

TOTAL PETROLEUM GHANA LIMITED



Annual Report

2006



TOTAL

TOTAL PETROLEUM GHANA LIMITED

Annual Report & Accounts 2006

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Corporate Information

BOARD OF DIRECTORS

Jean-Denis Royere - Chairman
Felix Majekodumi - Managing Director
Alain Champeaux
Rexford Adomako-Bonsu
Emmanuel de-Fournas
Edward P. Larbi Gyampoh
John Sackah Addo
Christian Joret des Closieres (*Appointed 9th March 2007*)
Kofi Ampim (*Appointed 9th March 2007*)
Daniel Charles Gyimah (*Appointed 9th March 2007*)
Jonas Ayiquaye Ayi (*Appointed 9th March 2007*)
Francois de Ligniville (*Resigned 9th March 2007*)

SECRETARY

Accra Nominees Limited
2nd Floor, Cedar House
No. 13 Samora Machel Road
Asylum Down, Accra

REGISTERED OFFICE

"Total House
25 Liberia Road
P. O. Box 553
Accra

Solicitors

Gyampoh & Co.
Cedar House
P. O. Box 5897
Accra

Registrars

Merchant Bank (Ghana) Limited
57 Examination Loop, North Ridge
P. O. Box 401
Accra

AUDITORS

KPMG
Chartered Accountants
25 Liberia Road
P.O. Box GP 242
Accra

BANKERS

Agricultural Development Bank Limited
Barclays Bank of Ghana Limited
Ecobank Ghana Limited
Ghana Commercial Bank Limited
Merchant Bank (Ghana) Limited
Standard Chartered Bank Ghana Limited
National Investment Bank Limited
SG-SSB Limited
The Trust Bank Limited

4. Five Year Financial highlights

	2006	2005	2004	2003	2002
Turnover (¢ million)	1,778,327	1,222,824	853,970	903,646	705,773
Profit before interest/exchange loss (¢ million)	61,257	22,135	11,371	30,494	19,965
Interest expense (¢ million)	(10,051)	(8,231)	(5,821)	(1,408)	(1,047)
Gain/(loss) on exchange (¢ million)	-	(34)	(203)	(711)	(2,074)
Profit before taxation and NRL (¢ million)	51,206	13,870	(7,533)	28,375	16,844
Taxation and NRL (¢ million)	(12,881)	(197)	2,777	(9,868)	(4,421)
Profit after taxation (¢ million)	38,325	13,673	(4,756)	18,507	12,423
Earning per share (¢)	6,114.19	2,893.76		4,569.63	3,067.41
Dividend per share (¢)	2,740.58	2,604.38	2,117	3,650.12	2,550
Shareholders equity (¢ million)	552,761	52,622	51,255	66,014	62,290
Authorised number of shares (million)	50	50	50	50	50
Fixed assets net book value (¢ million)	431,902	93,085	88,266	88,572	63,518
Net assets per share (¢)	39,527.37	11,136.93	10,847.62	16,299.75	15,380.25
Number of shares issued and fully paid for	13,984,259	4,725,000	4,725,000	4,050,000	4,050,000

(Petroleum Taxes have been excluded from turnovers of prior years in line with new accounting policies)

Chairman's Statement



INTRODUCTION

Ladies and Gentlemen, I welcome you on behalf of the Board of Directors to the thirty-first Annual General Meeting of your company. This is also the first Annual General Meeting after the merger under the new name of Total Petroleum Ghana Limited. Please join me in welcoming our new shareholders to this meeting.

BUSINESS ENVIRONMENT

Two factors had major adverse effect on the economy: high crude oil price and power rationing arising from low water level at Akosombo. In spite of this, the government prudently managed the implementation of the 2006 budget with remarkable results. The real Gross Domestic Product (GDP) grew at 6.2 % exceeding the government's target of 6%. The year-on-year inflation declined to 10.5% at the end of December 2006 from 14.8% at the end of 2005.

The Cedi was relatively stable throughout the year particularly against the US dollar. Commercial banks' base rates generally declined in line with the reduction from 14.5% to 12.5% in the prime rate of Bank of Ghana.

In the petroleum sector, National Petroleum Authority (NPA) adjusted ex-refinery prices of petroleum products several times in line with the trend of international crude oil prices. As I mentioned in my statement last year, the deregulation of pump prices by the NPA in May 2006 has generated a price war and stiff competition amongst the over 36 registered Oil Marketing Companies in the country.

In May, 2006 the NPA, increased Oil Marketing Companies' margins and for the first time, Oil Marketing Companies (OMCs) were allowed to determine their pump prices within a given maximum limit.

COMPANY PERFORMANCE

Total Petroleum Ghana Ltd (combined sales) led the market with a market share of 28.3% at the end of 2006 with an overall sales of 540 thousand metric tons, compared to 582 thousand metric tons the previous year. The drop in sales of 7% is attributed to the stiff competition in the retail market with over 30 independent operators and supply constraints experienced during the year.

Turnover for the merged company at the end of 2006 was €1,778 billion compared to €1,223 in 2005 which is an increase of 45%. Profit after tax for the merged company at the end of 2006 was €38.325 billion compared to €13.673 billion at the end of 2005 representing an increase of 180%. This is a commendable result in view of the numerous challenges in the petroleum sector of the country.

DIVIDENDS

The Board of Directors recommends for your consideration and approval a dividend payout of 100% of after tax profits. This represents a dividend of €38.325 billion that is €2,740.58 per share before tax. Last year, you approved the sum of €12.306 billion

which was equivalent to €2,604.38 per share. The amount of dividend proposed is 211% more than the amount for 2006. Following the merger in November 2006, the number of shares also increased from 4,725,000 to 13,984,259 as approved at your Extraordinary General Meeting held on October 26, 2006.

CORPORATE GOVERNANCE

Your Board continues to ensure the maintenance of good internal control procedures and adherence to rules, regulations and compliance with Ghanaian corporate laws in accordance with good corporate governance. In furtherance of good corporate governance, an Audit Department was established on 1st November 2006 to assist the Board meet these objectives. The Audit Department has unrestricted access within the company and to the Audit Committee of the Board.

The Audit Committee has been very active in 2006 and the Audit Charter guiding the work of the Committee is annexed to this Annual Report. The functions of the Audit Committee as stated in its Charter are consistent with guidelines on good corporate governance issued by the Securities & Exchange Commission.

BOARD MATTERS

Since the last Annual General Meeting, Mr. Francois de Ligniville has resigned from the board and has been replaced by Mr. Christian des Closieres. Additionally, consequent to the merger terms approved by your selves as shareholders, the following persons have since joined the Board; Mr. Kofi Ampim, Mr. Daniel Gyimah and Mr. Jonas Ayiquaye Ayi. On behalf of the Board of Directors and the shareholders I thank Mr. de Ligniville for his services to the company. Equally I welcome Mr. Kofi Ampim, Mr. Daniel Gyimah and Mr. Jonas Ayiquaye Ayi to the Board.

Chairman's Statement continued

The Board hereby recommends them to shareholders for election to the Board.

Two Directors, Mr. John Sackah Addo and Mr. Emmanuel de Fournas are to retire by rotation this year. Being eligible for re-election, both have expressed their willingness to be re-elected as directors of the company, and the Board recommends them to shareholders for re-election.

MANAGEMENT AND STAFF

In recognition of the fact that our employees are our greatest assets and considering the critical roles they play in the success of our business, the company offered relevant training programmes to Management and staff both locally and abroad during the year under review.

THE FUTURE

The strong and stable macroeconomic fundamentals enjoyed by the country will continue to encourage economic growth and

healthy demand for petroleum products. Your company is well positioned to take full advantage of opportunities for growth. The merger process has been smoothly and successfully completed and both Management and Staff are well poised to deliver identified synergies associated with the merger. Competition in the Ghanaian petroleum products market is expected to remain keen with over 36 Oil Marketing Companies active in the market registered to lift products from Tema Oil Refinery. To combat this potent threat, Management is carefully studying the economics of introducing new products into the market to meet the needs of the increasing number of high performance vehicles in Ghana. Continuous improvement in the quality of service rendered to our customers at the retail and commercial levels and keeping our operating expenses under control are the other major focus of Management.

In conclusion, I wish to assure you that the future prospects of your company remain good.

APPRECIATION

On behalf of the Board of Directors, I wish to express our appreciation to the Management and staff of Total Petroleum Ghana Ltd. for their contribution to the result of 2006.

Our appreciation also goes to our Shareholders, our dealers and all our customers nationwide for their immense support and loyalty to the Total Brand.

Finally, I thank you all for your presence here today.

Notice Of Meeting

NOTICE is hereby given that the 31st Annual General Meeting of the Shareholders of Total Petroleum Ghana Limited will be held at the Osu Ebenezer Presbyterian Church Hall, Lokko Road, Osu, Accra on Wednesday the 27th day of June, 2007 at 11 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, 2006.
2. To declare Dividend in respect of the year ended December 31, 2006.
3. To approve the appointment of Directors.
4. To re-elect Directors.
5. To fix the remuneration of the Directors.
6. To authorize the Directors to fix the remuneration of the Auditors for the financial year ended December 31, 2006.

BY ORDER OF THE BOARD
ACCRA NOMINEES LIMITED
COMPANY SECRETARIES

Dated this 9th day of March, 2007

REGISTERED OFFICE
TOTAL HOUSE
25 LIBERIA ROAD
P.O. BOX 553
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 553, 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 to the members of Total Petroleum Ghana Limited

The Directors present their report and audited financial statements of the company for the year ended 31st December, 2006.

Statement of directors responsibilities

The results are summarised as follows:

Profit for the year ended 31st December, 2006 after taxation is

to which is added balance on Income Surplus Account brought forward of

giving a total of

out of which dividend of €2,740.58 (2005: €2,604.38) per share has been proposed amounting to

leaving the Income Surplus Account balance of

The Directors consider the state of affairs of the company to be satisfactory.

	2006	2005
	€'Million	€'Million
Profit for the year ended 31st December, 2006 after taxation is	38,325	13,673
to which is added balance on Income Surplus Account brought forward of	52,170	50,803
giving a total of	90,495	64,476
out of which dividend of €2,740.58 (2005: €2,604.38) per share has been proposed amounting to	(38,325)	(12,306)
leaving the Income Surplus Account balance of	52,170	52,170

Nature of Business

The company is registered to carry on the business of the marketing of petroleum and allied products. There was no change in the nature of business of the company during the year under review.

Business Combination

In accordance with special resolutions passed at separate extraordinary meetings of Total Petroleum Ghana Limited and Total Ghana Limited on 27 October 2006, activities of the two companies were merged by reason of business acquisition. Total Petroleum Ghana Limited took over the assets and liabilities of Total Ghana Limited for a consideration of €9,259,259 fully paid up ordinary shares of no par value in Total Petroleum Ghana Limited.

Change of name

By a special resolution of 6th September 2006, the company changed its name from Mobil Oil Ghana Limited to Total Petroleum Ghana Limited with effect from 30th September 2006.

Holding Company

The company is a subsidiary of Total Outre Mer S.A., a company incorporated in France, a wholly owned subsidiary of Total S.A.

Audit Committee

The following directors and shareholder are members of the Audit Committee for 2006:

- | | |
|---|---------------------------|
| 1. Mr. Rexford Adomako-Bonsu - Chairman | 2. Mr. John S. Addo |
| 3. Mr. Edward P. L. Gyampoh | 4. Mr. Joseph Abeka Biney |
| 5. Mr. Jonas A. Ayi - Secretary | |


DIRECTOR


DIRECTOR

ACCRA

9th March, 2007

Report Of The Auditors to the members of Total Petroleum Ghana Limited

We have audited the accompanying financial statements of Total Petroleum Ghana Limited (formerly Mobil Oil Ghana Limited), which comprise the balance sheet at 31 December, 2006, the profit and loss and the income surplus accounts and cash flow statement for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 21.

Directors' Responsibilities for the Financial Statement

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179). 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 opinion on these 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 the audit to obtain reasonable assurance whether 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 controls 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Total Petroleum Ghana Limited at 31 December 2006, and its profit and loss account and cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179).


Other Matter

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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Code, 1963 (Act 179).

• In our opinion, proper books of account have been kept and the balance sheet, profit and loss and income surplus accounts are in agreement with the books of account. The company's transactions were within its powers and the company has complied with relevant provisions of the Companies Code, 1963 (Act 179)



CHARTERED ACCOUNTANTS
25 LIBERIA ROAD
P. O. BOX 242
ACCRA, GHANA

9th March, 2007




Profit And Loss Account for the year ended 31 December 2006

	Note	2006 ¢m	2005 ¢m
TURNOVER	3	1,778,327	1,222,824
Cost of sales		(1,628,284)	(1,123,676)
GROSS PROFIT		150,043	99,148
Selling, General and Administrative Expenses	5	(116,747)	(101,003)
TRADING PROFIT/(LOSS)	4	33,296	(1,855)
Non-trading income	6	27,961	23,956
PROFIT BEFORE Finance charges & Exceptional items		61,257	22,101
Finance Charges		(10,051)	(8,231)
Profit before tax		51,206	13,870
Taxation	7 (ii)	(12,881)	(197)
PROFIT AFTER TAXATION transferred to Income Surplus Account		38,325	13,673

Income Surplus Account for the year ended 31 December 2006

	2006 ¢m	2005 ¢m
Balance at 1st January	52,170	50,803
Profit for the year	38,325	13,673
	90,495	64,476
Dividends: ¢2,740.58 (2005: ¢2,604.38) per share	(38,325)	(12,306)
Balance at 31st December	52,170	52,170
Earnings per share (cedis per share)	6,114.19	2,893.76
Dividend per share	2,740.58	2,604.38

Balance Sheet as at 31 December 2006

	Note	2006 c/m	2005 c/m
Intangible Assets	8	140,815	2,800
PROPERTY, PLANT AND EQUIPMENT	9(a)	431,902	93,085
INVESTMENTS	10	570	554
CURRENT ASSETS			
Stocks	11	88,844	17,573
Debtors	12	517,471	129,708
Taxation	7 (i)	2,656	8,668
Associated company balances	14	1,463	7,837
Cash and bank balance		77,499	5,972
		687,933	169,758
CURRENT LIABILITIES			
Bank Overdraft	13	247,806	30,992
Associated company balances	14	60,800	-
Creditors	15	360,953	169,862
Dividend Payable	16	38,325	12,306
		707,884	213,160
NET CURRENT LIABILITIES		(19,951)	(43,402)
		553,336	53,037
LONG-TERM LIABILITIES			
Deferred Taxation	17	(575)	(415)
NET ASSETS		552,761	52,622
FINANCED BY:			
STATED CAPITAL	18	500,525	386
CAPITAL SURPLUS	19	66	66
INCOME SURPLUS		52,170	52,170
		552,761	52,622
Net assets per share (cedis per share)		39,527.37	11,136.93
  ) DIRECTORS	

The financial statements were approved by the Board of Directors on 9th March, 2007.

Statement of changes in Equity for the year ended 31st December, 2006

	Stated Capital c'm	Income Surplus c'm	Capital Surplus c'm	Total c'm
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	386	52,170	66	52,622
	==	=====	===	=====
Balance at 1 January 2006	386	52,170	66	52,622
Additional Issue of Shares	500,139	-	-	500,139
Profit for the year	-	38,325	-	38,325
Dividend	-	(38,325)	-	(38,325)
Balance at 31 December 2006	500,525	52,170	66	552,761
	=====	=====	=====	=====

Cash Flow Statement for the year ended 31 December 2006

	Note	2006 €m	2005 €m
Net cash (Outflow)/inflow from Operating Activities	20	(144,838)	3,025
Cash flows from Investing Activities			
Increase in Investments	(16)	-	-
Purchase of Property, Plant & Equipment	(349,929)	(15,180)	-
Proceeds from sale of Property, Plant & Equipment	77	4,374	-
Intangible Assets	(138,414)	-	-
Net cash used in investing activities		(488,282)	(10,806)
Cash flows from Financing Activities			
Shares Issued	500,139	-	-
Dividend paid	(12,306)	(10,003)	-
Net cash used in financing activities		487,833	(10,003)
Net Decrease in cash and cash equivalent		(145,287)	(17,784)
Cash and cash equivalent at 1st January (Note A)		(25,020)	(7,236)
Cash and cash equivalent at 31 December (Note A)		(170,307)	(25,020)
Note A		2006 €m	2005 €m
Cash and Bank Balances		77,499	5,972
Bank Overdraft		(247,806)	(30,992)
		(170,307)	(25,020)

Notes Forming Part Of The Financial Statements for the year ended 31st December, 2006

1. BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain leasehold properties and in accordance with Ghana Accounting Standards.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements: -

a. Depreciation

Depreciation is provided for on a straight line basis at rates calculated to write off the gross value of each property, plant and equipment over its estimated useful life. The annual rates generally in use are as follows:-

Leasehold Properties	-	2 - 5%
Distribution and Service station plants	-	5 - 10%
Furniture, Equipment and Motor Vehicles	-	5 - 20%

Gains and losses on disposal 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.

b. Investments

Investments are stated at cost.

c. Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is determined primarily on first in first out basis.

d. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

e. Turnover

Turnover represents the value of goods invoiced to customers during the year net of taxes.

f. Deferred Taxation

Provision is made for deferred tax liabilities using the liability method on material temporary differences. Deferred tax asset is recognised to the extent that it is realisable.

g. Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

Notes Forming Part Of The Financial Statements **continued****h. Foreign Exchange**

Transactions denominated in foreign currencies are translated into cedis and recorded at the rates of exchange ruling at the dates of the transactions.

Balances denominated in foreign currencies are translated into cedis at the exchange rates ruling on the balance sheet date. The resultant gains and losses are recognised in the profit and loss account.

i. Assets Financed by Lease Agreements

Assets financed by lease agreements which give rise to ownership (finance lease) have been capitalised at amounts equal to the original cost of the asset to the Lessor and depreciated in accordance with the company's depreciation policy. The capital elements of future obligations under the finance leases are included as liabilities in the balance sheet.

j. 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.

3. TURNOVER

	2006 ¢m	2005 ¢m
Gross Sales	2,541,707	1,848,679
Less : Customs Duty and Levies	(763,380)	(625,855)
	<u>1,778,327</u>	<u>1,222,824</u>

4. TRADING PROFIT/(LOSS)
is stated after charging:

Directors' Remuneration	43	2,591
Staff costs	17,380	16,175
Auditors' Remuneration	410	164
Depreciation and Amortisation	11,509	8,910
Donations	172	65
Redundancy Payment	15,373	-
Share Listing Expenses	3,298	-
Net exchange loss	-	34
	<u>=====</u>	<u>=====</u>

The average number of persons employed by the company during the year was 128 (2005:75).

Notes Forming Part Of The Financial Statements **continued****5. REDUNDANCY COST**

As a result of the merger with Total Ghana Limited, a number of employees (about nineteen) were made redundant effective October 2006. The amounts paid to these employees were based on their collective bargaining agreement (CBA). Included in selling, general and administrative cost is a payment for redundancy of €15.37 billion.

6. NON-TRADING INCOME

	2006 €m	2005 €m
Interest Income	430	1,070
Rental Income	12,610	9,584
Profit on disposal of Property, Plant & Equipment (Note 9(b))	75	2,555
Gain on Exchange	999	-
Fee for management of mining fuel depots	440	1,580
Others	13,407	9,167
	<u>27,961</u>	<u>23,956</u>

7. TAXATION**(i) Income Tax Payable**

	Balance at 1/1/06 €' Million	Payments during the year €' Million	Charged to P/L account €' Million	Balance at 31/12/06 €' Million
Income Tax				
Up to 2003	(825)	-	-	(825)
2004	(1,696)	-	-	(1,696)
2005	(2,816)	-	-	(2,816)
2006	-	(6,707)	12,721	6,014
Withholding Tax	(3,043)	(2)	-	(3,045)
National Reconstruction Levy				
Up to 2005	(288)	-	-	(288)
	<u>(8,668)</u>	<u>(6,709)</u>	<u>12,721</u>	<u>(2,656)</u>

All tax liabilities are subject to the agreement of the tax authorities.

(ii) Income Tax Expense

	2006 €m	2005 €m
Corporate Income Tax	12,721	597
Deferred tax charged/(released) (Note 17)	160	(608)
National Reconstruction Levy	-	208
	<u>12,881</u>	<u>197</u>

Notes Forming Part Of The Financial Statements **continued****8. INTANGIBLE ASSETS**

	2006 €m	2005 €m
Cost		
At 1 January	3,685	3,685
Additions	138,414	-
Balance at 31 December	142,099	3,685
Accumulated Depreciation		
At 1 January	885	885
Charge for the year	399	-
Balance at 31 December	1,284	885
Net Book Value at 31 December	140,815	2,800

This is the excess of the purchase consideration over the net assets taken over after the merger.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties €' Million	Distribution & Service Station Plants €' Million	Furniture Equipment & Motor Vehicle €' Million	Capital Work-in- Progress €' Million	Total €' Million
GROSS VALUE					
At 1/1/2006	30,179	35,643	42,735	14,885	123,442
Additions	93,124	184,739	15,406	56,660	349,929
Transfers	126	436	412	(974)	-
Disposal	-	(9)	(131)	-	(140)
At 31/12/2006	123,429	220,809	58,422	70,571	473,231
COMPRISING					
Cost of assets revalued	2	-	-	-	2
Surplus on revaluation	66	-	-	-	66
At revaluation	68	-	-	-	68
At cost	123,361	220,809	58,422	70,571	473,163
	123,429	220,809	58,422	70,571	473,231
DEPRECIATION					
At 1/1/2006	3,992	9,322	17,043	-	30,357
Charge for the year	1,509	3,564	6,037	-	11,110
Release on Disposals	-	(9)	(129)	-	(138)
At 31/12/2006	5,501	12,877	22,951	-	41,329
NET BOOK VALUE					
At 31/12/2006	117,928	207,932	35,471	70,571	431,902
At 31/12/2005	26,187	26,321	25,692	14,885	93,085

Leasehold properties were professionally last revalued in October, 1983 by Mr. Humphrey M. Adams, Surveyor, Valuer and Consultant in Property Development based on their net current replacement costs.

Notes Forming Part Of The Financial Statements *continued*

9(b). Profit on disposal of property, plant and equipment

	2006 €m	2005 €m
Gross book value	140	4,189
Accumulated depreciation	(138)	(2,370)
	-----	-----
Net book value	2	1,819
Proceeds	(77)	(4,374)
	-----	-----
Profit on disposal	(75)	(2,555)
	=====	=====

10. INVESTMENT

	2006 €m	2005 €m
Ghana Bunkering Services Limited	-	-
Road Safety Limited	554	554
Shareholding in TLOC	16	-
	-----	-----
	570	554
	====	====

Ghana Bunkering Services Limited

The investment in Ghana Bunkering 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 €582 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.

11. STOCKS

	2006 €m	2005 €m
Trading Stock	78,668	16,173
Other stocks	10,176	1,400
	-----	-----
	88,844	17,573
	=====	=====

Notes Forming Part Of The Financial Statements **continued****12. DEBTORS**

	2006 ¢m	2005 ¢m
Trade Debtors	453,012	77,100
Sundry Debtors	48,081	39,787
Prepayments	11,144	9,641
Staff Debtors	5,234	3,180
	517,471	129,708
	=====	=====

The maximum amount due from staff during the year was approximately ¢5,234 million (2005: ¢4,058 million).

13. OVERDRAFT FACILITY

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

Barclays Bank of Ghana Limited

An amount not exceeding ¢18 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 ¢103 billion and bid bonds and payment guarantees of US\$8 million.

Merchant Bank (Ghana) Limited

An amount not exceeding ¢15 billion.

SG-SSB Limited

An amount not exceeding ¢35 billion.

14. INTERCOMPANY BALANCES**(a) Amount due from group companies**

Total Outre-Mer	-	7,837
Air Total International	1,161	-
Elf Mali	21	-
Elf Intercompany Account	95	-
TotalFinaElf Togo	186	-
	1,463	7,837
	=====	=====

(b) Amount due to group companies

Total Outre-Mer	60,800	-
	60,800	-
	=====	=====

Notes Forming Part Of The Financial Statements continued

15. CREDITORS

	2006 €m	2005 €m
Trade Creditors	147,592	74,683
Sundry Creditors	67,815	82,080
Accruals and provisions	145,546	13,099
	<u>360,953</u>	<u>169,862</u>

16. DIVIDEND

Balance at 1st January	12,306	10,003
Proposed dividend for the year	38,325	12,306
	<u>50,631</u>	<u>22,309</u>
Payments during the year	(12,306)	(10,003)
Balance at 31st December	<u>38,325</u>	<u>12,306</u>

17. DEFERRED TAXATION

Balance at 1st January	415	1,023
Charged/(Released) to Profit and Loss Account	160	(608)
Balance at 31st December	<u>575</u>	<u>415</u>

18. STATED CAPITAL

	No of Shares		Proceeds	
	2006 €m	2005 €m	2006 €m	2005 €m
Authorised				
Ordinary shares of no par value	50,000,000	50,000,000		
	<u>50,000,000</u>	<u>50,000,000</u>		
Issued				
For cash	610,000	610,000	222	222
For consideration other than cash	10,069,259	810,000	500,239	100
Capitalisation issue	3,305,000	3,305,000	64	64
	<u>13,984,259</u>	<u>4,725,000</u>	<u>500,525</u>	<u>386</u>

There is no share in treasury and no call or installment unpaid on any shares.

19. CAPITAL SURPLUS

	2006 €m	2005 €m
Balance at 1/01 and 31/12	<u>66</u>	<u>66</u>

This represents revaluation surplus on valuation of some of the company's leasehold properties in 1983.

Notes Forming Part Of The Financial Statements **continued****20. NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2006 €m	2005 €m
Profit before taxation	51,206	13,870
Adjusted for:		
Depreciation and amortization	11,509	8,910
Interest Income	(430)	(1,070)
Interest expense	10,051	8,231
Profit on disposal of property, plant & equipment	(75)	(2,555)
	72,261	27,386
(Increase)/Decrease in Stocks	(71,271)	18,245
Increase in Debtors	(387,763)	(36,217)
Increase/(Decrease) in Associated Company Balances	67,174	(37,181)
Increase in Creditors	191,091	39,081
Cash (used in)/Generated from Operations	(128,508)	11,314
Interest received	430	1,070
Interest paid	(10,051)	(8,231)
Income taxes paid	(6,709)	(1,128)
Net Cash (Outflow)/Inflow from operating activities	(144,838)	3,025

21. EXCHANGE CONTROL

All remittances from Ghana are subject to exchange control regulations.

22. CONTINGENT LIABILITIES

	2006 €m	2005 €m
Pending legal suits	4,028	4,028

23. CAPITAL COMMITMENTS

There were no commitments for capital expenditure not provided for at the balance sheet date and also at 31st December 2005.

24. COMPARATIVES

The comparative prior year figures are for only Total Petroleum Ghana Limited's operations whereas the current balances are after the business combination.

Notes Forming Part Of The Financial Statements **continued****25. DIRECTORS' SHARE HOLDINGS**

Name	Shares	% Holding
Edward Patrick Larbi Gyampoh	2,625	0.019

26. LIST OF MEMBERS FOR TOTAL PETROLEUM GHANA LIMITED AT 31 DECEMBER 2006

Holdings	Number of Holders	Total Holding	% Holding
1 - 1,000	3,759	764,836	5.4693
1,001 - 5,000	107	166,593	1.1913
5,001 - 10,000	5	34,171	0.2444
10,001 and over	12	13,018,659	93.0951
	3,883	13,984,259	100.000

27. LIST OF THE 20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2006

Name of shareholders	Shares Held	%
Total Outre Mer S.A.	6,100,320	43.62
Total Africa Limited	4,630,949	33.12
National Investment Bank	1,244,879	8.90
Social Security & National Insurance Trust	365,443	2.61
Total Staff Provident Fund	348,566	2.49
Ghana Oil Company Limited	130,066	0.93
SSNIT SOS Fund	52,669	0.38
Mobil Oil Ghana Limited, Employees Share Participation Trust	47,250	0.34
Mr. Augustus N. Kwabi	31,750	0.23
Dr. Joseph Adjebu Blankson	25,249	0.18
Afrigha Technical & Mechanical Construction	22,483	0.16
National Trust Holdings Company Limited	19,035	0.14
Dr. Emmanuel Edmund Sackey	7,438	0.05
Madam Kate Akua Otoo	7,438	0.05
Mr. Paul Christian Norteye Adumua	7,438	0.05
Mr. Francis Kojo Poku	6,738	0.05
SAS ITF Mary Boateng	5,119	0.04
Mr. George A. Clotey	3,518	0.03
Mrs. E. Quansah	3,123	0.02
Mr. J.K. Taylor	2,678	0.02
	13,062,149	93.41

Charter of the Audit Committee of the Board of Directors as adopted by the Board of Directors on 9th March, 2007

1. AUTHORITY

1.1. The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Total Petroleum Ghana Limited is established pursuant to the Company's Regulations, the Stock Exchange (Ghana Stock Exchange) Listing Regulations, 1990 (L.I. 1509) and the Securities and Exchange Commission Regulations, 2003 (L.I. 1728).

1.2. The Board shall designate the Chairman of the Committee (the "Chairman"), provided that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman.

1.3. The presence in person or by telephone or other similar means of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require the vote of a majority of its members present at a meeting of the Committee at which a quorum is present

2. PURPOSE OF THE COMMITTEE

2.1. The Committee's purpose is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions, as well as regulatory and operating guidelines of the Company.

2.2. The Committee shall be responsible for recommending the appointment, compensation, and oversight of the work of any external auditor employed by the Company (including resolution of disagreements between management and the auditor regarding financial reporting), for the purpose of preparing or issuing an audit report or related work. It is the objective of the Committee to maintain free and open means of communications among the Board, the external auditors, the internal auditors and the financial and senior management of the Company.

3. COMPOSITION OF THE COMMITTEE

3.1. The Committee shall be appointed by the Board and shall comprise of a minimum of five persons as follows:

- 3.1.1. Three non-executive directors
- 3.1.2. A non-employee shareholder
- 3.1.3. The Chief Financial Officer

3.2. The head of internal audit or his representative should always be in attendance at the Committee's meetings.

3.3. The members of the Committee shall be elected by the Board at the meeting of the Board following each annual shareholders' meeting and shall serve until their successors shall be duly elected or until their earlier resignation or removal by the Board.

4. MEETINGS AND MINUTES

4.1. The Committee shall meet as often as it deems necessary to fulfill its responsibilities, but no less than four times per year. The Committee shall establish its own rules of procedure, which shall be consistent with the Regulations of the Company and this Charter.

4.2. The Committee shall report regularly to the Board and shall keep written minutes of its meetings with the books and records of the Company.

4.3. The Chairman should work with the Chief Financial Officer, who will also act as the Secretary to the Committee, to establish the agendas for Committee meetings.

4.4. The Committee, in its discretion, may ask members of management or others to attend its meetings, or portions thereof, and to provide pertinent information as necessary.

4.5. The quorum for the Committee's meetings shall be three.

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

To fulfill its responsibilities, the Committee shall

DOCUMENT REVIEW

5.1. Review and discuss with management and representatives of the external auditors, the company's audited annual financial statements

prior to the approval by the Board and filing as part of the Annual Report,

5.2. Review and discuss with management the Company's quarterly financial statements prior to their inclusion in the Company's quarterly GSE and SEC filings.

5.3. After review and discussion of the Company's audited financial statements, recommend to the Board of Directors and amendments or changes to the audited financial statements before they are published in the Company's Annual Report.

INDEPENDENT ACCOUNTING FIRM

5.4. Have authority to recommend to the Board all audit engagement fees and terms. Any external auditor retained must report directly to the Committee.

5.5. Review all audit and non-audit services to be performed by the external auditors.

5.6. Regularly review with the external auditors any problems or difficulties the accounting firm encountered in the course of the audit work, including any restrictions on the scope of the external auditors' activities or on access to requested information, management's response and any significant disagreements with management.

5.7. Be directly responsible for the resolution of any disagreements between management and the external auditors regarding financial reporting matters.

5.8. On an annual basis, receive from the external auditors a formal written statement identifying all relationships between the external auditors and the Company. The Committee shall actively engage in a dialogue with external auditors as to any disclosed relationships or services that may impact its independence. The Committee shall take actions, as appropriate and necessary, to assist the Board of Directors with overseeing the independence of the external auditors.

FINANCIAL REPORTING PROCESSES

5.9. In consultation with the external auditors and management, review periodically, but at least annually, the adequacy and effectiveness of the Company's internal controls over financial reporting.

5.10. In consultation with the external auditors and management, regularly review

5.10.1. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of significant deficiencies and/or material weaknesses in such controls,

5.10.2. analyses prepared by management and/or the external auditors setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles (GAAP) on the financial statements, and

5.10.3. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

5.11. Regularly review the Company's accounting policies and accounting estimates resulting from the application of these policies and inquire at least annually of both the Company's internal auditors and the external auditors as to whether either has any concerns relative to the quality of management's accounting policies.

5.12. Discuss guidelines and policies with respect to financial risk assessment and management.

INTERNAL AUDIT ACTIVITIES

- 5.13.** Regularly review the plan and scope of the Company's internal audit activities.
- 5.14.** Review on a periodic basis with the internal auditor(s), the progress of the proposed corporate audit plan, including any deviations from the original plan, any difficulties encountered in the course of the audits; and any restrictions on the scope of the internal audit work or access to required information
- 5.15.** Review with management any significant findings in the internal audit reports and management's response to such reports.

COMPLIANCE

- 5.16.** Review the Company's business ethics and compliance policies (Standards of Business Conduct policies), compliance procedures, related reports and training programs, as appropriate.
- 5.17.** Establish procedures for
- 5.17.1.** the receipt, retention, and treatment of complaints by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - 5.17.2.** the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 5.18.** Conduct or originate an investigation into any matter within the scope of the Committee's responsibilities including but not limited to any allegations that any officer or director of the Company, or any other person acting under the direction of any such person, took any action to fraudulently influence, coerce, manipulate, or mislead any auditor engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board of Directors appropriate disciplinary action.

REPORTING

- 5.19.** Prepare in accordance with the regulations of the GSE and the SEC, as modified or supplemented from time to time, a written report of the Committee to be included in the Company's Annual Report for each annual meeting of shareholders.

MISCELLANEOUS

- 5.20.** Review and assess the adequacy of this Charter periodically as conditions dictate, but at least annually (and update this Charter if and when appropriate).
- 5.21.** Review and assess the performance of the Committee periodically as conditions dictate, but at least annually.
- 5.22.** Report regularly to the Board of Directors and, in particular, review with the Board of Directors any issues that arise with respect to
- 5.22.1.** the quality or integrity of the Company's financial statements,
 - 5.22.2.** the Company's compliance with legal or regulatory requirements,
 - 5.22.3.** the performance and independence of the Company's external auditors or the performance of the internal audit function.

While the Committee has the responsibilities and powers set forth in this Chapter, it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements and the external auditors are responsible for auditing those financial statements. Nor is it the responsibility of the Committee to assure compliance with the laws and regulations and the Company's Standards of Business Conduct. The Committee shall be entitled to rely on

- * the judgement of those persons and organizations internal and external to the Company that it receives information from and / or
- * the accuracy of the financial and other information provided to the Committee by such persons or organizations.

SAFETY - SUSTAINABLE DEVELOPMENT



A group of tanker drivers listening attentively to a presentation on defensive driving.

Safety Drive

Safety is a key priority of our business. Acknowledging that leadership on matters of Health, Safety and Environment are key to success in the market, the Company embarked on a number of safety activities including a refresher training on defensive driving for all our staff, transporters and their drivers. We also held Family days for drivers and their partners to enhance their psychological make up for effectiveness at work.



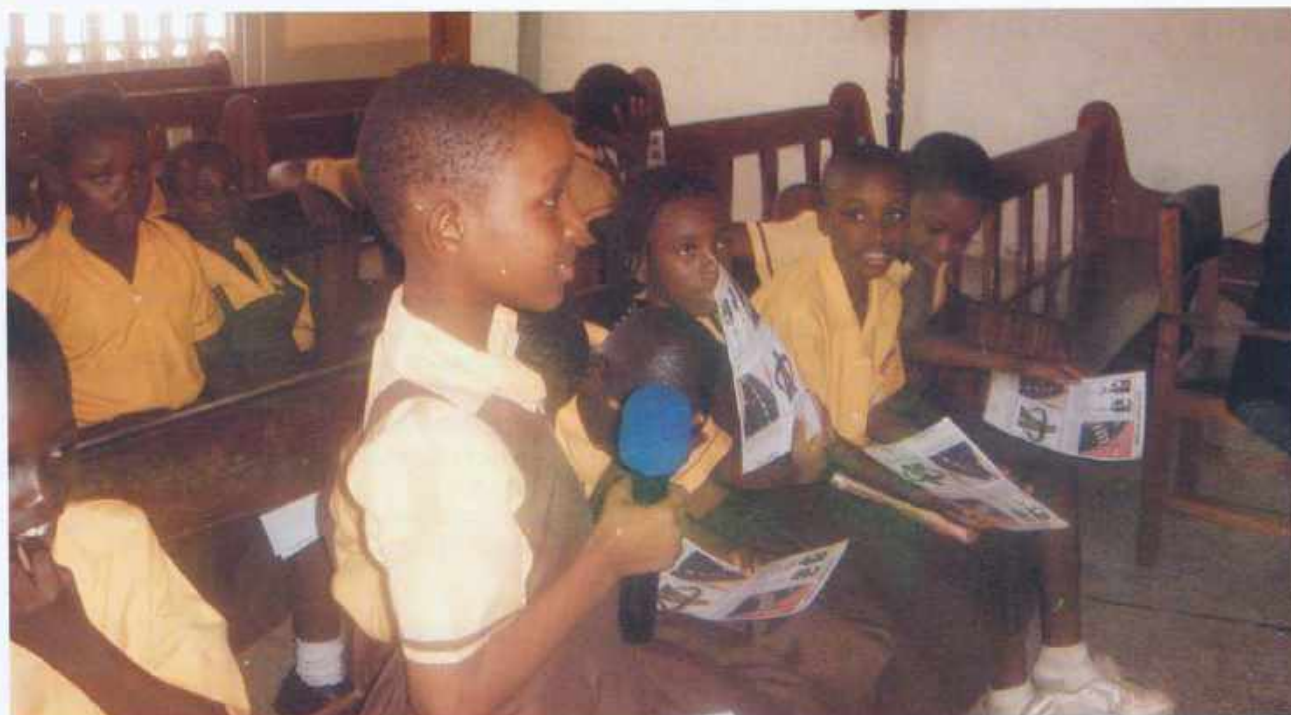
Some drivers and their wives listening attentively to a presentation on safe driving during a family day held in Kumasi



An instructor from the National Road Safety Committee taking school children through the basics of road crossing

Sustainable Development

At Total, we believe that the bedrock of our future lies in the safety of the young ones. In view of this several campaigns have been held to educate them on their personal safety on the road. Recognising the frequent cases of pedestrian knock-down by drivers, we chose to educate the young ones on Road Safety. Activities included classroom presentations on road safety, distribution of educational sheets, road safety tips, and physical demonstration on safe road crossing



A group of selected school children giving a pictorial presentation on road safety tips to their colleagues



A school child sharing her thoughts during a seminar on Road Safety

HUMAN RESOURCE DEVELOPMENT AND CORPORATE CITIZENSHIP



Sharing the vision with our front line players: Participants at a Seminar held for Service Station Dealers to bring them aboard the vision of the merged Company.

Excellence in Customer Service: cross section of service station attendants participating in a Classroom training session on customer service



TPGL Management Team discussing Ghana@50 celebrations during the presentation of our cash donation to the secretariat

Corporate Social Responsibility

Ghana@ 50 has been celebrated not only by Ghanaians but by Africa and the world at large. This Golden Milestone is not only a time for merry making but a call on all of us to contribute our quota to uphold the treasures of our dear nation. As good corporate citizens, TPGL demonstrated commitment to its social responsibilities by making a cash donation of c200m to the Ghana@50 Secretariat to support activities planned for the celebrations! Long live Ghana! Long live TPGL!

NETWORK DEVELOPMENT AND SYSTEMS UPGRADE

Rebranding

Consequent to the merger, Ex-Mobil locations have been re-branded to depict the image of the merged Company.



Sakumono:
One of our rebranded sites in Accra



The Project Team in a Group photograph

SAP: Securing the future through Information Technology

The SAP (Template Light) system, a centralised data management system that is on-line and real time, has been implemented. It will be used for Sales, product distribution, purchasing of petroleum products, purchasing of goods and services, inventory management, production and material planning requirement, financial management, profitability analysis and reporting among others. The Company is very confident that this giant leap in information technology will enhance the way we do business, improve our efficiency and competitiveness, delight our customers and generate immense benefits for our shareholders.



Some members of the Template Light Project Team displaying their satisfaction after the successful implementation of the new system.

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE OSU EBENEZER PRESBYTERIAN CHURCH HALL, LOKKO ROAD, OSU, ACCRA ON THE 27TH DAY OF JUNE 2007 AT 11.00 O'CLOCK IN THE FORENOON

I/We.....being member(s) of **TOTAL PETROLEUM 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 27th day of June, 2007 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 the Audited Financial Statements of the Company for the year ended December 31, 2006.
2.	<u>*in favour of</u> against	the Resolution to declare dividends with respect to the year ended December 31, 2006 as recommended by the Directors.
3.	<u>*in favour of</u> against	the Resolution approving the appointment of Mr. Christian Joret des Closieres as a Director of the company.
4.	<u>*in favour of</u> against	the Resolution approving the appointment of Mr. Kofi Ampim as a Director of the company.
5.	<u>*in favour of</u> against	the Resolution approving the appointment of Mr. Daniel Charles Gyimah as a Director of the company.
6.	<u>*in favour of</u> against	the Resolution approving the appointment of Mr. Jonas Ayiquaye Ayi as a Director of the company.
7.	<u>*in favour of</u> against	the Resolution to re-elect Mr. John Sackah Addo as a Director of the company.
8.	<u>*in favour of</u> against	the Resolution to re-elect Mr. Emmanuel de Fournas as a Director of the company.
9.	<u>*in favour of</u> against	the Resolution to fix the remuneration of the Directors.
10.	<u>*in favour of</u> against	the Resolution to authorize the Directors to fix the remuneration of the Auditors for the year 2006.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 10 above the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

* Strike out whichever is not desired

Signed this _____ day of _____

2007.

Signature of Shareholder

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING.

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the form for MR. JEAN-DENIS ROYERE, the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of MR. JEAN-DENIS ROYERE.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.
5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Monday the 25th day of June 2007.

The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

SECOND FOLD HERE

Please
affix
stamp

FIRST FOLD HERE

The Secretary
TOTAL PETROLEUM GHANA LIMITED
No. 25 Liberia road
Total House
P. O. Box 553, Accra, Ghana

THIRD FOLD HERE



TOTAL PETROLEUM GHANA LIMITED
Total House
No. 25 Liberia road
P. O. Box 553, Accra, Ghana
E-Mail: totalgh.inquiry@totalmkt-gh.com