

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GHANA OIL COMPANY LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2011

Report on the Financial Statements

We have audited the accompanying financial statements of Ghana Oil Company Limited which comprise the statement of financial position as of December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 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 Ghana Oil Company Limited as of December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Code, 1963 (Act 179), Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended.

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion proper books of accounts have been kept by the Company, so far as appears from our examination of those books, and
- iii) The Company's statement of financial position and statement of comprehensive income of the Company are in agreement with the books of accounts.


Chartered Accountants
Farrar Avenue
Accra

30th March 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 GH¢	2010 GH¢
Gross Revenue		671,672,239	514,364,623
Customs Duties and Levies		(62,352,767)	(42,021,304)
Net Revenue		609,319,472	472,343,319
Cost of Sales		(575,483,539)	(444,674,800)
Gross Profit		33,835,933	27,668,519
Sundry Income	3	3,352,787	2,316,990
Depot and Station Expenses	2a.	(6,151,741)	(5,541,421)
Selling & Administrative Expenses	2b.	(18,410,620)	(13,866,168)
Operating profit before financing cost		12,626,359	10,577,920
Net Finance Expenses	4	(1,285,127)	(2,433,215)
Profit before Taxation		11,341,232	8,144,705
Income Tax Expense	5	(3,452,457)	(1,825,270)
Net profit after tax attributable to equity holders of the company		7,888,775	6,319,435
Other Comprehensive Income			
Available -for-Sale Financial Assets net of tax	19	983,000	320,000
Deferred tax on revaluation	19	(147,450)	(16,000)
Total Other Comprehensive Income		835,550	304,000
Total Comprehensive Income for the year		8,724,325	6,623,435
Earning per share	28	GH¢0.038	GH¢0.030
Dividend per share	28	GH¢0.014	GH¢0.0115

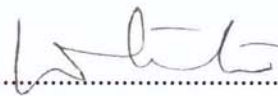
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	2011 GH¢	2010 GH¢
NON CURRENT ASSETS			
Property, Plant and Equipment	8a	32,657,734	26,057,249
Available for Sale Financial Instruments	9a	5,180,089	4,197,089
TOTAL NON CURRENT ASSETS		37,837,823	30,254,338
CURRENT ASSETS			
Stocks	10	9,926,343	8,851,764
Accounts Receivable	11	65,302,612	57,673,927
Short Term Investment	9b	2,000,000	0
Cash and Bank Balances	12	6,465,964	6,759,053
TOTAL CURRENT ASSETS		83,694,919	73,284,744
TOTAL ASSETS		121,532,742	103,539,082
EQUITY			
Stated Capital	16	11,809,263	11,809,263
Building Fund	17	1,129,136	734,697
Income Surplus	18	21,519,175	16,047,683
Capital Surplus	19	5,692,355	4,856,805
TOTAL EQUITY		40,149,929	33,448,448
NON CURRENT LIABILITIES			
Deferred Tax	7b	1,415,570	301,421
Term Loan	15b	1,465,600	461,543
TOTAL NON CURRENT LIABILITIES		2,881,170	762,964
CURRENT LIABILITIES			
Bank Overdraft	13	2,009,604	3,982,610
Accounts Payable	14	72,841,345	60,055,551
Short Term Loan	15c	2,350,500	4,582,098
Current Tax	7a	1,300,194	707,411
TOTAL CURRENT LIABILITIES		78,501,643	69,327,670
TOTAL LIABILITIES		81,382,813	70,090,634
TOTAL EQUITY AND LIABILITIES		121,532,742	103,539,082

Approved by the Board on 30th March.....2012


.....Director



.....Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Stated Capital GH¢	Building Fund GH¢	Income Surplus GH¢	Capital Surplus GH¢	Totals GH¢
2011					
Balance at 1 January	11,809,263	734,697	16,047,683	4,856,805	33,448,448
Net profit for the year	0	0	7,888,775	0	7,888,775
Transfer to Building Fund	0	394,439	(394,439)	0	0
Revaluation Gain on Available for Sale Investments	0	0	0	983,000	983,000
Over Provision of Corporate Taxes up to Year 2009	0	0	397,124	0	397,124
Deferred tax on Revaluation Gain	0	0	0	(147,450)	(147,450)
Dividend paid	0	0	(2,419,968)	0	(2,419,968)
Balance at 31 December	11,809,263	1,129,136	21,519,175	5,692,355	40,149,929
2010					
Balance at 1 January	11,809,263	418,725	12,230,167	4,552,805	29,010,960
Net profit for the year	0	0	6,319,435	0	6,319,435
Transfer to Building Fund	0	315,972	(315,972)	0	0
Revaluation Gain on Available for Sale Investments	0	0	0	320,000	320,000
Deferred tax on Revaluation Gain	0	0	0	(16,000)	(16,000)
Dividend paid	0	0	(2,185,947)	0	(2,185,947)
Balance at 31 December	11,809,263	734,697	16,047,683	4,856,805	33,448,448

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 GH¢	2010 GH¢
Cash flow from operating activities		
Operating Profit	11,341,232	8,144,705
Adjustment for:		
Depreciation Charges	2,815,870	2,377,822
Profit on sale of Property, Plant and Equipment	(2,628)	(44,941)
Interest and Dividend Received	(272,843)	(595,296)
Interest Paid	1,557,970	3,028,511
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	15,439,601	12,910,801
Increase in Stocks	(1,074,579)	(2,940,657)
Increase in Debtors	(7,628,685)	(3,360,764)
Increase in Creditors	12,785,794	6,514,030
	<hr/>	<hr/>
Cash generated from operations	19,522,131	13,123,410
Company Tax Paid	(1,495,851)	(1,362,901)
	<hr/>	<hr/>
Net Cash Inflow from Operating activities	18,026,280	11,760,509
	<hr/>	<hr/>
Cash flows from Investing activities		
Interest and Dividend Received	272,843	595,296
Interest paid	(1,557,970)	(3,028,511)
Acquisition of Available for Sale Financial Instrument	0	(2,549,855)
Acquisition of Property, Plant and Equipment	(9,639,746)	(2,489,894)
Receipt from disposal of Property, Plant and Equipment	226,019	58,420
	<hr/>	<hr/>
Net Cash Outflow from Investing activities	10,698,854	(7,414,544)
	<hr/>	<hr/>
Net Cash Inflows Before Financing	7,327,426	4,345,965
	<hr/>	<hr/>
Cash flows from Financing Activities		
Term Loan paid	(1,227,541)	(1,970,659)
Dividend paid	(2,419,968)	(2,185,947)
	<hr/>	<hr/>
Net Cash Outflow from Financing activities	(3,647,509)	(4,156,606)
	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	3,679,917	189,359
Cash and Cash Equivalents at 1 January	2,776,443	2,587,084
	<hr/>	<hr/>
Cash and Cash Equivalents at 31 December	6,456,360	2,776,443
	<hr/>	<hr/>
Cash and Cash Equivalents		
Cash at Bank and in Hand	6,465,964	6,759,053
Bank Overdraft	(2,009,604)	(3,982,610)
Short Term Investment	2,000,000	0
	<hr/>	<hr/>
	6,456,360	2,776,443
	<hr/>	<hr/>