



TOTAL PETROLEUM GHANA LIMITED

ANNUAL REPORT 2012

Total Petroleum Ghana Limited

ANNUAL REPORT AND ACCOUNTS 2012

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Corporate Information

BOARD OF DIRECTORS

Thibault de Langlais	-	Chairman
Guillaume Larroque	-	Managing Director
Rexford Adomako-Bonsu		
Edward Patrick Larbi Gyampoh		
Kofi Ampim		
John Sackah Addo		
Momar Nguer	-	(Appointed 17/04/2012)
Gerard Pruneau	-	(Appointed 16/10/2012)
Emmanuel De Fournas	-	(Appointed 16/10/2012)
Alain Champeaux	-	(Resigned 17/04/2012)
Mr. Jean-Charles Prevel	-	(Resigned 17/04/2012)
Stanislas Mittelman	-	(Resigned 15/11/2012)
Christian Joret des Closieres	-	(Resigned 16/10/2012)
Ronan Bescond	-	(Resigned 30/11/2012)
Kwadwo Owusu-Tweneboa	-	(Resigned 1/04/2013)

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 CT3523
Cantonments, Accra

REGISTRARS

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

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P.O. Box GP 242
Accra

BANKERS

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

Financial Highlights

	2012	2011	2010	2009	2008
Turnover (GH¢'000)	1,243,945	971,683	738,910	542,439	566,514
Profit before interest and exchange difference (GH¢'000)	36,983	29,763	27,783	14,839	10,382
Net Finance cost (GH¢'000)	1,514	564	607	(2,080)	(4,065)
Gain/loss on Exchange (GH¢'000)	2,356	601	-	3,398	1,777
Profit before Taxation and NRL (GH¢'000)	40,853	30,928	28,390	16,157	8,094
Taxation and NRL (GH¢'000)	(10,327)	(8,364)	(7,344)	(2,991)	(1,874)
Profit after Taxation and NRL (GH¢'000)	30,526	22,564	21,046	13,166	6,220
Earnings per share (GH¢)	2.1829	1.6135	1.5050	0.9415	0.4448
Dividend per share (GH¢)	1.2500	1.1400	1.0535	0.8415	0.3781
Shareholders Equity (GH¢)	86,071	72,606	66,206	60,409	55,581
Authorised number of shares (000)	13,984,259	13,984,259	13,984,259	13,984,259	13,984,259
Fixed assets net book value (GH¢'000)	73,718	64,455	57,287	45,859	41,588
Net assets per share (GH¢)	6.1548	5.1919	4.7343	4.3198	3.9745

Chairman's Statement



Thibault de Langlais
Chairman

Introduction

Ladies and Gentlemen, it is with great pleasure that I welcome all our shareholders and guests to the thirty-seventh Annual General Meeting of Total Petroleum Ghana Limited. We will present to you the Annual Report and Financial Statements of your Company for the financial year ended 31st December 2012.

Economic Environment

2012 was a year of renewed excellent macroeconomic performances for the Ghanaian economy. The GDP growth reached an estimated + 7.4 %, remaining strong after an exceptional performance in 2011. In 2012, the average inflation rate for the year was 9.2%; the Ghanaian Cedi closed on 31st December 2012 at 16 % lower against the US dollar than a year before; the Bank of Ghana prime rate ended the year at 15%.

Financial and Operational Performance

The Company's revenue in 2012 reached a level of GHS 1,243.945 million, increasing by +28% as against the previous year. This growth was underpinned in particular by an increased proportion of specialty products

(lubricants, aviation, bitumen...) in the Company's sales and an overall growth of the sales volumes.

The profit after tax for 2012 increased by +35%, reaching GHS 30.526 million as against GHS 22.564 million in 2011. This increase originated in particular from the sale of a higher proportion of higher valued specialties products and new products and services offered to our customers.

In 2012, the Company also opened a new Customer Service Center offering improved services to its customers. The Company also introduced a quality van into its operations, enabling it to perform regular checks on the quality of products offered to its customers.

The level of investments in 2012 increased significantly reaching GHS 28.4 million. The focus of the investment for your Company was on improving the quality of the network of service stations and the creation of new outlets, the creation of a new logistics Joint Venture aimed at the construction and operation of a new petroleum products depot in Takoradi.

The earning per share progressed from GHS 1.6136 per share in 2011 to GHS 2.1829 per share in 2012.

Dividend

In October 2012, the Board approved the payment of an interim dividend of GHS 0.56 per share.

Your Board is recommending a final dividend of GHS 0.69 per share before tax in respect of the year ended 31st December 2012, culminating in a total dividend of GHS 1.25 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 significant changes since our last meeting.

The former Chairman, Mr. Stanislas Mittleman resigned on 15th of November, 2012 to take up a new assignment within the Group. Your Board therefore appointed me as his replacement.

Earlier on in the year Mr. Jean-Charles Prevel also resigned from the Board on the 17th of April 2012 to

Chairman's Statement, continued

take up another assignment within the Group and your Board appointed Mr. Emmanuel de Fournas on the 16th of October, 2012 to fill the vacancy created.

Mr. Christian Joret des Closieres also resigned from the Board on the 16th of October 2012 and your Board appointed Mr. Gerard Pruneau the same day to fill the vacancy thus created.

Mr. Kwadwo Owusu-Tweneboa resigned from the Board on the 1st April, 2013 and the Board appointed Mr. Samuel Manu Asiamah on the 17th April, 2013 as his replacement.

The Board takes this opportunity to thank Messrs. Stanislas Mittelman, Jean-Charles Prevel, Christian Joret des Closieres and Kwadwo Owusu-Tweneboa for their invaluable contributions to the growth of your company and wish them well in their future endeavours.

At this Annual General Meeting, the Board recommends to Shareholders the ratification of the appointments of Messrs. Thibault de Langlais, Emmanuel de Fournas, Gerard Pruneau and Samuel Manu Asiamah to the Board.

The Board also recommends to you for re-election, Messrs. Rexford Adomako-Bonsu, Edward P. Larbi Gyampoh and Momar Nguer, who are due to retire by rotation at this meeting and who have expressed their willingness to continue in office.

Outlook

Health, Safety, Environment and Quality remain the overriding priority of the Company in accordance with its HSEQ charter. Special focus is placed on transport safety where the Company is concerned about the training of drivers and the regular inspection and renewal of transportation equipment.

The Company successfully renewed its ISO 9001 certification in 2012.

In 2013, the Company will continue investing in all segments of its operations, introducing in particular the new T-Air image for some of its service stations.

Appreciations

Your Company's strategy aims at providing the highest level of customer satisfaction and will focus on operating according to the high standards of ethics and business conduct. As a responsible leader of the downstream oil industry, your Company is aiming at operational excellence in order to play a positive role in this important sector of the Ghanaian economy.

On behalf of the Board of Directors, I would like to express our appreciation to the Management and Staff of Total Petroleum Ghana Limited for their contribution towards the results of 2012. We also thank you our shareholders and loyal customers for your strong support and loyalty to the Total Brand.

We look forward to your continued support in the future. Finally, I thank you all for your presence here today.

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Notice of Meeting

NOTICE is hereby given that the 37th Annual General Meeting of the Shareholders of Total Petroleum Ghana Limited will be held at the National Theatre, Liberia Road, Accra on Wednesday, 26th day of June, 2013 at 11 O'clock in the forenoon to transact the following:

AGENDA

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and adopt the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended 31st December, 2012.
2. To declare a final dividend for year ended 31st December, 2012.
3. To ratify 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.

SPECIAL BUSINESS

Special Resolutions

1. To approve an increase in the authorised number of shares of the Company from Fifty million (50,000,000) ordinary shares of no par value to Two Hundred & fifty million (250,000,000) ordinary shares of no par value.
2. To approve a transfer of an amount of One million five hundred thousand Ghana Cedis (GH¢1,500,000.00) from Income Surplus (Retained Earnings) to Stated Capital Account of the Company.
3. To approve the issue of Ninety seven million eight hundred & eighty nine thousand eight Hundred and thirteen (97,889,813) bonus shares (7 new shares for every 1 old share held) to existing shareholders.

Dated this 17th day of April, 2013

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 may be deposited either at the Company's Registered office, 25, Liberia Road, P.O. Box 553, Accra or at the offices of the Registrars, Merchant Bank (Ghana) Limited, 57 Examination Loop, North Ridge, P. O. Box 401, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48 hour deadline will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

Report of the Directors

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

DIRECTORS RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by 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.

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 for the year are as set out in the attached financial statements, highlights of which are as follows:

	GH¢'000
Profit for the year was	30,526
which when added to the balance brought forward on the retained earnings account of	<u>22,884</u>
gives a total of	53,410
out of which is deducted the following dividends declared and paid:	
final dividend for 2011 at GH¢0.66 per share	(9,230)
Interim dividend for 2012 at GH¢0.56 per share	<u>(7,831)</u>
	(17,061)
	<u>36,349</u>
leaving a balance to be carried forward on the retained earnings account of	

The directors recommend the payment of a final dividend of GH¢ 0.69 per share amounting to GH¢ 9,649, 138.77 (2011: GH¢0.66 per share amounting to GH¢9,229,611) for the year under review.

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

NATURE OF BUSINESS

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

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.

ASSOCIATE COMPANIES

Ghana Bunkering Services Limited

The company has a 48.5% interest in Ghana Bunkering Services Limited, a company incorporated in Ghana to provide bunkering services to petroleum marketers in the country.

ROAD SAFETY LIMITED (RSL)

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

DEPOSIT FOR SHARES

The company paid a deposit of GH¢6,218,960 towards the acquisition of a 55% interest in Ghanstock Limited. Ghanstock Limited was incorporated on 12 December 2012 and issued with a certificate to commence business on 13 December 2012. The company is yet to commence operations. The necessary resolutions required to facilitate the issue of shares are also yet to be passed. It is required that the resolutions and other registration will be done in 2013 after which Ghanstock Limited will formally become a subsidiary of Total Petroleum Ghana Limited.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the board of directors on 28th March, 2013 and signed on their behalf by:


.....
DIRECTOR
.....
DIRECTOR

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

Report on financial statements

We have audited the financial statements of Total Petroleum Ghana Limited, which comprise the statement of financial position at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 46.

Directors' Responsibility for the financial statements

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 Act, 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 2012, 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 Act, 1963 (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 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 statements of financial position and comprehensive income are in agreement with the books of account.



Signed by: Nathaniel D. Hartley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/0036)

CHARTERED ACCOUNTANTS


13 YIYIWA DRIVE, ABELENKPE

P.O. BOX GP 242, ACCRA

28th March, 2012

Statement Of Financial Position as at 31 December 2012

	Note	GHe'000	GHe'000
Assets			
Property, plant and equipment	12	73,718	64,455
Intangible assets	13	12,083	12,182
Long term investments	14	14	14
Long term leases	25	5,652	3,183
Total non-current assets		<u>91,467</u>	<u>79,834</u>
Inventories	16	50,028	36,872
Income tax asset	10	-	1,003
Trade and other receivables	17	120,538	95,038
Deposit for shares	15	6,274	-
Cash and cash equivalents	18	<u>17,005</u>	<u>12,497</u>
Total current assets		<u>193,845</u>	<u>145,410</u>
Total assets		<u>285,312</u>	<u>225,244</u>
Equity			
Share capital		49,722	49,722
Retained earnings		<u>36,349</u>	<u>22,884</u>
Total equity		<u>86,071</u>	<u>72,606</u>
Liabilities			
Trade and other payables	22	180,562	133,333
Amount due to related companies	24	14,417	14,980
Income tax liability	10	620	-
Total current liabilities		<u>195,599</u>	<u>148,313</u>
Deferred tax liabilities	11	<u>3,642</u>	<u>4,325</u>
Total non-current liabilities		<u>3,642</u>	<u>4,325</u>
Total liabilities		<u>199,241</u>	<u>152,638</u>
Total liabilities and equity		<u>285,312</u>	<u>225,244</u>



DIRECTOR



DIRECTOR

The notes on page 14 to 46 form an integral part of these financial statements.

Statement Of Comprehensive Income for the year ended 31 December 2012

	Note	2012 GH¢'000	2011 GH¢'000
Revenue	6	1,243,945	971,683
Cost of Sales		(1,164,645)	(905,728)
Gross profit		79,300	65,955
Other Income	7	15,179	11,325
General, Administrative and Selling expense		(55,140)	(46,916)
Operating profit before financing costs		39,339	30,364
Finance income		1,796	798
Finance costs		(282)	(234)
Profit before taxation	8	40,853	30,928
Income tax expense	10	(10,327)	(8,364)
Profit for the year		30,526	22,564
Other comprehensive income		-	-
Profit for the year		<u>30,526</u>	<u>22,564</u>
Basic earnings per share (Ghana cedi per share)	21	GH¢2.1829	GH¢1.6135
Diluted earnings per share (Ghana cedi per share)	21	GH¢2.1829	GH¢1.6135

The notes on page 14 to 46 form an integral part of these financial statements.

Statement Of Changes In Equity for the year ended 31 December 2012

	Share Capital GHe'000	Retained Earnings GHe'000	Total Equity GHe'000
Balance at 1 January 2012	49,722	22,884	72,606
Total comprehensive income for the year			
Profit for the year	-	30,526	30,526
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>49,722</u>	<u>53,410</u>	<u>103,132</u>
Transaction with equity holders			
Dividend paid	-	(17,061)	(17,061)
Total transactions with equity holders	<u>-</u>	<u>(17,061)</u>	<u>(17,061)</u>
Balance at 31 December 2012	<u>49,722</u>	<u>36,349</u>	<u>86,071</u>
	Share Capital GHe'000	Retained Earnings GHe'000	Total Equity GHe'000
Balance at 1 January 2011	49,722	16,484	66,206
Total comprehensive income for the year			
Profit for the year	-	22,564	22,564
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>49,722</u>	<u>39,048</u>	<u>88,770</u>
Transaction with equity holders			
Dividend paid	-	(16,164)	(16,164)
Total transactions with equity holders	<u>-</u>	<u>(16,164)</u>	<u>(16,164)</u>
Balance at 31 December 2011	<u>49,722</u>	<u>22,884</u>	<u>72,606</u>

The notes on page 14 to 46 form an integral part of these financial statements.

Statement Of Cash Flows for the year ended 31 December 2012

	2012 GHe'000	2011 GHe'000
Cash flows from operating activities		
Profit before taxation	40,853	30,928
<i>Adjustments for:</i>		
Depreciation charges	11,326	6,780
Amortization of intangible assets	99	278
Amortization of long term lease	1,469	1,461
Interest received	(1,796)	(798)
Interest expense	282	234
Profit on disposal of plant and equipment	(94)	(22)
	52,139	38,861
Change in inventories	(13,156)	(5,142)
Change in trade and other receivables	(25,500)	(29,712)
Change in trade and other payables	47,229	41,565
Change in associated company balances	(563)	12
	60,149	45,584
Cash generated from operations	60,149	45,584
Interest received	1,796	798
Interest paid	(282)	(234)
Income taxes paid	(9,387)	(7,452)
	52,276	38,696
Net cash flow from operating activities	52,276	38,696
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,711)	(14,022)
Proceeds from sale of plant and equipment	216	96
Principal payment for leases contracted	(3,938)	(2,172)
Deposit for shares in joint venture	(6,274)	-
	(30,707)	(16,098)
Net cash flow used in investing activities	(30,707)	(16,098)
Cash flows used in financing activities		
Dividend paid	(17,061)	(16,164)
	(17,061)	(16,164)
Net cash flow used in financing activities	(17,061)	(16,164)
Net increase in cash and cash equivalents	4,508	6,434
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	12,497	6,063
Net increase in cash and cash equivalents	4,508	6,434
	17,005	12,497
Balance at 31 December	17,005	12,497
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and Bank balances	17,005	12,497

The notes on page 14 to 46 form an integral part of these financial statements.

Notes To The Financial Statements for the year ended 31 December 2012

1. REPORTING ENTITY

Total Petroleum Ghana Limited is a company registered and domiciled in Ghana. The address of the company's registered office is Total House, 25 Liberia Road, Accra. The company is authorised to carry on the business of marketing 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 (IFRS). Additional information required under the Companies Act, 1963 (Act 179) have been included where appropriate.

b. Basis of measurement

The financial statements have been prepared under the historical cost convention except for financial instruments that are measured at fair value.

c. Functional and presentational currency

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional and presentational 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 IFRS 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 significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are described in notes 4 and 23.

Notes To The Financial Statements for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments 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 instruments 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 method, less impairment losses, if any.

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 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.

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented at the reporting date 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 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.

(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 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 2012**SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Other leases are classified as operating leases

(ii) Lease Payments

Payments made under operating leases are charged to profit or loss 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 a 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 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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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 their useful lives.

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

Leasehold Properties	- over the period of lease
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 profit or loss.

(d) Intangible Assets**Software**

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

Subsequent expenditure on software 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.

Notes To The Financial Statements for the year ended 31 December 2012

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortisation is recognised in profit or loss 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 four years.

Goodwill

Goodwill arising on business 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 profit or loss.

Any excess of fair value of net assets acquired over and above the total cost of acquisition (negative goodwill) is recognised in profit or loss 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 cost, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful.

Other receivables are stated at cost less impairment losses.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and are carried at amortised cost.

(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 profit or loss when they are due. The company is required to contribute 13% of employees basic salary to the social security and national insurance under the terms of the Pension Act 2008 (Act 766)

(i) Revenue

(i) Sale of goods

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

Notes To The Financial Statements for the year ended 31 December 2012**SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Finance Income and Costs**

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised in profit or loss 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. Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss 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 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 profit or loss. 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, other than inventories and deferred tax 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 income statement 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 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 corresponding amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on 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.

Notes To The Financial Statements for the year ended 31 December 2012

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 financial statements 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. Segment results that are reported to the Managing Director include items directly attributed to a segment as well as those that can be allocated on a reasonable basis.

(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 by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting 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 comparative information has been changed to agree to the current year's presentation.

Notes To The Financial Statements for the year ended 31 December 2012

(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 7 amendment	Offsetting Financial Assets and Liabilities	Annual periods beginning on or after 1 January 2013
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013
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
IAS 19 amendments	Employee benefits	Annual periods beginning on or after 1 January 2013
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013
IFRS 2009-2011	Annual improvement to various Standards	Annual periods beginning on or after 1 January 2013
IFRS 10, IFRS 12 and IAS 27	Amendments to Joint Arrangements, Disclosure of Interests in Other Entities and Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2014
IAS 32 amendments	Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 January 2014
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

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted for the first time for the financial reporting period ending 31 December 2013.

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 comparative information will be restated.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Amendments to IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities

The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements.

Based on the new disclosure requirements the company will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar agreements.

The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

This amendment will not have a significant impact on the company's financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted for the first time for the financial reporting period ending 31 December 2013. The standard may be applied retrospectively. IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about relevant activities are made;
- Assess whether the entity has power over relevant activities by considering only the entity's substantive rights;
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

This amendment will not have a significant impact on the company's financial statements.

IFRS 11 Joint Arrangements

The standard will be applied retrospectively, subject to certain transitional provisions. IFRS 11 clarifies the classification of joint arrangements depending on whether parties have rights to and obligations for the underlying assets and liabilities.

Under IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

- Joint operations, under which the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement.
- Joint ventures, under which the joint controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

This amendment will not have a significant impact on the company's financial statements.

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

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

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 for the first time for the financial reporting period ending 31 December 2013. 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 principal (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

This amendment will not have a significant impact on the company's financial statements.

Amendments to IAS 19 Employee Benefits

The amendment has introduced the following key changes which are not expected to have any impact on the company's financial statements.

- Actuarial gains and losses are recognised immediately in other comprehensive income. The corridor method and the recognition of actuarial gains and losses in profit or loss is no longer permitted.
- Past service costs as well as gains and losses on curtailments / settlements are recognised in profit or loss.
- Expected returns on plan assets are calculated based on the rates used to discount the defined benefit obligation.
- The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled.

Additional amendments are of a presentation nature and will not have a significant impact on the company's financial statements.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013.

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

This amendment will not have a significant impact on the company's separate financial statements.

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

This amendment will not have a significant impact on the company's financial statements.

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

IFRS 2009-2011 Annual improvement to various Standards

(i) IFRS 1 First-time Adoption of International Financial Reporting Standards (Repeated application of IFRS1)

The amendment clarifies the applicability of IFRS 1 to an entity that has IFRS in a previous reporting period, but whose most recent previous annual financial standards do not contain an explicit and unreserved statement of compliance with IFRS. If such an entity presents its financial statements in accordance with IFRS again, then it is now allowed, rather than required, to apply IFRS 1. A repeated adopter that elects not to apply IFRS 1 in the above situation has to apply IFRS retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, as if it had never stopped applying IFRS. Such entity should also disclose the reason for electing to apply IFRS on a continuous basis.

Irrespective of whether the repeated adopter applies IFRS 1, it is required to disclose the reason why it stopped applying IFRS and is resuming the application of IFRS.

The above option is available regardless of whether it existed at the time the entity previously applied IFRS. For example, the above option is available to a repeated adopter that previously applied SIC 8 First-time Application of IASs as the Primary Basis of Accounting.

This amendment will not have a significant impact on the company's financial statements.

Borrowing cost exemption

IFRS 1 is amended to clarify how the exemption should be applied for borrowing costs relating to qualifying assets for which the commencement date of capitalization is before date of transition to IFRS.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

After the amendment, if a first-time adopter of IFRS chooses to apply the exemption, then:

- It should not restate borrowing costs; and
- It should account for borrowing costs incurred on or after the date of transition (for an earlier date, as permitted by IAS 23 Borrowing Costs) in accordance with IAS 23. This includes borrowing costs that have been incurred on qualifying assets already under construction at that date.

This amendment will not have a significant impact on the company's financial statements.

(ii) IAS 1 Presentation of Financial Statements (Comparative information beyond minimum requirements)

IAS 1 is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, the additional information need not be in the form of complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS.

Presentation of the Opening statement of financial position and related notes

IAS 1 requires the presentation of an opening balance of financial position (sometimes referred to as the 'third statement of financial position') when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification. IAS 1 is amended to clarify that:

- The opening statement of financial position is required only if:
 - a change in accounting policy;
 - a retrospective restatement; or
 - a reclassification
 has an effect on information in that statement of financial position;
- Except for disclosures required under IAS 8, notes relating to the opening statement of financial position are no longer required; and
- The appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements.

The amendment explains why the requirement for the presentation of notes relating to additional comparative information and those relating to the opening statement of financial statements are different, because the underlying objectives are different.

Consequential amendments have been made to IFRS 1 and IAS 34 Interim Financial Reporting

This amendment will not have a significant impact on the company's financial statements.

(iii) IAS 16 Property, Plant and Equipment (Classification of Servicing Equipment)

This amendment to IAS 16 clarifies accounting for spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS Inventories.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

This amendment will not have a significant impact on the company's financial statements.

(iv) IAS 32 Financial Instruments: Presentation (Income tax consequences of distributions)

Income taxes on distribution to holders of equity instruments and on transaction costs of equity transactions have been clarified in amendments to IAS 32, these are now to be accounted for in accordance with IAS 12 Income Taxes.

The amendment removes a perceived inconsistency between IAS 32 and IAS 12. Before the amendment, IAS 32 indicated that distributions to holders of equity instrument are recognized directly in equity, net of any related income tax. However, IAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss.

A similar consequential amendment has been made to IFRIC 2 Members' Share in Co-operative entities and Similar Instruments.

This amendment will not have a significant impact on the company's financial statements.

(v) IAS 34 Interim Financial Reporting (Segment assets and liabilities)

IAS 34 is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

IAS 34 now requires separate disclosure of total assets and liabilities for a particular reportable segment:

- only when the amount is regularly provided to the chief operating decision maker; and
- where there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

Amendments to (IFRS 10), Joint Arrangements (IFRS 12) Disclosure of Interests in Other Entities and (IAS 27) Separate Financial Statements (2011)

Under this amendment, a qualifying investment entity is required to account for investments in controlled entities- as well as investments in associates and joint ventures- at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered extensions of the investment entity's investing activities. The consolidation exception is mandatory – not optional.

The parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries. The amendment also requires new disclosures including quantitative data about the investment entity's exposure to risks arising from its unconsolidated subsidiaries. The disclosures now apply to the investee as a single investment rather than to the consolidated investee's underlying financial assets and financial liabilities.

The amendments apply to annual periods beginning on or after 1 January 2014. However, early adoption is permitted, which means that a qualifying investment entity might be able to adopt the amendments as early as 31 December 2012.

This amendment will not have a significant impact on the company's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

This amendment will not have a significant impact on the company's financial statements.

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted for the first time for the 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 the classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised 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.

This amendment will not have a significant impact on the company's financial statements.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted for the first time for the 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 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 recognised 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.
- 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 guidance in IAS 39, dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

This amendment will not have a significant impact on the company's financial statements.

Notes To The Financial Statements for the year ended 31 December 2012

(r) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

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 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 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 periods of up to 6 months are not discounted as their carrying values approximate their fair values.

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 2012

5. SEGMENT REPORTING (CONT'D)

	Network GHe'000	Commercial GHe'000	Others GHe'000	2012 GHe'000	20110 GHe'000
Net Turnover	556,338	465,431	222,176	1,243,945	971,683
Cost of Sales	<u>(520,872)</u>	<u>(435,760)</u>	<u>(208,013)</u>	<u>(1,164,645)</u>	<u>(905,726)</u>
Gross Margin	<u>35,466</u>	<u>29,671</u>	<u>14,163</u>	<u>79,300</u>	<u>65,955</u>
Other income				<u>15,179</u>	<u>11,325</u>
Results Before General, Admin. and Selling Expenses				94,479	77,280
Unallocated Expenses				<u>(55,140)</u>	<u>(46,916)</u>
Results from Operating Activities				39,339	30,364
Net Finance Costs				<u>1,514</u>	<u>564</u>
Profit before tax				40,853	30,928
Income Tax				<u>(10,327)</u>	<u>(8,364)</u>
Profit for the year				<u>30,526</u>	<u>22,564</u>
Total Assets				<u>285,312</u>	<u>225,244</u>
Total Liabilities				<u>199,241</u>	<u>152,638</u>
Other Segment Items					
Depreciation and Amortisation				<u>11,425</u>	<u>7,058</u>

Notes To The Financial Statements for the year ended 31 December 2012

6. REVENUE

	2012 GHC'000	2011 GHC'000
Gross sales value	1,384,633	1,097,391
Less: customs duty and levies	(140,688)	(125,708)
	<u>1,243,945</u>	<u>971,683</u>
Net sales value		

7. OTHER INCOME

Rent income	3,607	2,097
Profit on disposal of plant and equipment	94	22
Gain on exchange	2,356	601
Others	<u>9,122</u>	<u>8,605</u>
	<u>15,179</u>	<u>11,325</u>

8. PROFIT BEFORE TAX is stated after charging

	2012 GHC'000	2011 GHC'000
Personnel costs (note 9)	16,196	11,931
Auditors remuneration	79	71
Depreciation	11,326	6,780
Amortisation of software	99	278
Directors' emoluments	652	661
Donations	<u>87</u>	<u>53</u>

9. PERSONNEL COSTS

Wages and salaries	10,974	5,929
Social security contributions	596	517
Other staff expenses	<u>4,626</u>	<u>5,485</u>
	<u>16,196</u>	<u>11,931</u>

The average number of persons employed by the company during the year was 181 (2011: 169).

Notes To The Financial Statements for the year ended 31 December 2012

10. TAXATION

(i) Income tax expense

	2012 GH¢'000	2011 GH¢'000
Current tax expense 10(ii)	11,010	7,730
Deferred tax expense (12)	(683)	634
	<u>10,327</u>	<u>8,364</u>

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

ii) Taxation payable

	Balance at 1/1/12 GH¢' 000	Payments during the year GH¢' 000	Charged to P/L account GH¢' 000	Balance at 31/12/12 GH¢' 000
Income Tax				
Up to 2010	(545)	(500)	1,097	52
2011	293	(224)	-	69
2012	-	(8,626)	9,913	1,287
Withholding Tax	(722)	(37)	-	(759)
National Reconstruction Levy				
Up to 2006	(29)	-	-	(29)
	<u>(1,003)</u>	<u>(9,387)</u>	<u>11,010</u>	<u>620</u>

The tax liabilities are 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.

(iii) Reconciliation of effective tax rate

	2012 GH¢'000	2011 GH¢'000
Profit before taxation	<u>40,853</u>	<u>30,928</u>
Income tax using the domestic tax rate (25%)	10,213	7,732
Non-deductible expenses	2,478	8,245
Tax incentives not recognised in the income statement	(1,681)	(8,247)
Deferred tax	<u>(683)</u>	<u>634</u>
Current tax charge	<u>10,327</u>	<u>8,364</u>
Effective tax rate	25%	27%

Notes To The Financial Statements for the year ended 31 December 2012

11. DEFERRED TAXATION

	2012 GH¢'000	2011 GH¢'000
Balance at 1 January	4,325	3,691
Charge for the year	(683)	634
Balance at 31 December	<u>3,642</u>	<u>4,325</u>

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	2012 Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	2011 Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
Property, plant and equipment	-	6,194	6,194	-	5,280	5,280
Others	(2,552)	-	(2,552)	(955)	-	(955)
Net tax (assets)/liabilities	<u>(2,552)</u>	<u>6,194</u>	<u>3,642</u>	<u>(955)</u>	<u>5,280</u>	<u>4,325</u>

Notes To The Financial Statements for the year ended 31 December 2012

12. PROPERTY, PLANT AND EQUIPMENT

2012

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicles GH¢'000	Capital Work-in Progress GH¢'000	Total GH¢'000
Cost					
At 1/1/2012	24,684	53,528	7,367	5,902	91,481
Additions	560	21	36	20,094	20,711
Transfers	7,320	4,573	1,131	(13,024)	-
Disposals	-	(16)	(496)	-	(512)
At 31/12/2012	<u>32,564</u>	<u>58,106</u>	<u>8,038</u>	<u>12,972</u>	<u>111,680</u>
Accumulated Depreciation					
At 1/1/2012	4,564	18,217	4,245	-	27,026
Charge for the year	4,419	5,639	1,268	-	11,326
Released on Disposals	-	(1)	(389)	-	(390)
At 31/12/2012	<u>8,983</u>	<u>23,855</u>	<u>5,124</u>	<u>-</u>	<u>37,962</u>
Carrying Amount					
At 31/12/2012	<u>23,581</u>	<u>34,251</u>	<u>2,914</u>	<u>12,972</u>	<u>73,718</u>

2011

	Leasehold Properties GH¢'000	Distribution Service Station Plants GH¢'000	Furniture Equipment & Motor Vehicles 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)	-
Disposals	-	(253)	(17)	-	(270)
At 31/12/2011	<u>24,684</u>	<u>53,528</u>	<u>7,367</u>	<u>5,902</u>	<u>91,481</u>
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
Released on Disposals	-	(179)	(17)	-	(196)
At 31/12/2011	<u>4,564</u>	<u>18,217</u>	<u>4,245</u>	<u>-</u>	<u>27,026</u>
Carrying Amount					
At 31/12/2011	<u>20,120</u>	<u>35,311</u>	<u>3,122</u>	<u>5,902</u>	<u>64,455</u>

Notes To The Financial Statements for the year ended 31 December 2012

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

Profit on disposal of plant and equipment

	2012 GH¢'000	2011 GH¢'000
Cost	512	270
Accumulated Depreciation	(390)	(196)
Net Book Value	122	74
Sale proceeds	(216)	(96)
Profit on disposal	(94)	(22)

13. INTANGIBLE ASSETS

	2012 GH¢'000	2011 GH¢'000
Software (Note 13(a))	-	99
Goodwill (Note 13(b))	12,083	12,083
	12,083	12,182

(a) SOFTWARE

	2012 GH¢'000	2011 GH¢'000
Balance at 1 January	1,111	1,111
Balance at 31 December	1,111	1,111
Amortisation		
Balance at 1 January	1,012	734
Amortisation for the year	99	278
Balance at 31 December	1,111	1,012

Carrying amount

At 31 December		
This relates to purchased software.		99

Notes To The Financial Statements for the year ended 31 December 2012

13. INTANGIBLE ASSETS – (CONT'D)**b) GOODWILL**

	2012 GH¢'000	2011 GH¢'000
Balance at 1 January	<u>15,092</u>	<u>15,092</u>
Balance at 31 December	<u>15,092</u>	<u>15,092</u>
Impairment		
Balance at 1 January	<u>3,009</u>	<u>3,009</u>
Charge for the year		
Balance at 31 December	<u>3,009</u>	<u>3,009</u>
Carrying amount		
At 31 December	<u>12,083</u>	<u>12,083</u>

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

14. LONG TERM INVESTMENTS**(a) Total Investments in Securities**

	2012 GH¢'000	2011 GH¢'000
Investment in Associated Companies	12	12
Trade Investments	<u>2</u>	<u>2</u>
	<u>14</u>	<u>14</u>

(b) Associated Companies

Ghana Bunkering Services Limited	12	12
Road Safety Limited (RSL)	<u>-</u>	<u>-</u>
	<u>12</u>	<u>12</u>

(c) Other Investments

Tema Lube Oil Company Limited	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

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 votes exercisable at general meetings. Ghana Bunkering Services Limited is a company incorporated in Ghana to provide bunkering services to petroleum marketers in the country.

Notes To The Financial Statements for the year ended 31 December 2012

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 Ghana. Its principal business is to provide driver education and maintenance services for the haulage of petroleum products.

15. DEPOSIT FOR SHARES

Ghanstock Limited

2012 GH¢'000	2011 GH¢'000
6,274	-
6,274	-

The company paid a deposit of GH¢ 6,273,960 towards the acquisition of a 55% interest in Ghanstock Limited. Ghanstock Limited was incorporated on 12 December 2012 and issued with a certificate to commence business on 13 December 2012. The company is yet to commence operations. The necessary resolutions required to facilitate the issue of shares are also yet to be passed. It is required that the resolutions and other registration will be done in 2013 after which Ghanstock will formally become a subsidiary of Total Petroleum Ghana Limited.

16. INVENTORIES

	2012 GH¢'000	2011 GH¢'000
Trading		
Lubricants	15,980	10,170
Bitumen	4,465	3,654
Fuel	16,980	9,427
Additives	4,878	6,386
Stock In Transit	2,058	3,182
Special Fluid	339	40
	44,700	32,859
Non-Trading		
Consumables	4,082	3,195
Packing Materials	1,246	818
	50,028	36,872

Notes To The Financial Statements for the year ended 31 December 2012

17. TRADE AND OTHER RECEIVABLES

	2012 GH¢'000	2011 GH¢'000
Trade receivables due from customers	113,834	91,705
Other receivables	6,051	2,128
Staff Debtors	542	707
Prepayments	111	498
	<u>120,538</u>	<u>95,038</u>

The maximum amount due from staff during the year was GH¢ 542 (2011: GH¢707). Loans to staff are granted at an interest rate of 0% per annum. An effective interest rate method was applied to carry loans at amortised cost but the discounted amount was immaterial thus the loans are carried at costs.

18. CASH AND CASH EQUIVALENTS

	2012 GH¢'000	2011 GH¢'000
Bank balances	<u>17,005</u>	<u>12,497</u>

19. BANK OVERDRAFT**a) Ecobank Ghana Limited**

The company has an unsecured overdraft facility not exceeding GH¢17.7million with Ecobank to finance the company's receivables, additions to inventories and other operational bills. The facility expires on 31Dec 2012.

b) Standard Chartered Bank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢17.74 million with Standard Chartered Bank Ghana Limited to finance working capital. The facility expires on 31 Dec 2012.

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) Barclays Bank Ghana Limited

The company has an unsecured overdraft facility not exceeding GH¢5 million with Barclays Bank Ghana Limited to augment working capital. The facility expired on 31 Dec 2012.

e) Interest rate for the above facilities ranged between 17.74% (BoG) and 25% per annum.

Notes To The Financial Statements for the year ended 31 December 2012

20. STATED CAPITAL*(a) Ordinary Shares*

	2012 No of Shares	2012 GH¢'000 Proceeds	2011 No. of Shares	2011 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
	<u>13,984,259</u>	<u>49,722</u>	<u>13,984,259</u>	<u>49,722</u>

The holders of 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. There is no call or instalment unpaid on any share and there are no shares in treasury.

21. EARNINGS PER SHARE*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.

	2012 GH¢'000	2011 GH¢'000
Profit attributable to equity holders of the Company (expressed in GH¢'000)	30,526	22,564
Weighted average number of ordinary shares in issue	13,984,259	13,984,259
Basic earnings per share (expressed in GH¢ per share)	2.1829	1.6135
Diluted earnings per share (expressed in GH¢ per share)	2.1829	1.6135

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 2012 and 2011, the company had no dilutive potential ordinary shares.

Notes To The Financial Statements for the year ended 31 December 2012

22. TRADE AND OTHER PAYABLES

	2012 GH¢'000	2011 GH¢'000
Trade payables	147,855	95,708
Non-Trade payables	28,798	27,179
Accrued Charges	<u>3,909</u>	<u>10,446</u>
	<u>180,562</u>	<u>133,333</u>

23. 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.

The company's risk management policies are established to identify and analyse 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, continues 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 the risk management framework 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 internal audit department, 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.

Notes To The Financial Statements for the year ended 31 December 2012

23. FINANCIAL RISK MANAGEMENT (CONT'D)**(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:

	2012 GH¢'000	2011 GH¢'000
Trade and other receivables	120,427	94,540
Bank balances	<u>17,005</u>	<u>12,497</u>
	<u>137,432</u>	<u>107,037</u>

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

	2012 GH¢'000	2011 GH¢'000
Individuals and companies	<u>113,834</u>	<u>91,705</u>

Impairment losses

The aging of trade receivables at the reporting date was:

	2012 Gross GH¢'000	Impairment GH¢'000	2011 Gross GH¢'000	Impairment GH¢'000
Current (less than 30 days)	76,746	-	82,224	-
Due but not impaired (30-90 days)	24,037	-	1,833	-
Impaired (more than 90 days)	<u>26,259</u>	<u>13,208</u>	<u>17,456</u>	<u>9,808</u>
	<u>127,042</u>	<u>13,208</u>	<u>101,513</u>	<u>9,808</u>

Notes To The Financial Statements for the year ended 31 December 2012

23. FINANCIAL RISK MANAGEMENT (CONT'D)

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

	2012 GH¢'000	2011 GH¢'000
Balance at 1 January	9,808	8,608
Impairment loss recognised	<u>3,400</u>	<u>1,200</u>
Balance at 31 December	<u>13,208</u>	<u>9,808</u>

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 90 days. However, impairment loss is recognised for specific customers whose debts are considered impaired.

No impairment loss was recognised for financial assets other than trade receivables.

(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 2012

	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	<u>180,562</u>	<u>180,562</u>	=	=
Balance at 31 December 2012	<u>180,562</u>	<u>180,562</u>	=	=

31 December 2011

	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	<u>133,333</u>	<u>133,333</u>	=	=
Balance at 31 December 2011	<u>133,333</u>	<u>133,333</u>	=	=

Notes To The Financial Statements for the year ended 31 December 2012

23. FINANCIAL RISK MANAGEMENT (CONT'D)**(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 returns.

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 and US Dollars.

Currency Risk

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

	31 December 2012		31 December 2011	
	EURO	USD	EURO	USD
Trade payables	(4,043,244)	(25,440,618)	-	(20,900,381)
Intercompany balances	(3,694,879)	(2,799,434)	(3,821,646)	(4,270,890)
Bank balances	90,026	5,451,005	11,199	4,878,398
Trade receivables	-	38,855,000	-	23,385,281
Gross exposure	<u>(7,648,097)</u>	<u>16,065,953</u>	<u>(3,810,447)</u>	<u>3,092,407</u>

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2012	2011	2012	2011
Ghana Cedi:				
Euro 1	2.3394	2.1405	2.5063	2.0737
USD 1	1.8208	1.5372	1.9012	1.6024

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.

Notes To The Financial Statements for the year ended 31 December 2012

23. FINANCIAL RISK MANAGEMENT (CONT'D)

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

As of 31 December				2011		
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%	958	(958)	±5%	395	(395)
US\$	±2%	611	(611)	±2%	99	(99)

Interest rate risk**Profile**

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

Carrying amounts

	2012	2011
	GH¢'000	GH¢'000

Variable rate instrument

Financial liabilities

=

=

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2012 and also 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 2011.

	400bp	400bp
	increase	Decrease
	GH¢'000	GH¢'000

Effect in cedis

31 December 2012

Variable rate instrument

=

=

Notes To The Financial Statements for the year ended 31 December 2012

23. FINANCIAL RISK MANAGEMENT (CONT'D)

	400bp Increase GH¢'000	400bp Decrease GH¢'000
31 December 2012		
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 2012		31 December 2011	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(i) Loans and receivables				
Trade and other receivables	120,538	120,538	95,038	95,038
Cash and cash equivalents	17,005	17,005	12,497	12,497
	<u>137,543</u>	<u>137,543</u>	<u>107,535</u>	<u>107,535</u>
	31 December 2012		31 December 2011	
	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
(ii) Other financial liabilities				
Trade and other payables	180,562	180,562	133,333	133,333
	<u>180,562</u>	<u>180,562</u>	<u>133,333</u>	<u>133,333</u>

24. RELATED PARTY TRANSACTIONS

- The company is a subsidiary of Total Outre-Mer S. A., a company registered in Paris, France.
- Chemical additives, bitumen and consumables costing GH¢67,972,923.40 (2011: GH¢45,255,654) were procured from Total Outre-Mer S. A. during the year.
- Included in general and administrative expenses is an amount of GH¢ 5,248,160 (2011: GH¢5,268,045) in respect of technical assistance fee payable to Total Outre-Mer S. A.
- Total amount paid to directors was GH¢ 652,000 (2011:GH¢ 661,000)

Notes To The Financial Statements for the year ended 31 December 2012

24. RELATED PARTY TRANSACTIONS – (CONT'D)

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

	2012 GH¢'000	2011 GH¢'000
(a) Amount due to group companies		
Total Outre-Mer S.A.	<u>14,417</u>	<u>14,980</u>
	<u>14,417</u>	<u>14,980</u>

25. LONG TERM LEASES

	2012 GH¢'000	2011 GH¢'000
Balance at 01 January	3,183	2,472
Additions for the year	3,938	2,172
Amortisation for the year	<u>(1,469)</u>	<u>(1,461)</u>
Balance at 31 December	<u>5,652</u>	<u>3,183</u>

The long term leases relate to payments made for lands acquired for the construction of various service stations used. The lease terms of these lands ranges from 3 years to 50 years. These leases are amortized over the life of each lease term.

26. DIVIDENDS

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.

	2012 GH ¢'000	2011 GH ¢'000
GH¢0.69 per qualifying ordinary shares (2011: GH¢0.66)	<u>9,649</u>	<u>9,230</u>

27. CAPITAL COMMITMENTS

Commitments for capital expenditure at the reporting date was GH¢1,485,700 (2011: GH¢515,528).

Notes To The Financial Statements for the year ended 31 December 2012

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.

Notes To The Financial Statements for the year ended 31 December 2012

APPENDIX I

SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 13,984,259 (2011: 13,984,259) ordinary shares in issue during the year.

(ii) Number of Shareholders

The company had 13,984,259 ordinary shareholders at 31 December 2012 distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	3,946	763,829	5.46
1,001 - 5,000	188	342,378	2.45
5,001 - 10,000	12	87,476	0.63
10,001 and over	20	12,790,576	91.46
	<u>4,166</u>	<u>13,984,259</u>	<u>100.00</u>

List of twenty largest shareholders as at 31st December, 2012

	NUMBER OF SHARES HELD	PERCENTAGE OF SHARE HOLDING
PRESENT SHAREHOLDERS		
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
SSNIT	365,443	2.61
GHANA OIL COMPANY LIMITED	130,066	0.93
SCBN/ELAC POLICY HOLDERS FUND	64,300	0.46
SCB STAFF PROVIDENT FUND	45,000	0.32
MR. A. N. KWABI	31,750	0.23
DR. J. A. BLANKSON	25,249	0.18
SSNIT SOS FUND	19,990	0.14
SCBN/IFUND MUTUAL FUND LTD.	19,818	0.14
SCBN/GH MED. ASSOC. PENSION FUND	19,400	0.14
NTHC LIMITED	17,227	0.12
SCBN/DATABANK BALANCED FUND LTD.	14,200	0.10
MRS. N. BORTEI DOKU	12,851	0.09
MR. E. M. HUGHES	11,235*	0.08
MRS. M. A. SAMSON	11,091*	0.08
MR. J.C.K. BLAGOGEE	10,280	0.07
MR. B.K. GLYMIN JNR.	10,129	0.07
GOLD FUND UNIT TRUST SCHEME	<u>10,004</u>	<u>0.07</u>
REPORTED TOTALS	<u>12,790,576</u>	<u>91.49</u>

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

The more you talk to him,
the less you consume.



All the gestures and advice
to consume less



Gestures



Advice



Products

Energy is our future.
let's save it!



You know where to turn

TOTAL

Network and Commercial Development

THE NEW TOTAL CUSTOMER SERVICE CENTRE

At TOTAL, meeting our Customers' ever changing needs and expectations in a safe manner is our ultimate motivation in every aspect of our operations. Furthermore, the Oil Marketing Industry is dynamic and very competitive and therefore the need to provide a positive customer experience is of paramount importance. In view of this, TOTAL has established an ultra modern one-stop service centre to handle all customer related issues in order to provide effective, quality and satisfactory service to our customers.



CUSTOMERS WAIT TO BE ATTENDED TO



CALL CENTRE OPERATOR RECEIVES COMPLAINT

The TOTAL Customer Service Centre is a combination of two main centres;

1. **The Call Centre** – a comprehensive and technologically enhanced centre for handling all customer inbound and outbound calls by a team of well trained and experienced Customer Service Executives.
2. **Walk-In Centre** – a well laid out and nicely designed customer interface centre where our well trained Front Desk Officers are always present to attend to the varied business needs of our valued customers.

Both the Call centre and the Walk-in centre are located at the ground floor of the TOTAL House, 25 Liberia Road, Accra (Near Cedi House).

TPGL VOTED PETROLEUM COMPANY OF THE YEAR, THIRD TIME RUNNING AND RANKED 31ST IN THE GHANA CLUB 100

With a collaborative effort in offering customers high quality services and products that are tailored to their needs, TPGL has left no stone unturned over the years in a bid to remain at the forefront of the industry.



TPGL IS NO. 31 OVERALL

TPGL has continued to dominate with a 25% estimated share of the market in a very competitive industry hosting over 70 OMC's. Our profits continue to grow due to continued innovation and sensitivity to the driving public through our quality assurance schemes.

Our community support programmes continue to touch and transform the lives of many beneficiaries and our clients have duly recognised and ranked us highly on that.

The Chartered Institute of Marketing, Ghana (CIMG) has recognised these sterling performances and recently conferred on TPGL for the third time running, Petroleum Company of the year 2011.

TPGL was also ranked 31st in the Ghana Club 100 ranking for 2011. TPGL received the award as a prestigious member of top companies in corporate Ghana today.



TPGL IS CIMG PETROLEUM COMPANY OF THE YEAR FOR THE THIRD TIME RUNNING

Network and Commercial Development

TPGL REWARDS ITS CHERISHED CUSTOMERS



Lucian Yawoh wins plush Renault Duster for southern zone in the Total Drive & Win promotion

The Total Drive and Win promotion gave TPGL the opportunity to reward its customers in a big way. Excited winners for both the northern and southern zones received 32 inch LED flat screen TV's, Samsung air-conditioners, home theatres and state of the art android mobile phones as consolation prizes whilst overall winners, Opoku Gyamfi, (northern zone) and Lucian Yawoh (southern zone) drove away in their brand new Renault duster four wheel cars.

This initiative is in line with a series of TPGL marketing programs designed to redirect and sustain customer loyalty and ensure continuous patronage of TOTAL products and services available on the market whilst highlighting the strength of the TOTAL brand.

NATIONAL CUSTOMER ATTENDANT COMPETITION



FINALISTS AT THE 2013 NATIONAL CUSTOMER ATTENDANTS COMPETITION

Total House in Accra hosted 17 finalists in the National Customer Attendant Competition.

This follows a rigorous selection procedure involving a search party as well as mystery motorists, who travelled throughout the country to identify the best for each territory.

The North Kaneshie Service Station witnessed a flurry of activities as each group demonstrated their skills at the forecourt. A team of judges from the various departments awarded marks as the competition wore on.

The ultimate aim – to deliver excellent services to all patrons by rewarding top performers via the platform of healthy competition!!!

For some of the attendants, it was an exciting time because it was the first time visiting the Total Head Office and indeed interacting with the Managing Director and his management team. The visit also took the attendants to fuel and lubricant depots.

Corporate Social Responsibility

TOTAL CARAVAN FOR SAFETY – ACCRA-NKAWKAW ROUTE



DRIVERS BEING EDUCATED ON ROAD SAFETY AT THE SUHUM LORRY PARK



DSP OBENG DEMONSTRATING THE PROPER WAY TO ASSIST CHILDREN CROSS ROADS AND HIGHWAYS

Total Petroleum Ghana recently embarked on a road safety campaign in various parts of the Eastern Region. The Total Caravan for Safety' campaign, a third in its series since its inception in 2009 has again collaborated with various stakeholders including the Ghana Police Service, Ghana Fire Service, Road Safety Limited, Ghana Ambulance Service, various media houses and several others to help bring education and continued awareness to residents in communities along Ghana's highways who are prone to accidents due to negligence or risky behaviour on these roads.

This year's caravan themed 'My Life on the Road' came off on Thursday, 15th November, 2012, starting from Suhum, in the Eastern Region of Ghana.

Activities and presentations for the campaign were replicated throughout other towns along the route including Omeaku, Obretsima, Anyinam, New Jejeti and Nkawkaw. These are major towns with sizeable communities that attracted a lot of commercial traders who do business along the highway.

A concluding durbar brought representatives of several units in Nkawkaw along with the Chief and residents of the area to their community centre to also share in the benefits of the caravan for safety campaign.

TPGL, as part of its Corporate Social Responsibility, has continuously collaborated with various stakeholders to positively impact the road safety campaign in Ghana, helping to maximize protection of lives and disseminating education to our local communities.

TPGL REFURBISHES MEDICAL WING OF THE RIDGE HOSPITAL

Total Petroleum Ghana Limited recently commenced the rehabilitation of facilities at the medical wing of the Ridge Hospital in Accra.

Initial meetings with the hospital's administration reiterated a much needed renovation of the facility which had formerly been adopted by Mobil Oil Ghana Limited.

A budget of approximately Gh¢150,000.00 was approved by the Total Group to cater for the replacement of various equipment which were either obsolete or broken down. The amount would also help to provide other amenities for the use of patient and staff at the ward and give the building a general facelift.

The initiative forms part of TPGL's corporate social responsibility program and comes at a time when many medical facilities such as the Ridge Hospital are in dire need of aid to support their efforts at providing effective healthcare for its patients.



THE MEDICAL WING OF THE RIDGE HOSPITAL IN ACCRA

Corporate Social Responsibility

TPGL CELEBRATES WORLD MALARIA DAY WITH MOTHERS AND CHILDREN AT MAAMOBİ POLYCLINIC



MRS. JOYCE OYE GYASI, PNO-GENERAL OF MAAMOBİ POLYCLINIC RECEIVING THE ITEMS ON BEHALF OF MAAMOBİ POLYCLINIC

For the fifth year running, TPGL has dedicated itself to fighting Malaria in deprived communities across the country.

Year 2012 saw a slight shift from working with junior high schools, health education facilities and drivers, to a key segment, which has lately been a victim of Malaria

attacks – pre-natal and nursing mothers.

Armed with insecticide-treated mosquito nets, insecticides and coils, the Corporate Services team stormed the Maternity Unit of the Maamobi Polyclinic where various pre-natal services were on-going.

Maamobi, one of Accra's poorest suburbs, is a heavily populated community with approximately 150,000 residents. This suggests a high birth rate. Approximately 500 to 600 mothers visit the Maamobi Polyclinic daily for medical attention, the majority being malaria related.

Led by the Corporate Services Manager, Mrs. Mercy Samson, the team distributed mosquito nets, insecticides and coils to over 300 pre-natal and 100 nursing mothers. The team also took time to interact with the mothers and educated them about preventive methods.

Mrs. Samson reiterated TPGL's commitment to fighting Malaria in our various communities and rallied the support of the polyclinic in this intervention.

DONATION TO ORPHAN AID AFRICA



TPGL SPONSORS THREE-YEAR EDUCATIONAL PACKAGE FOR ORPHANAID GHANA

In line with its Corporate Social Responsibility and Sustainable Development drive, TPGL launched a three-year educational

partnership agreement with OrphanAid, a non-profit non-governmental agency in aid of under-privileged children in Ghana.

Situated at Ayenyah in the Eastern Region of Ghana, OrphanAid Africa supports 180 beneficiaries both young and old through various educational sponsorship and employment schemes designed to assist beneficiaries through pre-school and tertiary education and even help them set up as young adult entrepreneurs.

TPGL having pledged to support 140 under-privileged children in the Ayenyah community through pre-school and junior high school levels, recently donated the first sponsorship allocation of GH¢21,642.00 for the 2012/2013 school year.

Management has pledged to ensure continuous donations for the subsequent years to complete the three year school cycle.

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Keeps engine smooth
Keeps engine healthy
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Keeps engine strong
Keeps engine safe
Keeps engine sound
Keeps engine sweet
Keeps engine smart
Keeps engine sexy
Keeps engine sexy

TOTAL

Up to 10% improvement in fuel economy
Reduces engine wear
Protects against rust and corrosion
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TOTAL Car Care Products, a comprehensive range dedicated to the servicing of the essential components of your vehicle, the improvement of engine performance and the maintenance of the bodywork and of the interior of your vehicle. To drive with more comfort, TOTAL has also developed the air fresheners "Fraîcheurs de Paris" and "Ambiance Parfum", using exclusive French fragrances.

Designed to meet your needs, those products are the results of TOTAL's experience and expertise in the automotive world.



 You know where to turn

TOTAL

Notes

Proxy Form

PROXY FORM FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT THE NATIONAL THEATRE, LIBERIA ROAD, ACCRA ON 26TH DAY OF JUNE, 2013 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 **26th June, 2013** and at any and every adjournment thereof.

This Form to be used :-

Ordinary Resolutions

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, 2012.
2	*in favour of against	The Resolution to declare final dividend for the year ended 31st December, 2012 as recommended by the Directors.
3	*in favour of against	The Resolution to ratify the appointment of Mr. Thibault de Langlais as a Director of the Company.
4	*in favour of against	The Resolution to ratify the appointment of Mr. Gerard Pruneau as a Director of the Company.
5	*in favour of against	The Resolution to ratify the appointment of Mr. Emmanuel de Fournas as a Director of the Company.
6	*in favour of against	The Resolution to ratify the appointment of Mr. Samuel Manu Asiana 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 re-elect Mr. Edward P. Larbi Gyampoh as a Director of the Company.
9	*in favour of against	The Resolution to re-elect Mr. Momar Nguer as a Director of the Company.
10	*in favour of against	The Resolution to fix the remuneration of the Directors.
11	*in favour of against	The Resolution to authorise the Directors to fix the remuneration of the Auditors.

Proxy Form

Special Resolutions

12.	<u>*in favour of</u> <u>against</u>	The Resolution to approve an increase in the authorised number of shares of the Company from Fifty million (50,000,000) ordinary shares of no par value to Two Hundred & fifty million (250,000,000) ordinary shares of no par value.
13.	<u>*in favour of</u> <u>against</u>	The Resolution to approve a transfer of an amount of One million five hundred thousand Ghana Cedis (GH¢1,500,000.00) from Income Surplus (Retained Earnings) to the Stated Capital Account of the Company.
14.	<u>*in favour of</u> <u>against</u>	The Resolution to approve the issue of Ninety seven million eight hundred & eighty nine thousand eight Hundred and thirteen (97,889,813) bonus shares (7 new shares for every 1 old share held) to existing shareholders.

On any other business transacted at the Meeting and unless otherwise instructed in paragraphs 1 to 14 above, the resolutions to which reference is made in the said paragraphs, the Proxy shall vote as he/she thinks fit.

*Strike out whichever is not desired.

Signed this day of 2013

.....
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. THIBAUT DE LANGLAIS, 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. THIBAUT DE LANGLAIS.
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 24th of June, 2013.
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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