



QUANTUM TERMINALS PLC

MANAGEMENT FINANCIAL STATEMENTS

31ST MARCH 2018

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QUANTUM TERMINALS PLC
CORPORATE INFORMATION

BOARD OF DIRECTORS

Emmanuel Egyei-Mensah - *Executive Chairman*
Felix Gyekye
Amma Addo-Fening
Abena Amoah

REGISTERED OFFICE

E17/9 Ablade Road, Kanda
P. O. Box CT 4377
Cantonments
Accra

SECRETARY

Damaris Tanoh-Rivers
E17/9 Ablade Road, Kanda
P. O. Box CT 4377
Cantonments
Accra

AUDITOR

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

BANKERS

Stanbic Bank Ghana Limited
Standard Chartered Bank Ghana Limited
Unibank Ghana Limited (Bond Trustees)
Guaranty Trust Bank Ghana Limited
CAL Bank Limited
First Atlantic Bank Limited

QUANTUM TERMINALS PLC
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2018

	Notes	Mar-2018 GHS	Mar-2017 GHS
ASSETS			
Property, Plant and Equipment	5	79,290,973	98,756,028
Work-In-Progress	6	1,535,985	160,332
Project Development Cost	7	21,000	1,032,401
Investments	8	0	99,390,000
Related Party Receivable	19	137,282,651	10,856,201
Non Current Assets		218,130,608	210,194,961
Inventory	9	75,541	71,659
Restricted Cash	10	24,256,337	1,895,820
Trade Receivables	11	2,052,131	1,454,527
Other Receivables	12	619,337	1,666,548
Prepayments	13	4,208,779	256,121
Cash and Bank	14	546,386	297,344
Current Assets		31,758,511	5,642,019
Total Assets		249,889,119	215,836,980
EQUITY			
Current Year Earnings		252,315	3,069,915
Deposit for Shares		47,292,758	35,100,000
Reserves		30,682,189	33,778,034
Stated Capital		70,000,000	70,000,000
Retained Earnings		36,205,013	15,213,190
Total Equity		184,432,276	157,161,139
LIABILITY			
Long-Term Debt	17	43,176,716	17,062,380
Deferred Liabilities	18	13,947,850	13,524,754
Related Party Payable	20	(0)	5,057,032
Non Current Liabilities		57,124,566	35,644,166
Project, Trade And Other Payables	15	8,332,277	17,344,215
Short-Term Loans	16	0	5,687,460
Current Liabilities		8,332,277	23,031,675
Total Liabilities		65,456,843	58,675,841
Total Equity and Liabilities		249,889,119	215,836,980

QUANTUM TERMINALS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST MARCH, 2018

	Notes	Mar-2018 GHS	Mar-2017 GHS
Continuing Operations			
Revenue	24	961,687	757,044
Direct Operational Cost	25	(380,972)	(418,727)
Depreciation of Plant & Machinery	26	(948,736)	(957,723)
Gross Profit / (Loss)		(368,021)	(619,406)
Other Income	27	4,403,847	6,697,098
General & Administrative Expenses	28	(1,314,719)	(1,038,449)
Depreciation & Amortization of Other PPE	29	(361,258)	(356,348)
Earnings Before Interest & Tax		2,359,848	4,682,895
Foreign Exchange Gain/(Loss)	30	(12,982)	(399,871)
Finance Cost	31	(2,094,551)	(1,213,109)
Net Finance Cost		(2,107,533)	(1,612,980)
Profit before Tax		252,315	3,069,915
Profit from Continuing Operations		252,315	3,069,915
Discontinued Operations			
Profit for the Year		252,315	3,069,915
Other Comprehensive Income			
Other Comprehensive Income for year		0	0
Total Comprehensive Income		252,315	3,069,915
<hr/>			
Calculated EBITDA	37	3,669,843	5,996,966

QUANTUM TERMINALS PLC
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

THE COMPANY	Share Capital GHS	Deposit for Shares GHS	Revaluation Reserve GHS	Retained Earnings GHS	Total GHS
As at 01/01/2018	70,000,000	47,292,758	31,456,151	35,431,052	184,179,961
Profit for period				252,315	252,315
Transfer Btw Rev. Reserve and Ret. Earnings			(773,961)	773,961	0
As at 31/03/2018	70,000,000	47,292,758	30,682,189	36,457,329	184,432,276
As at 01/01/2017	70,000,000	35,100,000	34,551,995	14,439,229	154,091,224
Profit for period				3,069,915	3,069,915
Transfer Btw Rev. Reserve and Ret. Earnings			(773,961)	773,961	0
As at 31/03/2017	70,000,000	35,100,000	33,778,034	18,283,105	157,161,139

QUANTUM TERMINALS PLC
STATEMENT OF CASHFLOWS FOR PERIOD ENDED 31ST MARCH, 2018

	Mar-2018 GHS	Mar-2017 GHS
Cash Generated from Operations:		
Profit/(Loss) before tax from operations	252,315	3,069,915
Adjustments:		
Depreciation	1,309,994	1,314,071
Exchange Gain/Loss	12,257	462,270
Impairments	0	0
	1,574,566	4,846,256
Changes in working capital:		
Accounts Payable	565,121	436,984
Accounts Receivable	(504,919)	977,611
Inventory	(31,592)	(10,625)
Net Cash flow from Operations	1,603,176	6,250,226
Cash flow from Investing Activities:		
Net Related Party Other Investments		
Property, Plant and Equipment	(284,153)	(55,755)
Work-In-Progress	99,335	(53,371)
Net Cash used in investing	(184,818)	(109,126)
Cash flow from Financing:		
Net Borrowings	25,848,386	(1,439,130)
Net Movement In Related Parties	(4,425,916)	(5,810,725)
Net Cash flow from Financing	21,422,470	(7,249,855)
Net Change in Cash and Cash Equivalents	22,840,828	(1,108,755)
Net Exchange Loss/Gain	(12,257)	(462,270)
Actual Cash and Cash Equivalent At Beginning	48,781	1,903,499
Restricted Cash at Beginning	1,925,370	1,860,690
Cash and Cash Equivalents at end of period	24,802,723	2,193,164
Analysis of Cash and Cash Equivalents		
Restricted Cash @ March 31st	24,256,337	1,895,820
Actual Cash @ March 31st	546,386	297,344
Cash and Bank Balances	24,802,723	2,193,164

NOTES TO THE ACCOUNTS

1. REPORTING ENTITY

Quantum Terminals PLC is incorporated in Ghana under the Companies Code 1963 (Act 179) as a Public Limited Liability Company, and is domiciled in Ghana.

2. BASIS OF PREPARATION

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for those financial instruments and property, plant and equipment measured at fair values.

c. Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the Company's functional and presentation currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest Dollar.

d. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (US\$) of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(b) Financial Instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non –derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and liabilities – recognition and de-recognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

(ii) Non-derivative financial assets – measurement

Loans and receivable

Loans and receivables comprises trade receivables, amount due from related parties, cash and cash equivalents and other receivables.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and Cash equivalent

In the statement of cash flows, cash and cash equivalents represent cash on hand, bank balances and short-term investments.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, trade payables and amount due to related parties.

(iv) Share capital (Stated capital)

Ordinary Shares

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

(c) **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.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, and economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset, where applicable, continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar 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 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.

(d) **Property, Plant and Equipment**

(i) ***Recognition and measurement***

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

The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset into 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) of property, plant, and equipment.

Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss as other income.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.

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 the shorter of the lease term and their useful lives.

The depreciation rates used for each significant class of plant and equipment are as follows:

Land and Buildings	-	50 years
Motor Vehicle	-	3 years
Furniture and Fittings	-	2-5 years
Land under Development (CWIP)		nil
Civil Works	-	10- 50 years
Plant and Machinery	-	2-25 years

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

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, returns, discounts, and other similar deductions.

The Company is involved in the storage of LPG. The Company recognizes revenue upon receipt of LPG into its storage tanks.

The transfer of risks and rewards occurs when the product is loaded onto the storage tanks.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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 realized.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortized cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognized in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

(g) Determination of Fair Values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).
- If inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- The Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
- Further information about the assumptions made in determining fair values is included in note 24 financial instrument – fair value and risk management.

SCHEDULE	Mar-2018 GHS	Mar-2017 GHS
5 Property, Plant and Equipment		
Civil Works	38,599,658	38,434,844
Depn-Civil Works	(2,314,548)	(1,496,051)
Depn-Land and Buiding	(495,478)	(320,396)
Depn-Motor Vehicles	(557,012)	(557,012)
Depn-Office Equipment	(1,219,951)	(772,318)
Depn-Plant and Machinery	(10,888,821)	(7,101,910)
Land and Buildings	10,033,441	12,869,073
Motor Vehicles	557,013	557,013
Office Equipment	1,677,014	1,592,583
Plant and Machinery	43,899,657	43,789,703
Undeveloped Lands	0	11,760,498
	79,290,973	98,756,028
6 Work-In-Progress		
Assets Work-in-Progress	1,535,985	0
Construction Work-In-Progress	0	160,332
	1,535,985	160,332
7 Project Development Cost		
Projt. Consultancy Services	0	313,082
Projt. Engineering Design	0	53,371
Projt. Environmental Investigation	0	93,150
Projt. Finance Cost	0	106
Projt. Geo Technical Services	0	87,431
Projt. Insurance	0	12,617
Projt.Land Survey Services	21,000	47,031
Projt. Licenses, Permit & Fees	0	30,894
Projt. Rent & Rates	0	8,100
Projt. Security Services	0	17,784
Projt. Travels & General Expenses	0	368,837
	21,000	1,032,401
8 Investments		
Deposit for Equity Investment	0	46,100,000
Investment In Subsidiaries Equity	0	53,290,000
	0	99,390,000
9 Inventory		
Fuel Stock	59,641	52,218
LPG	0	0

Spare Parts & Tools	15,900	19,441
	75,541	71,659
10 Restricted Cash		
SCB Bond Escrow Account	17,682,948	0
SCB & EAIF Debt Service Account- USD	5,973,389	1,295,820
SCB Facility Debt Service Account- GHS	600,000	600,000
	24,256,337	1,895,820
11 Trade Receivables		
Product Receivables	0	182,984
Throughput & Dev't Support Receivable	2,052,131	1,271,543
	2,052,131	1,454,527
12 Other Receivables		
Account Receivables	141,613	1,246,867
Staff Receivables	107,052	68,252
Tax Asset	370,672	351,429
	619,337	1,666,548
13 Prepayments		
Insurance Prepaid	187,303	128,755
License Prepaid	52,946	62,763
Prepaid Transaction Cost	3,896,714	(0)
Rent Prepaid	71,815	64,603
	4,208,779	256,121
14 Cash and Bank		
Cal Bank	29	2,091
Cash	15,644	77,431
First Atlantic Bank	1,552	87,254
Guaranty Trust Bank	200	104,725
Stanbic Bank	30,704	0
Standard Chartered Bank	498,258	25,843
	546,386	297,344
15 Project, Trade And Other Payables		
Accounts Payables	2,102,624	2,113,539
General Funds	74,763	135,147
Loan Interest Payable	609,231	282,125
Other Trade Payables	0	14,411,503
Product Payables	0	0
Project Payables	234,199	279,181
Statutory Payables	5,311,460	122,721

	8,332,277	17,344,215
16 Short-Term Loans		
Short-Term Bank Loan-GHS	0	1,800,000
Short-Term Bank Loan-USD	0	3,887,460
	0	5,687,460
17 Long-Term Debt		
GFIM 10-Year Bond	45,000,000	0
GFIM Bond Transaction Cost Unamortized	(1,823,284)	0
SCB Loan Facility - GHS	0	5,400,000
SCB Loan Facility - USD	0	11,662,380
	43,176,716	17,062,380
18 Deferred Liabilities		
Deferred Tax Liability	13,947,850	13,524,754
	13,947,850	13,524,754
19 Related Party Receivable		
Intercompany Receivables	137,282,651	10,856,201
	137,282,651	10,856,201
20 Related Party Payable		
Intercompany Payables (GHS)	(0)	5,057,032
	(0)	5,057,032

SCHEDULE FOR INTERCOMPANY RECEIVABLES AND PAYABLES DETAILS

	Mar-2018	Mar-2017
19 Related Party Receivables		
Quantum Gas Terminals Ltd		6,253,409
Quantum Oil Terminals Ltd		4,602,791
The Quantum Terminals Group Ltd	137,282,651	-
	<u>137,282,651</u>	<u>10,856,201</u>
20 Related Party Payables		
The Quantum Group Ltd		5,057,032
	<u>-</u>	<u>5,057,032</u>

SCHEDULE	Mar-2018 GHS	Mar-2017 GHS
24 Revenue		
Throughput Fees	961,687	757,044
	961,687	757,044
25 Direct Operational Cost		
Direct Meals & canteen	61,742	63,744
Direct Staff Cost	258,445	242,148
Direct Utilities	58,531	90,835
Other Direct Cost	2,254	22,000
	380,972	418,727
26 Depreciation of Plant & Machinery		
Depreciation of Plant & Machinery	948,736	957,723
	948,736	957,723
27 Other Income		
Development Support	4,247,450	6,355,487
Interest Income	5,503	53,307
Residual Gas	150,895	288,304
	4,403,847	6,697,098
28 General & Administrative Expenses		
Business Dev't & Donations Expense	0	15,000
Communication Services	5,327	5,166
Consultancy Services	152,844	84,648
Corporate Social Responsibility (CSR)	11,746	12,541
Fuel Expenses	30,272	32,636
General Office Expenses	82,228	91,351
Health and Safety	50,811	67,780
Indirect Staff Cost	287,511	262,479
Indirect Staff Meals and Canteen	56,330	49,632
Insurance Expense	76,876	52,147
IT Service Charge	89,653	88,205
Licenses & Fees	20,056	17,171
Registrations & Documentations	0	5,000
Rent and Rates	27,501	29,064
Repairs & Maintenance Expense	131,826	95,679
Security Services	76,348	68,318
Training & Development	55,492	643
Travel and Accommodation Expenses	108,233	32,630
Utilities	51,665	28,358
	1,314,719	1,038,449

29 Depreciation & Amortization of Other PPE

Depreciation of other PPE	361,258	356,348
	361,258	356,348

30 Foreign Exchange Gain/(Loss)

Foreign Exchange Gain	(31,293)	(774,166)
Foreign Exchange Loss	44,275	1,174,037
	12,982	399,871

31 Finance Cost

Bank Charges	2,313	13,379
Finance Fees & Charges	132,198	161,672
Loan Interest Expense	1,960,040	1,038,058
	2,094,551	1,213,109

37 Reconciliation of EBITDA to profit before tax

Profit before tax	252,315	3,069,915
Add Back		
Depreciation of Direct PPE	948,736	957,723
Depreciation of other PPE	361,258	356,348
Finance costs	2,094,551	1,213,109
Net Foreign exchange loss/gain	12,982	399,871
EBITDA	3,669,843	5,996,966