TOTAL PETROLEUM GHANA LIMITED

Annual Report 2011

Total Petroleum Ghana Limited

ANNUAL REPORT AND ACCOUNTS 2011

Contents

Corporate Information

BOARD OF DIRECTORS	Stanislas Mittelman	-	Chairman
	Guillaume Larroque	-	Managing Director (Appt.15/8/2011)
	Christian Joret des Closieres		
	Rexford Adomako-Bonsu		
	Edward P. Larbi Gyampoh		
	John Sackah Addo		
	Kofi Ampim		
	K. Owusu-Tweneboa		
	Jonathan Molapo	-	Resigned 15th August 2011
	Momar Nguer	-	Appointed 17th April 2012
	Alain Champeaux	-	Resigned 17th April 2012
	Jean-Charles Prevel	-	Resigned 17th April 2012

SECRETARY

Mrs. Mercy Samson
P.O. Box CT 3504
Cantonments, Accra

REGISTERED OFFICE

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

SOLICITORS

Peasah-Boadu & Co.
3rd Floor, Gulf House
P.O. Box CT 3523
Cantonments, Accra

REGISTRARS

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

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive Abelenkpe
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

Financial Highlights

Five year Financial Highlights

	2011	2010	2009	2008	Restated 2007
Turnover (GH¢000)	971,683	738,910	542,439	566,514	404,390
Profit before Interest and exchange difference (GH¢000)	29,763	27,783	14,839	10,382	13,799
Net Finance cost (GH¢000)	564	607	(2,080)	(4,065)	(2,656)
Gain /loss on Exchange (GH¢000)	601	-	3,398	1,777	130
Profit before Taxation and NRL (GH¢000)	30,928	28,390	16,157	8,094	11,273
Taxation and NRL (GH ¢000)	(8,364)	(7,344)	(2,991)	(1,874)	(2,476)
Profit After Taxation and NRL (GH¢000)	22,564	21,046	13,166	6,220	8,797
Earning per share (GH¢)	1.6135	1.5050	0.9415	0.4448	0.6291
Dividend per share (GH¢)	1.1400	1.0535	0.9415	0.3781	0.4964
Shareholders Equity (GH¢000)	72,606	66,206	60,409	55,581	52,740
Authorised number of shares (000)	50,000	50,000	50,000	50,000	50,000
Number of Issued and fully paid shares	13,984,259	13,984,259	13,984,259	13,984,259	13,984,259
Fixed assets net book value (GH¢000)	64,455	57,287	45,859	41,588	41,377
Net assets per share (GH¢)	5.1919	4.7343	4.3198	3.9745	3.7714

Chairman's Statement

Introduction

Ladies and Gentlemen, it is with great pleasure that I welcome you all shareholders and invited guests to the thirty-sixth Annual General Meeting of Total Petroleum Ghana Limited and to present to you the Annual Report and Financial Statements of our Company for the financial year ended 31st December 2011.

Economic Environment

The macro economic indicators of the Ghanaian economy remained strong in 2011, improving further from the performance of the previous year. The Ghanaian economy grew by +14% in 2011. Inflation at the end of the year was 8.58%. The Ghanaian Cedi underwent a 9.3% depreciation against the US dollar in 2011. Bank of Ghana prime rate ended the year at 12.5%.

Financial and Operational Performance

The Company's Revenue in 2011 reached a level of GH¢971.683 million, increasing by 31.5% as against the previous year. Proportionately, the Company increased the share of specialty products (lubricants, aviation and bitumen) into its sales.

The profit after tax for 2011 increased by 7%, reaching GH¢22,564 million as against GH¢21,046 million in 2010. This increase originated from the sale of higher proportion of higher valued products and new products and services offered to our customers together with increased focus on diversification of our network activities.

The level of investments in 2011 remained strong at Gh¢14.0 million, enabling your Company to further improve the quality of its service stations, installations at general trade customers sites and to prepare for the opening of a new customer service center at the Head Office.

Dividend

In September 2011, your Board approved the payment of an interim dividend of GH¢0.48 per share.

Your Board is recommending a final dividend of GH¢0.66 per share before tax in respect of the year ended 31st December 2011, culminating in a total dividend of GH¢1.14 per share to be paid to shareholders in respect of the same year.

Board Matters

During the year under review, the membership of the Board has undergone some changes.

Mr. Guillaume Larroque was appointed to the Board of Directors on 20th July 2011. The Board of Directors of your Company therefore recommends Mr. Larroque to you our shareholders for election to the Board.

On 15th August 2011, Mr. Jonathan Molapo resigned his position as Managing Director of your Company to take up a new assignment within the Total Group as the Vice-President of the East Africa Zone. On the same day, Mr. Guillaume Larroque was appointed the Managing Director of the Company to replace Mr. Jonathan Molapo.

On behalf of the Board of Directors, and the shareholders I thank Mr. Jonathan Molapo for his significant contributions to the growth of our Company and wish him well in his future endeavours.

On 17th April 2012, Mr. Alain Champeaux, a Director of the Company resigned from the Board on the grounds

Chairman's Statement, continued

of retirement and was replaced by Mr. Momar Nguer, Senior Vice President, Africa and Middle East of the Total Group. The Board therefore recommends Mr. Momar Nguer for election to the Board.

Mr. Jean-Charles Prevel also resigned from the Board on the same day, 17th April 2012 to take up another assignment within the Group.

Three Directors, Mr. Christian Joret des Closieres, Mr. Rexford Adomako-Bonsu and Mr. Kofi Ampim are to retire by rotation at this meeting. Being eligible for re-election, they have expressed their willingness to be re-elected as Directors of the Company.

Outlook

Health Safety, Environment and Quality performance of the Company is closely monitored and will continue to be management's priority in the Company. Special attention has been placed on road safety in particular with regards to the transportation of products offered by the Company to its Customers.

The Company will continue to invest in all segments of its activity, remaining focused on the quality of its products and services which are the fundamental elements of Customer satisfaction.

The Company will also continue to invest in its brand which is today the leading brand in the petroleum downstream industry in Ghana.

Appreciations

Our continuous growth as a Company depends on our ability to rise above the difficulties of running a profitable business in the challenging and highly competitive petroleum industry. We must remain focused in this dynamic and extremely important sector of the Ghanaian economy. The Management and staff of your Company will remain committed to continue to run the business in line with the high standard of ethics and business conduct.

On behalf of the Board of Directors, we thank our Management and Staff of Total Petroleum Ghana Limited for their contribution towards the results of 2011. We also thank you our shareholders and loyal Customers for your strong support for the Company.

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

Stanislas MITTELMAN
Chairman

Notice of Meeting

NOTICE is hereby given that the 36th Annual General Meeting of the Shareholders of Total Petroleum Ghana Limited will be held at the National Theatre, Liberia Road, Accra on Wednesday 30th May, 2012 at 11 O'clock in the forenoon.

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December, 2011.
2. To declare Final Dividend in respect of the year ended 31st December, 2011.
3. To approve the appointment of Directors.
4. To re-elect Directors.
5. To fix the remuneration of the Directors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Dated this 17th day of April 2012

By Order of the Board
MERCY SAMSON (MRS.)
SECRETARY

Note:

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 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 present their report and audited financial statements of the company for the year ended 31 December 2011.

DIRECTORS RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2011, statement of comprehensive income and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

The results are summarised as follows:

	GH¢'000	GH¢'000
Profit after taxation for the year ended 31 December 2011 is		22,564
to which is added balance on retained earnings account brought forward of		16,484
giving a total of		39,048
out of which the following dividends were declared and paid:		
Final dividend for 2010 at GH¢0.6759 per share	9,452	
Interim dividend for 2011 at GH¢0.4800 per share	6,712	(16,164)
leaving the retained earnings balance of		22,884

The directors recommend the payment of a final dividend of GH¢0.66per share amounting to GH¢ 9,229,611 (2010:GH¢ 0.6759 per share amounting to GH¢9,451,960) for the year under review.

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

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.

Report of the Directors, continued

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.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the board of directors on 28th March, 2012 and are signed on their behalf by:

....	....
DIRECTOR	DIRECTOR

Independent Auditor's Report to the Members of Total Petroleum Ghana Limited

We have audited the accompanying financial statements of Total Petroleum Ghana Limited, which comprise the statement of financial position at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then 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 10 to 41.

Directors' Responsibility for the financial statement

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

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

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.

In our opinion, proper books of account have been kept, and the statement of financial position, the statement of comprehensive income and the retained earnings accounts are in agreement with the books of account.

KPMG

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE
P.O. BOX GP 242, ACCRA
28th March, 2012

28th March, 2012

Statement Of Financial Position as at 31 December 2011

	Note	2011 GH¢'000	2010 GH¢'000
Assets			
Property, plant and equipment	12	64,455	57,287
Intangible assets	13	12,182	12,460
Long term investments	14	14	14
Total non-current assets		76,651	69,761
Inventories	15	36,872	31,730
Income tax asset	10	1,003	1,281
Trade and other receivables	16	98,221	67,798
Cash and Bank	17	12,497	6,960
Total current assets		148,593	107,769
Total assets		225,244	177,530
Equity			
Share capital	19	49,722	49,722
Retained earnings		22,884	16,484
Total equity		72,606	66,206
Liabilities			
Bank overdraft	18	-	897
Trade and other payables	21	133,333	91,768
Amount due to related companies	23	14,980	14,968
Total current liabilities		148,313	107,633
Deferred tax liabilities	11	4,325	3,691
Total liabilities		152,638	111,324
Total liabilities and equity		225,244	177,530

DIRECTOR

DIRECTOR

The notes on page 14 to 41 are an integral part of these financial statements.

Statement Of Comprehensive Income for the year ended 31 December 2011

	Note	2011 GH¢'000	2010 GH¢'000
Revenue	6	971,683	738,910
Cost of Sales		(905,728)	(685,737)
Gross profit		65,955	53,173
Other Income	7	11,325	7,668
General and Administrative expenses		(46,916)	(33,058)
Operating profit before financing cost		30,364	27,783
Interest income		798	777
Interest expense		(234)	(170)
Net Finance Cost		564	607
Profit before taxation	8	30,928	28,390
Income tax expense	10	(8,364)	(7,344)
Profit after taxation		22,564	21,046
Other comprehensive income		-	-
Profit for the year		22,564	21,046
Basic earnings per share (Ghana cedi per share)	20	GH¢1.6135	GH¢1.5050
Diluted earnings per share (Ghana cedi per share)	20	GH¢1.6135	GH¢1.5050

The notes on page 14 to 41 are an integral part of these financial statements.

Statement Of Changes In Equity for the year ended 31 December 2011

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2011	49,722	16,484	66,206
Profit for the year	-	22,564	22,564
Dividend	-	(16,164)	(16,164)
Balance at 31 December 2011	49,722	22,884	72,606

	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2010	49,722	10,687	60,409
Profit for the year	-	21,046	21,046
Dividend paid	-	(15,249)	(15,249)
Balance at 31 December 2010	49,722	16,484	66,206

The notes on page 14 to 41 are an integral part of these financial statements.

Statement Of Cash Flows for the year ended 31 December 2011

	2011 GH¢'000	2010 GH¢'000
Cash flows from operating activities		
Profit before taxation	30,928	28,390
Adjustments for:		
Depreciation charges	6,780	4,807
Amortization of intangible assets	278	278
Interest received	(798)	(777)
Interest expense	234	170
Profit on disposal of property, plant and equipment	(22)	(47)
	37,400	32,821
Change in inventories	(5,142)	(17,418)
Change in trade and other receivables	(30,423)	(8,873)
Change in trade and other payables	41,565	19,600
Changes in associated company balances	12	12,115
Cash generated from operations	43,412	38,245
Interest received	798	777
Interest paid	(234)	(170)
Income taxes paid	(7,452)	(7,758)
Net cash flow from operating activities	36,524	31,094
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,022)	(16,292)
Proceeds from sale of property, plant and equipment	96	104
Net cash flow used in investing activities	(13,926)	(16,188)
Cash flows used in financing activities		
Dividend paid	(16,164)	(15,249)
Net cash flow used in financing activities	(16,164)	(15,249)
Net movement in cash and cash equivalents	6,434	(343)
Cash and cash equivalents at 1 January	6,063	6,406
Cash and cash equivalents at 31 December	12,497	6,063

The notes on page 14 to 41 are an integral part of these financial statements.

Notes To The Financial Statements for the year ended 31 December 2011

1. REPORTING ENTITY

Total Petroleum Ghana Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The company is authorised to carry on the business of the marketing of petroleum and allied products.

2. BASIS OF PREPARATION

a. *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

b. *Basis of measurement*

They are prepared on the historical cost basis except for financial instruments and other assets that are stated at fair values.

c. *Functional and presentational currency*

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency. All financial information presented in Ghana cedis has been rounded to the nearest thousand, except when otherwise indicated.

d. *Use of estimates and judgement*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

a. Financial Instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-derivative financial instruments are categorised as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise trade and other receivables.

- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

- Available-for-sale financial assets - The company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Stated capital (share capital)

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of stated capital (treasury shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on transaction is transferred to/from retained earnings.

(b) Leases

(i) Classification

Leases that the company assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components)

ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold Properties	-	20-50 years
Distribution and Service Station Plants	-	10-20 years
Furniture, Equipment and Motor Vehicles	-	5-20 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the statement of comprehensive income.

(d) Intangible Assets

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is ten years.

Goodwill

Goodwill arising on acquisition represents the excess of acquisition costs over the company's interest in the fair value of net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment loss.

Goodwill is not amortised, rather it is reviewed for impairment annually. Any impairment loss is charged to the statement of comprehensive income.

Any excess of fair value of net assets acquired over and above the total cost of acquisition (negative goodwill) is recognised in the statement of comprehensive income in the period of acquisition.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful.

Other receivables are stated at their cost less impairment losses.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the statement of financial position.

(h) Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income when they are due. The company is required to contribute 13% of employees basic salary to the social security and national insurance per the terms of the Pension Act 2008 (Act 766)

(i) Revenue

(i) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

(ii) Sale of services

Revenue from services rendered is recognised in the statement of comprehensive income when the service is performed.

(j) Finance Income and Expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised in the statement of comprehensive income using the effective interest method. Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

(k) Impairment

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(l) Income Tax

Income tax expense comprises current and deferred tax. The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(n) Post Balance Sheet Events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(o) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(p) Earnings per Share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Comparatives

Where necessary the comparative information has been changed to agree to the current year presentation.

(r) New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard / Interpretation		Effective date
IAS 1 amendment	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012
IFRS 9 (2009)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013

*All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the company).

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New standards and interpretations not yet adopted (cont'd)

- **IAS 1 amendment**

The amendment to IAS 1 will be adopted by the company for the first time for its financial reporting period ending 31 December 2012.

The company will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

- **IFRS 9 (2009) Financial Instruments**

IFRS 9 will be adopted by the company for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortized cost or at fair value. Financial assets are measured at amortized cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements for the company cannot be reasonably estimated as at 31 December 2011

- **IFRS 9 (2010) Financial Instruments**

IFRS 9 (2010) will be adopted by the company for the first time for its financial reporting period ending 31 December 2015.The standard will be applied retrospectively, subject to transitional provisions.
IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

  .The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Notes To The Financial Statements for the year ended 31 December 2011

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

- IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting forderivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives

The impact on the financial statements for the company cannot be reasonably estimated as at 31 December 2011.

- **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 will be adopted for the first time for the financial reporting period ending 31 December 2013.

IFRS 12 combines, in a single standard, disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users evaluate:

- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of this standard will increase the level of disclosure provided for interests in subsidiaries, joint arrangements, associates and structured entities

- **IFRS 13 Fair Value Measurement**

IFRS 13 will be adopted by the company for the first time for its financial reporting period ending 31 December 2011. The standard will be applied prospectively and comparatives will not be restated. IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between
- market participants
- Price is not adjusted for transaction costs
- Measurement maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

The impact on the financial statements for the company cannot be reasonably estimated as at 31 December 2011.

Notes To The Financial Statements for the year ended 31 December 2011

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows,discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as the carrying values of approximate their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

(iii) Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

5. SEGMENT REPORTING

(i) Segmental information is presented in respect of the company's business segments. The primary format and business segments, is based on the company's management and internal reporting structure.

The company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses which are managed centrally.

The three main business segments reported are:

- Network
- Commercial sale
- Others

The company does not have a geographical segment.

Notes To The Financial Statements for the year ended 31 December 2011

5. SEGMENT REPORTING (CONT'D)

		2011 GH¢'000	2010 GH¢'000
Network			
	Net Turnover	497,131	411,596
	Cost of Sales	(471,894)	(387,367)
	Gross Margin	**25,237**	**24,229**
Commercial			
	Net Turnover	299,762	218,114
	Cost of Sales	(274,041)	(199,044)
	Gross Margin	**25,721**	**19,070**
Others			
	Net Turnover	174,790	109,200
	Cost of Sales	(159,793)	(99,326)
	Gross Margin	**14,997**	**9,874**
Other Income		11,325	7,668
Total Gross Income		77,280	60,841
Unallocated Expenses		(46,916)	(33,058)
Results from Operating Activities		30,364	27,783
Net Finance Costs		564	607
Income Tax		(8,364)	(7,344)
Profit for the year		22,564	21,046
Total Assets		225,224	177,530
Total Liabilities		152,638	111,324
Other Segment Items			
Depreciation and Amortisation		7,058	5,085

Notes To The Financial Statements for the year ended 31 December 2011

6. REVENUE

	2011 GH¢'000	2010 GH¢'000
Gross sales value	1,097,391	825,235
Less: customs duty and levies	(125,708)	(86,325)
Net sales value	971,683	738,910

7. OTHER INCOME

	2011	2010
Rent income	2,097	2,538
Profit on disposal of property plant and equipment	22	47
Gain on exchange	601	-
Others	8,605	5,083
	11,325	7,668

8. PROFIT BEFORE TAX IS STATED AFTER CHARGING

	2011 GH¢'000	2010 GH¢'000
Personnel cost (note 9)	11,931	7,922
Auditors remuneration	62	57
Depreciation	6,780	4,807
Amortisation of software	278	278
Directors' emoluments	661	665
Donation	53	23

9. PERSONNEL COSTS

	2011 GH¢'000	2010 GH¢'000
Wages and salaries	5,929	4,603
Social security contributions	517	455
Other staff expenses	5,485	2,864
	11,931	7,922

The average number of persons employed by the company during the year was 169 (2010: 148).

Notes To The Financial Statements for the year ended 31 December 2011

10. TAXATION

(i) Income tax expense

	2011 GH¢'000	2010 GH¢'000
Current tax expense 10(ii)	7,730	7,678
Deferred tax expense (11)	634	(334)
	8,364	7,344

Deferred tax expense relates to the origination and reversals of temporary differences.

(ii) Taxation payable

	Balance at 1/1/11 GH¢' 000	Payments during the year GH¢' 000	Charged to P/L account GH¢' 000	Balance at 31/12/11 GH¢' 000
Income Tax				
Up to 2006	(224)	-	-	(224)
2007	(43)	-	-	(43)
2008	(249)	-	-	(249)
2009	-	-	-	-
2010	(29)	-	-	(29)
2011	-	(7,437)	7,730	293
Withholding Tax	(707)	(15)	-	(722)
National Reconstruction Levy				
Up to 2006	(29)	-	-	(29)
	(1,281)	(7,452)	7,730	(1,003)

Tax liabilities up to and including the 2005 year of assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities.

National Reconstruction Levy: This relates to a levy imposed on companies by the Government on profits before tax between 2001 and 2005. This levy has been abolished.

Notes To The Financial Statements for the year ended 31 December 2011

10. TAXATION (CONT'D)

(iii) Reconciliation of effective tax rate

	2011 GH¢'000	2010 GH¢'000
Profit before taxation	30,928	28,390
Income tax using the domestic tax rate (25%)	7,732	7,098
Non-deductible expenses	2,061	1,649
Tax incentives not recognised in the income statement	(2,063)	(1,069)
Deferred tax	634	(334)
Current tax charge	8,364	7,344
Effective tax rate	27%	26%

11. DEFERRED TAXATION

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	3,691	4,025
Charged for the year	634	(334)
Balance at 31 December	4,325	3,691

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

		2011 Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	2010 Assets GH¢'000	Liabilities GH¢'000
Property, plant and equipment	-	5,280	5,280	-	4,779	4,779
Others	(955)	-	(955)	(1,088)	-	(1,088)
Net tax (assets)/liabilities	(955)	5,280	4,325	(1,088)	4,779	3,691

Notes To The Financial Statements for the year ended 31 December 2011

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicle GH¢'000	Capital Work-in Progress GH¢'000	Total GH¢'000
Cost					
At 1/1/2011	18,635	39,932	6,791	12,371	77,729
Additions	1,963	6,039	353	5,667	14,022
Transfers	4,086	7,810	240	(12,136)	-
Disposal	-	(253)	(17)	-	(270)
At 31/12/2011	24,684	53,528	7,367	5,902	91,481
Accumulated Depreciation					
At 1/1/2011	3,384	13,489	3,569	-	20,442
Charge for the year	1,180	4,907	693	-	6,780
Release on Disposals	-	(179)	(17)	-	(196)
At 31/12/2011	4,564	18,217	4,245	-	27,026
Carrying Amount					
At 31/12/2011	20,120	35,311	3,122	5,902	64,455
At 31/12/2010	15,251	26,443	3,222	12,371	57,287

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicle GH¢'000	Capital Work-in Progress GH¢'000	Total GH¢'000
Cost					
At 1/1/2010	15,717	32,583	6,152	7,346	61,798
Additions	818	3,084	878	11,512	16,292
Transfers	2,100	4,354	33	(6,487)	-
Disposal	-	(89)	(272)	-	(361)
At 31/12/2010	18,635	39,932	6,791	12,371	77,729
Accumulated Depreciation					
At 1/1/2010	2,535	9,993	3,411	-	15,939
Charge for the year	849	3,530	428	-	4,807
Release on Disposals	-	(34)	(270)	-	(304)
At 31/12/2010	3,384	13,489	3,569	-	20,442
Carrying Amount					
At 31/12/2010	15,251	26,443	3,222	12,371	57,287

Notes To The Financial Statements for the year ended 31 December 2011

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Profit on disposal of property, plant and equipment

	2011 GH¢'000	2010 GH¢'000
Cost	270	361
Accumulated Depreciation	(196)	(304)
Net Book Value	74	57
Sale proceeds	(96)	(104)
Profit on disposal	(22)	(47)

13. INTANGIBLE ASSETS

	2011 GH¢'000	2010 GH¢'000
Software Cost (Note 13(a))	99	377
Goodwill (Note 13(b))	12,083	12,083
	12,182	12,460

(a). SOFTWARE COST

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	1,111	1,111
Balance at 31 December	1,111	1,111
Amortisation		
Balance at 1 January	734	456
Amortisation for the year	278	278
Balance at 31 December	1,012	734
Carrying amount At 31 December	99	377

This relates to the cost of purchased software.

(b) GOODWILL

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	15,092	15,092
Balance at 31 December	15,092	15,092

Notes To The Financial Statements for the year ended 31 December 2011

13(b). GOODWILL (CONT'D)

	2011 GH¢'000	2010 GH¢'000
Impairment		
Balance at 1 January	3,009	3,009
Charge for the year	-	-
Balance at 31 December	3,009	3,009
Carrying amount		
At 31 December	12,083	12,083

This relates to goodwill arising on the acquisition of Total Ghana Limited in 2006.

14. LONG TERM INVESTMENTS

(a) Total Investments in Securities

		2011 GH¢'000	2010 GH¢'000
Investment in Associated Companies	14b	12	12
Trade Investments	14c	2	2
		14	14

(b) Associated Companies

	2011	2010
Ghana Bunkering Services Limited	12	12
Road Safety Limited (RSL)	-	-
	12	12

(c) Trade Investments

	2011	2010
Tema Lube Oil Company Limited	2	2
	2	2

This represents investments in:

Ghana Bunkering Services Limited

The investment in Ghana Bunkering Limited represents shares, held by the company conferring the right to exercise 48.5% 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.

Notes To The Financial Statements for the year ended 31 December 2011

14. LONG TERM INVESTMENTS (CONT'D)

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.

15. INVENTORIES

	2011 GH¢'000	2010 GH¢'000
Trading		
Lubricants	10,170	10,537
Bitumen	3,654	5,153
Fuel	9,427	5,119
Additives	6,386	7,434
Stock In Transit	3,182	1,169
TOM Cards	40	35
Non-Trading		
Materials and Supplies	4,013	2,283
	36,872	31,730

16. TRADE AND OTHER RECEIVABLES

	2011 GH¢'000	GH¢'000 GH¢'000
Trade receivables due from customers	91,705	62,869
Other receivables	2,128	2,291
Staff Debtors	707	166
Prepayments	3,681	2,472
	98,221	67,798

Maximum amount due from staff was GH¢707 (2010: GH¢ 166). Loans to staff are granted at an interest rate of 0% per annum. An effective interest rate method was applied to carry loans at amortized cost but the discounted amount was immaterial thus the loans are carried at cost.

17. CASH AND BANK

Bank balances		12,497	6,960
Overdraft	18	-	(897)
Cash and cash equivalents in the Statement of Cashflows		12,497	6,063

18. BANK OVERDRAFT

SG-SSB Ghana Limited	-	897
	-	897

Notes To The Financial Statements for the year ended 31 December 2011

18. BANK OVERDRAFT (CONT'D)

a) Ecobank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢24million with Ecobank to finance the company's receivables, additions to inventories and other operational bills. The facility expired in December 2011.

b) Standard Chartered Bank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢16.6 million with Standard Chartered Bank Ghana Limited to finance working capital. The facility expired in December 2011.

c) SG-SSB Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢10 million with SG-SSB Ghana Limited to augment working capital. The facility is a revolving one, renewable every year.

d) Interest rate for A to C falls within 17.4% (BoG) and 30.8% maximum.

19. STATED CAPITAL

(a) Ordinary shares

	2011 No of Shares	2011 GH¢'000 Proceeds	2010 No of Shares	2010 GH¢'000 Proceeds
Authorised:				
Ordinary Shares				
of no par value	50,000,000		50,000,000	
Issued and fully paid				
For cash	610,000	22	610,000	22
For consideration other than cash	10,069,259	49,694	10,069,259	49,694
Capitalisation issue	3,305,000	6	3,305,000	6
	13,984,259	49,722	13,984,259	49,722

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes To The Financial Statements for the year ended 31 December 2011

20. EARNINGS PER SHARE

(i) Basic

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

	2011 GH¢'000	2010 GH¢'000
Profit attributable to equity holders of the Company (expressed in GH¢'000)	22,564	21,046
Weighted average number of ordinary shares in issue	13,984,259	13,984,259
Basic earnings per share (expressed in GH¢ per share)	1.6135	1.5050
Diluted earnings per share (expressed in GH¢ per share)	1.6135	1.5050

(ii) Diluted

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares, to assume all dilutive potential ordinary shares. At 31 December 2011 and 2010, the company had no dilutive potential ordinary shares.

21. TRADE AND OTHER PAYABLES

	2011 GH¢'000	2010 GH¢'000
Trade payables	95,708	63,194
Non-trade payables	27,179	23,286
Accrued Charges	10,446	5,288
	133,333	91,768

22. FINANCIAL RISK MANAGEMENT

(i) Overview

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board's audit committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.
Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The audit committee gain assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; results of management's self assessment process over internal control; and the independent work of the Global Audit and Risk function, which ensures that the audit committee and management understand the company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the company's internal control and management of key risks.
The company also has in place an internal audit department, which monitors compliance with internal procedures and processes and also assess the effectiveness of internal controls.

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which a new customer is analysed individually for credit worthiness before the company's standard payment terms and conditions are offered. The company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amount owed, as well the use of customer's security deposits.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 GH¢'000	2010 GH¢'000
Trade and other receivables	98,221	67,798
Cash and cash equivalents	12,497	6,960
	110,718	74,758

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2011 GH¢'000	2010 GH¢'000
Individuals and companies	91,705	62,869

Impairment losses

The aging of trade receivables at the reporting date was:

	2011 Gross	Impair- ment	2010 Gross	Impair- ment
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Current(less than 30 days)	82,224	-	53,742	-
Due but not impaired (30-90 days)	1,833	-	6,514	-
Impaired (more than 90 days)	17,456	9,808	11,221	8,608
	101,513	9,808	71,477	8,608

The movement in the allowance in respect of trade receivables during the year was as follows:

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	8,608	6,755
Impairment loss recognised	1,200	1,853
Balance at 31 December	9,808	8,608

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days. However, impairment loss has been recognised for specific customers whose debts are considered impaired.
No impairment loss was recognised for financial assets other than trade receivables.

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

31 December 2011

Non-derivative financial liability	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Trade and other payables	133,333	133,333	-	-
Balance at 31 December 2011	133,333-	133,333	-	-

31 December 2010

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	91,768	91,768	-	-
Bank overdraft	897	897	-	-
Balance at 31 December 2010	92,665	92,665	-	-

(iv) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are Euro, Great British Pounds and US Dollars.

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk

The company's exposure to foreign currency risk was as follows based on notional amounts.

	31 December 2011		31 December 2010	
	EURO	USD	EURO	USD
Trade payables	-	(20,900)	-	-
Intercompany balances	(3,822)	(4,271)	(4,241)	(2,870)
Bank balances	11	4,878	19	429
Trade receivables	-	23,385	-	-
Gross exposure	(3,811)	3,092	(4,222)	(2,441)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2011	2010	2011	2010
Ghana Cedi:				
Euro 1	2.1405	1.9247	2.0737	1.9570
USD 1	1.5372	1.4564	1.6024	1.4656

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income based upon the foreign currency exposures recorded at December 31. (See "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.

A strengthening/ weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and statement of comprehensive income by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 31 December		2011		2010		
In GH¢	% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening	% Change	Statement of comprehensive income impact: Strengthening	Statement of comprehensive income impact: Weakening
		GH¢'000	GH¢'000		GH¢'000	GH¢'000
Euro	±5%	395	(395)	±5%	211	(211)
US$	±2%	99	(99)	±2%	48	(48)

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amounts	
	2011	2010
	GH¢'000	GH¢'000
Variable rate instrument		
Financial liabilities	-	897

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2011.

Cash flow sensitivity analysis for variable rate instrument

A change of four percent in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

Notes To The Financial Statements for the year ended 31 December 2011

22. FINANCIAL RISK MANAGEMENT (CONT'D)

	400bp	400bp
Effect in cedis		
31 December 2011		
Variable rate instrument	-	-
31 December 2010		
Variable rate instrument	-	-

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2011		31 December 2010	
(i) Loans and receivables	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**
Trade and other receivables	98,221	98,221	67,798	67,798
Cash and cash equivalents	12,497	12,497	6,960	6,960
	110,718	110,718	74,758	74,758

	31 December 2011		31 December 2010	
(ii) Other financial liabilities	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**
Trade and other payables	133,333	133,333	91,768	91,768
Bank overdraft	-	-	897	897
	133,333	133,333	92,665	92,665

23. RELATED PARTY TRANSACTIONS

i. The company is a subsidiary of Total Outre-Mer S. A., a company registered in Paris, France.

ii. Chemical additives, bitumen and consumables costing GH¢45,255,654 (2010: GH¢59,526,893) were procured from Total Outre-Mer S. A.

iii Included in general and administrative expenses is an amount of GH¢ 5,268,045.(2010: GH¢4,981,734) in respect of technical assistance fee payable to Total Outre-Mer S. A.

Notes To The Financial Statements for the year ended 31 December 2011

23. RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances in respect of transactions with related parties at the year end were as follows:

(a) Amount due to group companies

Total Outre-Mer S.A.	14,980	14,968

24. DIVIDEND

After the reporting date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income taxes consequences on the company's position.

	2011 GH ¢'000	2010 GH ¢'000
GH¢0.66 per qualifying ordinary shares (2010: GH¢0.71285)	9,229	9,969

25. CAPITAL COMMITMENTS

Commitments for capital expenditure at the reporting date was GH¢515,528 (2010: GH¢ 800,000).

26. COMPARATIVES

Where necessary the comparative information has been changed to agree to the current year presentation.

27. CONTINGENT LIABILITY

There are a number of pending legal claims involving the company as at the year end. Based on the company's solicitor's confirmations, a lot of these cases are yet to be determined by the courts for which no estimate of cost or damages can be estimated.

Notes To The Financial Statements for the year ended 31 December 2011

28. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) Social Security

Under a national defined benefit pension scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

(ii) Provident Fund

The company has a provident fund scheme for staff under which the company contributes 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager.

29. SHAREHOLDING INFORMATION

(i) Directors' Shareholding

The director named below held the following number of shares in the company as at 31 December 2011

	2011	2010
Ordinary Shares		
Edward Patrick Larbi Gyampoh	2,625	2,625

(ii) Number of Shares in Issue

Earnings and dividend per share are based on 13,984,259 (2010: 13,984,259) ordinary shares in issue during the year.

(iii) Number of Shareholders

The company had 13,984,259 ordinary shareholders at 31 December 2011 distributed as follows:

Holding			No. of Holders	Total Holding	% Holding
1	-	1,000	3,817	763,206	5.46
1,001	-	5,000	158	311,527	2.23
5,001	-	10,000	14	105,027	0.75
10,001 and over			18	12,804,499	91.56
			4,007	13,984,259	100.00

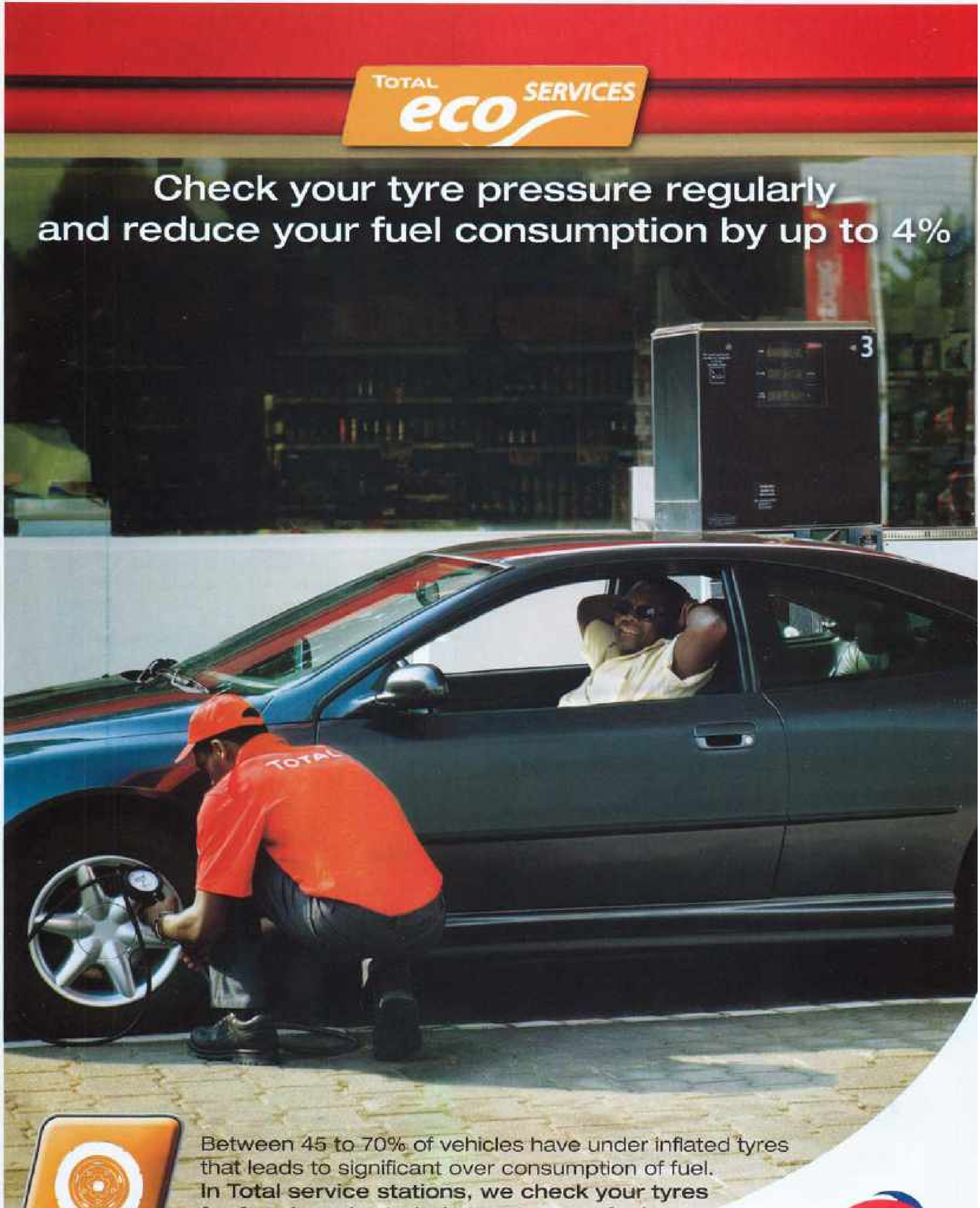
Notes To The Financial Statements for the year ended 31 December 2011

29. SHAREHOLDING INFORMATION (CONT'D)

(iv) List of twenty largest shareholders as at 31 December 2011

	Number of Shares	Shareholdings %
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
Ghana Oil Company Limited	130,066	0.93
Mobil Oil Ghana Limited Employees	47,250	0.34
SCBN/ELAC Policy Holders Fund	47,000	0.34
SCB Staff Provident Fund	45,000	0.32
Mr. A. N. Kwabi	31,750	0.23
Dr. J. A. Blankson	25,249	0.18
SCBN/Databank Balanced Limited	25,200	0.18
SSNIT SOS Fund	19,990	0.14
SCBN/IFUND Mutual Fund Limited	19,818	0.14
NTHC Limited	17,227	0.12
SCBN/Ghana Medical Association Pension Fund	15,000	0.11
Mrs N. Bortei Doku	12,851	0.09
Mr E. M. Hughes	11,235*	0.08
Mrs M. A. Samson	10,928*	0.08
HFC Unit Trust	9,818	0.07
H. ZHOA	9,182	0.07
REPORTED TOTALS	12,819,155	91.67

*These shareholders are also employees of the company with managerial position.



You know where to turn TOTAL

Network and Commercial Development

Our newly refurbished Total Tarkwa Mines Depot (TTMD) Plant was commissioned to ensure we brought QUALITY to the doorsteps of our mining customers.

Newly Commissioned TTMD Plant

For the 2nd time running we won the CIMG Petroleum Company of the Year Award

Our high quality offers with great innovations to keep vehicles on the road and engines running all year round were recognized by the Chartered Institute of Marketing Ghana.

We were commended for our community support programmes in the areas of education, emergency relief, and health.

In Kumasi we also retained the topmost place for Gold Category at the Ashanti Business Excellence Awards. Having substantially invested in the Ashanti Region, the award came as no surprise to us.

Network and Commercial Development

We rewarded our front liners for delivering QUALITY service to our customers

Customer attendant of the year receives his Award from Managing Director

National Customer Attendents' Competition. Seventeen Finalist in a group photograph with Management.

Corporate Social Responsibility

Our Total Caravan for Safety travelled to the Volta Region to educate residents along the Team-Aflao route on road safety. The campaign was done in collaboration with the MTTU of the Ghana Police Service, Ghana Fire Service, DVLA, Road Safety Limited and media partners.

MTTU Boss addresses GPRTU

Representatives of CPU & TPGL in front of the new CPU Building

We donated towards the construction of the national headquarters of the Community Policing Unit of the Ghana Police Service.

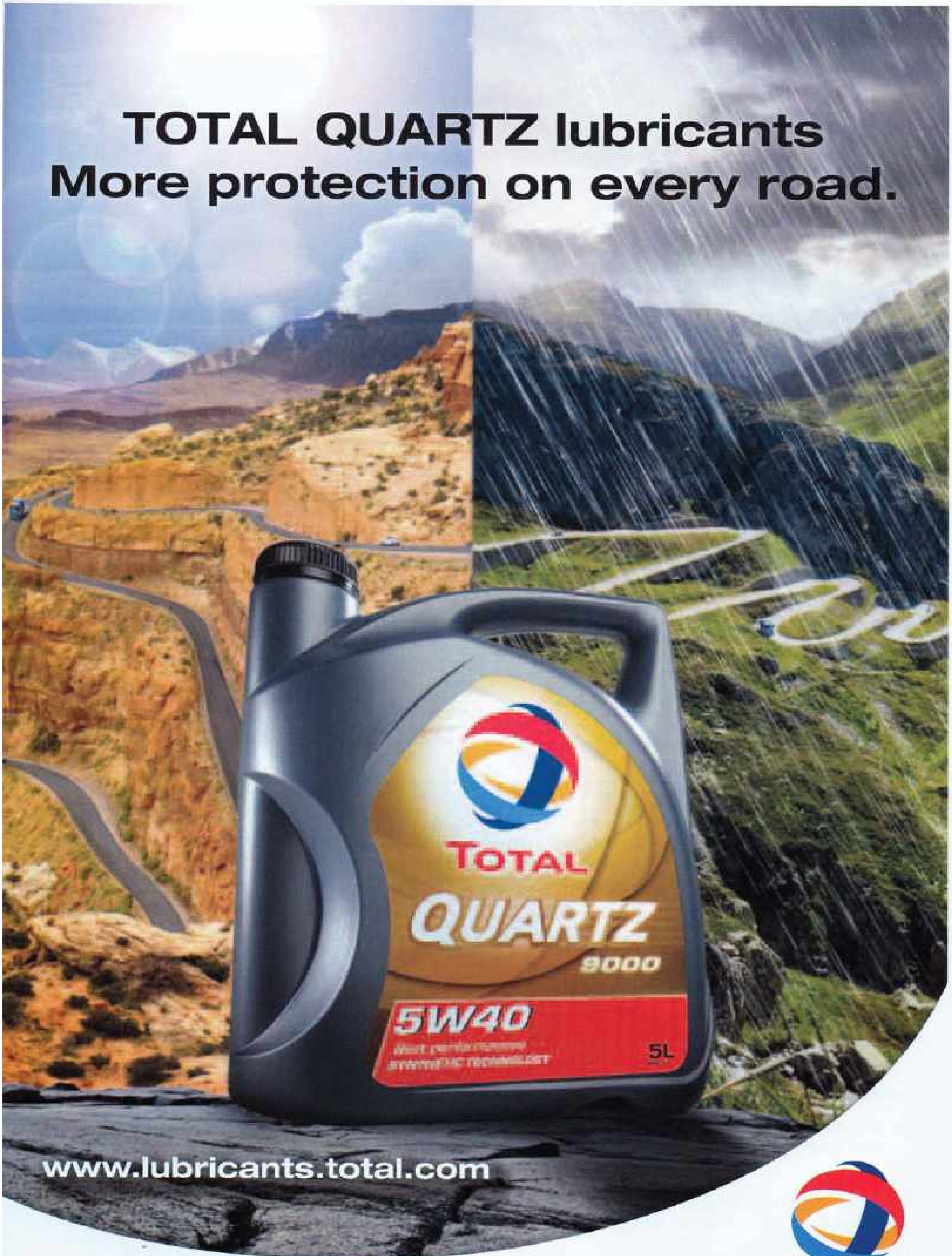
Corporate Social Responsibility

The Berekuso Day Care Centre was given a new lease of life when we sponsored the rehabilitation of the building, in response to a request by the Ghana International Women's Club (GIWC). With the expansion of the classroom block, a lot more children of pre-school going age will have access to education.

Elated children pose in front of renovated school block

The children took part in various quizz competitions on World Malaria Day

World Malaria Day was spent with pupils of the Madina-Adenta Cluster of Schools to educate them about the management and treatment of Malaria.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Notes

Proxy Form

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE NATIONAL THEATRE, LIBERIA ROAD, ACCRA ON 30TH DAY OF MAY, 2012 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 **30th May, 2012** and at any and every adjournment thereof.

This Form to be used:-

1.	*in favour of against	The resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended 31st December, 2011.
2.	*in favour of against	The resolution to declare final dividend for the year ended 31st December, 2011 as recommended by the Directors.
3.	*in favour of against	The resolution to appoint Mr. Guillaume Larroque as a Director of the Company.
4.	*in favour of against	The resolution to appoint Mr. Momar Nguer as a Director of the Company.
5.	*in favour of against	The resolution to re-elect Mr Christian Joret des Closieres as a Director of the Company.
6.	*in favour of against	The resolution to re-elect Mr. Kofi Ampim as a Director of the Company.
7.	*in favour of against	The resolution to re-elect Mr. Rexford Adomako-Bonsu as a Director of the Company.
8.	*in favour of against	The resolution to fix the remuneration of the Directors.
9.	*in favour of against	The resolution to authorise the Directors to fix the remuneration of the Auditors.

On any other business transacted at the Meeting and unless otherwise instructed in paragraphs 1 to 9 above, the resolutions to which reference is made in paragraphs, the Proxy shall vote as he/she thinks fit.

*Strike out whichever is not desired.

Signed this .... day of 2012

....
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. STANISLAS MITTELMAN, the Chairman of the meeting to act as your Proxy, but if you so wish, you may insert in the blank space provided 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. STANISLAS MITTELMAN.
3. In case of joint holders, each joint holder must sign.
4. If executed by a Corporation, the Proxy Forms 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 28th of May, 2012.
6. 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
25 Liberia Road
P.O. Box 553, Accra, Ghana

THIRD FOLD HERE

www.total-ghana.com

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