

ANNUAL REPORT

2012 Shell Ghana Limited



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Our Vision

To be a leading oil products marketer in Ghana, in terms of value delivered to customers, shareholders and employees, in a safe and environmentally responsible way.



Notice Of Annual General Meeting

Notice is hereby given that the twenty-first Annual General Meeting of the Shareholders of Shell Ghana Limited will be held at the Auditorium of the Ghana College of Physicians and Surgeons, North Ridge, Accra on Friday 28th June 2013, at 11.00 o'clock in the forenoon for the following purposes:

AGENDA

1. To receive and adopt the Reports of the Directors and the Auditors, and the Accounts for the year ended 31st December 2012.
2. To declare a dividend
3. To re-elect Directors retiring by rotation
4. To approve the remuneration of Directors
5. To authorize the Board to fix the remuneration of the Auditors

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 1097, Shell House, High Street, Accra not later than 48 hours before the appointed time of the meeting. A Proxy Form is provided at the end of this report.

Dated this 19th day of April 2013

BY ORDER OF THE BOARD


Barbara Oteng-Gyasi
Secretary



QUICK REVIEW

Performance Highlights

Profit & Loss
GHC12,505,000
25per cent

2012	12,505
2011	10,08

Cash Flow
GHC24,487,000
277per cent

2012	24,487
2011	6,489

Cash from Operations
GHC37,103,000
160per cent

2012	37,103
2011	14,281



25%

Thanks to successful implementation of our plans in both retail and commercial sectors of the market, our Company delivered a net profit of GH\$12,505 million, exceeding the previous year's profit by 25%.



Corporate Information



BOARD OF DIRECTORS

Vincent Richter	<i>Chairman/Managing Director (Ag.)</i>
Norbert Kwasi Kudjawu	<i>Member</i>
Louis Casely-Hayford	<i>Member</i>
Samuel Sarpong	<i>Member</i>
Augustine Osei-Bonsu	<i>Member</i>
Anno Scheltinga	<i>Member (Appointed 22nd June, 2012)</i>
Omar Benson	<i>Chairman/Managing Director (Resigned 1st July, 2012)</i>



SECRETARY

Barbara Oteng-Gyasi
Shell House, High Street
Accra

REGISTERED OFFICE

Shell House
High Street
P. O. Box 1097
Accra

REGISTRAR

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

AUDITOR

PricewaterhouseCoopers
Chartered Accountants
No.12 Airport City
Una Home 3rd Floor
PMB CT 42
Cantonments, Accra

SOLICITORS

Kudjawu & Co.
House No. 5 Yantrabi Road
Labone
Accra

JLD & MB Legal
consultancy
5 Senuhi Street
Airport Residential Area
P.O. Box 410
Accra

AB & David Law
8 Dr. Isert Road
North Ridge
P.O. Box Tfb b330
Accra

BANKERS

Barclays Bank of Ghana
Limited
CAL Bank Limited
Ecobank Ghana Limited
Standard Chartered Bank
Ghana Limited



Shell Group Business Principles

Introduction

The Shell General Business Principles govern how each of the Shell companies which make up the Shell Group* conducts its affairs.

The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy.

We believe that oil and gas will be integral to the global energy needs for economic development for many decades to come. Our role is to ensure that we extract and deliver them profitably and in environmentally and socially responsible ways.

We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate.

We aim to work closely with our customers, partners and policy-makers to advance more efficient and sustainable use of energy and natural resources.

*Royal Dutch Shell plc and the companies in which it directly or indirectly owns investments are separate and distinct entities. But in this publication, the collective expressions 'Shell' and 'Shell Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our', and 'ourselves' are used in some places to refer to the companies of the Shell Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

Our Values

Shell employees share a set of core values - honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

Responsibilities

Shell companies recognise five areas of responsibility. It is the duty of management continuously to assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

a. To shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

c. To employees

To respect the human rights of our employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment.

To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns.

We recognise that commercial success depends on the full commitment of all employees

d. To those with whom we do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Shell General Business Principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Principle 1: Economics

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure both of efficiency and of the value that customers place on Shell products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

Principle 2: Competition

Shell companies support free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

Principle 3: Business Integrity

Shell companies insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to their employing company potential conflicts of interest. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure.

Principle 4: Political Activities

a. Of companies

Shell companies act in a socially responsible manner within the laws of the countries in which we operate in pursuit of our legitimate commercial objectives.

Shell companies do not make payments to political parties, organizations or their representatives. Shell companies do not take part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make our position known on any matters, which affect us, our employees, our customers, our shareholders or local communities in a manner which is in accordance with our values and the Business Principles.

b. Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Principle 5: Health, Safety, Security and the Environment

Shell companies have a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations, products and services.

Principle 6: Local Communities

Shell companies aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.

In addition, Shell companies take a constructive interest in societal matters, directly or indirectly related to our business.

Principle 7: Communication and Engagement

Shell companies recognise that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

Principle 8: Compliance

We comply with all applicable laws and regulations of the countries in which we operate.

Living by our Principles

Our shared core values of honesty, integrity and respect for people, underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in every Shell Company in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

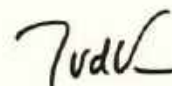
We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of Shell.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Shell employees to report suspected breaches of the Business Principles to Shell.

The Business Principles have for many years been fundamental to how we conduct our business and living by them is crucial to our continued success.



Jeroen van der Veer,
Chief Executive
August 2005

IMPROVED PERFORMANCE

Shell


V-Power

ADVANCED TECHNOLOGY





Statement & Reports

- | CHAIRMAN'S STATEMENT
- | REPORT OF THE DIRECTORS
- | REPORT OF THE INDEPENDENT AUDITOR



Vincent Richter | Chairman & Managing Director

Chairman's Statement

Dear Shareholder,

On behalf of the Board of Directors, I welcome you to the twenty-first Annual General Meeting of Shell Ghana Limited and to the presentation of the Annual Report and Financial Statements of the Company for the year ending 31st December 2012, with much pleasure.

In 2012, the company delivered another robust financial performance building on that of the previous year. Thanks to successful implementation of our plans in both retail and commercial sectors of the market, our Company delivered a net profit of GHS 12,505 million, exceeding the previous year's profit by 25%.

In line with the Company policy of paying competitive dividends, I am pleased to announce today that the Board of Directors propose a dividend payment of GHS 11834 per share (25% above 2011 dividend of GHS9471).

Economic and Business Environment

2012 proved to be another challenging year. The world economy continued to experience sluggish growth estimated at 3.2%. Macroeconomic conditions in Europe continued to raise concern amidst downgrading of the credit ratings of major European economies and introduction of austerity measures; the US economy in contrast started to show early signs of recovery. Latest estimates indicate the world economy will grow by 4.1% in 2013. (Source: www.ereport.ru)

In the emerging and developing economies growth rate also slowed down from 6.3% to 5.1% in 2012 with Sub-Saharan Africa recording 4.8%. Growth rate is expected to rebound to 5.5 percent in 2013 on the back of stronger exports in some sectors.

Ghana recorded relative economic stability throughout the election year. Provisional estimates indicate the Ghanaian economy grew by 7.1% in 2012 against a projected growth of 9.4%. 2013 growth is projected at 8%, fuelled by the continued growth in the Oil and Gas Sector. Crude oil production from the Jubilee Field was about 27 million barrels in 2012 representing an increase of about 8.9% against 2011. New exploration blocks have been found and the future of the sector continues to look very exciting. Inflation is expected to close at 8.9% against a level of 8.8% in 2012.

In the downstream sector, the total number of Oil Marketing Companies increased to 65 from 59 in 2011. During the year supply continuity was adversely impacted by operational issues at the Tema Oil Refinery and the capacity constraints at the Kumasi BOST Depot in particular towards the latter part of the year. These conditions posed significant challenges to the company during the year. However, continued focus and attention to the ongoing operations as well as capturing of new opportunities allowed further growth and expansion.



>>> Chairman's Statement (continued)

Business Review

Customer Service

The year under review witnessed a continued excellent relationship between the Company and its valued customer portfolio. Service delivery was again at its best, recording an impressive performance in the "Customer Satisfaction Index" (CSI) Survey. Quarter 2 and Quarter 4 survey results were at 100% and 99% satisfaction level respectively. This

indicates that the entire company remains focused on ensuring we meet our customer expectations at all times.

The usage of Shell On-line Business and on-line Business Document imaging e-business tools by customers grew from 17% to 23 % as these processes become an increasingly popular way of doing business with our company.

Retail Fuels and Lubricants

Retail operational excellence reached a new dimension, consolidating a range of competence development programmes focused on training of retail staff, retailers and site staff, as a key pillar towards site excellence. A robust performance, even allowing for the incorporation of several new sites in the network, made Ghana obtain top honours in the rest of Africa Mystery Motorist Programme, recording a 91% operational excellence performance score across the network.

2012 saw notable network expansion supported by strategic partnerships with third party investors. This led to the addition of 10 sites, nearly doubling the number of Dealer-Owned Stations from 12 in 2011 to 22 in 2012, and bringing the total retail network to 118 sites. This improved accessibility and convenience to customers, matched with our brand leadership, resulted in sales performance of over 300million litres, the highest ever recorded in the history of Shell Ghana. This represented 15% growth over the previous year.

For the lubricant portfolio intensive focus was exerted on ensuring a high level of product knowledge and selling skills among the front line staff. As part of our overall brand remediation package, ongoing renovation of our Lubricant service bays provided the additional attraction for motorists to associate with the Shell Lubricant Brands, and benefit from the advanced research and technology developed by the Shell Group. This drive for excellence resulted in a lubricant performance of 2.8 million litres representing a further growth of 17% against 2011.

The physical infrastructure of our Retail Network continued to be another area of focus for the drive for excellence, and an extensive Brand Remediation programme was progressed during the year. This programme is designed to ensure that ultimately the entire Shell Network in Ghana is renovated and equipped to the highest Global Shell Brand Standards. An estimated US\$2.5 million has been spent on this project to date. This bright and modern outlook has made our sites more efficient, convenient, warmer, and more inviting for customers. The volume growth expectation for this capital investment was 10%, but 2012 registered 16% volume growth attributed to the direct benefits from this programme.

The year under review also saw the successful implementation of important marketing initiatives. Our Fuel Economy Testimonial Campaigns, targeted to create awareness of our excellent Shell Super Extra and Shell Diesel Extra were very successful and well-received. Our flagship V-Power loyalty campaign, which saw numerous customers winning Velocita Model Ferrari cars, also resulted in an 11% volume growth in 2012 for this specific product.

Convenience Retail continued its growth in 2012, with 3 more Shell Select sites being opened. This upgrade of our Shell Shops to our flagship standard, as well as the expansion of our shop network from 84 to 90 shops resulted in an increase of 29% in Shop revenue compared to the previous year.

Our Shell Card offer yet again demonstrated its significant potential, registering an expansion of 34% in customer base, and an impressive volume growth of 52% against 2011.

Efforts towards an amicable settlement of the legal suit involving eleven Retailers were pursued during the year but unfortunately could not be concluded.

Commercial Fuel, Lubes and Bitumen

The Ghana extractive mining industry continues to witness impressive growth rates providing growth opportunities for Shell Ghana. Since the end of 2008, Shell Mining saw its best performance this year both in lubricant sales and total financial performance. Strong organic growth and new businesses contributed to the increased lubricants consumption.

In 2012 Shell Ghana refurbished and upgraded a US\$ 2.2 million depot facility at the Golden Star Resources - Bogosu Mine as part of our Customer Value Proposition to the mining sector. This modern facility is designed to deliver value by supplying exceptionally clean fuel in an environmentally safe manner and to assist with fuel cost optimisation for this valued customer. Present at the opening were Mr. Owiredu, Senior Vice President of Golden Star Resources and Mr. George Brunton, Shell Vice President for North and West Africa.

Prospecting for new businesses continues. Unfortunately, Shell could not recover the fuels and lubricants supply

Overall, the year under review was characterized by continued investment and development of physical infrastructure, extensive expansion of the network to ensure convenience and accessibility, all backed by training and competence development for the frontline and support staff to deliver world-class products and customized services to delight customers.

business of Gold Fields when it was put on tender, as Gold Fields maintained their existing suppliers.

Construction activity was expected to be high in 2012 as it has been the characteristic of every election year. Although bitumen volumes were very exciting from the beginning of the year, this business became very challenging as a result of irregular payment by our major customers. The agro-forestry business continues to suffer a decline due to the global economic crisis. These two sectors still constitute a major portion of the commercial business. Despite the serious trade debt challenges, volume targets were met and even exceeded in the case of bitumen sales.

The Company actively sought and followed-up opportunities to increase the value for existing commercial customers through cross, range and up selling. In addition, the team developed and acquired new business opportunities with prospective customers through sales leads. The commercial business continued to remain stable and robust against the intense competition within the industry.

Aviation

The 2012 Aviation volume was 13% below the plan. The biggest contribution to this decrease was the decision by United Airlines, a major contributor to our sector business,

to discontinue flights to Accra. In terms of profitability however we exceeded our targets.

Supply and Distribution

Supply and Distribution continued to achieve incident free operations in road transport and depots. The Company supplied about fifty six million litres of hydrocarbons to our customers, covering about five and a half million kilometres, without any incident or spill. There were some fuel and lubricants supply challenges in 2012. However

the Company was able to stock adequate quantities of the imported lubes to avoid the usual stock outs caused by the uncertain lead times of these imports.

>>> *Chairman's Statement (continued)*



>>> Chairman's Statement (continued)

Health Safety Security Environment & Social Performance (HSSE&SP)

The Company commenced the year 2012, on the back of a strong 2011 HSSE performance. On our journey towards the GOAL ZERO vision of no harm to people and the environment, the Company attained the milestone of 1500 days without significant incident at the end of the year 2012. This success was as a result of sustained safety initiatives.

Recognizing that our major HSSE risk is road transport, the Company and the Road Transport Contractor managements continue to run the truck rollover prevention programme at our transport terminals around the country. We are proud to acknowledge that this proactive initiative among others like haulier driver trainer accreditations helped our company achieve a fourth consecutive year without any road transport incident.

During the year, a number of high risk activities were carried out which involved the installation of new fuel tanks at Bogoso and the construction of a new retail service station. The contractor management process was a shared effort by company and contractor staff. They reviewed hazards and effectively implemented controls to safely manage these construction activities without any incident.

Our annual Safety Day event was held on 20th June 2012 with the theme "Time for safety". The day provided an ex-

cellent opportunity for staff, contractors and other stakeholders to share ideas and good practices to deliver continuous improvement in safety performance and to reflect on our personal commitment to safety. The event was well attended by staff, retailers, contractors and particularly our mining customers across the country. Two contractors were recognised for their significant contribution to safety.

In the area of personal safety, refresher training on Defensive Driving Techniques was organized and well attended to keep all alert whilst on the road.

In November 2012, the Retail Business held a Customer Contact day on the theme "Don't Mess with the Environment". This provided the opportunity to interact with customers, thank them for their continuous patronage of our products and services, as well as help to raise the awareness of Shell's commitment to protect the environment.

During 2012 there were regrettably a number of security incidents. Three of our retail outlets in Accra were attacked by armed robbers. Fortunately no fatality or injuries were sustained at any of the sites. There was another robbery case involving the loss of a staff vehicle which was later retrieved thanks to an onboard tracking device. These security incidents have been reviewed and appropriate measures are being put in place to reduce the future risks.

Board Representation

There were a few changes to the Board in 2012. Mr. Anno Scheltinga was appointed a Director at the Annual General Meeting to replace Mr. Djan Pierre Ezan who resigned during the year. The contract of Mr. Omar Benson,

Managing Director and Board Chairman, expired at the end of June 2012. The Board appointed Mr. Vincent Richter, Finance Director as Acting Managing Director and Board Chairman effective 1st July 2012.

Human Resource

The Company maintained a harmonious Industrial Relations climate through proactive and effective engagement with the Unions and other stakeholders.

Continued efforts were made to stabilize the levels of resignations in 2012 and to maintain the turnover ratio at the industry average. During the year, the Company adopted innovative ways and a fit-for-purpose strategy to ensure

that the business was effectively and properly resourced. Learning continued to remain a key enabler to the delivery of Shell's business strategy. The Shell Open University and e-learning programmes dominated learning activities in line with the Company's strategy of developing talents in a cost effective way.

Financial Highlights

The financial performance delivered in 2012 was 25% above previous year reflecting a strong operational performance. The Company implemented various financing initiatives such as the working capital support and grants to some retailers that supported the improved retail performance.

The Contracts Board and Credit Management Committee of the Company functioned efficiently, ensuring transparency and cost efficiency in its operations throughout 2012.

A refund of GHS1.7million representing prior years corporate tax overpayment arising from the sale of non-core assets was received by the Company from Government and that helped improve the company's working capital.

Outlook for 2013

• Shell Downstream Portfolio Review

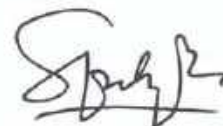
The review of the Shell Downstream portfolio in Africa which started in April 2010, and the announcement of a Share Purchase Agreement (SPA) between Shell, Vitol and Hélios in February 2011, is still underway and subject to final regulatory and company approvals. Appropriate communication will follow the completion of the related transition process for our company.

• General Business Outlook

The 2013 priorities will include safe and profitable growth, cost and budget discipline and a continued focus on operational excellence in response to the opportunities and challenges in this competitive and dynamic environment driven by the continued growth of the Ghanaian economy.

I'm highly confident that the experienced Board of Directors coupled with the competent business management team and its functional support will be key success factors to deliver once again the Company's business objectives this coming year.

Thank You.



Vincent Richter



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THE SMARTER WAY TO BUY FUEL.

Sign up and top up at any branch of CAL Bank, Zenith Bank or Ecobank today!



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It's convenient.
Get yours now!**



Report Of The Directors

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2012.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed Ghana Accounting Standards and with the requirements of the Companies Act, 1963 (Act 179).

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

Nature of business

The company is authorised to carry on the business of acquiring, processing, transporting and selling petroleum and any products thereof together with such other business as may from time to time seem to the company capable of being conveniently carried on in association therewith.

There was no change in the nature of business of the company during the year.

Performance Highlights

Profit before tax for the year 2012
GHC16,702,000

2012	16,702
2011	13,294



Parent company

The company is a subsidiary of Shell Petroleum Company Limited, a company incorporated in the United Kingdom.

Financial results

The financial results of the company are set out below:	2012	2011
	GHC'000	GHC'000
Profit before tax for the year is	16,702	13,294
from which is deducted tax of	<u>(4,197)</u>	<u>(3,286)</u>
giving a profit after tax for the year of	12,505	10,008
to which is added the balance brought forward on income surplus account of	7,068	7,068
and from which is deducted a proposed dividend of	<u>(12,505)</u>	<u>(10,008)</u>
giving a balance carried forward on income surplus account of	<u>7,068</u>	<u>7,068</u>

>>> Report
of Directors
(continued)

Dividend

The directors recommend the payment of a dividend of GH¢1.1834 (2011: GH¢0.9471) per share.

Directors

The names of the present directors and those that served during the year are listed on page 6.

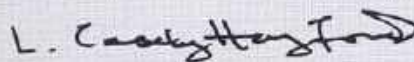
Auditor

The auditor, PricewaterhouseCoopers, has expressed its willingness to continue in office in accordance with Section 134(5) of the Companies Act, 1963 (Act 179).

BY ORDER OF THE BOARD:



Augustine Osei-Bonsu
Director



Louis Casely-Hayford
Director

Date: 14/05/13

Report Of The Independent Auditor To The Members Of Shell Ghana Limited

Report On The Financial Statements

We have audited the accompanying financial statements of Shell Ghana Limited set out on pages 20 to 31. These financial statements comprise the balance sheet as at 31 December 2012, the profit and loss account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Ghana Accounting Standards and with the requirements of the Companies Act, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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





>>> *Report of
the Independent
Auditor
to the Members
of Shell Ghana
Limited
[continued]*

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Shell Ghana Limited as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Act, 1963 (Act 179).

Report On Other Legal Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

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

PricewaterhouseCoopers

Signed by: Oseini Amui (ICAG/P/1139)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

3 May 2013





1



2



3



4



5

- 1 Global Travel Awards
- 2 Shell Ghana and UMAT sign MOU
- 3 Monthly Staff Celebration
- 4 Shell Retailer Awards
- 5 Lubricants Portfolio Re-Imaging





▶ **Financial Statements
for the year ended 31st
December 2012**

- | PROFIT AND LOSS ACCOUNT
- | BALANCE SHEET
- | CASH FLOW STATEMENT

Profit And Loss Account

(All amounts are expressed in thousands of Ghana cedis)

	Note	2012	2011
Revenue		990,732	793,679
Cost of sales		<u>(922,214)</u>	<u>(741,874)</u>
Gross profit		68,518	51,805
Selling, general and administrative expenses	2	<u>(56,029)</u>	<u>(43,853)</u>
Operating profit		12,489	7,952
Other income	3	<u>5,423</u>	<u>5,127</u>
Profit before interest and tax		17,912	13,079
Interest (expense)/income		<u>(1,210)</u>	<u>215</u>
Profit before tax		16,702	13,294
Income tax expense	4c	<u>(4,197)</u>	<u>(3,286)</u>
Profit after tax transferred to income surplus account		<u>12,505</u>	<u>10,008</u>

>>> Financial Statements (continued)



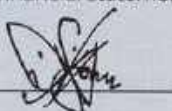
>>> *Financial Statements (continued)*

Balance Sheet

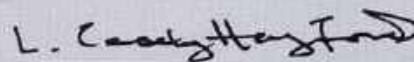
(All amounts are expressed in thousands of Ghana cedis)

	Note	2012	2011
Non-current assets			
Property, plant and equipment	5	27,793	25,708
Investments	6	7	7
		<u>27,800</u>	<u>25,715</u>
Current assets			
Inventories	7	39,917	33,488
Accounts receivable	8	59,707	47,819
Due from related companies	9	3,546	13,243
Cash and bank balances	15	24,625	12,345
Income tax receivable	4		—
1,477			
		<u>127,795</u>	<u>108,372</u>
Current liabilities			
Bank overdrafts	10	138	5,856
Accounts payable	11	127,552	106,925
Due to related companies	9	4,545	1,302
Income tax payable	4	211	—
Dividend payable	12	12,505	10,008
		<u>144,951</u>	<u>124,091</u>
Net current liabilities		<u>(17,156)</u>	<u>(15,719)</u>
Total assets less current liabilities		<u>10,644</u>	<u>9,996</u>
Non-current liabilities			
Deferred income tax liability	4	(1,265)	(617)
Net assets		<u>9,379</u>	<u>9,379</u>
Financed by:			
Stated capital	13	2,311	2,311
Income surplus account	16	7,068	7,068
Shareholders' funds		<u>9,379</u>	<u>9,379</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors on and signed on its behalf by:



Augustine Osei-Bonsu



Louis Casely-Hayford

Cash Flow Statement

(All amounts are expressed in thousands of Ghana cedis)

	Note	Year ended 31 December	
		2012	2011
Cash flow from operating activities			
Cash generated from operations	14	37,103	14,281
Interest (paid)/ received		(1,210)	215
Tax paid	4	<u>(1,861)</u>	<u>(3,979)</u>
Net cash generated from operating activities		<u>34,032</u>	<u>10,517</u>
Cash flow from investing activities			
Purchase of property, plant and equipment	5	(6,026)	(9,915)
Proceeds from sale of property, plant and equipment	5	<u>—</u>	<u>1,205</u>
Net cash used in investing activities		<u>(6,026)</u>	<u>(8,710)</u>
Cash flow from financing activities			
Dividend paid to shareholders	12	<u>(10,008)</u>	<u>(9,086)</u>
Net cash used in financing activities		<u>(10,008)</u>	<u>(9,086)</u>
Increase in cash and cash equivalents		17,998	(7,279)
Cash and cash equivalents at beginning of the year		<u>6,489</u>	<u>13,768</u>
Cash and cash equivalents at end of the year		<u>24,487</u>	<u>6,489</u>

>>> Financial Statements (continued)





▶ Financial Statements
for the year ended 31st
December 2012

| NOTES

*Notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the preparation of these financial statements:

a. Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with Ghana Accounting Standards.

b. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Additions during the year are included at cost.

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

Leasehold land	Over the unexpired portion of the lease
Office and residential buildings	25%
Other buildings	5%–10%
Motor vehicles	20%–33.3%
Plant and machinery	4%–20%
Office furniture and equipment	15%–33.3%

c. Stocks

Lubricants are valued on the weighted average cost basis at the lower of cost and net realisable value. Bitumen, fuel and other stocks are valued on first-in, first-out basis at the lower of cost and net realisable value.

d. Debtors

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

e. Foreign currencies

Transactions denominated in foreign currencies are translated into Ghana cedis and recorded at the rates of exchange ruling at the dates of the transactions; gains and losses resulting from the settlement of such transactions are recognized in the profit and loss account.

At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated into Ghana cedis at exchange rates ruling at the balance sheet date. Differences arising from such translations are recognised in the profit and loss account.

f. Sales

Sales are recognised upon delivery of product and customer acceptance. Sales represent the value of goods invoiced to customers net of returns, trade discounts, duties, levies and value added tax.

g. Deferred income tax

Provision is made for deferred income tax on material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Provision is made for deferred income tax assets when there is reasonable certainty of realisation of the related assets.

h. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts.



>>> Notes [continued]

i. Provisions

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

j. Accounts payable

Accounts payable are obligations to pay for fuel products or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one. If not, they are presented as non-current liabilities.

CLEANS AND PROTECTS

FOR IMPROVED PERFORMANCE



PROUD DRIVERS CHOOSE SHELL HELIX

Shell
HELIX
Motor oils



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

2. Selling, general and administrative expenses

	2012	2011
Selling, general and administrative expenses include:		
Directors' remuneration	934	1,021
Staff costs	11,545	9,639
Auditor's remuneration	58	46
Depreciation	3,940	3,061
Donations	91	8
	<u>91</u>	<u>8</u>

The average number of persons employed by the company during the year was 139 (2011: 141).

3. Other income

	2012	2011
Profit on disposal of property, plant and equipment (Note 5)	–	993
Lease income	1,365	1,407
Recoveries	1,875	1,245
Sundry income	2,183	1,482
	<u>5,423</u>	<u>5,127</u>

4. Income tax

The movement in current income tax is as follows:

	At 1 January 2011	Payments/ Refunds	Charge for the year	At 31 December 2011
Current income tax payable				
Up to 2011	(1,477)	–	–	(1,477)
2012	–	(3,549)	3,549	–
Refund	–	1,713	–	1,713
Withholding tax	–	25	–	(25)
	<u>(1,477)</u>	<u>(1,861)</u>	<u>3,549</u>	<u>(211)</u>



>>> *Notes (continued) | 4. Income Tax (continued)*

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

Deferred income tax

The movement in deferred income liabilities tax is as follows:

	2012	2011
At 1 January	617	1,301
Charge for the year	<u>648</u>	<u>(684)</u>
At 31 December	<u>1,265</u>	<u>617</u>

Deferred income tax charged to the profit and loss account and the liability at the balance sheet date is attributable to property, plant and equipment and unrealised exchange differences.

Income tax expense

The income tax expense in the profit and loss account comprises:

	2012	2011
Current income tax	3,549	3,970
Deferred income tax charge/(release)	<u>648</u>	<u>(684)</u>
	<u>4,197</u>	<u>3,286</u>

5. Property, plant and equipment

	Leasehold land and buildings	Motor vehicles	Plant and machinery	Furniture, fittings and computer equipment	Capital work-in- progress	Total
Cost						
At 1 January 2012	14,445	1,880	16,865	3,605	3,443	40,238
Additions	3,021	56	383	137	2,429	6,026
Reclassification	(1,105)	(182)	1,473	(186)	-	-
Transfers	<u>1,086</u>	<u>-</u>	<u>2,337</u>	<u>2</u>	<u>(3,425)</u>	<u>-</u>
At 31 December 2012	<u>17,447</u>	<u>1,754</u>	<u>21,058</u>	<u>3,558</u>	<u>2,447</u>	<u>46,264</u>

>>> Notes (continued) | 5 Property, plant and equipment
(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

Accumulated depreciation

At 1 January 2012	4,130	850	6,887	2,663	–	14,530
Charge for the year	1,840	312	1,491	298	–	3,941
Reclassification	(107)	27	316	(236)	–	–
At 31 December 2012	5,863	1,189	8,694	2,725	–	18,471
Net book value At 31 December 2012	11,584	565	12,364	833	2,447	27,793
At 31 December 2011	10,315	1,030	9,978	942	3,443	25,708

Profit on disposal of property, plant and equipment has been arrived at as follows:

	2012	2011
Cost of items disposed of	–	286
Depreciation thereon	–	(73)
Net book value	–	213
Proceeds	–	(1,205)
Profit on disposal of property, plant and equipment	–	(992)

6. Investments

Investments represent the cost of ordinary shares held by the company in Road Safety Limited, a company incorporated in Ghana.

7. Inventories

	2012	2011
Product stocks	39,905	33,369
Other stocks	12	119
	39,917	33,488



>>> *Notes (continued)*

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

8. Accounts receivable

Trade debtors	45,212	41,386
Prepayments and other deposits	9,252	3,213
Staff debtors	190	178
Sundry debtors	<u>5,053</u>	<u>3,042</u>
	<u>59,707</u>	<u>47,819</u>

The maximum amount due from employees of the company during the year was GH¢188,000 (2011: GH¢178,000).

9. Related party transactions

The company is a subsidiary of Shell Petroleum Company Limited of the United Kingdom, a member of the Royal Dutch Shell group (incorporated in the United Kingdom) of which the under listed companies form a part.

	2012	2011
(i) Purchase of lubricants, additives and bitumen		
Amount due from related companies	<u>3,546</u>	<u>13,243</u>
Amount due to related companies	<u>4,545</u>	<u>1,302</u>
<i>During the year the following transactions were carried out with related parties:</i>		
Shell Espana, S.A	106	306
Shell Deutschland Oil GmbH	1,104	1,906
Shell UK Oil Products Ltd	251	409
Burkina et Shell	–	28
Shell Tunisia		1,379
Belgian Shell SA	1,884	500
Shell European Export Centre	–	74
Shell South Africa	2,301	2,044
Togo Et Shell	19	24
Schaeffer Mfg Co, Inc	–	17
Shell & Turcas Petrol A.S	2,255	849
Societe Shell Du Maroc		1,407
	<u>7,920</u>	<u>8,943</u>
(ii) Purchase of services from Shell related companies		
	<u>19,039</u>	<u>13,537</u>

The above transactions were carried out on commercial terms and conditions.

10. Bank overdrafts

The company has unsecured overdraft facilities with a limit of GH¢13 million (2011: GH¢13 million).

11. Accounts payable

	2012	2011
Trade creditors	115,377	97,306
Sundry creditors	3,320	2,305
Accrued charges and provisions	8,855	7,314
	<u>127,552</u>	<u>106,925</u>

12. Dividend payable

	2012	2011
At 1 January	10,008	9,086
Payments during the year	(10,008)	(9,086)
Proposed dividend for the year	<u>12,505</u>	<u>10,008</u>
At 31 December	<u>12,505</u>	<u>10,008</u>

13. Stated capital

The authorised shares of the company is 12,000,000 ordinary shares of no par value.

The issued ordinary shares of the company at 31 December 2012 and 31 December 2011 is as follows:

	Number of shares	Proceeds
For cash consideration	5,283,900	2,220
Consideration other than cash	3,791,697	67
Transferred from income surplus account	<u>1,491,203</u>	<u>24</u>
	<u>10,566,800</u>	<u>2,311</u>

There are no shares in treasury and there are no calls or instalments unpaid on any share. There was no movement on stated capital during the year (2011: Nil).



>>> **Notes (continued)**

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

14. Cash generated from operations

	Note	2012	2011
Profit before tax			
Adjustment for:		16,702	13,294
Depreciation	5	3,941	3,061
Profit on disposal of property, plant and equipment	5	—	(992)
Increase in inventories		(6,429)	(10,844)
Increase in receivables		(11,888)	(15,321)
Decrease/(increase) in amounts due from related companies		9,697	(3,994)
Increase in accounts payable		20,627	32,018
Increase/(decrease) in amounts due to related companies	9	3,243	(2,726)
Interest expense/(income)		1,210	(215)
		<u>37,103</u>	<u>14,281</u>

15. Cash and cash equivalents

	Note	2012	2011
Cash and cash equivalents comprise:			
Cash and bank balances		24,625	12,345
Bank overdrafts	10	(138)	(5,856)
		<u>24,487</u>	<u>6,489</u>

16. Income surplus account

	Note	2012	2011
At 1 January		7,068	7,068
Profit for the year		12,505	10,008
Proposed dividend: GH¢11512 (2011: GH¢10,947) per share	12	(12,505)	(10,008)
At 31 December		<u>7,068</u>	<u>7,068</u>

17. Capital commitments

There were no capital commitments at 31 December 2012 (2011: Nil).

18. Contingent liabilities

There were no contingent liabilities at 31 December 2012 (2011: Nil).

RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

The Board of Directors will be proposing the following resolutions, which would be put to the Annual General Meeting:

To Receive the 2012 Accounts

The Board shall propose the acceptance of the 2012 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2012 together with the reports of the Directors and Auditors thereon.

To Declare a Dividend

The Directors recommend the payment of a dividend of GHc 11834 per share before tax for the year ended 31st December 2012.

To re-elect Directors retiring by rotation

In accordance with Section 298(b) and (e) of the Companies Act, Act 179 and Regulation 88 of the Regulations of the Company the under-listed Directors who are retiring by rotation, and who are eligible for re-election and have offered themselves for re-election are proposed for re-election:

1. MR. LOUIS CASELY HAYFORD
2. MR. AUGUSTINE OSEI-BONSU

To approve the remuneration of Directors

The Directors recommend payment of Directors remuneration by way of fees to each Director in an amount not exceeding GHc22,000,000 per annum before tax for the year ending 31st December 2013 which amount shall not accrue to or be payable to a Director so long as he holds any other office or place of profit in the Company.

To authorize the Directors to fix the Remuneration of the Auditors

In accordance with Section 134(5) of the Companies Act 1963, PricewaterhouseCoopers will continue in office as Auditors of the Company. The Board would request from members their approval to fix the remuneration of the Auditors.

Major Holders For Shell Ghana Limited As At 31.12.2012 (Top 20)

Member	Name	Shares	% of issued capital
197110	Shell Petroleum Company Limited	8700857	82.34
841	Development Fin. & Holdings Ltd.	1000000	9.46
1502	Mr. N. Poku	89000	0.84
197108	Shell Ghana Ltd. Emp. Co-Op Union	60000	0.57
197147	Mrs. B. Dadson	53000	0.50
6166	Mr. N.K. Kudjzawu	21200	0.20
197141	Mrs J. Quarshie	20180	0.19
1562	RETCO Company Li Mited.	17500	0.17
3802 54	Estate Of The Late Dr. Joseph	13000	0.12
236176	Mr. K. Asante	12500	0.12
253	ACME Securities Limited	12000	0.11
34624	Mr. M.K. Afedo	10930	0.10
197128	Mr. J.K. Vanderpuije	10500	0.10
197109	Mr. L. Casely Hayford	10000	0.09
236177	Ms. E. Dufie	9375	0.09
379383	ECO Petroleum Ltd.	7939	0.08
2332	Strategic African Securities	7203	0.07
5483	CDH Insurance Company Ltd	7188	0.07
197115	Mr. G. Nerquaye-Tetteh	7000	0.07
4205	Mr. T.K. Abotsi	7000	0.07
<i>Reported Totals</i>		10076372	95.36
<i>Not Reported</i>		490428	4.64
<i>Grand Totals</i>		10566800	100.00
<i>Company Capital</i>		10566800	



Proxy Form

I/We _____

(PLEASE USE BLOCK CAPITALS)

of _____
being member/members of Shell Ghana Limited,
hereby appoint

* _____
(insert full name)

of _____

(or failing him/her the duly appointed Chairman
of the meeting) as my/our Proxy to vote for me/us
on my/our behalf at the Annual General Meeting
to be held on Friday 28th June, 2013 at 11:00am,
and at every adjournment thereof.

Dated this _____ day of _____ 2013

Resolutions	For	Against
To receive and adopt the reports of the Directors and the Auditors and the Accounts for the year ended 31st December 2011		
To declare a dividend		
To re-elect Directors retiring by rotation		
To approve the remuneration of Directors		
To authorize the Board to fix the remuneration of the Auditors		

Please indicate with an "X" in the appropriate square
how you wish your votes to be cast on the resolution
referred to above

Shareholder's signature _____

THIS PROXY FORM SHOULD NOT BE SENT TO THE SECRETARY IF THE MEMBER WILL BE ATTENDING THE MEETING.

Notes:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is permitted by law to vote by proxy.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy, but if you wish, you may insert in the blank space marked with an asterisk (*) 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 the Chairman of the Meeting.
3. In the case of joint shareholders, each shareholder should sign.
4. If executed by a corporation, the proxy form should 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 48 hours before the appointed time of the meeting.

THIRD FOLD HERE

The Secretary
Shell Ghana Limited
Shell House, High Street
P.O. Box 1097
Accra-Ghana

FIRST FOLD HERE

PLEASE AFFIX
STAMP HERE

SECOND FOLD HERE

Designed for
extra
kilometres
at no extra cost*



Every drop helps you travel further*

Our dedication to fuel technology has created NEW Shell Diesel Extra with fuel economy formula, designed for extra kilometres*. New Shell Diesel Extra has an anti-foaming agent that gives you a quicker and cleaner fill.

Shell Diesel Extra is designed to protect your engine against rust and corrosion, and prevents the build up of mileage robbing deposits so that your engine runs efficiently, giving you the freedom to go further. Now the question is, where are you going to go? New Shell Diesel Extra with fuel economy formula, helps you get the most out of every drop so that your fleet can travel further.

Please Contact Shell Commercial Fuels Customer Service Centre for all your fuel requirements on the following number: **Customer Service Centre: + 233 21 66 46 36**

Shell
Diesel Extra



*Compared to standard diesel without the fuel economy formula and may vary by car/vehicle.

