

Mobil Oil Ghana Limited

Annual Report 2005



Total Quartz 9000 (Fully Synthetic) High Performance Engine Oil For Both Gasoline and Diesel Engines.

Mobil Oil Ghana Limited

Annual Report and Accounts

2005

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Corporate Information

Directors	Jean-Denis Royere - Chairman	(Appointed on 30 September 2005)
	Felix Majekodunmi - Managing	(Appointed on 30 September 2005)
	Alain Champeaux	(Appointed on 30 September 2005)
	Francois de Ligniville	(Appointed on 30 September 2005)
	Emmanuel De-Fournas	(Appointed on 30 September 2005)
	Edward P Larbi Gyampoh	
	John Sackah Addo	
	Rexford Adomako-Bonsu	
	Sam Kareem	(Resigned on 30 September 2005)
	John Bell	(Resigned on 30 September 2005)
	Jose Fabrega	(Resigned on 30 September 2005)
Secretary	Stephen Lyoba	(Resigned on 30 September 2005)
	Jonas Ayiquaye Ayi	(Resigned on 30 September 2005)
Solicitors	Accra Nominees Limited	(Appointed 30 September 2005)
	Emmanuel Amade	(Resigned 30 September 2005)
Registered office		
Registrars		
Auditors		
Bankers		

Chairman's Statement



INTRODUCTION

Ladies and Gentlemen, I welcome you on behalf of the Board of Directors of your company to the thirtieth Annual General Meeting. This is also our first meeting after the change in control on the 30th of September 2005.

BOARD MATTERS

There have been some changes on the Board of Directors since the last meeting. On the 30th of September 2005, Mobil Holdings (UK) Ltd. sold its 60% shares in Mobil Oil Ghana Ltd to Total Outre Mer on the floor of the Ghana Stock Exchange. Consequently all the Directors nominated by Mobil Holdings (UK) Ltd. to the Board, including the former Chairman resigned their appointments from the Board on the 30th of September 2005. The following were the Directors who resigned their appointments, Mr. Sam Kareem (Chairman), Mr John

Bell, Mr. Jose Fabrega, Mr. Stephen Lyoba and Mr Jonas Ayiquaye Ayi. Please join me in wishing them the very best in their new endeavours.

The following Directors have since been appointed to the Board by Total Outre Mer, Mr. Jean-Denis Royere (Chairman), Chief Felix Majekodunmi, (Managing), Mr Alain Champeaux, Mr. Francois de Ligniville and Mr. Emmanuel De-Fournas.

The Board has also appointed Accra Nominees Limited as the Company Secretary following the resignation of Mr. Emmanuel Amade.

As a result of the change in control, your company will cease to market ExxonMobil branded products. Consequently all our stations will be branded in Total colours.

BUSINESS & ECONOMIC ENVIRONMENT

While the business environment enjoyed political peace and stability throughout 2005, the 50% increase in the pump prices of petroleum products in February resulted in inflationary pressure. The year-end inflation for 2005 was 14.8 % compared to 11.8% at the end of 2004. Inflation increased to 16.7% in March due to the 50% increase in the prices of petroleum products. The country recorded a positive growth of 5.8% in the real gross domestic product (GDP). Interest rates continued its downward trend following the reduction of prime rates by the Bank of Ghana from 18.5% to 16.5% in May and again to 15.5% in September.

The Cedi recorded minimum depreciation of 0.3% against the US dollar but appreciated against the Euro by 5% during the year.

Overall, the economy recorded improvements in line with the projections of the government creating opportunities for growth for your company.

COMPANY PERFORMANCE

Overall sales for 2005 was 239 thousand metric tons compared to 244 thousand metric tons at the end of 2004 which is a decline of 2%. This represents a market share of 12.9% at the end of 2005 compared to a market share of 13.5% at the end of 2004. Whilst we recorded impressive growths in the consumer and Aviation sales sectors of 15.4% and 15.5% respectively, the retail sector recorded a negative growth of 9.6%. We lost sales in the retail sector due to the closing down of six of our major service stations during the year for modernization, mainly the replacement of underground tanks. Our dealers also had working capital difficulties following the 50% increase in the pump prices of petroleum products and our cash and carry policy of sales to them.

Turnover for 2005 increased by 37% to ₵1,849 billion compared to ₵1,354 billion. Profit after tax recorded an impressive growth to ₵13.7 billion in 2005 compared to a loss of ₵4.8 billion at the end of 2004. At the end of 2005 shareholders funds increased to ₵52.6 billion compared to ₵51.3 billion at

Chairman's Statement

the end of 2004 representing an increase of 3%.

DIVIDENDS

The Board of Directors recommends for your consideration and approval a dividend of ¢2,604.38 per share before tax that is equivalent to ¢12.306 billion. Last year, you approved the sum of ¢10.003 billion which was equivalent to ¢2,117 per share before tax, as divided payment. The dividend proposed for 2005 represents an increase of 23% over previous year's dividend.

SAFETY, HEALTH & ENVIRONMENT

The Safety, Health & Environment (SHE) issues continue to be our prime focus and business priority. We believe that no operation is so important or profitable as to override our safety practices or the protection of the environment.

Through our Safety Management System we continued to provide regular training, information and a disciplined approach to conducting operations in our facilities in a manner that safeguarded human lives and property including those in communities where we operate.

We believe that every accident is preventable and we will actively work to build an attitude of safety consciousness and accident avoidance in all our employees, contractors and customers.

MANAGEMENT AND STAFF

In recognition of the vital roles played by our employees in the success of the company and the need to develop and equip them with appropriate skills required for the highly competitive Ghanaian market, the company offered high-level training programmes both locally and abroad.

SOCIAL RESPONSIBILITY

During the year, your Company continued to demonstrate its commitment to its social responsibilities by embarking on a number of projects aimed at helping the poor and the needy. Two of the key projects were:

■ Ridge Hospital Accra

Three hundred million Cedis (¢300,000,000) was spent for the rehabilitation of the Mobil Ward at Ridge Hospital, Accra during the year. The rehabilitation works included repairs to the leaking roof, replacement of the PVC floor tiles with ceramics tiles, replacement of the mosquito proof netting, improvement to the electrical and plumbing systems, installation of some ceiling fans and general painting. The Doctor's waiting room was also rehabilitated and air conditioner fitted.

■ The Malaria Control Program

The Malaria Control Program (Mobil Discount Voucher Program) started in 2004 was extended to the Brong

Ahafo Region in 2005. ExxonMobil Foundation donated one hundred and fifty thousand US dollars (US\$150,000) to support the Voucher Scheme. The discount price for pregnant women was maintained at ¢40,000 and 34,992 Insecticide treated mosquito Nets (ITNs) were purchased. This program has greatly enhanced the public's awareness of the effectiveness of the use of Insecticide Treated Mosquito nets (ITNs) in fighting malaria.

OUTLOOK FOR 2006 AND BEYOND

With the deregulation of petroleum pump prices in May 2006 by the National Petroleum Authority (NPA), the fundamentals of marketing petroleum products in Ghana has changed completely. Government no longer dictates the pump prices and the margins of Oil Marketing Companies and their Dealers. Individual Oil Marketing Companies now fix their prices at the pumps and determine their margins within NPA guidelines. This has created new challenges for our company as the price war currently raging in the consumer sector among the various players in the market has been extended to the service stations. Management and staff are well prepared for this change as they have shown in the past.

When approved by the shareholders of Mobil Oil Ghana Ltd and Total Ghana Ltd, the merger of the two companies will create a stronger company with about 28%

Chairman's Statement

market share. Synergies arising from the merger will provide the merged company with adequate resources to take full advantage of the opportunities offered by the deregulation of the market and deliver excellent service to our numerous customers with added benefits for all our shareholders.

The performance of the first quarter 2006 compared to same period last year which recorded a positive growth of 41% in profit after tax is indicative of the concrete progress achieved at the end of March 2006. The investments made in

modernizing some of our service stations, the restructuring of our marketing teams for improved focus to customer service and the strict control of costs have already started to bear fruits. We stay confident that this trend will continue for the rest of 2006.

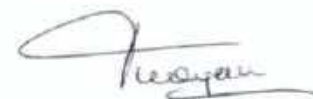
APPRECIATION

On behalf of the Board of Directors, I express our appreciation to the Management and Staff of Mobil Oil Ghana Ltd. for their contribution to the results of 2005.

Our appreciation also goes to our shareholders and all our customers across the nation for their custom and support.

Finally, I thank you all for your presence and active participation at this meeting.

Thank you.



Jean-Denis Royere

Notice Of Meeting

NOTICE is hereby given that the 30th Annual General Meeting of the Shareholders of Mobil Oil Ghana Limited will be held at the Osu Ebenezer Presbyterian Church Hall, Lokko Road, Osu, Accra on the 6th day of September, 2006 at 10:00, O'clock in the forenoon.

AGENDA

1. To receive and consider the Reports of the Directors and Auditors and the Financial Statements of the Company for the year ended December 31, 2005.
2. To declare Dividend.
3. To approve the appointment of Directors.
4. To re-elect Directors.
5. To fix the remuneration of the Directors.
6. To fix the remuneration of Audit Committee members.
7. To authorize the Directors to fix the remuneration of the Auditors.
8. To consider and pass a Resolution appointing Messrs KPMG to replace PriceWaterhouseCoopers as Auditors of the company effective August 2006.

Special Business

1. To approve a change in the name of the Company.

BY ORDER OF THE BOARD
ACCRA NOMINEES LIMITED
COMPANY SECRETARIES

Dated this 3rd day of May, 2006

REGISTERED OFFICE
MOBIL HOUSE
25 LIBERIA ROAD
P.O. BOX 450
ACCRA

A member of the company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be deposited at the Registered Office, P.O. Box 450, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

Report Of The Directors

The Directors submit their report together with the audited financial statements of the company for the year ended 31 December 2005.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards.

The Directors are responsible for ensuring that the company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the company. The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nature of Business

The principal activities of the company are the marketing of refined petroleum products, lubricants, household and industrial chemicals.

Parent Company

The company was a subsidiary of Mobil Holding (UK) Limited (MHUK) up till 30th September 2005. On 1st October 2005, MHUK sold all its 60% shareholding to Total Outre Mer S.A, a company incorporated in France and wholly owned subsidiary of Total S.A. The company thus became a subsidiary of Total Outre Mer S.A. from 1st October 2005.

Financial Results

The financial results of the company are set out below:

	2005 ¢'million	2004 ¢'million
Profit/(loss) before tax and National Reconstruction Levy for the year is (from)/to which is (deducted)added tax and National Reconstruction Levy of	13,870	(7,533)
giving a profit/(loss) after tax and National Reconstruction Levy for the year of	<u>(197)</u>	<u>2,777</u>
to which is added the balance brought forward on the income surplus account of	13,673	(4,756)
and from which is transferred to stated capital an amount of	50,803	65,617
and deducted a proposed dividend of	-	(55)
leaving a balance carried forward on the income surplus account of	<u>(12,306)</u>	<u>(10,003)</u>
	<u>52,170</u>	<u>50,803</u>

Report Of The Directors (continued)

Dividend

The Directors recommend the payment of a dividend of **¢2,604.38** per share amounting to **¢12,306** million for the year ended 31 December 2005.

Directors

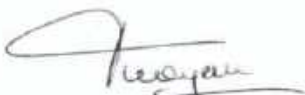
The names of the present directors and those that served during the year are listed on page 1.

Auditors

The Auditors, Messrs PricewaterhouseCoopers, will resign as auditors of the company at the close of the Annual General Meeting. Messrs KPMG are being proposed as auditors in accordance with Section 134(5) of the Companies Code, 1963 (Act 179).

BY ORDER OF THE BOARD:

Director:



Director:



Date: 3rd May, 2006

Corporate Governance Report

Mobil Oil Ghana Limited recognises the importance of good corporate governance to sustain the long term viability of the business and the Board and management of the company are strongly committed to the attainment of the company's business objectives.

In line with the framework, vision and mission statements, there are basic guidelines and a system of management controls which ensures that business is conducted in accordance with management directives.

Also, the business adopts standard accounting practices and ensures sound internal controls to facilitate transparency of business transactions and reliability of financial statements.

Board of Directors

The company has eight directors, five of whom are non-executives. The Board meets quarterly, and if necessary, meetings can be arranged to discuss/review the company's operations. The non-executive directors (including three Ghanaian citizens) are people of high integrity and wide business exposure, which compliment the company's objective of having people with independent but objective ideas to contribute to the deliberations and the decision making process.

The Board has unrestricted access to the company's records and information. Non-executive directors derive no benefits other than the fees approved for them by the Company.

Audit Committee

The Board has established an Audit Committee, made up of four directors, three of whom are non-executive members of the Board.

Internal Control

The company has over the years evolved a system of management control to ensure effective, efficient and proper utilisation of its resources in pursuit of corporate objectives with due regard to shareholders and public interest.

The company's overall internal control system is enhanced by written policies and procedures, formalised reporting responsibilities, written descriptions of authority, responsibilities, well articulated training programs, seminars and well defined information dissemination systems.

As part of its responsibility for the exercise of control, management requires the maintenance of financial records which fairly reflect the assets and liabilities of the company. The integrity and objectivity of the accounting records are supported by a system of internal accounting controls. This includes procedures and techniques designed to provide reasonable assurance that transactions are duly authorised, properly recorded, assets are safeguarded and there is periodic physical inventory of assets which is verified against accounting and custodial records. This gives further assurance that accounting records are in conformity with generally accepted accounting principles and auditing standards.

Corporate Governance Report (continued)

Code of Conduct

Mobil Oil Ghana Limited has adopted and communicated Total's Code of Conduct that guides and underpins the undertakings of everyone in the organization. The core values embodied in the Code of Conduct are professionalism, respect for employees, an ongoing concern for safety and environmental protection, and a commitment to contribute to the development of host communities. In addition, the Code of Conduct emphasizes responsibility, accountability, integrity and exemplary behaviour.

These values are central to a framework of fundamental principles that include respect for applicable laws and regulations, non-intervention in the political process of host countries, satisfying the shareholders and customers and solidarity among the employees. The company recognises that it is through these fundamental principles that it can achieve its objectives for growth within the business community, for the benefit of its shareholders, customers and all its employees.

Health Safety Environment Quality (HSEQ)

Mobil Oil Ghana Limited has adopted and implemented the Total Health, Safety, Environment and Quality Charter that provides a framework for meeting our HSEQ commitments to the highest operational standards.

Mobil Oil Ghana Limited reaffirms its desire to respect and have others respect the values and principles contained in the Total Group's HSEQ Charter. The company is committed to protecting the health and safety of its employees, the communities where it operates and the environment. The company continually re-evaluates its operations and products based on scientific, economic and technical analyses and these analyses are followed by action plans or recommendations that are distributed as widely as possible.

We believe that our operations involve high risks and for this reason, all existing prevention approaches are strengthened or updated with systematic participation by operators and experts.



A happy nursing mother displaying the ITN purchased under the Mobil Discount Voucher scheme.

Report Of The Auditors to the members of Mobil Oil Ghana Limited

We have audited the financial statements of Mobil Oil Ghana Limited set out on pages 11 to 24.

Respective Responsibilities of Directors and Auditors

As stated on page 6, the Directors are responsible for the preparation of the financial statements. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

Opinion

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the company as at 31st December 2005 and of its profit and cash flows for the year then ended in accordance with Ghana Accounting Standards and comply with the Ghana Companies Code, 1963 (Act 179).



Chartered Accountants

Accra

Date: 5th June, 2006

Profit And Loss Account for the year ended 31 December 2005

(All amounts are expressed in millions of cedis)

	Notes	Year ended 31 December	
		2005	2004
Turnover		1,848,679	1,353,618
Cost of sales		<u>(1,749,531)</u>	<u>(1,260,620)</u>
Gross profit		99,148	92,998
Selling, general and administrative expenses	1(a)	<u>(101,003)</u>	(93,644)
Restructuring costs	1(b)	<u>-</u>	<u>(4,330)</u>
Operating loss		(1,855)	(4,976)
Other income	2	<u>23,956</u>	<u>16,144</u>
Profit before finance charges and exceptional items		22,101	11,168
Finance charges	20	<u>(8,231)</u>	<u>(5,821)</u>
Profit before exceptional items		13,870	5,347
Exceptional items	3	<u>-</u>	<u>(12,880)</u>
Profit/(loss) before tax and national reconstruction levy		13,870	(7,533)
National reconstruction levy	4	<u>(208)</u>	-
Tax	5	<u>11</u>	<u>2,777</u>
Profit/(loss) after tax		<u>13,673</u>	<u>(4,756)</u>

Income Surplus Account for the year ended 31 December 2005

At 1 January		50,803	65,617
Profit/(loss) for the year		13,673	(4,756)
Transfer to stated capital		<u>-</u>	<u>(55)</u>
		64,476	60,806
Dividend proposed	15	<u>(12,306)</u>	<u>(10,003)</u>
At 31 December		<u>52,170</u>	<u>50,803</u>
Earnings per share (cedis per share)	18	<u>2,893.76</u>	<u>-</u>
Dividend per share (cedis per share)	18	<u>2,604.38</u>	<u>2,117.00</u>

The accounting policies and notes on pages 15 to 24 form an integral part of these financial Statements.

Mobil Oil Ghana Limited

Annual Report and Financial Statements for the year ended 31 December 2005

Balance Sheet as at 31 December 2005

(All amounts are expressed in millions of cedis)

	Notes	At 31 December 2005	2004
Non-current assets			
Intangible assets	6(a)	2,800	3,168
Property, plant and equipment	6(b)	93,085	88,266
Investments at cost	7	554	554
		96,439	91,988
Current assets			
Inventories	8	17,573	35,818
Amounts due from group companies	19(a)	7,837	11,009
Accounts receivable	9	129,996	93,877
Tax	5	8,380	7,959
Cash and bank balances	17	5,972	7,902
		169,758	156,565
Current liabilities			
Bank overdrafts	10	30,992	15,138
Accounts payable	11	169,862	130,781
Amounts due to group companies	19(b)	-	40,353
Dividend payable	15	12,306	10,003
		213,160	196,275
Net current liabilities		(43,402)	(39,710)
Non-current liabilities			
Deferred tax	12	(415)	(1,023)
Net assets		52,622	51,255
Capital and surplus accounts			
Stated capital	13	386	386
Capital surplus account	14	66	66
Income surplus account		52,170	50,803
Shareholders' funds		52,622	51,255
Net assets per share (cedis per share)	18	11,136.93	10,847.62

The financial statements on pages 11 to 24 were approved by the Board of Directors on 3rd May, 2006 and signed on its behalf by:

Director: 

Director: 

The accounting policies and notes on pages 15 to 24 form an integral part of these financial Statements.

Statement Of Changes In Equity

(All amounts are expressed in millions of cedis)

	Stated capital	Income surplus	Capital surplus	Total
Balance at 1 January 2004	331	65,617	66	66,014
Loss for the year	-	(4,756)	-	(4,756)
Transfer to stated capital	55	(55)	-	-
Dividend relating to 2004	-	(10,003)	-	(10,003)
Balance at 31 December 2004	<u>386</u>	<u>50,803</u>	<u>66</u>	<u>51,255</u>
Balance at 1 January 2005	386	50,803	66	51,255
Profit for the year	-	13,673	-	13,673
Dividend relating to 2005	-	(12,306)	-	(12,306)
Balance at 31 December 2005	<u>386</u>	<u>52,170</u>	<u>66</u>	<u>52,622</u>

The accounting policies and notes on pages 15 to 24 form an integral part of these financial statements.

Cash Flow Statement as at 31 December 2005

(All amounts are expressed in millions of cedis)

	Notes	Year ended 31 December	
		2005	2004
Cash flows from operating activities			
Cash generated from operations	16	11,314	35,278
Interest received		1,070	548
Interest paid		(8,231)	(5,821)
Tax paid	5	(1,018)	(3,586)
National reconstruction levy paid	4	(110)	(370)
Net cash generated from operating activities		<u>3,025</u>	<u>26,049</u>
Investing activities			
Additions to intangible assets	6(a)	-	(210)
Purchase of property, plant and equipment	6(b)	(15,180)	(9,155)
Proceeds from sale of property, plant and equipment	6(c)	<u>4,374</u>	<u>2,697</u>
Net cash used in investing activities		<u>(10,806)</u>	<u>(6,668)</u>
Financing activities			
Dividend paid to shareholders	15	(10,003)	(14,783)
Net cash used in financing activities		<u>(10,003)</u>	<u>(14,783)</u>
(Decrease)/increase in cash and cash equivalents		(17,784)	4,598
Cash and cash equivalents at beginning of the year		<u>(7,236)</u>	<u>(11,834)</u>
Cash and cash equivalents at end of the year	17	<u>(25,020)</u>	<u>(7,236)</u>

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) **Basis of preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of leasehold properties and in accordance with Ghana Accounting Standards.

(b) **Property, plant and equipment**

Leasehold properties are shown at fair value. All other property, plant and equipment is stated at historical cost less depreciation. Additions during the year are included at cost.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Leasehold properties	20 - 50 years
Distribution and service station plants	10 - 20 years
Furniture, equipment and motor vehicles	5 - 20 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

(c) **Investments**

Investments intended to be held for an indefinite period of time are stated at cost.

(d) **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost includes all direct expenditure incurred in bringing the goods to their current state under normal operating conditions. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(e) **Trade receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

(f) **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.

(g) **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 financial statements. Currently enacted tax rates are used to determine deferred tax.

Deferred 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.

Accounting Policies (continued)

(h) **Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(i) **Revenue recognition**

Turnover represents the value of products invoiced to customers during the year, net of Value Added Tax and trade discounts. Sales are recognised upon delivery of products and customer acceptance.

(j) **Foreign currencies**

Foreign currency transactions are translated into cedis at exchange rates prevailing on the dates of the transactions; gains and losses resulting from the settlement of such transactions, are recognised in the profit and loss account.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into cedis at rates of exchange ruling on the date. The resulting exchange differences are brought to account in determining the profit and loss for the year.

(k) **Intangible assets**

Intangible assets are stated at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write-off the cost of the intangible assets over 10 years.



One of the beautifully renovated rooms of the Mobil Ward at the Ridge Hospital, Accra

Notes To The Financial Statements

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

1(a). Selling, general and administrative expenses

Selling, general and administrative expenses include:	2005	2004
Emoluments of directors:		
Fees	90	72
Remuneration	2,501	4,489
Staff costs	16,175	14,580
Auditors' remuneration	164	158
Depreciation and amortisation	8,910	9,093
Donations	65	13
Net exchange loss	<u>34</u>	<u>203</u>

The average number of persons employed by the company during the year was **75** (2004: 79).

1(b). **Restructuring costs** - During 2004 management reviewed the staffing requirements of the company based on the current level of operations. This resulted in redundancies. The affected employees have been duly paid off after successful negotiations with the affected employees and Labour Department.

2. Other income

	2005	2004
Rent	9,584	7,469
Interest income	1,070	548
Profit on disposal of property, plant and equipment	2,555	1,563
Fees for management of mining fuel depots	1,580	-
Income from food court sites and others	9,167	6,564
	<u>23,956</u>	<u>16,144</u>

3. Exceptional items

Cost of products adjustments	-	6,417
Unrecoverable transportation claims	<u>-</u>	<u>6,463</u>
	<u>-</u>	<u>12,880</u>

Cost of products adjustment - During 2004 management reviewed the product costing process of the company. Management identified certain instances where previously reported product costs were lower than actual which was a result of inaccurate application of the exchange rate factors. The effect of the above was corrected in the 2004 financial statements.

Write back of transportation claims In 2004, the company completed a reconciliation of transportation costs with the Bulk Oil Storage and Transportation (BOST). The exercise resulted in a write-off in 2004 of certain claims that had been deemed receivable from BOST amounting to €6.5 billion.

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

4. National reconstruction levy	2005	2004
Balance at 1 January	(386)	(16)
Charge for the year	208	-
Payment	(110)	(370)
Balance at 31 December	(288)	(386)

National reconstruction levy is assessed under the National Reconstruction Levy Act 2001 (Act 597) at 1.5% of accounting profit before tax. The balance at the end of the year has been included in accounts receivable.

5. Tax

(a) The tax charged in the profit and loss account comprises:

	2005	2004
Current tax	597	-
Deferred tax	(608)	(2,777)
	(11)	(2,777)

	Balance 1/1/05	Payments during the year	Charge for the year	Balance 31/12/05
(b) Current tax				
Up to 2003	(825)	-	-	(825)
2004	(1,696)	-	-	(1,696)
2005	-	(3,413)	597	(2,816)
	(2,521)	(3,413)	597	(5,337)
Withholding tax	(5,438)	2,395	-	(3,043)
	(7,959)	(1,018)	597	(8,380)

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

6. Intangible assets, property, plant and equipment

(a) Intangible assets	2005	2004
Cost		
At 1 January	3,685	3,888
Additions	-	210
Disposal	-	(413)
Balance at 31 December	3,685	3,685
Accumulated depreciation		
At 1 January	517	165
Charge for the year	368	373
Disposal	-	(21)
Balance at 31 December	885	517
Net book value at 31 December	2,800	3,168

	Leasehold properties	Distribution and service station plants	Furniture, equipment and motor vehicles	Capital work in progress	Total
(b) Property, plant and equipment					
Cost					
At 1 January 2005	29,522	34,580	43,229	5,120	112,451
Additions	-	-	-	15,180	15,180
Transfers	1,362	2,694	1,359	(5,415)	-
Disposals	(705)	(1,631)	(1,853)	-	(4,189)
At 31 December 2005	30,179	35,643	42,735	14,885	123,442
Comprising:					
Cost of assets revalued	2	-	-	-	2
Surplus arising on revaluation	66	-	-	-	66
At revaluation	68	-	-	-	68
At cost	30,111	35,643	42,735	14,885	123,374
	30,179	35,643	42,735	14,885	123,442
Accumulated depreciation					
At 1 January 2005	2,529	8,174	13,482	-	24,185
Charge for the year	1,477	2,475	4,590	-	8,542
Release on disposals	(14)	(1,327)	(1,029)	-	(2,370)
At 31 December 2005	3,992	9,322	17,043	-	30,357
Net book value					
At 31 December 2005	26,187	26,321	25,692	14,885	93,085
At 31 December 2004	26,993	26,406	29,747	5,120	88,266

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

6. Intangible assets, property, plant and equipment (continued)

Leasehold properties were last revalued in September and October 1983 by Mr. Humphrey M Adams, Valuation Surveyor and Estate Development Consultant at replacement cost. All other assets are stated at cost.

(c) Profit on disposal of property, plant and equipment

	2005	2004
Gross book value	4,189	2,432
Accumulated depreciation	(2,370)	(1,298)
Net book value	1,819	1,134
Proceeds	(4,374)	(2,697)
Profit on disposal	(2,555)	(1,563)

7. Investments at cost

Ghana Bunkering Services Limited
Road Safety Limited

-	-
554	554
554	554

Ghana Bunkering Services Limited

The investment in Ghana Bunkering Services Limited represents shares, held by the company, conferring the right to exercise 30% of the votes exercisable at general meetings. Ghana Bunkering Services Limited is a company incorporated under the laws of Ghana to provide bunkering services to petroleum marketers in the country.

The cost of investment is stated in the books at €360 which by reason of it being less than €1 million is shown in the balance sheet as nil.

Road Safety Limited (RSL)

The company has a 50% interest in RSL (formerly, Petroleum Road Transport Safety Limited), a company incorporated in September 1999 under the laws of Ghana. Its principal business is to provide driver education and maintenance services for the haulage of petroleum products.

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

8. Inventories	2005	2004
Oil products	16,173	32,272
Materials and supplies	1,378	632
Miscellaneous merchandise	<u>22</u>	<u>2,914</u>
	<u>17,573</u>	<u>35,818</u>
9. Accounts receivable		
Trade receivables	81,974	59,880
Other receivables	<u>39,687</u>	<u>26,219</u>
	121,661	86,099
Provision for doubtful debts	<u>(4,874)</u>	<u>(2,950)</u>
	116,787	83,149
Amount due from employees	3,180	3,748
Prepaid expenses	9,641	6,980
Withholding taxes	<u>388</u>	-
	<u>129,996</u>	<u>93,877</u>

Advances to staff during the year did not exceed **¢4,058** million (2004: ¢4,339 million).

10. Bank overdrafts

The company has the following unsecured overdraft facilities with the following banks:

Barclays Bank of Ghana Limited

An amount not exceeding ¢15 billion and documentary credit of US\$1 million.

Ecobank Ghana Limited

An amount not exceeding ¢15 billion.

Standard Chartered Bank Ghana Limited

An amount not exceeding ¢15 billion and bid bonds and payment guarantees of US\$8 million.

Merchant Bank (Ghana) Limited

An amount not exceeding ¢15 billion.

11. Accounts payable	2005	2004
Trade accounts payable	74,683	61,777
Sundry accounts payable	82,080	57,200
Accruals and provisions	<u>13,099</u>	<u>11,804</u>
	<u>169,862</u>	<u>130,781</u>
12. Deferred tax		
Exchange difference	(9)	(130)
Property, plant and equipment	<u>424</u>	<u>1,153</u>
	<u>415</u>	<u>1,023</u>

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

13. Stated capital	2005		2004	
	No. of shares	Proceeds	No. of shares	Proceeds
Authorised ordinary shares of no par value	<u>50,000,000</u>		<u>50,000,000</u>	
Issued for cash	610,000	222	610,000	222
Consideration other than cash	810,000	100	810,000	100
Transfer from income surplus account	<u>3,305,000</u>	<u>64</u>	<u>3,305,000</u>	<u>64</u>
	<u>4,725,000</u>	<u>386</u>	<u>4,725,000</u>	<u>386</u>

There is no unpaid liability on any shares and there are no calls or instalments unpaid. There are no treasury shares.

14. Capital surplus account

This arose as a result of the revaluation of the company's leasehold properties in 1983.

15. Dividend payable

	2005	2004
Unpaid at 1 January	10,003	14,783
Payment during the year	(10,003)	(14,783)
Dividend proposed	<u>12,306</u>	<u>10,003</u>
Unpaid at 31 December	<u>12,306</u>	<u>10,003</u>

Payment of dividend is subject to a deduction of 10% withholding tax.

16. Cash generated from operations

	Note	2005	2004
Profit/(loss) before tax and national reconstruction levy		13,870	(7,533)
Depreciation and amortisation	6	8,910	9,093
Profit on disposal of property, plant and equipment	6	(2,555)	(1,563)
Decrease/(increase) in inventories		18,245	(1,242)
Decrease in amounts due from group companies		3,172	5,722
Increase in accounts receivable		(36,217)	(19,002)
Increase in accounts payable		39,081	45,559
Decrease in amounts due to group companies		(40,353)	(1,029)
Interest expense		8,231	5,821
Interest income		<u>(1,070)</u>	<u>(548)</u>
Cash generated from operations		<u>11,314</u>	<u>35,278</u>

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

17. Cash and cash equivalents

Cash and cash equivalents comprise:	2005	2004
Cash and bank balances	5,972	7,902
Bank overdrafts (Note 10)	<u>(30,992)</u>	<u>(15,138)</u>
	<u>(25,020)</u>	<u>(7,236)</u>

18. Number of shares in issue

Earnings per share, dividend per share and net assets per share are based on **4,725,000** (2004: 4,725,000) shares in issue during the year.

19. Inter-company balances

Outstanding balances arising from the purchase of goods/services and other inter-company transactions are as follows:

(a) Amounts due from group companies	2005	2004
ExxonMobil Corporation	-	11,009
Total Outre Mer	<u>7,837</u>	<u>-</u>
	<u>7,837</u>	<u>11,009</u>
(b) Amounts due to group companies		
ExxonMobil Corporation	<u>-</u>	<u>40,353</u>

Inter-company transactions arise primarily from purchase of lubricants and service charges.

There are no repayment terms on the inter-company balances.

The company is no longer a member of the ExxonMobil Corporation group and balances due to ExxonMobil and its affiliates have been reclassified under accounts payable.

20. Finance charges

Finance charges comprise interest expenses on bank overdrafts.

Notes To The Financial Statements (continued)

(All amounts in the notes are shown in millions of cedis unless otherwise stated)

21. Capital commitments

The company's authorised and/or contracted capital commitments for property, plant and equipment at the balance sheet date which have not been recognised in the financial statements are as follows:

	2005	2004
Authorised but not contracted	-	1,434
Contracted	<u>-</u>	<u>2,578</u>
	<u>-</u>	<u>4,012</u>

22. Contingent liabilities

Legal proceedings: There were twelve legal proceedings outstanding against the company at 31 December 2005.

The quantified contingent liabilities arising out of seven of these legal proceedings are as follows:

	2005	2004
Legal proceedings	<u>4,028</u>	<u>297</u>

The liabilities for the remaining five legal proceedings cannot be assessed as unspecified amounts of damages are being asked for by the third parties.

23. Post balance sheet events

There are no post balance sheet events, which could have had a material effect on the state of affairs of the company as at 31 December 2005 and on the results for the year then ended, which have not been adequately provided for.

Appendix

1. Directors' Share holdings

Name	Shares	% Holding
Edward Patrick Larbi Gyampoh	2,626	0.056
Rexford Adomako-Bonsu	880	0.019

2. Number of Shareholders

Holding	Number of Holdings	Total Holders	% Holders
1 - 1,000	3,970	855,380	18.103
1,001 - 5,000	149	248,090	5.251
5,001 - 10,000	10	68,616	1.452
10,001 and over	15	3,552,914	75.194
	4,144	4,725,000	100.000

3. List of the 20 Largest Shareholders as at 31 December 2005

Name of shareholders	Shares Held	%
Total Outre Mer S.A.	2,835,000	60.00
Social Security & National Insurance Trust	365,443	7.73
Development Finance & Holdings Limited	77,883	1.65
Mobil Oil Ghana Limited, Employees Share Participation Trust	47,250	1.00
Mr. Augustus N. Kwabi	34,626	0.73
Strategic Initiatives Limited	27,999	0.59
Dr. Joseph Adjebu Blankson	25,249	0.53
Barclays Bank of Ghana Nominees/ Unilever Ghana Manager's	23,196	0.49
Afrigha Technical & Mechanical Construction	23,083	0.49
Barclays Bank of Ghana Nominees/ Unilever Ghana Provident Fund	20,628	0.44
National Trust Holdings Company Limited	19,035	0.40
Barclays Bank of Ghana Nominees/ SSB Eaton Vance Tax-Managed	16,087	0.34
Retco Company Limited	14,455	0.31
SSNIT SOS Fund	12,669	0.27
Barclays Bank of Ghana Nominees/ SAS Fortune Fund	10,311	0.22
Mr. K. Adjei	8,206	0.17
Mr. E.N. Safo-Nyame	7,854	0.17
Dr. Emmanuel Edmund Sackey	7,438	0.16
Madam Kate Akua Otoo	7,438	0.16
Mr. Paul Christian Norteye Adumua	7,438	0.16
	3,591,288	76.01

Appendix continued

4. Exchange Control

All remittances from Ghana are subject to the approval of the Exchange Control Authorities.

5. Five year financial highlights

	2005	2004	2003	2002	2001
Turnover (¢ million)	1,848,679	1,353,618	1,407,192	1,015,356	941,505
Profit before interest/exchange loss (¢ million)	22,135	11,371	30,494	19,965	19,658
Interest expense (¢ million)	(8,231)	(5,821)	(1,408)	(1,047)	(2,028)
Gain/(loss) on exchange (¢ million)	(34)	(203)	(711)	(2,074)	1,032
Profit before taxation and NRL (¢ million)	13,870	(7,533)	28,375	16,844	18,662
Taxation and NRL (¢ million)	(197)	2,777	(9,868)	(4,421)	(4,968)
Profit after taxation (¢ million)	13,673	(4,756)	18,507	12,423	13,694
Earning per share (¢)	2,893.76	-	4,569.63	3,067.41	3,381.23
Dividend per share (¢)	2,604.38	2,117.00	3,650.12	2,550	2,536
Shareholders equity (¢ million)	52,622	51,255	66,014	62,290	60,195
Authorised number of shares (million)	50	50	50	50	50
Fixed assets net book value (¢ million)	93,085	88,266	88,572	63,518	38,502
Net assets per share (¢)	11,136.93	10,847.62	16,299.75	15,380.25	14,862.96
Number of shares issued and fully paid for	4,725,000	4,725,000	4,050,000	4,050,000	4,050,000

I/We _____ being member(s) of **MOBIL OIL GHANA LIMITED** hereby appoint _____ or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the 6th day of September, 2006 and at any and every adjournment thereof.

This form to be used:-

- | | | |
|-----|---------------------------------|---|
| 1. | <u>*in favour of</u>
against | the Resolution to adopt the Reports of the Directors and Auditors and Accounts of the Company for the year ended December 31, 2005. |
| 2. | <u>*in favour of</u>
against | the Resolution to declare dividends as recommended by the Directors. |
| 3. | <u>*in favour of</u>
against | the Resolution approving the appointment of Mr. Jean-Denis Royere as a Director of the company. |
| 4. | <u>*in favour of</u>
against | the Resolution approving the appointment of Chief Felix Majekodunmi as a Director of the company. |
| 5. | <u>*in favour of</u>
against | the Resolution approving the appointment of Mr. Alain Champeaux as a Director of the company. |
| 6. | <u>*in favour of</u>
against | the Resolution approving the appointment of Mr. Francois De Ligniville as a Director of the company. |
| 7. | <u>*in favour of</u>
against | the Resolution approving the appointment of Mr. Emmanuel De-Fournas as a Director of the company. |
| 8. | <u>*in favour of</u>
against | the Resolution to re-elect Mr. Edward P.L. Gyampoh as a Director of the company. |
| 9. | <u>*in favour of</u>
against | the Resolution to re-elect Mr. Rexford Adomako-Bonsu as a Director of the company. |
| 10. | <u>*in favour of</u>
against | the Resolution to fix the remuneration of the Directors. |
| 11. | <u>*in favour of</u>
against | the Resolution to authorize the Directors to fix the remuneration of the Auditors. |
| 12. | <u>*in favour of</u>
against | the Resolution to authorize the Directors to fix the remuneration of the Audit Committee Members. |
| 13. | <u>*in favour of</u>
against | the Resolution to approve the appointment of Messrs. KPMG as Auditors of the Company in place of Messrs. PriceWaterhouseCoopers effective August, 2006. |

Mobil Oil Ghana Limited

Annual Report and Financial Statements for the year ended 31 December 2005

Proxy Form

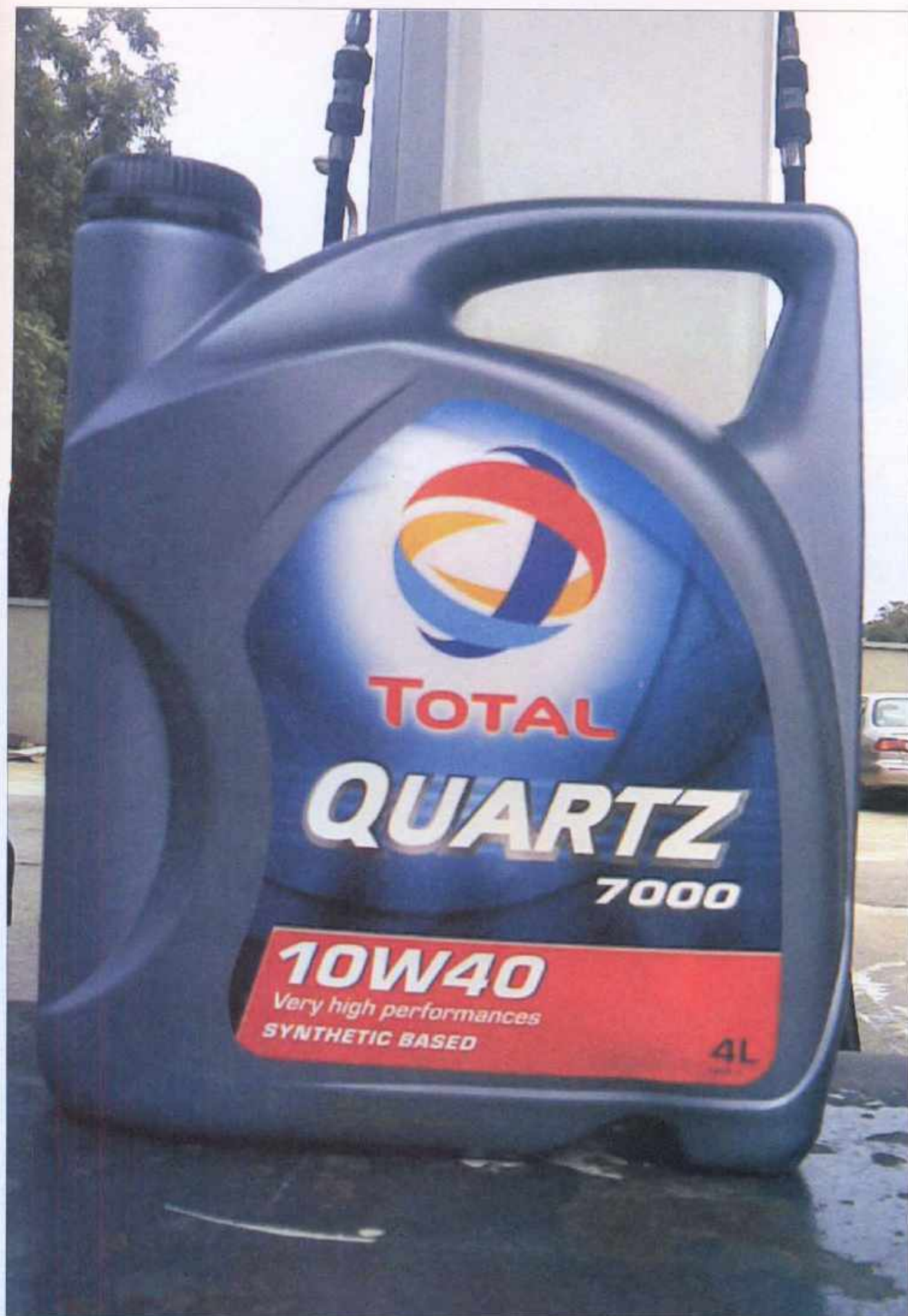
SECOND FOLD HERE

Please
affix
stamp

The Secretary
Mobil Oil Ghana Limited
Mobil House
P. O. Box 450
Accra

THIRD FOLD HERE

FIRST FOLD HERE



Total Quartz 7000 (Synthetic Base) High Performance Engine Oil.

