment.

None of the borrowings is collateralised or secured against any of the Group's assets.

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	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
13 Other non-current liabilities				
Customers' security deposits	706,448	655,957	758,046	710,868
Customer security deposits represent amounts deposited by dealers in respect of product supply, use of the Company's equipment and retailing outlets. The deposits do not attract any interest and are refundable to the dealer less any amounts owed to the Company at the expiration of the dealership agreement.				
14 Deferred taxation				
Balance, beginning of year	638,790	620,446	469,637	458,920
Provision during the year (Note 26)	52,582	41,752	169,153	161,526
Exchange difference	(4,148)	-	-	-
Balance, end of year	687,224	662,199	638,790	620,446
15 Retirement benefit obligation				
Balance, beginning of year	279,782	279,782	470,447	460,830
Provision during the year	145,777	145,777	412,640	412,640
Payments during the year	(287,305)	(287,305)	(603,305)	(593,688)
Balance, end of year	138,254	138,254	279,782	279,782
Following the enactment of a new Pensions Act in Nigeria, effective 1 January 2005, the Group in agreement with the employee union opted to discontinue the benefit plan effective 1 January 2005. An independent valuation conducted by HR Nigeria Limited put the total liability at N1.33billion as at 31 December 2004. As at 31 December 2005, the unrecognised portion of this liability was N462.875million. This has been fully recognised by a current period provision of N124.797million and amount previously invested in quoted shares, on behalf of the employees, valued at N347.6million as at 31 December 2006.				
16 Share capital	Group	Company	Group	Company
Authorised:				
800,000,000 Ordinary shares of 50k each	400,000	400,000	400,000	400,000
Issued and fully paid:				
572,300,897 Ordinary shares of 50k each (2004: 572,300,897 ordinary shares of 50k each)	286,150	286,150	286,150	286,150
17 Share premium account				
Balance, end of year	15,980,263	15,980,263	15,980,263	15,980,263

Notes to the Financial Statements

For the year ended 31 December 2006

N'000

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
18 Retained earnings				
Balance at 1 January	2,607,931	2,500,659	1,469,153	1,133,522
Exchange difference	3,844	-	47	-
Cummulative share of profit of Oando Togo	-	-	(8,667)	(8,667)
Prior year adjustment	(53,104)	-	-	-
Subsidiary interim dividend	-	-	(367,947)	-
Group dividend	(1,430,752)	(1,430,752)	-	-
Profit for the year	2,725,481	2,353,677	1,515,344	1,375,804
Balance at 31 December	3,853,399	3,423,584	2,607,931	2,500,659

Prior year adjustment relates to non-pioneer income taxes in respect of Gaslink.

19 Minority interest				
Share capital	895,072		802,697	
Share premium	421,499		317,328	
Deposit for shares	1,883		1,903	
Retained profit of previous years	184,494		47,297	
Retained profit for the year	349,587		258,299	
	1,852,535		1,427,524	

20 Turnover

Analysis by geographical region

Within Nigeria	163,527,066	132,397,373	149,954,696	121,591,635
Other West African Countries	9,466,314	-	11,396,321	-
Others	36,085,558	-	21,412,418	-
	209,078,938	132,397,373	182,763,434	121,591,635

Analysis by product/service

Fuels	188,297,509	129,252,387	166,008,907	114,273,995
Lubricants and other products	11,418,971	2,917,608	8,098,965	6,229,781
Gas	4,714,765	226,677	3,427,177	1,077,593
Non Fuel Revenue	700	700	8,874	8,874
Others	4,646,993	1	5,219,511	1,392
	209,078,938	132,397,373	182,763,434	121,591,635

Notes to the Financial Statements

For the year ended 31 December 2006

N'000

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
21 Administrative expenses				
Repairs and maintenance	254,607	213,224	327,039	288,491
Insurance	185,698	181,283	210,158	204,061
Rent and other hiring costs	230,842	200,477	251,328	208,818
Staff costs	2,133,775	1,737,424	2,183,272	1,878,210
Depreciation	1,286,033	1,182,754	1,115,696	1,025,865
Other administrative expenses	3,019,088	1,585,853	2,621,473	1,367,453
Johannesburg Stock Exchange listing costs	-	-	301,582	301,582
Loss on sale of investment	-	-	3,250	3,250
	7,110,043	5,101,015	7,013,798	5,277,730
22 Other operating income				
Rent	16,588	15,163	20,412	19,557
Dividend income	-	88,094	-	633,219
Profit on sale of property plant and equipment	13,735	13,735	4,260	4,260
Foreign exchange gain	92,349	11,872	8,614	-
Demurrage Income	163,948	-	134,675	-
Other income	410,993	234,059	352,095	156,165
	697,613	362,923	520,056	813,201
Other income includes amounts totalling N127 million from throughput charges arising from usage of storage space by other companies				
23 Interest payable and similar charges				
Interest on long term loan	961,968	-	393,996	-
Interest on short term loans and overdrafts	2,307,168	1,383,465	874,337	120,341
	3,269,136	1,383,465	1,268,333	120,341
24 Profit before taxation and exceptional item				
Profit before taxation is stated after charging:				
- Depreciation	1,286,033	1,182,754	1,115,696	1,025,865
- Auditors' remuneration	35,736	18,500	32,236	15,000
- Amortisation of goodwill and other intangible assets	-	-	854,937	689,194
and after crediting:				
- Foreign exchange gain	92,349	11,872	8,614	-
- Profit on sale of property plant and equipment	13,735	13,735	4,260	4,260

Notes to the Financial Statements

For the year ended 31 December 2006

N'000

25 Exceptional item

Exceptional item represents profit on sale of the Company's land to NNPC during the year. The property was previously on lease to PPMC.

26 Taxation	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
(a) Per profit & loss account				
Charges for the year				
Income tax	783,476	602,492	606,916	499,348
Education tax	75,150	64,440	70,492	66,243
Other - National Reconstruction Levy (Ghana)	-	-	935	-
	858,626	666,932	678,343	565,591
Net overprovision for taxes	(192,185)	(206,770)	-	-
Deferred tax (Note 14)	52,582	41,752	169,153	161,526
	719,023	501,914	847,496	727,117
(b) Per balance sheet				
Balance, 1 January	632,678	553,550	23,010	11,161
Exchange difference	(8,961)	-	-	-
Net overprovision for taxes	(139,081)	(206,770)	-	-
Payments during the year	(414,360)	(284,780)	(68,675)	(23,202)
Charge for the year	858,626	666,932	678,343	565,591
	928,902	728,931	632,678	553,550

The Company applied for a roll over relief in respect of capital gains on exceptional disposal of land (see note 25). Accordingly, capital gains tax of N60.8million has not been provided for in these financial statements.

27 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue during the year.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the year ended 31 December 2006

N'000

	31-Dec-06		31-Dec-05	
	Group	Company	Group	Company
Profit attributable to equity holders of the Company	2,725,481	2,353,677	1,515,344	1,375,804
Weighted average number of shares in issue (thousands)	572,301	572,301	572,301	572,301
Basic earnings per share (kobo)	476	411	265	240
Diluted earnings per share (kobo)	476	411	265	240
28 Net cash flow from operating activities before changes in working capital				
Profit on ordinary activities after taxation	3,075,068	2,353,677	1,773,643	1,375,804
Adjustments for non-cash items and interests:				
- Taxation	719,023	501,914	847,496	727,117
- Depreciation	1,286,033	1,182,754	1,115,696	1,025,865
- Profit on sale of property plant and equipment	(13,735)	(13,735)	(4,260)	(4,260)
- Loss on sale of investment	-	-	3,250	3,250
- Amortisation of goodwill	-	-	689,194	530,455
- Effect of negative goodwill	262,957	-	-	-
- Amortisation of software costs	7,410	-	7,446	-
- Increase in provision for doubtful debts	18,393	22,973	286,580	288,253
- Increase in provision for slow moving and obsolete stocks	10,336	10,336	-	-
- Provision for staff gratuity	145,777	145,777	412,640	412,640
- Provision for diminution in value of Investments	-	-	-	4,400
- Provision for doubtful loan receivable	25,134	25,134	-	-
- Finance costs	3,269,136	1,383,465	1,268,333	120,341
- Dividend received	-	-	-	(268,631)
- Interest received	(456,453)	(308,661)	(322,758)	(258,570)
- Derecognition of share of profit of Oando Togo	-	-	(8,667)	(8,667)
- Net adjustment to minority interests	75,424	-	-	-
	8,161,546	5,303,634	6,068,593	3,947,997
29 Net increase in working capital				
- Increase in inventories	(5,164,868)	(2,644,160)	(4,524,272)	(3,046,784)
- Increase in debtors and prepayments	(2,725,228)	(4,060,359)	(11,672,089)	(3,687,749)
- Loan receivable	-	-	(25,134)	(25,134)
- Increase in creditors and accruals	5,576,714	5,351,564	(6,326,373)	(7,796,618)
	(2,313,382)	(1,352,955)	(22,547,868)	(14,556,285)

Notes to the Financial Statements

For the year ended 31 December 2006

30 Reconciliation of minimum lease payments to present value of lease obligation

	Minimum lease payment	Future finance charges	Present value of obligation
	N'000	N'000	N'000
Period not later than one year	468,861	67,070	401,791
Period later than one year and not later than five years	436,948	61,723	375,225
Period later than five years	-	-	-
	<u>905,809</u>	<u>128,793</u>	<u>777,016</u>

31 Directors and employees

(a) Directors' remuneration:

The remuneration paid to the directors of the Company was as follows:

Fees paid to non executive directors:

	31-Dec-06 N'000	31-Dec-05 N'000
Chairman	600	450
Others	4,950	4,400
	<u>5,550</u>	<u>4,850</u>
Executive directors' salaries	94,619	80,360
	<u>100,169</u>	<u>85,210</u>
Other emoluments	13,185	23,500
	<u>113,354</u>	<u>108,710</u>

The directors received emoluments (excluding pension contributions) in the following ranges:

	Number	Number
N1,000,000 - N1,750,000	9	9
Above N5,000,000	2	2

Included in the above analysis is the highest paid director at N45.38million (2005: N45.36million).

Notes to the Financial Statements

For the year ended 31 December 2006

	31-Dec-06		31-Dec-05	
	Group N'000	Company N'000	Group N'000	Company N'000
(b) Staff costs				
i. Employee costs during the year amounted to:				
Wages and salaries	1,689,460	1,327,532	1,419,073	1,134,295
Employee benefits provision	145,777	145,777	412,640	412,640
Welfare and training	185,595	157,139	118,891	118,891
Other staff costs	112,943	106,976	232,668	212,384
	2,133,775	1,737,424	2,183,272	1,878,210
iii. The average number of full-time persons employed by the Company during the year was as follows:				
	Number	Number	Number	Number
Management staff	97	73	93	66
Senior staff	353	304	377	330
Junior staff	79	55	89	82
	529	432	559	478
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	9	0	4	0
N500,001 - N1,000,000	34	22	30	23
N1,000,001 - N1,500,000	37	36	58	52
N1,500,001 - N2,000,000	209	195	209	187
N2,000,001 - N2,500,000	100	72	103	99
N2,500,001 - N3,000,000	28	21	51	36
N3,000,001 - N3,500,000	19	18	20	19
N3,500,001 - N4,000,000	6	6	13	2
N4,000,001 - N4,500,000	25	16	22	18
N4,500,001 - N5,000,000	13	8	10	6
Above N5,000,000	49	38	39	36

Notes to the Financial Statements

For the year ended 31 December 2006

32 Capital commitment	31-Dec-06		31-Dec-05	
	Group N'000	Company N'000	Group N'000	Company N'000
Outstanding capital expenditure contracted but not provided for in the accounts	10,900	10,900	519,103	519,103
Capital expenditure approved by the Board but not yet committed	900,000	900,000	2,951,000	1,470,063
	910,900	910,900	3,470,103	1,989,166

The Board on the 13th of December 2006 approved and authorized the company to enter into a partnership with Atlantic Oilfield Services for the establishment of a Joint Venture company for the purpose of providing drilling services in Nigeria and the Gulf of Guinea. The Board approved on the 13 of December 2006, the purchase of 51% share of the Bintang Kalimantan swamp rig for US\$15.3million and to expend a further US\$11.2million for the refurbishment and recertification cost of the rig.

33 Contingent liabilities

(32.1) Pending litigation

There are a number of legal suits outstanding against the Company for stated amounts of N453.5million (2005:N430.6million). 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.

(32.2) Bonds and guarantees

Guarantees, performance bonds, and advance payment guarantees issued in favour of the Company amounted to N473.8million. On the other hand, the Company issued Guarantees in Favour of Oando Ghana for \$4million. The Company also guaranteed a loan of N1.956billion from a commercial bank on behalf of a subsidiary, Gaslink Nigeria Limited.

(32.3) Other claims

In December 2006, the Federal Inland Revenue Services issued notices of assessment in respect of its audit of the company for both the pre-merger period and the first two years following the merger. The Federal Inland Revenue Service demanded a total additional tax of N381million for 2000 to 2004 financial year in respect of Companies Income Tax, Education Tax and Value Added Tax. A letter received subsequent to year end put the VAT assessment, including penalties and interests to N720 million. The company has objected to the assessment. It is the opinion of the Board of Directors that the Revenue claim is unlikely to succeed and provision will not be required.

34 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:

	31 Dec 06 N'000	31 Dec 05 N'000
Purchase of refined petroleum products from:		
Oando Supply and Trading Limited	23,002,695	11,669,516
Oando Trading Limited	27,996,839	15,348,954
Oando Energy Services Limited	-	2,186,413
	50,999,534	29,204,883
Amounts outstanding as of balance sheet date		
(included in trade creditors):		
Oando Supply and Trading Limited	2,618,708	749,768
Oando Trading Limited	66,849	1,584,857
	2,685,557	2,334,625

Notes to the Financial Statements

For the year ended 31 December 2006

During the year, transactions were conducted between Oando Plc and other affiliate companies. These include:

- (a). Ocean and Oil Investment received N329.8million in respect of dividend declared at the end of May 2006 Annual General Meeting (2005:270.8m)
- (b). Ocean and Oil Holding Nigeria Limited is entitled to N295 million (2005:N201million) for technical and management services rendered

The amount payable relating to these affiliates at the balance sheet date amounted to:

	30-Dec-06	31-Dec-05
	N'000	N'000
Ocean and Oil Holdings Nigeria Limited	46,547	82,987

No transaction in respect of sale of goods or services was entered into with any key management personnel or shareholder.

Core investor

Oando Plc is an associate of Ocean and Oil Investments (Nigeria) Limited, a special purpose entity set up for the purpose of acquiring significant interest in Unipetrol. As at the balance sheet date, Ocean and Oil Investments owned 24.45% of Oando Plc's shares. Ocean and Oil Investments is a subsidiary of Ocean and Oil Holdings (Nigeria) Limited, which had 96% of its shares as at 31 December 2006. The ultimate holding company is Ocean and Oil Holdings (BVI) Limited, having 100% interest in Ocean and Oil Holdings (Nigeria) Limited.

Subsidiary information

Entity name	Country of incorporation	Nature of business	Issued share capital N'000	Percentage interest held
Gaslink Nigeria Limited	Nigeria	Gas distribution	1,717,698	53.70%
Oando Ghana Limited	Ghana	Marketing and sale of petroleum products	126,575	82.9%
Oando Trading Limited	Bermuda	Supply of crude oil and refined petroleum products	1,518	51%
Oando Supply and Trading Limited	Nigeria	Supply of crude oil and refined petroleum products	5,000	51%
UNITAB Nigeria Limited	Nigeria	Marketing of automobile parts	40,000	51%
Oando Sierra Leone Limited	Sierra Leone	Marketing and sale of petroleum products	10,079	80%
Oando Benin Limited	Benin	Marketing and sale of petroleum products	14,832	100%
TRANSGAS	Nigeria	Gas distribution (100% owned by Gaslink)	8,077	54%
Oando Energy Services Limited	Nigeria	Provision of drilling and other services to upstream companies	5,000	51%
Oando Lekki Refinery Limited	Nigeria	Petroleum refining	2,500	100%
Oando Port Harcourt Refinery Limited	Nigeria	Petroleum refining	2,500	100%
Oando Production and Development Company Limited	Nigeria	Exploration and production	10,000	51%
Oando Togo SA	Togo	Marketing and sale of petroleum products	186,288	75.3%

35 Technical and management service 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 N295 million (2005: N201,000,000) 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.

36 Post balance sheet event

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.

37 Reclassification of prior year balances

Certain prior year balances have been reclassified for proper disclosure

Five Year Financial Summary

2002 - 2006

Company

	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000
Balance Sheet					
Property plant and equipment	13,788,755	13,149,388	11,415,060	11,474,700	11,177,281
Intangible assets	13,445,903	12,501,645	9,548,197	10,078,653	10,670,888
Investment in associates	-	-	37,709	-	-
Long term Investments	2,080,320	1,755,153	1,265,864	1,042,825	1,059,542
Long term receivable	326,654	60,346	385,093	297,772	497,664
Net current liabilities	(5,323,998)	(3,925,513)	(534,064)	(11,013,652)	(8,596,782)
Borrowings and other non-current liabilities	(1,403,261)	(1,449,796)	(1,374,251)	(5,066,457)	(7,516,060)
Deferred taxation	(662,199)	(620,446)	(458,920)	(443,556)	(525,824)
Retirement benefit obligation	(138,254)	(279,782)	(460,830)	(388,563)	(214,481)
	22,113,920	21,190,995	19,823,858	5,981,722	6,552,228
Share capital					
Share premium	15,980,263	15,980,263	15,980,263	1,269,427	1,269,427
Revaluation reserve	2,423,923	2,423,923	2,423,923	3,121,124	3,121,124
Reserve for bonus issue	-	-	-	40,770	14,825
Retained earnings	3,423,584	2,500,659	1,133,522	1,387,322	2,098,598
	22,113,920	21,190,995	19,823,858	5,981,722	6,652,228
Profit and loss account					
Turnover	132,397,373	121,591,635	85,852,713	63,447,251	47,172,727
Profit/(loss) before taxation and exceptional item	2,247,246	2,102,921	(386,711)	37,345	2,049,806
Exceptional item	608,345	-	1,375,207	982,062	(1,720,834)
Taxation	501,914	(727,117)	(97,694)	(221,697)	(269,012)
Profit after taxation	2,353,677	1,375,804	890,802	797,710	59,960
Dividend*	1,430,752	1,144,602	652,319	-	-
Per share data					
Weighted average number of shares	572,301	572,301	367,183	326,159	239,640
Potential ordinary shares	-	-	-	-	29,651
Basic earnings per share (kobo)	411	240	243	245	25
Diluted earnings per share	411	240	243	245	22
Dividends per share (kobo)	250	312	200	-	-
Net assets per share (kobo)	3,864	3,703	5,399	1,834	2,776
Dividend cover	-	0.96 times	0.78 times	1.22 times	-

Note: Earnings, dividend and net assets per share are based on the weighted average number of shares in issue for the year. After tax profits have been used as numerators for computing earnings per share.

*Dividends are disclosed in the years declared at the Annual General Meeting.

Statement of Value Added

For the year ended 31 December 2006

	31-Dec-06				31-Dec-05			
	Group N'000	%	Company N'000	%	Group N'000	%	Company N'000	%
Turnover	209,078,938		132,397,373		182,763,434		121,591,635	
Other income	697,613		362,923		520,056		813,201	
Interest received	456,453		308,661		322,758		258,570	
	210,233,004		133,068,957		183,606,248		122,663,406	
Bought-in materials and services								
- Local purchases	(154,553,305)		(107,176,118)		(122,677,334)		(101,420,253)	
- Foreign purchases	(45,004,479)		(18,526,835)		(54,989,522)		(17,491,620)	
Value added	10,675,220	100	7,366,004	100	5,939,392	100	3,751,533	100
Distributed as follows:								
Employees:								
- To pay salaries, wages and other staff costs	2,133,775	20	1,737,424	24	2,183,272	37	1,878,210	50
Government:								
- To pay tax	858,626	8	666,932	9	678,343	11	565,591	15
Providers of capital:								
- To pay dividend	-	-	-	-	-	-	-	-
- To pay interest on borrowings	3,269,136	31	1,383,465	19	1,268,333	21	120,341	3
Minority interests	349,587	3	-	-	258,299	4	-	-
Maintenance and expansion of assets:								
- Deferred tax	52,582	1	41,752	1	169,153	3	161,526	4
- Depreciation	1,286,033	12	1,182,754	16	1,115,696	19	1,025,865	27
- Retained in the business	2,725,481	26	2,353,677	32	266,297	5	-	-
Value distributed	10,675,220	100	7,366,004	100	5,939,392	100	3,751,533	100

Statement of Unclaimed/ Returned Dividend Warrants

OANDO NIGERIA PLC PRE - MERGER STATEMENT OF UNCLAIMED /RETURN DIVIDEND WARRANTS

<u>PAYMENT NO</u>	<u>BAL AS AT 31/12/2006</u>	<u>PAYABLE DATE</u>
4	8,729,487.36	August 9, 1995
5	8,631,032.40	August 9, 1996
6	2,919,724.65	December 4, 1997
7	11,990,277.00	December 4, 1997
8	5,377,416.75	December 16, 2000
9	13,062,470.40	March 6, 2000
10	17,047,351.80	September 14, 2000
11	32,401,342.58	June 21, 2001
12	32,362,875.68	July 31, 2002

According to the Company's register for the above account,
the amount of dividends declared but not yet claimed by shareholders as at
December 31, 2006 is N132,521,978.62

OANDO NIGERIA PLC POST - MERGER STATEMENT OF UNCLAIMED /RETURN DIVIDEND WARRANTS

<u>PAYMENT NO</u>	<u>BAL AS AT 31/12/2006</u>	<u>PAYABLE DATE</u>
13	69,951,031.20	June 26, 2004
14	103,333,587.80	June 28, 2005
15	205,421,601.00	June 5, 2006

According to the Company's register for the above account,
the amount of dividends declared but not yet claimed by shareholders as at
December 31, 2006 is N378, 706,220.00

EX-AGIP PLC PRE-MERGER ACCOUNT STATEMENT OF UNCLAIMED DIVIDEND WARRANTS

<u>PAYMENT NO.</u>	<u>BAL. AS AT 31/12/2006</u>	<u>PAYABLE DATE</u>
17	551,581.90	August 10, 1995
18	1,949,608.17	May 10, 1995
19	2,946,634.21	April 30, 1997
20	2,504,052.07	May 5, 1998
21	4,581,841.40	April 26, 1999
22	11,095,707.04	May 3, 2000
23	8,911,953.00	October 30, 2000
24	32,619,355.55	April 25, 2001
25	11,027,208.32	September 25, 2001
26	30,283,971.87	April 30, 2002

According to the Company's register for the above account,
the amount of dividends declared but not yet claimed by shareholders as at
December 31, 2006 is N106,471,913.53

Notes

Proxy Form



Thirtieth Annual General Meeting of Oando Plc (the "Company") will be held at **The Cultural Centre, Mary Slessor Avenue, Calabar, Cross River State, Nigeria** on Thursday the 28th day of June, 2007 at 10:00 a.m. (**the Meeting**).

I/WE* _____
of _____

being a member/members of Oando Plc and holders of _____
shares, hereby appoint** _____

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Meeting of the Company to be held on Thursday the 28th day of June, 2007 which will be held for the purposes of considering and, if deemed fit, passing with or without modification, the ordinary resolutions to be proposed at the Meeting and at each adjournment of same and to vote for or against the ordinary resolutions in accordance with the following instructions:

Proposed resolutions	For	Against
To declare the dividend recommended by the directors of the Company		
To authorise the directors to fix the remuneration of the Auditors		
To re-elect Prince Felix Atako JP		
To re-elect Alhaji Hamidu Mahmud		
To re-elect Mr. Oboden Ibru		
To re-elect Mr. Mr. Osaze Osifo		
"That the fees payable to the non-executive directors of the Company remain N600,000.00 per annum for the Chairman and N550,000.00 each per annum for all other non-executive directors with effect from 1 January 2007, payable quarterly in arrears".		

NOTE

A member who is unable to attend the Annual General Meeting is entitled by law to vote by proxy. The proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting.

The proxy form **should not** be completed if you will be attending the Meeting. If you are unable to attend the Meeting, 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 relevant addresses shown overleaf or deposited thereat not less than 48 hours before the date of the Meeting

Signature: _____

Dated this _____ day of _____ 2007

**First Registrars Nigeria Limited
Plot 2, Abebe Village Road,
Iganmu, Lagos**

or

**Computershare Investor Services 2004 (Proprietary) Limited,
70 Marshall Street,
Johannesburg, 2001, South Africa
PO Box 61051, Marshalltown, 2107**

Admission Card

**Oando Plc**

ADMISSION CARD

Annual General Meeting of Oando Plc to be held at
**The Cultural Centre, Mary Slessor Avenue,
Calabar, Cross River State, Nigeria**
on Thursday, the 28th day of June 2007 at 10:00 a.m.

NAME OF SHAREHOLDER

SIGNATURE OF PERSON ATTENDING

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

Notes

Contact Details

HEAD OFFICE

(5th, 7th-10th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria
Tel: 234-1-2601290-9;
E-mail: info@oandopl.com
Website: www.oandopl.com

SA Office Address
Mettle House,
32 Fricker Road,
Illovo, Johannesburg,
South Africa.
Tel: +27 11 268 6235
Fax: +27 11 268 6547

GROUP LIAISON OFFICE
Oando Ltd
Suite A & B (2nd Floor)
5, Arlington Street,
London
SW 1A 1RA
Tel: +44-207-297-4280-7
Fax: +44-207-499-5375

OANDO MARKETING

(8th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.
Tel: 234-1-2601290-9

ABUJA AREA OFFICE*
Plot 252,
Central Business District,
Opp. NNPC Towers,
Federal Capital Territory
Abuja, Nigeria
Tel: 234-9-5235458-9
Fax: 234-9-2348765

OANDO TRADING

Canon's Court
22, Victoria Street,
Hamilton HM 12
Bermuda
Tel: 441-295-1443
Fax: 441-295-9216

OANDO SUPPLY AND TRADING

(10th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.
Tel: 234-1-2704400
Fax: 234- 1 – 2696758

GASLINK

(5th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.
Tel: 234-1-2702794-5
E-mail: info@gaslink.org
Website: www.gaslink.org

OANDO GAS & POWER

(5th Floor)
2, Ajose Adeogun Street,
Victoria Island, Lagos, Nigeria.
Tel: 234-1-2702400 Ext: 331
Fax: 234-1-2625487
E-mail: gasandpower@oandopl.com
Website: www.oandopl.com

OANDO ENERGY SERVICES

(7th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.
Tel: 234-1-2715460-3
Fax: 234-1-262231

OANDO EXPLORATION AND PRODUCTION LIMITED (OEPL)

(7th Floor)
2, Ajose Adeogun Street,
Victoria Island,
Lagos, Nigeria.
Tel: 234-1-2601293-5, 4619882
Fax: 234-1-2625467

WEST AFRICAN OPERATIONS

OANDO BENIN REPUBLIC
OIBP 1093 Recette Principale,
Cotonou.
Tel: 299-313679

OANDO GHANA
B35 Augustino Neto Road,
Airport Residential Area,
P.O.Box TF 197,
Accra, Ghana.
Tel: 233-21-761196, 761520

OANDO (TOGO) S.A.
1, Boulevard du Mono,
Rond Point du Port.
BP: 2987 Lome - Togo
Tel: (228) 227-04-22, 227-59-46,
930-80-66

PLANTS/TERMINALS

APAPA TERMINAL*
Terminal Office
Kayode Street
Marine Beach,
Apapa, Lagos.
Tel: 234-1-2701100

LAGOS AVIATION TERMINAL
Oando Aviation
Muritala Mohammed Local Airport
Opposite Aerocontractors,
Ikeja, Lagos,
Nigeria.
Tel: 234-1-2707581-3, 2713207

ABUJA AVIATION TERMINAL
Oando Aviation
Behind Julius Berger Yard,
Nnamdi Azikwe International
Airport,
Abuja.
Tel: 234-9-6721983

BITUMEN PLANT
C/O Oando Div. Office
Reclamation Road,
Port Harcourt,
Rivers State,
Nigeria.
Tel: 234-84-765110

LUBRICANT BLENDING PLANT*
Rido Village,
Off Kachia Road,
PMB 2110
Kaduna State
Nigeria.
Tel: 234-62-510645, 516150

ONNE TANK TERMINAL*
Onne Terminal, Oando Plc
Onne-NPA (ft) Road,
Onne Oil and Gas Free Zone,
Port Harcourt, Nigeria.
Tel: 234-84-777510-2
Fax: 234-1-744555

(*) – means Also Regional Offices