

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

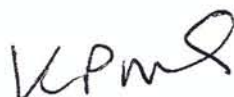
In our opinion, the financial statements give a true and fair view of the financial position of Total Petroleum Ghana Limited at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required 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. Harlley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/0036)

CHARTERED ACCOUNTANTS

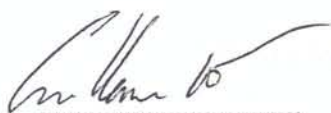
13 YIYIWA DRIVE, ABELENKPE

P.O. BOX GP 242, ACCRA

28th March, 2012

Statement Of Financial Position as at 31 December 2012

	Note	GH¢'000	GH¢'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	17,005	12,497
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		36,349	22,884
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	3,642	4,325
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		<u>(1,164,645)</u>	<u>(905,728)</u>
Gross profit		79,300	65,955
Other Income	7	15,179	11,325
General, Administrative and Selling expense		<u>(55,140)</u>	<u>(46,916)</u>
Operating profit before financing costs		39,339	30,364
Finance income		1,796	798
Finance costs		<u>(282)</u>	<u>(234)</u>
Profit before taxation	8	40,853	30,928
Income tax expense	10	<u>(10,327)</u>	<u>(8,364)</u>
Profit for the year		30,526	22,564
Other comprehensive income		<u>-</u>	<u>-</u>
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 GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'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	-	(17,061)	(17,061)
Balance at 31 December 2012	<u>49,722</u>	<u>36,349</u>	<u>86,071</u>
	Share Capital GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'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	-	(16,164)	(16,164)
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 GH¢'000	2011 GH¢'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	<u>52,276</u>	<u>38,696</u>
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	<u>(30,707)</u>	<u>(16,098)</u>
Cash flows used in financing activities		
Dividend paid	(17,061)	(16,164)
	(17,061)	(16,164)
Net cash flow used in financing activities	<u>(17,061)</u>	<u>(16,164)</u>
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	<u>17,005</u>	<u>12,497</u>
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and Bank balances	<u>17,005</u>	<u>12,497</u>

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