

GHANA OIL COMPANY LIMITED

PROSPECTUS

INITIAL PUBLIC OFFER

89,815,184 ordinary shares of no par value
at 20Gp (¢2,000) per share.

LEAD BROKER / MANAGER
MERBAN STOCKBROKERS LIMITED

CO-SPONSORING BROKERS
GOLD COAST SECURITIES LIMITED
SDC BROKERAGE SERVICES LIMITED

Dated: September 4, 2007

DISCLAIMER

The Directors of Ghana Oil Company Limited (GOIL) collectively and individually accept full responsibility for the accuracy of the information given in this prospectus. After making all reasonable enquiries and to the best of their knowledge and belief there are no facts the omission of which would make any statement in the document referred to above misleading.

No director has an interest in the Company. There is however no restriction on any director who wants to acquire some of the company's shares during the offer period

To the best of the knowledge and belief of the Sponsoring Brokers this prospectus constitutes full and true disclosure of all material facts about the Issue and the Issuer and where appropriate the profit forecast has been stated by the directors after due and careful enquiry.

A copy of this document has been delivered to the Registrar of Companies, Ghana for registration. The Registrar has not checked and will not check the accuracy of any statement made and accepts no responsibility thereof or for the financial soundness of the Company or the value of securities concerned.

This Prospectus has been reviewed and approved by the Securities and Exchange Commission (SEC) in accordance with Section 9 of the Securities Industry Law, 1993 (PNDC333) as amended. In its review, the Commission examined the contents of the prospectus to ensure that adequate disclosures have been made.

This Prospectus does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.

Persons interested in acquiring shares should inform themselves as to: -

- (1) Any foreign exchange restrictions or exchange control requirements, which they might encounter on the acquisition of shares.
- (2) The income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of shares.

If you are in any doubt about the contents of this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

An application has been made to the Ghana Stock Exchange (GSE) for permission to list all the shares of the Company already issued as well as those shares, which are the subject of this Offer. The GSE on July 11, 2007 gave a conditional approval for the listing of the said shares on its First Official List. An Admission to the First List or Second List is not to be taken as an indication of the merits of the Company or of the shares. The GSE assumes no responsibility for the correctness of any of the statements made, or opinions, or reports expressed in this Prospectus.

The shares are offered on the basis of the information and representations contained in this Prospectus and other documents referred to herein. Any further information given or representations made by any person may not be relied upon as having been authorized by the Company. Neither the delivery of this document nor the allotment of shares shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

Some portions of this document contain "forward-looking information". All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including without limitation, those concerning the operating and financial performance of GOIL. These forward-looking statements reflect GOIL's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or other similar words and phrases. Similarly, statements that describe GOIL's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause GOIL's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although GOIL

believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

The risk factors described in this document beginning at page 79 of this document could affect GOIL's future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all of the important factors that could cause GOIL's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

You should review carefully all information included in this document. The forward-looking statements included in this document are made only as of the date of this document. GOIL does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to GOIL or any person acting on their behalf are qualified by the cautionary statements in this paragraph.

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KEY MILESTONES AND TIMETABLE

Activity	Date	Time
Commencement of Offer	September 4, 2007	9.00 a.m.
End of Offer	October 5, 2007	5.00 p.m.
Allotment of shares	October 19, 2007	9.00 a.m.
Submission of Report on the Offer to SEC	October 19, 2007	5.00 p.m.
Final dispatch of share certificates	October 24, 2007	5.00 p.m.
Commencement of trading in the shares	October 31, 2007	9.30 a.m.

All dates provided are subject to change by the Lead Managers of the Offer in consultation with the directors of GOIL (subject to the necessary regulatory approvals). Any amendment will be published in two nationally circulated newspapers not later than 72 hours of receipt of regulatory approvals.

TABLE OF KEY DEFINITIONS

ATK	Aviation Turbo Kerosene
BBL/D	Billion Barrels Per Day
BOST	Bulk Oil Storage and Transportation
B.P.S.D	Barrels Per Stream Day
Companies Code	Companies Code 1963 (Act 179)
EC	Energy Commission
EPA	Environmental Protection Agency
GoG	Government of Ghana
GOIL	Ghana Oil Company Limited
GSB	Ghana Standards Board
GSE	Ghana Stock Exchange
MOE	Ministry of Energy
NPA	National Petroleum Authority
OMCs	Oil Marketing Companies
Receiving Agents	as listed on page 9
SEC	Securities and Exchange Commission
SOEs	State-Owned Enterprises
TLOC	Tema Lube Oil Company
TOR	Tema Oil Refinery
The Company	Ghana Oil Company Limited
The Government	Government of Ghana
The Issue/Offer	The Offer of 89,815,184 ordinary shares of no par value at 20 Gp (¢2,000) by GOIL
The Issuer	Ghana Oil Company Limited
The Offer Shares	89,815,184 ordinary shares of no par value being offered by GOIL for sale and up to 12,963,037 additional shares on offer in the event of an oversubscription.

DIRECTORS AND CORPORATE INFORMATION

Directors	Hon. Freddie W. Blay (Chairman) Mr. Gottfried Martin Sarpong Dr. A. K. Ofosu-Ahenkorah Dr. Alhassan Emil Abdulai Mr. Gabby Nsiah Nketia Mr. Fred Antoh Her Excellency (Mrs) Cecilia Gyan Amoah Mr. Yaw Agyeman-Duah (Managing Director)
Company Secretary	Mr. Stephen Yaw Gyaben P.O. Box GP 3183 Accra Tel : +233 21 683104 Fax : +233 21 683102 Email : Gyabeng@goilonline.com
Registered Office and Principal place of business	House Number D659/4 Kojo Thompson Rd. P.O. Box GP 3183 Accra, Ghana Tel : +233 21 688214 - 7 Fax: +233 21 683102 Website: www.goilonline.com Email: info@goilonline
Auditors	Pannell Kerr Forster P. O. Box 1219 Farrar Avenue, Accra Tel : +233 221266/246637 Fax: +233 226628 Website: www.pkf.co.uk Email : pannell@africaonline.com.gh
Registrars	Merchant Bank (Ghana) Limited 57 Examination Loop, North Ridge P. O. Box 401 Accra Tel: +233 21 251131-5 Fax: +233 21 251138
Bankers	Ghana Commercial Bank Limited Standard Chartered Bank Ghana Limited Barclays Bank of Ghana Limited Ecobank Ghana Limited Merchant Bank (Ghana) Limited Agricultural Development Bank SG-SSB Limited National Investment Bank Limited Prudential Bank Limited First Atlantic Merchant Bank Limited Zenith Bank Ghana Limited

Zonal Offices of GOIL

Zonal Office (South)
Ring Road South Industrial Area
P.O. Box 3183
Accra

Zonal Office (Middle Belt)
Kaase Industrial Area
P.O. Box 1886
Kumasi

Zonal Office (West)
RAF Chapel Hill
P. O. Box 349
Takoradi

Zonal Office (North)
Savelugu Road
P. O. Box 385
Tamale

ADVISORS TO THE SHARE OFFER

Lead Sponsoring Broker

Merban Stockbrokers Limited
57 Examination Loop
North Ridge
P.O. Box 401
Accra
Tel: 233 21 251131-5
Fax: 233 21 251138
Website: www.merbangh.com
E-mail: mbd@merbangh.com
Contact: Mrs. Lilian Atakora

Co-Sponsoring Brokers

Gold Coast Securities Limited
5th Mozambique Link
P. O. Box GP 17187
Accra
Tel: + 233 21 256342
Fax: + 233 21 256344
Website: www.gcsinvestments.com
Email: info@gcsinvestments.com
Contact: Peter Anane-Nsiah

SDC Brokerage Services Limited
Hse D921/3 Adjacent AMA
Post Office Square, High Street
P. O. Box 14198
Accra
Tel: + 233 21 669372-5
Fax: + 233 21 669371
Website: www.sdcgh.com
Email: brokerage@sdcgh.com
Contact: Samuel Anum

Legal Advisors

Bentsi-Enchill, Letsa & Ankomah
1st Floor, West Wing
Teachers' Hall Complex
Tel: 233 21 221171
Fax: 233 21 226129
Email: bel@belonline.org
Contact: Seth Asante

Reporting Accountants

KPMG
13 Yiyiwa Drive
P.O BOX GP 242
Accra
Tel: +233 21 771502-3
Fax : 233 21 771500
E-mail kpmg-gh@kpmg.com
Contact: Anthony Sarpong

PR Consultants

MMRS Ogilvy
C731/3, 2nd Crescent
Asylum Down
P. O. Box 5893
Accra-North
Tel: +233 21 226631
Fax: +233 21 224062
E-mail mmrs@ africaonline.com.gh
Contact: Reginald Laryea

Technical Valuer

KOACONSULT
3rd Floor, Teachers' Hall Complex
P. O. Box AN 11562
Accra-North
Tel: +233 21 232 959
Fax: 233-21- 224877
E-mail admin@koaconsult.com
Contact: Francis Konadu

RECEIVING AGENTS

Receiving Brokers

Merban Stockbrokers Limited
Gold Coast Securities Limited
SDC Brokerage Services Limited
CAL Brokers Limited
CDH Securities Limited
Databank Brokerage Limited
EDC Stockbrokers Limited
First Atlantic Brokers Limited

HFC Brokerage Services Limited
New World Investments Limited
NTHC Securities Limited
Prudential Securities Limited
SIC Financial Services Limited
Strategic African Securities Limited
Worldwide Securities Limited

Receiving Banks

Agricultural Development Bank

First Atlantic Merchant Bank

Ghana Commercial Bank Limited

Merchant Bank (Ghana) Limited

All Branches of Merchant Bank
(Ghana) Limited

Head Office
Adabraka
North Industrial Area
Kaneshie
Abeka
Ridge
Tema
Tema East
Kumasi
Takoradi
Tarkwa
Bibiani
Techiman
Konongo
Koforidua

National Investment Bank Limited

Prudential Bank Limited

SG-SSB Limited

The Trust Bank Limited

KOJO BENTSI-ENCHILL
D.K.D. LETSA
ACE ANAN ANKOMAH
SETH ASANTE
ROSAA KUDOADZI

Our Ref:

G1/86

Date:

04-Sept-07

The Director-General
Securities and Exchange Commission
1st Floor, State Enterprises Commission Building
Ministries, Accra

The Managing Director
The Ghana Stock Exchange
5th Floor, Cedi House
Liberia Road
P.O. Box 1849
Accra-Ghana

Dear Sirs,

GHANA OIL COMPANY LIMITED: INITIAL PUBLIC OFFERING AND LISTING ON THE GHANA STOCK EXCHANGE

1 INTRODUCTION

1.1 Basis of instructions

We have acted as legal advisors to Ghana Oil Company Limited (GOIL) in connection with its proposed initial public offering (IPO) and listing on the Ghana Stock Exchange (GSE Listing).

1.2 Documents Examined

1.2.1 For the purpose of giving this opinion we have examined [originals or copies certified to our satisfaction] of the following documents (the **Documents** and each a **Document**):

- (a) The Regulations of GOIL adopted by special resolution of the sole member dated August 1, 2007 (the Regulations);
- (b) An ordinary resolution of the sole member of GOIL dated August 1, 2007 authorising the IPO and the GSE Listing;
- (c) A resolution of the directors of GOIL approving the IPO and GSE Listing dated July 9, 2007;

Registered Office:
1st Floor Teachers' Hall Complex
Education Loop (Off Barnes Road)
Adabraka, Accra
P. O. Box GP 1632
Accra, Ghana

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(233-21) 224612
(233-21) 227187
(233-21) 229396
(233-21) 221171

Web, E-mail & Fax:
www.belonline.org
bel@belonline.org
bel@africaonline.com.gh
(233-21) 226129

In association with:
Lex Mundi
Lex Africa
Denton Wilde Sapte
Udo Udoma & Belo-Osagie

- (d) The draft prospectus (the Prospectus) to be issued by GOIL in connection with the IPO and the GSE Listing;
- (e) A letter from the Securities and Exchange Commission dated August 22, 2007 approving the Prospectus and the IPO; and
- (f) A letter from the GSE dated July 11, 2007 approving the GSE Listing.

1.2.2 In addition, we have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us to give this opinion.

1.3 Scope and Purpose of the Opinion

This opinion is limited to matters of the law of Ghana as in force and applied at the date of this opinion. This opinion is given on the basis of the assumptions set out in the Schedule.

2 OPINION

We are of the opinion that:

2.1 Incorporation

GOIL is a limited liability company duly incorporated under the Companies Code, 1963 (Act 179).

2.2 Authorisation to do Business

GOIL is duly licensed as an oil marketing company and has complied with all regulatory requirements necessary or advisable for the conduct of its business.

2.3 Corporate Authorisations

GOIL has obtained all the necessary corporate authorisations necessary or advisable in connection with the IPO and GSE Listing.

2.4 Approvals and Consents

GOIL has obtained all the necessary regulatory and statutory approvals, consents, or authorisations of any governmental or other authority that are necessary or advisable in connection with the IPO and GSE Listing.

2.5 The Prospectus

The Prospectus substantially complies with the requirements of Schedule 5 of the Securities and Exchange Commission Regulations, 2003 (LI 1728) and Schedule 7 of the Companies Code, 1963 (Act 179).

2.6 **Material Contracts**

All the material contracts of GOIL necessary for the conduct of its business are in proper legal form for the particular matters to which they are related and are enforceable under the laws of Ghana.

2.7 **The Regulations**

2.7.1 The Regulations comply with all legal requirements on the contents of the regulations of a public company.

2.7.2 The Regulations comply with the requirements of Part V of the Listing Rules of the GSE.

2.7.3 The proposed IPO and GSE Listing do not contravene any provision of the Regulations.

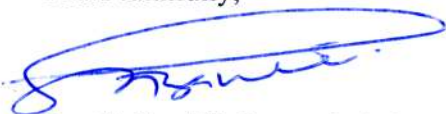
2.8 **Contractual Obligations**

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing GOIL from undertaking the IPO and GSE Listing.

2.9 **Registrations and Filings**

All statutory or regulatory registration or filing requirements necessary or advisable in relation to or in connection with the IPO and GSE Listing have been complied with.

Yours faithfully,



Bentsi-Enchill, Letsa & Ankomah

Schedule

Assumptions

In giving this opinion, we have assumed, and this opinion is given on the basis that:

- 1 All original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;
- 2 The person or persons who signed the relevant Documents were authorised to do so;
- 3 The authorising resolutions of GOIL were duly passed and a properly convened meeting of directors with a duly qualified quorum voted in favour of approving the relevant board resolutions.

We have found nothing to indicate that the above assumptions are not justified.

SUMMARY OF THE OFFER, SHARES AND CAPITAL

SHARE OFFER

Authorised shares	1,000,000,000 ordinary shares of no par value
Issued and Fully Paid Shares	185,186,240 ordinary shares of no par value
Offer Shares	89,815,184
Additional shares on offer in the event of an oversubscription	12,963,037
Commencement of Offer	September 4, 2007
Closing Date of Offer	October 5, 2007
Commencement of Trading in the shares	October 31, 2007

Capital and Liabilities

	2006 (€'million)	2005 (€'million)	2004 (€'million)	2003 (€'million)	2002 (€'million)
Stated capital	67,593	67,593	67,593	2,000	2,000
Retained earnings	29,987	17,412	5,386	(3,776)	(20,977)
Other reserves	39,188	39,188	39,188	39,188	39,188
Total Assets	586,209	682,697	418,623	307,711	242,255
Total Liabilities	449,441	558,504	306,456	270,300	222,046
Net Assets	137,768	124,193	112,167	37,411	20,209

Earnings History

	2006	2005	2004	2003	2002
Profit after tax (€'million)	34,819	20,025	19,251	17,202	(2,246)
Issued shares (million)	30.76	30.76	30.76	0.95	0.95
Earnings per share (€)	1,131.96	651.01	698.4	17,096.8	4,534.7
Dividends (€'million)	16,305	11,076	10,088	-	-
Dividends per share (€)	530.07	360.02	327.91	-	-
Pay out ratio	46.83%	55.31%	52.4%	-	-

Price Earnings Ratio (PE) using an offer price of 20Gp (€2,000)

Current number of issued shares	185,186,240
Post-IPO total number of issued shares	210,186,240
POST IPO PE based on 2006 financials	12.07
POST IPO PE based on 2007 estimated financials	10.52

PART I

PROSPECTUS SUMMARY

The following summary contains the salient features of the Offer, which are qualified in its entirety by reference to more detailed information appearing elsewhere in the Prospectus.

1.0 THE SHARE OFFER

The Offer is an unrestricted open cash share offer of 89,815,184 ordinary shares of no par value. This is made up of 64,815,184 shares held by the Government of Ghana (representing 35% of the shares held by the GoG), and 25,000,000 additional ordinary shares to be issued by the Company. Out of the 64,815,184 shares being offered by the Government, 9,259,312 is earmarked for employees of GOIL under an Employee Share Ownership Plan (ESOP). The shares earmarked for the ESOP represent 5% of the total number of the Company's shares currently in issue. The remaining 80,555,872 shares are being offered to the general public at a price of 20Gp (¢2,000) per share.

The Offer is being made to individuals and institutions resident in Ghana, individuals and institutions in foreign jurisdictions whose laws allow them to invest under the terms of the Offer.

The Offer commences at 9.00 a.m. on September 4, 2007, and ends at 5.00 p.m. on October 5, 2007.

1.1 REASONS FOR THE OFFER

The GoG is selling part of its stake in GOIL:

- As part of the Government's ongoing strategy to reduce its involvement in the running of commercial entities;
- To raise funds for the Government's budgetary programmes; and
- To release state-owned entities from governmental controls to allow them to compete effectively with their peers.

The Company, on its part, is raising funds through the issue of new shares to carry out:

- modernization and revamping of selected stations;
- rehabilitation and expansion of identified storage depots; and
- to diversify into other related businesses.

An amount of GH¢ 17.96 million (¢179.63 billion) is envisaged to be raised out of which GH¢5.0 million (¢50.0 billion) will go to the Company to undertake the above-mentioned projects while the remainder goes to the selling shareholder.

The application of the funds to be raised by the Company is as follows:

Projects	Amount (GH¢'million)
Construction Of New Stations	3.06
Major Rehabilitations	1.70
Joint Venture Stations Support	0.27
Construction of LPG Filling Plants	0.27
Total	5.30

The balance of GH¢ 0.3 million (¢3.0 billion) will be financed with medium-terms loans.

DETAILS OF THE OFFER

Authorised Shares (ordinary shares of no par value)	1,000,000,000
Issued shares	185,186,240
Sale of existing shares by sole shareholder	64,815,184
New shares being issued by GOIL	25,000,000
Total shares on offer	89,815,184
Outstanding shares after the Offer	210,186,240
Price per share	20Gp (¢2,000)
Expected proceeds from existing shares	GH¢12.96 million (¢129.63 billion)
Expected proceeds from new shares	GH¢ 5.0 million (¢50.0 billion)
Total proceeds from the Offer	GH¢17.96 million (¢179.63 billion)
Market capitalisation after Offer	GH¢42.04 million (¢420.37 billion)

1.3 TERMS OF THE OFFER

The shares hereby offered are subject to the terms of this Share Offer, the application form and the Regulations of GOIL. The said shares shall be ordinary shares and will rank equally in all respects with all other issued ordinary shares of the Company including voting rights and all other rights attached thereto. Purchase of shares offered herein and subsequent transfers thereof shall only be made subject to applicable laws.

1.4 UNIT OF SALE

Each Applicant is required to subscribe a minimum number of 300 ordinary shares, amounting to GH¢ 60 (¢ 600,000) and thereafter in multiples of 100.

1.5 MINIMUM PROCEEDS FROM THE OFFER

The minimum amount to be raised for the Offer to be successful has been set at GH¢ 9.26 million (¢92.59 billion) (52% of the Offer). In case this amount is not realised, all monies received will be returned to subscribers not later than October 12, 2007.

The amount of GH¢ 9.26 million (¢92.59 billion) when realised will go to the Government.

1.6 TERMS OF PAYMENT

Payment for the Offer should be made in full on application.

1.7 PAYMENT

Payment may be made by cash, cheque, postal order or money order. Cheques, postal orders and money orders, which will be presented for payment, should be made payable to the GOIL SHARE OFFER and should be crossed COMMISSION TO DRAWER'S ACCOUNT. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant.

Applications in respect of which cheques are returned unpaid for any reasons whatsoever will be rejected.

1.8 WHERE TO OBTAIN COPIES OF THE PROSPECTUS

The Application for the Offer shares will open at 9.00 am on September 4, 2007 and close at 5.00 p.m. on October 5, 2007. Copies of the Prospectus together with Application Forms may be obtained from the offices of the sponsoring brokers or any of the named receiving institutions listed on page 9.

1.9 COMPLETING THE APPLICATION FORM

Application must be made on the accompanying Application Form and must be for a minimum of three hundred (300) shares, and thereafter in multiples of one hundred (100). The completed Application Form together with the amount payable on application must be lodged during normal business hours while the Offer is open, at any of the offices of the sponsoring brokers or any of the receiving institutions indicated on page 9 above. No application will be accepted for consideration by the Directors or treated as binding until or after the closure of the Offer on October 5, 2007.

1.10 ESCROW ACCOUNT

All monies collected from applicants will be lodged into an Escrow Account number 00002/01/001446/92 with Merchant Bank (Ghana) Ltd. A copy of the Escrow Account Agreement has been lodged with the SEC.

1.11 ALLOTMENT AND DISPATCH OF CERTIFICATES

A share certificate in respect of the number of shares for which the application is accepted will be sent by registered mail not later than twenty-one days after the closure of the offer.

The Directors of GOIL reserve the right to accept or reject any application in whole or in part. Applications would be rejected if they are incomplete, illegible, or made by an ineligible applicant, or remittances accompanying the application are not honoured on first presentation. Applications which are received after the Offer is closed will not be considered.

1.12 OVERSUBSCRIPTION

In the event of an oversubscription, the Government shall sell up to 12,963,037 more shares in order to reduce its holdings to 51% to partially or wholly satisfy the excess subscription. Allotments will first be made to satisfy the minimum subscription for every qualified applicant. Beyond this, the basis of the allotment of shares will be determined by the directors of GOIL in consultation with the Sponsoring Brokers and will be done in such a way as to bring about a fair distribution of the shares amongst applicants and principally to ensure an adequate spread of the shares.

1.13 RETURN OF EXCESS APPLICATION MONEY

If any application is not accepted or is accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to receiving agents not later than October 29, 2007 for onward distribution to applicants. An announcement will be made through a newspaper of wide circulation within 72 hours of the making of such refunds.

1.14 LISTING OF GOIL SHARES

An application has been made to the GSE for approval in accordance with Part II of the GSE Rules for the listing of the Offer shares and the other issued shares of the Company on the GSE First Official List. On July 11, 2007, the GSE gave a conditional approval for the listing of the said shares.

1.15 SYMBOL

On commencement of trading on the GSE, the Company's ticker will be GOIL.

1.16 COST OF THE OFFERING

Total expenses for the flotation are not expected to exceed 4.6 % of the proceeds.

1.17 BROKERAGE FEES

Brokerage fees will be paid by both the Government and GOIL on a pro rata basis. It is expected that this will not exceed 2% on all accepted applications.

1.18 THE COMPANY

GOIL was incorporated as a private limited liability company on June 14, 1960 as AGIP Ghana Company Limited with the objective of marketing petroleum products and related products particularly fuels, liquefied petroleum gas (LPG), lubricants, bitumen, and speciality products in Ghana. The shareholders were AGIP SPA of Italy and SNAM S.P.A.

On the 16th of December 1968, SNAM S.P.A. transferred its 10% shareholding representing 95,000 shares to Hydrocarbons International Holdings of Zurich, Switzerland.

The Government of Ghana in 1974 acquired the shares of AGIP SPA and Hydrocarbons International Holdings in AGIP Ghana Company Limited and by a special resolution in 1976 changed the name of the Company to Ghana Oil Company Limited.

By a special resolution passed on August 1, 2007, the Company revised its Regulations and was converted into a public limited liability company.

At the first general meeting of the Company after the Offer, all the directors shall retire from office. New directors will be appointed to reflect the new shareholding in accordance with the revised Regulations of the Company.

1.19 SHARES AND SHAREHOLDERS FUNDS STATEMENT

The share capital of GOIL is detailed as follows:

Authorised number of shares	1,000,000,000
Number of ordinary shares issued and fully paid	185,186,240
Stated Capital (c'million)	67,593
Total Shareholders Funds as at December 31, 2006 (c'million)	136,768

1.20 DIVIDEND POLICY

Based on the Company's performance, the board of directors of GOIL in accordance with the

Companies Code may recommend the payment of dividends out of the Company's earnings. The board will however ensure that any proposed dividend will not jeopardise the Company's ability to operate effectively.

The payment of all dividends will remain at the discretion of the board of directors and will be determined on the basis of the Company's cash flow, earnings, operating and financial conditions, and other relevant factors. The average dividend pay-out ratio over the last three years has been 52%. As a policy, the minimum dividend payable is 35% of profit after tax.

1.21 SIGNIFICANT ISSUES

1.21.1 Transferability of Shares

As a public company, GOIL's shares are fully transferable. No shares are agreed or proposed to be issued for any consideration other than cash.

1.21.2 Issued Shares

GOIL has not issued any preference shares. All issued shares are ordinary shares of no par value. GOIL has not issued any debt securities. There are no outstanding liabilities on any of the issued shares of GOIL.

1.21.3 Working Capital

The directors of the Company are of the opinion that the working capital of the Company is adequate.

1.21.4 Treasury Shares

The Company has no shares in treasury.

1.22 SUMMARY OF FINANCIAL INFORMATION

The financial statements of GOIL for the period between 2002 and 2006 are summarised as follows:

Income Statement

	2006 (c'million)	2005 (c'million)	2004 (c'million)	2003 (c'million)	2002 (c'million)
Turnover	1,921,596	1,380,792	988,157	969,498	571,316
Gross profit	176,851	131,534	104,956	88,865	67,022
Profit/(Loss) from operations	41,909	28,989	20,338	17,560	3,288
Profit / (Loss) before exceptional item and tax	49,589	34,248	36,999	26,479	5,671
Profit/ (Loss) after tax	34,819	20,025	19,251	17,202	(2,246)

BALANCE SHEET SUMMARY

	2006 (c'million)	2005 (c'million)	2004 (c'million)	2003 (c'million)	2002 (c'million)
Fixed Assets	152,215	149,920	131,786	126,363	140,490
Current Assets	433,994	532,777	286,837	181,348	101,765
Total Assets	586,209	682,697	418,623	307,711	242,255
Current Liabilities	390,128	495,773	246,168	252,217	209,657
Net Current Assets	43,866	37,004	40,669	(70,869)	(107,892)
Long-term Liabilities	59,313	62,731	60,288	18,083	12,389
Net Assets	136,768	124,193	112,167	37,411	20,209
Shareholders' funds	136,768	124,193	112,167	37,411	20,209

1.23 RISK FACTORS

Any investment in the securities of a company entails certain risks. As a consequence, in considering a purchase of the securities being offered, prospective investors should consider the risks associated with GOIL's operations, and the risk that investors may not be able to sell their shares at the desired price and at the desired time.

1.24 PLANS AND PROSPECTS

The vision of the Company is to be one of the leading operators in the petroleum and energy sector. To this end, the Company's primary objective is to make its brand the brand of choice in the sector. The key goals that the Company has set over the plan period (2007- 2011) are as follows:

- Gain at the minimum 20% of the overall industry market share by 2011 from a position of 18% in 2006.
- Achieve annual growth in volume of product sales of at least 8.4% over the forecast period.
- Focus on the development of a strong distribution channel through product delivery to operators and customers so as to maintain market share and loyalty of customers.
- Introduce new products to serve identified target market segments.
- Conduct operations in a safe manner with due regard to employees, the environment, contractors and customers.

1.25 VALUATION

In order to arrive at a fair value for GOIL, four different valuation methodologies, considered as the most appropriate for the Company, were applied to the data provided by GOIL's management after carrying out a careful review of the Company's operations. The methodologies were:

- a. Discounted Cash flow analysis (DCF)
- b. Maintainable Earnings Basis (P/E)
- c. Price to Book Value Basis (P/BV)
- d. Net Asset Basis – Book Value (NAV)

After careful consideration, weightings that reflect the company's conditions were applied to the respective values generated. The resulting valuation is:

Methodology	Valuation (¢'million)	Weightings	Weighted Value (¢'million)
Discounted Cash Flow (DCF)	413,875	45%	186,244
Maintainable Earnings (P/E) Basis	459,990	25%	114,997
Price to Book	461,534	20%	92,307
Net Asset - Book Value Basis	179,770	10%	17,977
Total		100%	411,525

PART II

DESCRIPTION OF THE OFFER

2.0 THE SHARE OFFER

The GOIL Share Offer is an open cash offer. The Offer consists of the following:

Offer price per share	20 Gp (¢2,000)
No. of old shares offered by GoG	64,815,184
No. of new shares offered by GOIL	25,000,000
Total no. of shares on offer	89,815,184
Proportion of total offer to post offer issued shares	42.7%

An application has been made to the GSE for permission to list all the issued shares of the company as well as those shares which are the subject of this Offer on the GSE First Official List. On July 11, 2007, the GSE gave a conditional approval for the listing of these shares

2.1 REASONS FOR THE OFFER

The GoG is selling part of its stake in GOIL:

- As part of the Government's on-going strategy to reduce its involvement in the running of commercial entities;
- To raise funds for the Government's budgetary programmes; and
- To release state-owned entities from governmental controls to allow them to compete effectively with their peers.

The Company, on its part, is raising funds through the issue of new shares to carry out:

- modernization and revamping of selected stations;
- rehabilitation and expansion of identified storage depots; and
- to diversify into other related business areas.

An amount of GH¢ 17.59 million (¢175.93 billion) is envisaged to be raised out of which GH¢5.0 million (¢50.0 billion) will go to the Company to undertake the above-mentioned projects while the remainder goes to the selling shareholder.

The application of the funds to be raised by the Company is as follows:

Projects	Amount (GH¢'million)
Construction Of New Stations	3.06
Major Rehabilitations	1.70
Joint Venture Stations Support	0.27
Construction of LPG Filling Plants	0.27
Total	5.30

The balance of GH¢ 0.3 million (¢3.0 billion) will be financed with medium-terms loans

2.2 MINIMUM PROCEEDS FROM THE ISSUE

GOIL has set a minimum amount of GH ₵9.26 million (₵92.59 billion), which should be realised from the Offer. If this amount is not obtained then all monies paid for shares under this offer will be returned within 8 days after the Offer closes on October 12, 2007 in accordance with section 284 (4) of the Companies Code .

2.3 THE APPLICATION

Each application must be for a minimum of 300 shares (i.e. GH₵60 worth), and thereafter in multiples of 100. The latest time for the receipt of application forms is 5pm on October 5, 2007.

2.4 PAYMENT

Payment should be made in full on application. Cheques, postal and money orders which will be presented for payment, should be paid at the offices of the receiving agents where the application form is to be lodged and should be crossed GOIL SHARE OFFER and endorsed COMMISSION TO DRAWER'S ACCOUNT. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be borne by the applicant. Applications, in respect of which cheques are returned unpaid for any reason will be rejected.

The right is reserved to present for payment, all cheques, banker's drafts and money/postal orders on receipt. It is a condition of the offer that all cheques or other remittances must be honoured on first presentation. No interest will be paid to applicants on any monies held on behalf of applicants or on behalf of the Company.

2.5 ALLOTMENT AND DISPATCH OF CERTIFICATES

The directors of GOIL reserve the right to accept or reject any application in whole or in part. Applications received after the Offer has closed will not be considered.

Should the total number of shares applied for exceed the number of shares on offer, 12,963,037 more shares will be made available to wholly or partially satisfy the excess subscription. Allotments will first be made to satisfy the minimum subscription for every qualified applicant. Beyond this, the basis of the allotment of shares will be determined by the directors of GOIL in consultation with the sponsoring brokers, with the aim of achieving a fair distribution of the shares amongst applicants and also ensuring an adequate spread of the shares.

A share certificate in respect of the number of shares for which the application is accepted will be sent by mail not later than 7 days after the allocation of the shares is completed.

2.6 RETURN OF EXCESS APPLICATION MONEY

GOIL will return the balance of the amount paid on application to receiving agents within ten (10) days after the allotment of shares for onward distribution to applicants for any application for which a smaller number of shares is allotted than applied for. Any refunds not made within the stated period will attract interest at the prevailing Bank of Ghana prime rate.

Announcements of such refunds will be made through a newspaper with national circulation within 72 hours of the mailing of such refunds.

2.7 TERMS OF THE OFFER

The shares hereby offered are subject to the terms of this Offer, the application form and Regulations of GOIL. The said shares shall be ordinary shares and will rank equally in all respects with all other issued ordinary shares of the Company. The purchase of shares offered herein and their subsequent transfers thereof shall only be made subject to applicable laws.

2.8 RIGHTS AND OBLIGATIONS IN RELATION TO THE SECURITIES ON OFFER

2.7.1 Voting Rights

Subject to any rights or restrictions for the time being attached to any class of shares, each member and each proxy lawfully present at any meeting shall have one vote, and on a poll each member present or by proxy shall have one vote for each share held.

2.8.2 Right to share in GOIL's Profits

Other than the entitlement to dividends declared, there are no rights to share in the profits of GOIL.

2.8.3 Right to share in any surplus in the event of liquidation

In the event of the Company winding up, the liquidator may divide amongst the members in specie or kind the whole or part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members.

2.8.4 Appointment of Directors

Under GOIL's Regulations directors of the Company are appointed in accordance with Sections 181, 298, and 299 of the Companies' Code.

2.8.5 Flotation Expenses

The total expenses for the Offer are estimated to be 4.6% of the amount to be raised. Summarised details of the expenses are as below:

Item	Amount (GH¢)	Amount (¢m)	% of Amount to be raised
Consultants' fees	137,000	1,370	0.8
Brokerage fee	359,200	3,592	2.0
Regulators' fees	78,600	786	0.4
Printing and Marketing expenses	223,200	2,232	1.2
Miscellaneous/Contingency	36,300	363	0.2
Total	834,300	8,343	4.6

The Government and the Company will bear the cost of the flotation exercise in proportion to the amount each will raise from the Offer.

2.9 PLAN OF DISTRIBUTION

Copies of the prospectus and application form will be available at the offices of the named receiving institutions.

2.10 DEALING IN THE SHARES ON OFFER

2.10.1 Transferability of shares

As a public Company, GOIL shares are fully transferable. No shares are agreed or proposed to be issued for any consideration other than cash under this offer.

2.9.2 Dealings

All the outstanding shares after the Offer will be listed on the GSE. Secondary trading in the shares will therefore be undertaken on the GSE. It is expected that dealings in GOIL shares will commence on unconditional basis on the GSE through a Licensed Dealing Member of the Exchange. The shares will be traded in Ghana cedis and dealings are expected to take place in lots of hundreds among the licensed dealing members.

2.9.3 Commencement of Trading

Trading of GOIL's shares on the GSE is expected to commence on October 31, 2007.

PART III

THE PETROLEUM INDUSTRY

3.0 GLOBAL

Global production of petroleum (crude oil and natural gas plant liquids) increased by 8.7 million barrels per day between 1992 and 2002, an average annual rate of growth of 1.3 percent. Saudi Arabia, Russia, and the United States were the three largest producers of petroleum in 2002. Together, they produced 32.4 percent of the world's petroleum.

The whole of Africa's consumption totaled 2.7 million barrels representing 3.4% of world consumption. Ghana's consumption accounted for 1.4% of Africa's total. The table below indicates regional petroleum consumption from 2000 – 2004.

World Petroleum Consumption: 2000 - 2004

(Thousand Barrels per Day)

Region/Country	2000	2001	2002	2003	2004
Africa	2,507.4	2,617.9	2,650.2	2,702.9	2,790.6
Asia & Oceania	20,897.8	21,078.2	21,535.2	22,255.5	23,341.0
World Total	76,945.9	77,701.3	78,457.7	80,098.8	82,594.7
Ghana	37.0	36.3	38.6	39.0	44.0
Ghana's share as percentage of Africa's	1.5%	1.4%	1.5%	1.4%	1.6%

Source: www.eia.doe.gov/emeu/iea

3.1 STRATEGIC GROWTH ISSUES

The global economy has grown at an average rate of about three percent per year since 1970. Oil and gas will indeed remain essential to economic growth - not only in the industrialized world, but also in developing nations seeking to raise their standards of living. With China and India rapidly emerging as a “new growth pool”, it is understandable why this phenomenon is going to push up overall world demand for petroleum in the future.

Analysts and experts in the petroleum industry believe that demand for oil over the next 20 years is most likely to grow. This is premised on the assumption that there will continue to be growth in demand for transport fuels. In addition, there will be worldwide growth in demand for petroleum products (including natural gas) as energy inputs to households, manufacturing, primary processing and service industries.

Thus, it is clear that economic growth will continue to remain the primary driver of both current and future petroleum demands.

3.2 WEST AFRICA

West Africa's petroleum refining capacity is concentrated in Nigeria. Nigeria's four refineries have the capacity to process 438,750 bbl/d of crude. Other refineries in the region are in Cote d'Ivoire (Abidjan, 65,200 bbl/d); Ghana (Tema Oil Refinery), 45,000 bbl/d); Liberia (Monrovia, 15,000 bbl/d); Senegal (Dakar, 27,000 bbl/d) and Sierra Leone (Freetown, 10,000 bbl/d).

West Africa Petroleum Statistics

Country	Petroleum Production, 2002 (1000 Barrels Per Day)	Petroleum Consumption, 2002 (Thousand Barrels Per Day)	Petroleum Net Exports, 2002 (Thousand Barrels Per Day)	Crude Oil Reserves, 1/1/2003 (Million Barrels)	Crude Oil Refining Capacity, 1/1/2003 (Thousand Barrels Per Day)
Benin	1.00	13.05	-12.05	8.2	0.0
Burkina Faso	0.00	8.87	-8.87	0.0	0.0
Cape Verde	0.00	2.34	-2.34	0.0	0.0
Cote d'Ivoire	19.39	32.0	-12.61	100.0	65.2
Gambia	0.00	1.98	-1.98	0.0	0.0
Ghana	7.00	40.49	-33.49	16.2	45.0
Guinea	0.00	8.73	-8.73	0.0	0.0
Guinea-Bissau	0.00	2.59	-2.59	0.0	0.0
Liberia	0.00	3.20	-3.20	0.0	15.0
Mali	0.00	4.07	-4.07	0.0	0.0
Mauritania	0.00	24.13	-24.13	200.0	0.0
Niger	0.00	5.03	-5.03	300.0	0.0
Nigeria	2,122.86	272.96	-1,849.90	31,506.0	438.8
Senegal	0.00	32.20	-32.20	700.0	27.0
Sierra Leone	0.00	6.66	-6.66	0.0	10.0
Togo	0.00	11.87	-11.87	0.0	0.0
Regional Total/Average	2150.25	470.17	1,680.07	32,830.4	601.0

Sources: Energy Information Administration, Oil & Gas Journal, OPEC Statistical Bulletin, Government of Mauritania, Agence de Gestion et de Cooperation, Government of Niger

3.3 THE DEMAND FOR ENERGY

More than half the countries of the region spend 20% to 35% of their total export earnings on petroleum. The main forces driving the demand for energy are population growth and economic development. The exposure and vulnerability of the Sub-Saharan African economies contributed to the severe economic downturn during the period of high oil prices in the 1970s and early 1980s.

Per Capita Incomes and Consumption of Commercial Energy for Selected Developing & Industrialised Countries

Country	Per capita income	Per capita consumption of commercial energy
India	340	10
Ghana	390	4
China	620	28
Egypt	790	25
Brazil	3,640	30
South Korea	9,700	125
United Kingdom	18,700	156
United States	26,980	327
Germany	27,510	173

It has been widely observed that the energy intensity of an economy (the ratio of energy consumption to GDP) rises during the early and middle phases of economic development, when the industrialisation and 'motorisation' of economies are strong, and then peaks and declines as the less energy-intensive service sector begins to occupy a larger share of economic activity.

3.4 OUTLOOK

Energy demand in developing countries is expected to rise as per capita incomes and populations grow. According to the International Energy Agency, the World Energy Outlook will be as follows:

- World Energy consumption will grow by two-thirds in the next thirty years;
- That fossil fuels will continue to dominate the energy mix;
- That two-thirds of the growth in energy will arise in developing countries;
- International energy trade will expand dramatically;
- Natural gas demand growth will outpace that of any other fossil fuel, but will itself be outpaced by the growth in renewables;
- The transport sector will dominate in oil use;
- Electricity use will grow faster than any other energy end-use; and
- New technologies will emerge on the energy scene within 30 years, but it will be much longer before they become dominant.

3.5 GHANA

The industry is segmented into the upstream and downstream sectors. The upstream activity is currently being undertaken by the state-owned Ghana National Petroleum Corporation, (GNPC) which has the mandate to undertake exploration activities into crude oil either alone or in partnership with other local and international investors. There has been a rush of activities in this sector leading to the announcement of significant finds of crude oil in the country by two oil exploratory companies.

The downstream of activity of refining is carried out by Tema Oil Refinery (TOR) while the distribution of petroleum products including bitumen and lubricants to the general public is handled by the Oil Marketing Companies (OMCs).

3.5.1 Refining

TOR is the only petroleum refinery in Ghana, with a production capacity of 45,000 B.P.S.D. TOR is seeking to increase its capacity to 145,000 B.P.S.D. There are plans to set up other refineries in the country in the face of supply constraints and to allow TOR to focus on its core business of refining crude oil. The new law under the deregulation policy administered by the NPA allows OMCs to bid for the importation of finished petroleum products to complement the shortfall.

3.5.2 Crude Oil Procurement

The petroleum industry in Ghana is entirely dependent on crude oil imported mostly from Nigeria, the region's biggest supplier, and on imported finished products sourced from established markets such as the Mediterranean.

Between 1978 and 1996 the Government Petroleum Department, and later GNPC, procured crude oil for TOR to refine and paid the latter processing fee. TOR has since 1996 been responsible for purchasing crude. However, this function is now controlled by the National Petroleum Authority.

3.5.3 Finished Products Procurement

The NPA imports finished products in addition to crude oil during periods when TOR shuts down for maintenance and also to meet increased domestic demand. Procurement is carried out through a tender process of registered bidders and covers the following products; LPG, Gasoline, Kerosene, Diesel and Fuel Oils.

Lubricants for the Ghana market are supplied by Tema Lube Oil Company Limited in Tema (entirely separate from TOR), which uses imported base oils and additives to blend branded lubricants according to marketing companies' formulations. Specialty lubricants are imported by individual OMCs. The national demand for lubricants was 30,710 metric tons per annum in 2005 with GOIL as the market leader with a market share of 29.2%.

Bitumen is supplied from two bitumen blending plants at Takoradi, owned by Shell and Total, which use imported 80-100 pen bitumen from the Cote d'Ivoire and other countries. GOIL has recently entered the business. The national bitumen demand was estimated to be 47,451 metric tons per annum in 2005, with Shell as the market leader with 78% of the market share.

3.5.4 Refined Petroleum Products Supply

Refined Petroleum Products are supplied to the marketing companies in two ways:

1. Directly from the refinery to road delivery tankers for onward distribution; and
2. By supply from the decentralized depots in Tema, Mami Water, Kumasi, Takoradi, Bupe and Bolgatanga.

3.5.5 Petroleum Pricing Structure

The pricing of petroleum products in Ghana is being deregulated. The Government has established the NPA which monitors and publishes import parity prices of petroleum products on monthly basis or when market forces demand. Tender prices are based on the ex-refinery Tema price.

The ex-refinery price is set by the NPA by using the import parity as the basis. Ex-depot wholesale price is set and published by the NPA and is applied uniformly throughout the country.

The Gross Margin is set by NPA and has lower and upper bands. OMCs are to set their ex-pump prices within the limits. The petroleum Price Build-Up published by NPA is only indicative of maximum ex-pump prices, OMCs are at liberty to set prices and are required to display them at the filling stations. The ex-pump prices set by the OMCs must be equal to or below the maximum indicative ex-pump price published by NPA. When the pricing structure is completely deregulated, OMCs may determine their margins, publish and display petroleum prices at their retail outlets.

3.5.6 Industry Players

The industry is made up of several oversight institutions and operators.

- (i) There are a number of entities that are charged with overseeing and regulating the affairs of oil marketing companies in the country. These entities include in the main:
 - *National Petroleum Authority (NPA)*: This body, which was established in 2005 under the National Petroleum Authority Act, 2005 (Act 691), took over the responsibility of issuing permits and licenses to oil marketing companies from the Energy Commission. It also has responsibility for regulating the petroleum sector, conducting tenders for the supply of refined petroleum products and setting the maximum indicative petroleum prices in the country.
 - *Environmental Protection Agency (EPA)*: This body is responsible for environmental compliance issues and it operates under the Environmental Protection Agency Act, 1994 (Act 490).
 - *State Enterprises Commission*: This body is responsible for monitoring and evaluating the performance of state enterprises, which includes GOIL and reports on such matters to Government, the sole shareholder.
 - *Ghana Standards Board*: This body was established under the Standard Decree 1973, (NRCD 173). The board provides for promulgation of standards for ensuring high quality of goods and for related markets. It is also to provide standardization in industry and commerce.
 - *Factory, Office Shops and Inspectorate Division*: This division was established under Factory, Offices and Shops Act, 1970 (Act 328). The division provides for the registration of factories, the health, welfare and safety of persons and employees in factories, offices, shops and other places for related matters.
 - *Calibration Companies*: These companies are mandated by NPA to carry out periodic calibration of existing underground and surface tanks. They also calibrate all newly installed fuel storage tanks.
 - *Transport/Haulage Companies*: These are NPA-licensed contractors who transport petroleum products between loading points and customers.

The EPA and NPA have confirmed that GOIL is in compliance with all applicable regulatory requirements. Responses to enquiries made by the Legal Advisors to the IPO did not also highlight any material instance of non-compliance with legislation and regulations.

- (ii) Bulk Oil Storage and Transportation (BOST) - Ghana's strategic reserve entity for refined petroleum products. BOST plays a key support role in the economy of Ghana by ensuring the continuous availability of petroleum products.
- (iii) Oil Marketing Companies (OMCs) - distribution and marketing of petroleum products.
- (iii) International Oil Traders – These are foreign companies that supply crude oil to TOR and products to OMCs and trade with BOST.

3.5.7 The National Consumption of Petroleum Products

The consumption pattern of the various petroleum products in Ghana from 2001 – June 2006 is as in the table below:

National Consumption of petroleum products (2001 - June 2006)

	2001	2002	2003	2004	2005	Jan - Jun 2006
Gasoline (litres)	707,960,664	767,237,787	690,928,281	736,736,927	691,770,803	334,806,270
Premix (litres)	36,610,790	28,078,776	40,119,318	37,906,875	41,983,331	12,946,500
Kerosene (litres)	86,279,256	107,860,248	86,753,700	88,589,376	90,828,702	39,140,520
ATK (litres)	94,369,127	111,366,611	86,827,286	132,146,107	146,704,816	56,037,599
Diesel (litres)	781,486,398	843,936,219	895,232,205	981,141,210	965,468,732	500,934,300
Diesel Bunker (lts)	45,559,395	40,079,214	42,802,988	24,124,685	45,764,523	25,970,060
Fuel Oil (litres)	59,067,509	58,400,150	50,137,164	49,526,726	52,609,095	26,272,755
Lubes (litres)	35,507,778	36,592,222	39,332,222	38,558,889	34,122,222	
LP Gas kgs.)	31,074,000	49,745,000	56,205,000	53,806,000	66,594,000	34,847,524

Over this period, there have been instances of shortages of the various products, indicating that supplies have not matched demand. The conservative estimate according to industry experts is that, demand has been at least 5% above consumption.

The table below indicates the percentage consumption for the various products:

	2001	2002	2003	2004	2005
Gasoline	31.0%	31.6%	31.0%	31.1%	30.8%
Premix	1.6%	1.2%	1.8%	1.6%	1.9%
Kerosene	3.8%	4.4%	3.9%	3.7%	4.0%
ATK	21.0%	18.8%	12.8%	13.3%	9.2%
Diesel	34.2%	34.8%	40.1%	41.5%	43.0%
Diesel Bunker	2.0%	1.7%	1.9%	1.0%	2.0%
Fuel Oil	2.6%	2.4%	2.2%	2.1%	2.3%
Lubes	1.6%	1.5%	1.8%	1.6%	1.5%
LP Gas (kgs.)	2.4%	3.6%	4.4%	4.0%	5.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The above indicates that gasoline and gas oil account for between 60%-70% of the consumption of refined petroleum products.

The annual growth in demand for the various products is as follows:

	2001 - 2002	2002 - 2003	2003 - 2004	2004 - 2005	Average '01-05	
Gasoline	7.1%	8.4%	-9.9%	6.6%	-6.1%	3.8%
Premix	23.9%	-23.3%	42.9%	-5.5%	10.8%	0.7%
Kerosene	28.1%	25.0%	-19.6%	2.1%	2.5%	-4.0%
ATK	-20.5%	18.0%	-22.0%	52.2%	11.0%	7.9%
Diesel	5.7%	8.0%	6.1%	9.6%	-1.6%	5.2%
Diesel Bunker	-23.8%	-12.0%	6.8%	-43.6%	89.7%	4.3%
Fuel Oil	-9.1%	-1.1%	-14.1%	-1.2%	6.2%	-2.3%
Lubes	-2.6%	3.1%	7.5%	-2.0%	-11.5%	0.0%
LP Gas (kgs.)	9.1%	60.1%	13.0%	-4.3%	23.8%	14.7%
Weighted Av. growth	5.1%	10.6%	-1.1%	9.0%	1.5%	4.4%

The above indicates that, the average consumption for the various petroleum products has had an annual growth of 2.4% since 2001. LPG has had the largest growth mainly due to increased output since the commissioning of the secondary conversion plant in 2003.

LPG and ATK have had the greatest increase due to availability and pricing. Gasoline and gas oil have had an average annual growth in demand of 3.1%. However, gasoline demand decreased in 2005, while gas oil had only a growth rate of 1.7%.

3.5.8 Supply

The production in litres from the Tema Oil Refinery between 2001 and 2005 is as follows:

	2001	2002	2003	2004	2005
LPG	6,953	24,371	52,552	65,518	75,289
Gasoline	286,300	346,171	433,795	553,076	567,086
Kerosene	98,087	61,052	109,642	111,092	87,745
ATK 63,978	81,601	85,631	106,907	118,978	
Gas oil	353,476	446,535	506,603	568,363	486,269
Fuel Oils	261,082	195,684	163,534	199,075	205,419
TOTAL	1,069,876	1,155,414	1,351,757	1,604,031	1,540,786

3.5.9 Imports

Shortfall in the country's petroleum products requirements are met from imports. From 2001 to 2005, the total imports in litres were as follows:

	1999	2000	2001	2002	2003	2004	2005
LPG	35,641	35,424	35,558	31,962	16,691	11,011	7,077
Premium Gasoline	386,142	386,995	389,400	370,844	232,051	255,362	167,482
Kerosene (DPK)	39,567	30,444	21,522	48,767	34,560		
Gas oil	286,885	363,191	354,311	298,042	285,747	313,103	403,730
Fuel oil	621	290	147	77			
Total	748,856	816,344	800,938	749,692	569,049	579,476	578,289

3.5.10 Competitor Analysis

Market Share

The growth in the number of OMCs in recent times has been phenomenal. From 21 in 2004 and 29 in 2005, the number increased to 42 in 2006.

The industry is dominated by the major OMCs (GOIL, Shell Ghana Ltd. and Total Petroleum Ghana Ltd. Total Ghana Ltd. merged with Mobil Oil Ghana Ltd. in 2006.) whose share of the market has however fallen from 95.6% to 67.9%. GOIL's retention of its market share is therefore remarkable. The combined market share of the major OMCs from 2000 to June 2006 is indicated in the table below:

	2000	2001	2002	2003	2004	2005	Jan- Jun 2006
Fuels	95.6%	97.1%	95.9%	94.1%	77.7%	70.4%	67.9%
Lubricants	98.1%	98.2%	90.4%	87.6%	83.3%	94.1%	-
LPG	96.4%	96.9%	44.1%	34.7%	29.7%	39.4%	20.7%

A detailed breakdown of the market share of the major industry players from 2001 to 2005 is presented below:

	2001	2002	2003	2004	2005	Average
GOIL	18.0%	18.5%	19.1%	19.4%	18.1%	18.6 %
MOBIL	23.4%	22.0%	17.5%	13.3%	13.2%	17.9%
SHELL	22.5%	20.0%	20.7%	20.5%	19.6%	20.7%
TOTAL	23.2%	20.0%	18.5%	18.5%	17.9%	19.6%
OANDO	2.4%	3.4%	4.0%	3.8%	1.5%	3.02%
ENGEN	0.0%	0.9%	1.5%	1.5%	1.5%	1.1%
OTHERS	10.3%	15.2%	18.7%	23.0%	28.2%	19.08%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	

The table shows that although the major OMCs have experienced a dwindling of their market share due to the advent of new entrants, GOIL has been able to hold firmly onto its market share.

3.5.11 Demand Analysis

Gasoline demand is affected by the general socio-economic climate measured by GDP, population changes, the number of vehicles in the country, price and the channels of distribution. Demand has been price elastic to some extent. In February 2005 when the price was increased from ₵4,444.44 to ₵6,666.66, the demand fell considerably even though it later recovered. The same happened with the price increases in August 2005 and October 2005.

The present increase has been due to increase in demand from newly registered vehicles. The current high world market price for petroleum products means prices will continue to rise and demand will be limited.

Gas oil demand has been affected by shortages due to unavailability. This is because of problems with imports. The price of gas oil determines the level of usage by private motorists, this is however not so in the case of commercial transportation and industry, where changes in price do not necessarily affect the level of usage. Its use by the mines will continue to grow, given the present level of gold price.

Kerosene is used mainly in the rural areas but currently the demand is not adequately met because of inherent distribution constraints. The success of the rural electrification programme and renewable energy use, particularly solar energy in the rural areas may adversely affect demand for kerosene. This situation will however, create new business opportunities in the renewable energy area.

3.5.12 Outlook for the Petroleum Sector in Ghana

Global demand for petroleum products is expected to continue to grow due in the main to the surge in demand from fast growing economies like China and India. The growth in demand for petroleum products will be driven by growth in demand for energy to fuel transportation, households, manufacturing, primary processing, and the service industries in general. There is a high correlation between economic growth and growth in demand for oil and petroleum products, including natural gas. Since Ghana is a growing economy, it can reasonably be expected that there will be growth in demand for petroleum products. By extension, demand for GOIL's products is expected to grow as the country's economy grows. With appropriate strategies in place, this will be expected to impact positively on the value of GOIL's shares.

The annual growth in the demand for petroleum products in Ghana is estimated as below:

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Gasoline	1.0%	1.0%	1.0%	1.0%	1.0%
Premix	1.0%	1.0%	1.0%	1.0%	1.0%
Kerosene	0.0%	0.0%	0.0%	0.0%	0.0%
ATK	2.3%	2.6%	2.4%	2.3%	2.2%
Diesel	5.2%	4.6%	4.2%	3.8%	3.4%
Diesel Bunker	4.3%	3.9%	3.5%	3.1%	2.8%
Fuel Oil	0.0%	0.0%	0.0%	0.0%	0.0%
Lubes	1.0%	1.0%	1.0%	1.0%	1.0%
LP Gas (kgs.)	7.4%	6.7%	6.0%	5.4%	4.9%

The success of the intensified exploration program will lead to a boom in the economy particularly the oil industry, causing demand for oil products to increase at a rate higher than what occurred in the past.

Based on the above growth rate, we expect the volume rate demand for petroleum products over the next five years to be as below:

Projected demand for the various petroleum products

Product	2007	2008	2009	2010	2011
Gasoline (thousand litres)	687,499	694,374	701,317	708,331	715,414
Premix (thousand litres)	42,403	42,827	43,256	43,688	44,125
Kerosene (thousand litres)	88,716	88,716	88,716	88,716	88,716
ATK (thousand litres)	153,011	156,917	160,722	164,424	168,022
Diesel (thousand litres)	1,065,910	1,115,318	1,161,846	1,205,467	1,246,201
Diesel Bunker (thousand litres)	49,510	51,418	53,201	54,862	56,404
Fuel Oil (thousand litres)	52,609	52,609	52,609	52,609	52,609
Lubes (thousand litres)	34,463	34,808	35,156	35,508	35,863
LP Gas (thousand kgs.)	77,421	82,586	87,544	92,275	96,762

The weighted average of this growth will be as below:

Year	Weighted Average Growth
2005-2006	3.0%
2006-2007	4.0%
2007-2008	3.4%
2008-2009	3.3%
2009-2010	3.2%
2010-2011	3.1%
2011-2012	3.0%

PART IV

PROFILE OF GHANA OIL COMPANY LIMITED

4.0 HISTORY AND DEVELOPMENT OF GOIL

GOIL was incorporated as a private limited liability company on June 14, 1960 as AGIP Ghana Company Limited with the objective of marketing petroleum products and related products particularly fuels, liquefied petroleum gas (LPG), lubricants, bitumen, and speciality products in Ghana. The shareholders were AGIP SPA of Italy and SNAM S.P.A.

On the 16th of December 1968, SNAM S.P.A. transferred its 10% shareholding representing 95,000 shares to Hydrocarbons International Holdings of Zurich, Switzerland.

The Government of Ghana in 1974 acquired the shares of AGIP SPA and Hydrocarbons International Holdings in AGIP Ghana Company Limited and by a special resolution in 1976 changed the name of the Company to Ghana Oil Company Limited.

By a special resolution passed on August 1, 2007 the Company revised its Regulations and was converted into a public Company.

At the first general meeting of the Company after the Offer, all the directors shall retire from office. New directors will be appointed to reflect the new shareholding in accordance with the revised Regulations of the Company.

Although, there are over forty registered oil marketing companies actively competing in the petroleum market in Ghana, the activities of five of these companies namely Shell, Total Ghana Limited, GOIL, Oando and Engen account for about 78% of the petroleum market in Ghana. GOIL has had a weighted average market share of 18.7% over the period 2001 to 2006.

GOIL has a large retail network, comprising 85 filling stations, 61 service stations and 138 consumer outlets spread across the country. Of the filling and service stations 81 are company owned and 65 are joint venture stations. The consumer outlets include companies, schools, hospitals, factories, hotels, banks and major parastatals.

In addition, there are a number of other retail outlets established to market premix fuel and kerosene to rural areas. LP Gas filling plants have also been installed at some of the filling and service stations and at other locations in the country.

The Company's geographical spread places it first in terms of the distribution of petroleum products and its network enables their products to reach virtually all parts of the country.

Currently, GOIL's technical partners are ENI SPA (AGIP) of Italy.

4.1 Important Events in the development of GOIL's business

1960	GOIL, then AGIP Company Limited was incorporated
1968	SNAM S.P.A. transferred its shares to Hydrocarbons International
1974	The Government of Ghana under a takeover agreement purchased the entire shareholding of AGIP SPA and Hydrocarbons International Holding Company in AGIP Ghana Company Limited
1976	<p>The Company by a special resolution changed its name to Ghana Oil Company Limited.</p> <p>Restructuring of the Company commenced. Regional operations were consolidated under four zones and redundant assets disposed off to cut cost and improve operations.</p>
2001	GOIL Transport Company Limited (GOTRACO), oil haulage company was incorporated as a subsidiary of GOIL. The company however ceased operations in December 2002 due to operational difficulties. It has now been wound up.
2004	<p>The number of authorised shares of the Company was increased from 950,000 to 1,000,000,000</p> <p>Government of Ghana, through the Ministry of Finance and Economic Planning rescheduled the IDA/Government loan to the Company after allowing 55% of the loan amounting to ₵65,592,626,000 to be converted into equity capital.</p>
2007	GOIL was converted into a public company

4.2 THE COMPANY'S VISION AND MISSION

GOIL's vision is to be a world-class provider of goods and services in the petroleum and other areas of the energy industry.

Its mission is to market quality petroleum and other energy products and services in all its branches in an ethical, healthy, safe, environmentally friendly and socially responsible manner and to produce and manufacture goods, or provide services which enhance or support the marketing, distribution and sale of the company's products and services.

4.3 AUTHORISED BUSINESS

GOIL has been duly registered and licensed by the NPA to engage in the bulk storage, transportation, marketing or sale and international trading of petroleum products including imports and exports of same in accordance with Section 11 of the National Petroleum Authority Act, 2005 (Act 691)

4.4 CAPITAL STRUCTURE OF THE ISSUER

Stated Capital/Share Issue History

GOIL was incorporated in 1960 with nine hundred and fifty thousand (950,000) ordinary shares of no par value. The first shareholders, AGIP SPA and SNAM SPA were issued 855,000 and 95,000 shares respectively; the consideration paid in cash was 855,000 pounds and 95,000 pounds.

The minority shareholder, SNAM SPA in 1968 transferred its 95,000 shares to Hydrocarbons International Holdings of Switzerland.

In 1974, the Government acquired a 100% ownership of the Company through a share transfer deal from AGIP SPA and Hydrocarbons International.

The authorized shares of GOIL were increased in 2004 from 950,000 to 1,000,000,000 ordinary shares of no par value following the conversion into equity of 55% of the International Development Association (IDA) Loan of Special Drawing Rights (SDR) 9,440,000, which was on-lent by the Government to GOIL. The total portion of the loan converted amounted to ₺65,592,626,000 and as consideration, 29,814,830 shares were issued to the Government.

On August 1, 2007, 154,421,410 new shares were issued to the Government under a capitalisation issue in accordance with Sections 66 and 74 of the Companies Code. There are no other classes of shares or unpaid liability on any share. GOIL also has no shares in treasury.

The breakdown of consideration paid for the ordinary shares is shown in the table below;

	No. of Shares	Amount (₺'m)
Issued for cash	950,000	2
Transfer from Surplus	-	1,998
Issued for consideration other than cash	29,814,830	65,593
Bonus Issue	154,421,410	500

The sole shareholder has the right to sell or transfer its shares which are currently being managed by the Ministry of Finance and Economic Planning (MOFEP) in conjunction with the Ministry of Energy (MOE) and the State Enterprises Commission.

4.4 DIVIDEND HISTORY

The table below shows GOIL's dividend history during the last five years. It reveals a company with a positive trend of dividend payments. The trend reflects a resurgent company that has emerged from the difficulties of the early 2000s.

	2006	2005	2004	2003	2002
Dividend Paid (₺'million)	(16,305)	(11,076)	(10,088)	-	-
Dividend per share (₺)	530.07	360.02	327.91	-	-
Payout Ratio (%)	46.83%	55.31%	52.4%	-	-

4.5 RELATED COMPANIES

The table below shows the list of companies in which GOIL has investments.

Name of Company	Area of Operation	No. of Shares	% Holding by GOIL	Status
Total Ghana Limited	Oil marketing	130,066	0.93	In operation
Tema Lube Oil	Manufacturer of lubricants	100,000	10.0	In operation
Metro Mass Transit	Mainly intra-city transport service	45,000	7.5	In operation
Ghana Bunkering Services Limited	Bunkering	309	51.5	In operation
*GOIL Bakri Energy Company (Ghana) Limited	Aviation fueling	40,000	40.0	Under liquidation

**GOIL is now pursuing aviation fuelling business on its own*

4.6 PRINCIPAL CAPITAL EXPENDITURE

GOIL's capital expenditure over the past five years as shown below depict a company that is keen on investment. It has doubled its capital expenditure over the period;

	2005 (c'million)	2004 (c'million)	2003 (c'million)	2002 (c'million)	2001 (c'million)
Leasehold Land & Building	863	6,551	344	3,374	8,772
Plant & Machinery	6,474	6,533	3,774	1,639	2,361
Furniture & Equipment	1,152	1,549	1,382	1,006	554
Motor Vehicles	1,156	5,823	5,594	-	-
Capital work-in-progress	20,899	9,097	1,697	1,962	4,729
TOTAL	30,544	29,553	12,791	7,981	16,416

4.7 TAKEOVER OFFERS OR BIDS

GOIL has neither in the past nor in the current financial year made any takeover bids for other companies' shares nor has it received any takeover offers by any third party in respect of its issued shares.

4.8 BUSINESS OVERVIEW

4.8.1 Main Operations

The volume of products handled by GOIL over the five-year period (2001 - 2005) is shown in the table below:

Product	2005	2004	2003	2002	2001
Gasoline (litres)	123,724,085	149,080,158	123,861,209	135,445,550	122,111,559
Premix(litres)	16,682,981	15,336,792	20,258,753	12,960,855	11,556,653
Kerosene(litres)	10,248,984	14,605,920	13,409,874	12,364,110	10,950,714
Diesel(litres)	155,206,139	172,021,973	152,115,067	148,659,525	128,178,194
Diesel Bunker (litres)	23,020,956	8,067,591	17,548,934	11,748,240	9,652,671
Fuel Oil (litres)	10,048,847	8,752,590	9,931,383	12,700,611	10,928,264
Total (litres)	338,931,992	367,865,024	337,125,220	333,878,891	293,378,055
Lubes (litres)	9,968,889	9,820,000	10,961,111	9,855,556	9,954,444
LP Gas (kgs.)	12,422,000	12,798,000	14,064,000	14,026,000	15,582,000

The trend in GOIL's business for these products over this period is as below:

Product	(% Change in growth)				
	2005	2004	2003	2002	2001
Gasoline	(17)	20	(9)	11	(6)
Premix	11	(26)	56	12	(30)
Kerosene	(29)	8	8	13	(28)
Diesel	(10)	13	2	16	(2)
Diesel Bunker	159	(49)	49	22	-
Fuel Oil	18	(14)	(22)	16	2
Total Fuels	(8)	9	1	14	(6)
Lubes	(8)	(1)	11	(1)	6
L P Gas (kgs.)	(11)	(1)	-	(10)	25

The table depicts that product volume trend has been quite erratic. The trend was largely as a result of supply constraints over the years.

4.8.2 Market Share

GOIL's market share by product between 2001 and 2006 is as shown below:

Product	(Market share in %)					
	2006	2005	2004	2003	2002	2001
Gasoline	17.3	17.9	20.2	17.9	17.7	19.5
Premix	31.0	39.6	40.5	50.5	46.2	44.8
Kerosene	12.5	11.3	16.5	15.5	11.5	18.6
Diesel	14.2	16.1	17.5	17.0	17.6	18.0
Diesel Bunker	40.8	50.3	33.4	41.0	29.3	21.2
Fuel Oil	34.5	19.1	17.8	19.8	22.9	18.4
Total Fuels	16.8	17.9	19.1	18.6	18.1	19.2
Lubes	30.9	29.2	25.5	27.9	26.9	28.0

LP Gas	16.5	18.3	23.8	25.0	28.9	49.7
Weighted Average	17.0	18.1	19.4	19.1	18.5	19.9

Source: Industry Co-ordinator

GOIL has fared reasonably well in maintaining its market share in several of its key products, given the intense competition in the industry occasioned by the liberalisation and deregulation that has taken place. The average market share of 18.7% is remarkable.

4.8.3 Revenue Contribution by Product

The table below shows a break down of GOIL's total revenue by product from 2003 to 2005.

Product Fuels	2005 c'million	2004 c'million	2003 c'million
Gasoline	754,248	630,974	526,441
Premix	71,845	51,644	68,238
Kerosene	46,809	56,197	49,300
Diesel	866,309	627,709	562,021
Diesel Bunker	104,833	25,888	41,226
Fuel oil	34,701	51,774	22,355
Lubricants			
Lubes	103,033	91,718	90,252
LP Gas	57,661	48,268	47,071
Bitumen	-	383	-

The contribution of diesel and gasoline dwarfed the other products with diesel income being the highest. The volume of diesel sales has grown faster than gasoline.

4.8.4 Geographical Coverage

Of all the OMC's, GOIL has the widest distribution network in the country. This capacity to operate in several terrains in Ghana provides it with a competitive advantage and has helped maintain its market share, while the new entrants have carved out market share from competitors.

The Company is represented in every district of the country through the establishment of retail stations and kerosene storage and retailing points. GOIL has distribution depots located in Tema, Takoradi, Kumasi, Tamale, Buipe and Accra. Coordination of all activities is done through a Zonal office in Tamale for the Northern, Upper West and Upper East Regions, in Kumasi for Brong-Ahafo and Ashanti Regions, in Takoradi for part of Central and Western Regions and in Accra for part of the Greater Accra, Volta, Eastern and part of Central Regions.

Presented in the table on page 42 is the number of stations operated in each of the regions by GOIL:

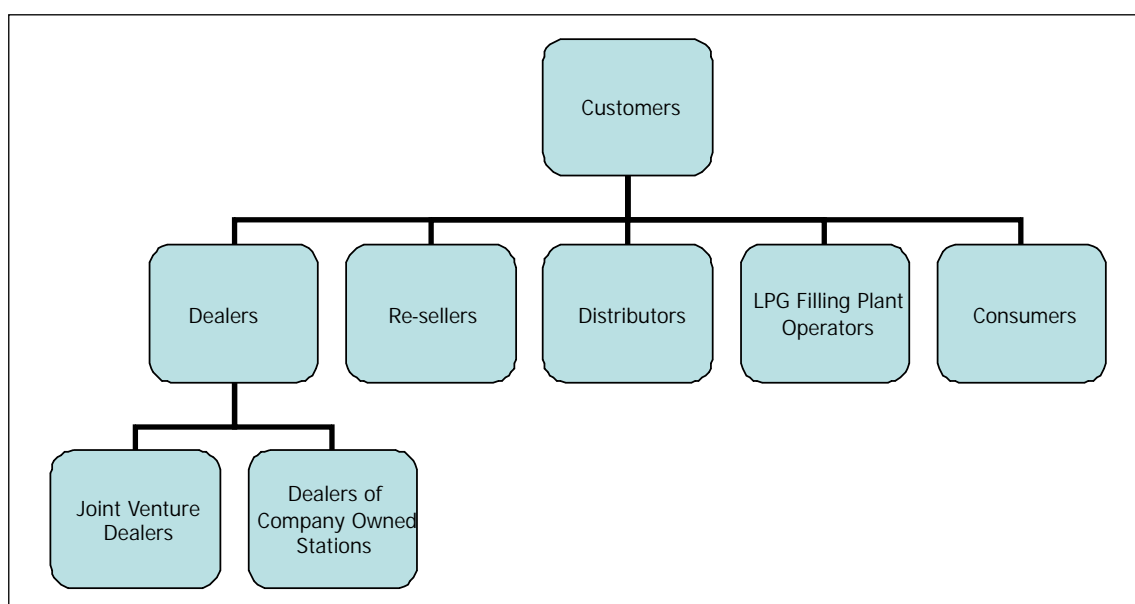
List of Stations Operated by GOIL

Region	Company Owned Stations		Joint Venture Stations		Total S/S	Total F/S
	Service Station	Filling Station	Service Station	Filling Station		
Greater Accra	14	6	11	6	25	12
Eastern	2	9	2	8	4	17
Volta	1	3	1	1	2	4
Ashanti	7	9	8	3	15	12
Brong-Ahafo	2	6	2	5	4	11
Western	3	3	1	4	4	7
Central	7	2	2	3	9	
North	1	2	2	3	3	5
Upper East	2	2	1	1	3	3
Upper West	0	2	1	2	1	4
Total	33	49	31	35	64	84

SS - Service Station, FS - Filling Station

4.8.5 Distribution Channels

The Company has five main types of customers as shown in the diagram below:



4.8.6 The Retail Customers

The retail customers comprise dealers, re-sellers, LPG Filling Plant Operators and Distributors.

4.8.6.1 Dealers

These are customers who retail the Company's products at GOIL branded filling and service stations. In total, they account for about 65% of their fuel business. The dealers can further be divided into two categories i.e. joint venture stations and Company-owned stations.

a. Joint Venture Dealers

These are customers who operate under GOIL branded stations which are not fully-owned by GOIL. Generally these dealers own the land, station buildings and other infrastructure at the station while GOIL retains ownership of the pumps, generators, compressors, underground tanks, related pipelines, accessories, canopies and any other GOIL branded equipment. The land and station buildings are generally used as security for credit facilities granted by GOIL to their customers.

b. Company Owned Stations

This category comprises of GOIL owned filling and service stations that have been let out to individuals or private companies to run.

4.8.6.2 Resellers

Resellers retail premix fuel, kerosene and other products from small scale outlets.

4.8.6.3 Distributors

This category of customers are engaged to independently distribute and market the Company's non-fuel and/or LPG products, including lubricants outside GOIL branded stations.

4.8.6.4 LPG Filling Plant Operators

These are a category of customers who operate GOIL branded LPG filling plants. These plants are either Company-owned, joint venture or privately-owned.

4.8.6.5 Consumers

These are customers who buy directly from the Company for their own use. They usually comprise large companies such as the breweries, mining and transport companies. GOIL installs pumps, related pipes and underground tanks at their premises.

4.8.7 Marketing and Technological Innovation

GOIL has undergone business process reengineering, thereby streamlining its resources and processes within the Company to provide the best means for maximising revenues.

Its focus has been on establishing improved technology aimed at enhancing business processes in order to achieve customer satisfaction. GOIL's computerization strategy is focused on achieving an integrated Information Technology (IT) infrastructure which enables systems, both manual and automated, to interact seamlessly with each other.

Except for two branches where Wide Area Network (WAN) services are not available, all other branches of GOIL are connected to the Head Office by WAN.

4.8.8 Customer Service Centre

GOIL's aim has been to provide its customers with value for money and therefore the Company has pragmatically instituted a customer service centre to enable it serve customers better.

4.8.9 Corporate Social Responsibility

GOIL's commitment to social responsibility is manifested in its support for Rural Kerosene Programmes. GOIL has initiated and set up a rural kerosene mini depot at Sefwi Wiaso (Western Region) for the storage and supply of kerosene to the areas in and around Sefwi Wiaso. The intention is to expand the facility to other locations throughout the country to enable the people living in rural areas access kerosene.

During festive occasions (Christmas and Easter), GOIL makes donations on rotational basis to orphanages and homes for the mentally challenged across the country. Donations and sponsorships are also given to educational institutions (schools) and Traditional Authorities during various festivals. Additionally, GOIL sponsors various sporting activities in the country. e.g., golf, football and athletics.

4.9 MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

In order to function effectively and to attain its objectives, GOIL has entered into a number of contracts which include contracts with its main suppliers and dealers. Some of these contracts are:

4.9.1 Distribution Agreement between ENI S.P.A (ENI) and GOIL

GOIL has a distribution agreement with ENI S.P.A. Under this Agreement, GOIL is appointed the sole distributor of ENI R & M products in Ghana. GOIL's obligations under the Agreement include promoting, selling and providing technical information with respect to ENI SPA products in Ghana.

4.9.2 License /Supply Agreement Between ENI S.P.A (ENI) And GOIL

GOIL also has a license/ supply agreement with ENI S.P.A. Under this agreement GOIL is granted a non-exclusive license to use ENI's technology, know-how, formulae, trademark and trade name for the production of ENI's products in Ghana.

4.9.3 Other Contracts

GOIL has a contract with Metro Mass Transit Company Limited under which GOIL supplies all its fuel and lubricant requirements. GOIL also has a blending contract with Tema Lube Oil Company Limited.

There are no related party contracts.

4.10 MATERIAL EFFECTS OF GOVERNMENT POLICIES ON GOIL'S BUSINESS

Government's policies on the energy sector pose challenges and opportunities for OMCs, and for that matter GOIL. The Government's deregulation policy allows OMCs to import petroleum products to supplement their supplies from TOR. Consequently, GOIL has in appropriate circumstances imported petroleum products to supplement its supplies from TOR. Under this policy also, OMCs are permitted to set their own prices within the ceiling set by the NPA.

In spite of these opportunities, deregulation of the petroleum sector by the Government has led to the emergence of many small sized OMC's. Some customers of GOIL have gone independent and are now in competition with GOIL. The Company has responded to this by initiating measures aimed at achieving dealer loyalty and retention.

4.11 PROPERTY, PLANT AND EQUIPMENT

The table below shows the value of GOIL's fixed assets as reported in the audited financial statements for 2005.

The break down is as follows:

Assets	Value (c'm)
Land and Buildings	66,468
Furniture and Equipment	4,994
Plant and Machinery	40,670
Vehicles	4,820
Work in progress	26,495
Total	143,447

A revaluation of these fixed assets was carried out as at December 31, 2005 and the values of the assets by geographical spread are in the table below:

	REGION	LAND & BUILDINGS	FURNITURE & EQUIP'T	VEHICLES	PLANT & MACHINERY	TOTAL
1	GREATER ACCRA	c54,489,400,000	c2,123,694,000		c22,726,269,000	c79,339,363,000
2	CENTRAL REGION	2,504,000,000	-		2,185,880,771	4,689,880,771
3	VOLTA REGION	914,000,000	-		1,684,186,266	2,598,186,266
4	EASTERN REGION	1,915,000,000	21,909,200		5,137,569,849	7,074,479,049
5	WESTERN REGION	5,047,000,000	172,625,000		28,296,262,590	33,515,887,590
6	ASHANTI REGION	29,079,000,000	429,959,000		10,408,991,000	39,917,950,000
7	BRONG AHAFO REGION	1,120,000,000	40,169,000		2,234,387,000	3,394,556,000
8	NORTHERN REGION	1,183,000,000	2,322,000		1,440,745,000	2,626,067,000
9	UPPER EAST	1,238,000,000	-		1,486,096,000	2,724,096,000
10	UPPER WEST	323,000,000	-		1,178,652,000	1,501,652,000
	TOTAL	97,812,400,000	2,790,678,200	11,362,353,000	76,779,039,476	188,744,470,676

4.12 DIRECTORS, SENIOR MANAGEMENT & OTHER EMPLOYEES

4.12.1 Board of Directors

The maximum number of directors permitted by GOIL's Regulation is nine (9).

GOIL currently has a nine member Board made up of the Chairman, the Managing Director and seven other members, all appointed by the Government, the sole shareholder. The board is made up of a good mix of seasoned and respected professionals.

The current directors are:

No.	Name	Age	Position	Business / Occupation	Address	Other Directorships
1.	Hon. Freddie Blay	56	Chairman	Lawyer	H/No. 101/3, Keta Close, Nima Road, Accra	i. Chairman, Pan African Metal Ltd. ii. Chairman, Western Publications Ltd.
2.	Mr. Gottfried M. Sarpong	72	Member	Chartered Accountant	H/No.8, 11 th Close, New Achimota, Accra	Asafu-Adjaye & Partners
3.	Dr. A. K. Ofosu-Ahenkorah	49	Member	Mechanical Engineer	F6/10, Ashongman, Accra	i. National Petroleum Authority ii. Energy Commission
4.	Dr. Al-Hassan E. Abdulai	51	Member	Dental Surgeon	No. 11, Madu Flower Close, East Legon Accra	Chairman, KADMILS Ltd.
5.	Mr. Gabby Nsiah Nketiah	64	Member	Businessman	SMB 100, Santa Maria, Kwashieman, Accra	i. Ghana Trade Fair Co. Limited ii. Aerogem Aviation iii. Ganiva Group of Companies iv. Star Security Company v. Top Radio
6.	Mr. Fred Antoh	53	Member	Businessman	Kumasi	
7.	H.E. (Mrs) Cecilia Gyan Amoah	60	Member	Diplomat	32 Crescent, Dzorwulu, Accra	
8.	Dr. Francis Apiagyei Poku	71	Member	Dental Surgeon	C133/21 SasloLink Abelenkpe, Acca	I. Odart Shipping & Stevedoring Company ii. Poku Memorial Dental Clinic
9.	Mr. Yaw Agyemang-Duah	56	Managing Director	Chemical Engineer	H/No. 52 Switchback Road Residential Area, Accra	i. Tema Lube Oil Company Ltd.; ii. Chairman, Ghana Bunkering Services Ltd; iii. Volta Lake Transport Company Ltd; iv. Worldwide Investments Ltd;

a) Profile of Members of the Board

(1) Hon. Freddie Worsenmao Armah Blay (Chairman)

Honourable Blay, 56, is a legal practitioner and currently the First Deputy Speaker of Parliament and MP of Ellembele Constituency. He holds a Bachelor of Laws (LLB) degree from the University of Ghana, Legon and Barrister at Law (BL) from the Ghana School of Law. He is the chairman of two parliamentary committees, chairman of Western Publication Limited and Pan African Metal Limited and member of Executive Council for Project Cure, African Chapter and the National Institutional Renewal Programme (NIRP).

(2) Mr. Gottfried Martin Sarpong (Non-Executive Director)

Mr. Sarpong, 72, is a Chartered Accountant with over 32 years of working experience. He is a fellow of Association of Chartered Accountants, member of Institute of Chartered Accountants (Ghana) and associate member of Institute of Chartered Secretaries and Administrators (U.K). He is the chairman of the Finance and Audit Committee of the Board of Directors of the Company. He is the Managing Partner of Asafu-Adjaye & Partners. He has previously worked with Bank of Ghana, Midgley Snelling Barnes & Co (Chartered Accountants), E Rothchild & Co. in London (Chartered Accountants) and Hart & Co in London (Chartered Accountants).

(3) Dr. Alfred K. Ofosu-Ahenkorah (Non-Executive Director)

Dr. Ofosu-Ahenkorah, 49, is a Mechanical Engineer by profession. He holds PhD. and MSc. (Hons) degrees from the Volgograd State Technical University in Russia and Executive MBA from the University of Ghana, Legon. He is a member of Ghana Institution of Engineers (GhIE) and Association of Energy Engineers in USA. He is the Deputy Chairman of the Renewable Energy and Energy Efficiency Partnership (REEEP), Vienna, Austria and a member of the Technical Advisory Committee of the Collaboration and Labelling Appliance Standards Programme (CLASP), Washington DC, USA. His previous employment includes Executive Director of Energy Foundation and Consultant to ESMAP/World Bank Project. He is currently the Acting Executive Secretary of Energy Commission and a member of the Governing Board of National Petroleum Authority.

(4) Dr. Al- Hassan Emil Abdulai (Non-Executive Director)

Dr. Abdulai, 51, is medical doctor by profession. He holds BDS from the University of Ghana, Legon and FWACS from West African Post-Graduate Medical College. He is a member of Korle-Bu Teaching Hospital Management Board, Academic Board of the University of Ghana, Board of the University of Ghana Dental School and Academic Board of the College of Health Sciences. Presently, he is a Senior Lecturer at Department of Oral and Maxillo-Facial Surgery, University of Ghana Dental School, Consultant of Oral and Maxillo-Facial Surgeon, Korle-Bu Teaching Hospital and Deputy Director of Medical Sciences, Korle-Bu Teaching Hospital.

(5) Mr. Gabby Nsiah Nketiah (Non-Executive Director)

Mr. Nketiah, 64, is an automotive engineer by profession and has attended courses in Good Corporate Governance and Strategic Management at Ghana Institute of Management and Public Administration. He is a senior special aide to the President of Ghana, member of the

Board of Directors of Ghana Trade Fair Co. Limited and chairman of Aerogem Aviation, Ganiva Group of Companies, Star Security Company and Top Radio. He holds an honorary doctorate degree from Truth Bible College, Florida, USA. His previous appointment includes Ghana Armed Forces (Automotive Engineer) and Ganiva Battery Centre (Managing Director).

(6) Mr. Fred Antoh (Non-Executive Director)

Mr. Antoh, 53, is a Biologist by profession and holds BSc (Hons) Biology from Kwame Nkrumah University of Science and Technology. He has over twenty three years experience in Petroleum Retail Business including bulk peddler operation.

(7) Her Excellency, Mrs Cecilia Gyan Amoah (Non-Executive Director)

Mrs Amoah, 60, holds a Bachelor of Education and Theology (B.Ed.) from the University of Botswana and Swaziland respectively and was the Member of Parliament of Asutifi South Constituency. She has over 24 years teaching experience. She has attended a number of international conferences, workshops and seminars and is currently Ghana's Ambassador to Cuba.

(8) Dr. Francis Apiagyei Poku (Non-Executive Director)

Dr. Poku, 71, holds a bachelor degree in Dental Surgery from Bristol University, England and is a member of the Ghana Medical Association and the Ghana Dental Association. He has held a number of appointments the most notable being Senior Dental Surgeon at Ridge Hospital (1970-1973). He has since 1973 been practising as a private Dental practitioner at Poku Memorial Dental Clinic in Accra. Dr. Poku has also represented Ghana in most annual international conferences on dentistry.

(9) Mr. Yaw Agyemang-Duah (Managing Director)

Mr. Agyemang-Duah, 56, is a Chemical Engineer by profession and a product of Kwame Nkrumah University of Science & Technology (KNUST). He holds an MBA in Finance & Marketing from Syracuse University in New York, USA. and member of the Chartered Institute of Marketing, Institute of Energy (UK), International Bunker Industry Association and other professional bodies. He is the current chairman of Association of Oil Marketing Companies and Ghana Bunkering Company Limited and a board member of Tema Lube Oil Company Limited, Ghana Cylinder Manufacturing Company Limited, Volta Lake Transport Company Limited and Metro Mass Transit Company Limited. He previously worked with Ghana Rubber Products Limited, Ghana Investments Promotion Centre and Ghana National Petroleum Corporation. He has been the Managing Director of the Company since 2001.

4.12.2 Senior Management

A well-trained, highly-educated and experienced nine-member senior management team assists the Managing Director in the day-to-day administration of the Company.

(1) Charles K. Darko - Fuels Marketing Manager

Mr. Darko, 56, holds a BA (Hons) degree from the University of Cape Coast. He has profound knowledge of the oil marketing industry. He previously worked with Shell Ghana Limited as General Sales and Retail Sales Representative. He has thirty two (32) years working experience of which twenty years have been with GOIL. With GOIL, he has

served as Public Affairs Manager, Zonal Manager South, Zonal Manager West, LPG Marketing Manager and District Sales Representative.

(2) James Prince Ankobiah - Finance Manager

Mr. Ankobiah, 53, is a Chartered Accountant by profession with over thirty years (30) working experience and a member of the Institute of Chartered Accountants, Ghana. He also holds an Executive MBA (Project Management) from the University of Ghana, Legon. Before joining GOIL in 2003, he worked with Deloitte (Chartered Accountants) in Ghana, Muhtari Dangana & Co (Chartered Accountants) in Nigeria and Ghana Aluminium Products Limited as the Financial Controller. He was a part-time lecturer in accounting at the Institute of Professional Studies (IPS) and a member of the Board of Directors of Tema Parents' Association School.

(3) Patrick Akpe Kwame Akorli - Internal Auditor

Mr. Akorli, 48, is Chartered Accountant by profession and a member of the Institute of Chartered Accountants, Ghana. He has been with GOIL since 1996. He previously worked with Quansah, Nyame & Co, (Chartered Accountants) and has had more than fourteen years of experience with the Ghana Education Service as a trained teacher and Senior Accountant at Mawuli School, Ho. He holds an Executive MBA degree from the Ghana Institute of Management and Public Administration (GIMPA).

(4) Stephen Yaw Gyaben- Solicitor Secretary

Mr. Gyaben, 51, is a solicitor by profession. He holds BA (Hons) degree from the University of Ghana, Legon and Barrister -at- Law (B.L.) from the Ghana School of Law. He was employed as the Legal Affairs Manager of the Company in 1999. He has twenty-six years working experience including eight years of teaching at Aquinas Secondary School and eleven years in the Legal Department of State Insurance Company of Ghana Ltd.

(5) Paul Ohene-Tagoe - Operations Manager

Mr. Ohene-Tagoe, 55, is a civil engineer by profession. He holds BSc (Hons) degree from Kwame Nkrumah University of Science & Technology and is a senior member of Ghana Institution of Engineers. He also holds Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA). He has over twenty-seven years working experience to his credit. He previously worked with engineering consultancy firms and construction companies in Nigeria and Twum Bofo & Partners (Engineering Consultants) in Ghana. He joined GOIL as Engineering Services Manager in 2000.

(6) Anthony Twumasi - Information & Planning Manager

Mr. Twumasi, 48, holds an MSc. (Hons) degree in Computer Science from the Stockholm University in Sweden. Mr. Anthony Twumasi worked with the Telia Research AB of Stockholm, Sweden and later joined Ernst & Young as a Senior Manager. He joined GOIL in 2003.

(7) Joseph Brian A. Ansah - Administrative Manager

Mr. Ansah, 53, obtained an MSc (Hons) degree from Moscow Institute of Chemical Engineering, Russia in 1981. He also holds an Executive MBA from the University of Ghana Business School.

Mr. Ansah was employed by GOIL as an Operations Engineer in 1983. He has 26 years working experience of which 24 has been with GOIL. He has held several positions in the Company including assistant Projects Manager for the GOIL/World Bank Project, Retail Sales Manager, Zonal Manager (West), and General Services Manager. In 2003, he was appointed as the Operations Manager and was re-assigned as the Administrative Manager in 2005. Mr. Ansah has participated in several programmes including a Management Development Programme at Irish Management Institute (IMI) Dublin, and seminars at Harvard Business School. He worked with Ghana Water Company (Ghana Water and Sewerage Corporation) before joining GOIL.

(8) Joseph Kofi Nyarko - Health Safety & Environment Manager

Mr. Nyarko, 51, holds a BSc, (Hon) degree in Mechanical Engineering from the Kwame Nkrumah University of Science and Technology and a post graduate diploma in Petroleum Operations & Development, Petrad, Stavanger, Norway. He also holds an MBA from the Ghana Institute of Management and Public Administration. He was employed by GOIL initially as Project Engineer in 1993. He has held other positions in GOIL including Works & Services Manager, Distribution Manager and General Services Manager. He was appointed the Health Safety and Environment Manager in 2005.

Mr. Nyarko's previous employment experience was with Lever Brothers Ghana Ltd (now Unilever Ghana Limited) where he was the Maintenance Engineer in charge of Edibles and Personal Products. He also worked with the Tema Steel Works.

(9) Alex Josiah Adzew - Lubricants & LPG Marketing Manager

Mr. Adzew, 41, holds a BSc, (Hon) degree in Mechanical Engineering from the Kwame Nkrumah University of Science and Technology. He also holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA).

He was employed by GOIL as a Sales Engineer in 1992. Mr. Adzew has participated in several training programmes in Ghana and abroad particularly with ENI (formerly Agip SpA) and has participated in seminars at the Harvard Business School and Manchester Business School.

He worked with the Tractor & Equipment a division of Unilever Ghana Ltd before joining GOIL.

4.12.3 Employees

As at December 31, 2006, GOIL had a staff strength of 247. The table below shows a breakdown of GOIL's staff strength over the past five years.

	2002	2003	2004	2005	2006
Management	11	11	11	9	10
Senior Staff	82	84	82	100	104
Junior Staff	156	154	143	135	133
Total	249	249	236	244	247

4.12.4 Share Ownership Scheme by Employees

GOIL is 100% owned by the Government of Ghana. None of the directors or employees currently own shares in the Company. Under the Offer however, 5% of the Company's shares currently in issue, amounting to 9,259,312 have been earmarked for sale to employees under the ESOP. All permanent employees of GOIL who have worked with the company for a minimum of one year are eligible to partake in the scheme.

All eligible persons shall not be able to transfer, assign, charge or dispose of their shares until the expiration of a vesting period of four years. The ESOP will be administered by a board of trustees.

4.13 HUMAN RESOURCE POLICIES

The human resource policies are contained in the collective agreement for junior staff and the conditions of service manual for senior staff. Both documents provide guidance on matters relating to negotiations and dispute resolution. The policies also deal with terms of employment, training, salaries and allowances, labour relations and staff welfare.

The Company has a number of policies in place that seek to enhance efficiency and the effectiveness of staff. These policies focus on professional development to cater for the short, medium and long term needs of the Company as well as opportunities aimed at promoting a responsible, creative, and proactive approach to work. Employees are sponsored to attend training sessions locally and abroad to update and improve their technical and professional skills.

4.14 INDUSTRIAL RELATIONS

GOIL enjoys a cordial relationship with its employees. It has conditions of service for all categories of staff, including a collective bargaining agreement.

GOIL has entered into a Collective Bargaining Agreement (CBA) with the General Transport, Petroleum and Chemical Workers Union of TUC. The CBA applies to all junior employees of GOIL apart from temporary or casual workers. The current agreement is for three years and will expire on December 31, 2009. It may continue in force after the expiration for another period, once the parties mutually agree to an extension.

The General Transport, Petroleum & Chemical Workers Union of T.U.C. (Ghana) has confirmed that there are no existing labour disputes involving GOIL and the Labour Commission has confirmed that no complaint has been reported against GOIL.

4.15 REMUNERATION AND COMPENSATION

4.15.1 Directors' Remuneration

The Non-Executive Directors are entitled to sitting allowance, directors' fees, and petrol allowance. Whilst the Chairman is entitled to a sitting allowance of GH¢ 500 (¢5 million) per sitting, an annual fee of GH¢4,500 (¢45 million) and 270 litres of petrol per month, each of the other non-executive directors are entitled to a sitting allowance of GH¢400 (¢4.0 million) per sitting, an annual fee of GH¢ 3,600 (¢36 million) and 250 litres of petrol per month:

The sitting allowances as well as the directors' fees are fixed by the shareholder at Annual

General Meetings.

4.15.2 Managing Director's Remuneration

The Managing Director, Mr. Yaw Agyeman- Duah currently receives a gross salary of GH¢79,694 (¢796,939,680) per annum. He is also entitled to an official car, furnished accommodation, a housing loan or mortgage loan from any licensed financial institution the interest component of which shall be borne by the Company, and health cover. The Managing Director is entitled to a performance bonus based on the margin of increase of the net profits of the Company for each financial year or such other amounts to be agreed between him and the Company. The Company also pays for registration and subscription fees of two business related or social clubs that add value to his professional competency. The Managing Director is serving a fixed tenure of four (4) years subject to renewal by the Board of Directors in accordance with the Company's Regulations.

4.16 Corporate Governance and Board Practice

Board and Sub-Committee Meetings

The Board of Directors hold regular bi-monthly meetings and extraordinary meetings to consider urgent matters requiring approvals and specific decisions. In order to facilitate the work of the Board three committees have been set up to handle specific aspects of the board's work.

These committees comprise the following:

(i) Apex Committee

This committee, which is the highest ranking, meets on various matters as and when considered appropriate to deliberate and take decisions on issues that are later laid before the entire board for ratification at the next convened meeting.

The current members of the Apex Committee are:

- | | | | |
|---|-------------------------|---|-------------------|
| • | Honourable Freddie Blay | - | Chairman |
| • | Mr. Gabby Nsiah Nketiah | - | Member |
| • | Mr. Yaw Agyemang-Duah | - | Managing Director |

(ii) Finance and Audit Committee

The Finance and Audit Committee is mandated to ensure that financial and operational controls are in place and adhered to. The Committee is also mandated to scrutinize and deliberate on budgets, audited financial accounts and dividend recommendations presented by the management of GOIL.

The following are the current members of the Finance and Audit Committee:

- | | | | |
|---|-----------------------------|---|----------|
| • | Mr. Gotfried Martin Sarpong | - | Chairman |
| • | Hon. (Mrs) Cecilia Amoah | - | Member |
| • | Dr. Alhassan Emil Abdulai | - | Member |
| • | Mr. Yaw Agyemang-Duah | - | Member |

(iii) Operations and Marketing Committee

The Operations and Marketing Committee oversees the marketing and operations aspects of GOIL's business. The Operations and Marketing Committee has the following membership:

• Hon. Freddie Blay	-	Chairman
• Mr. Fred Antoh	-	Member
• Mr. Gabby Nsiah Nketiah	-	Member
• Dr. A.K Ofosu-Ahenkorah	-	Member
• Mr. Yaw Agyemang-Duah	-	Member

(iv) Remuneration Committee

The Company currently has no separate committee for remuneration. This role is played by the Finance and Audit Committee of the Board. However in future a separate Remuneration Committee will be set up to ensure proper corporate governance practices.

4.17 DECLARATION OF DIRECTORS INTEREST

There is no family relationship between the Directors.

No petition under any bankruptcy has been filed against any of the Directors or any partnership in which such persons are/were partners or any company in which such persons are/ were Directors.

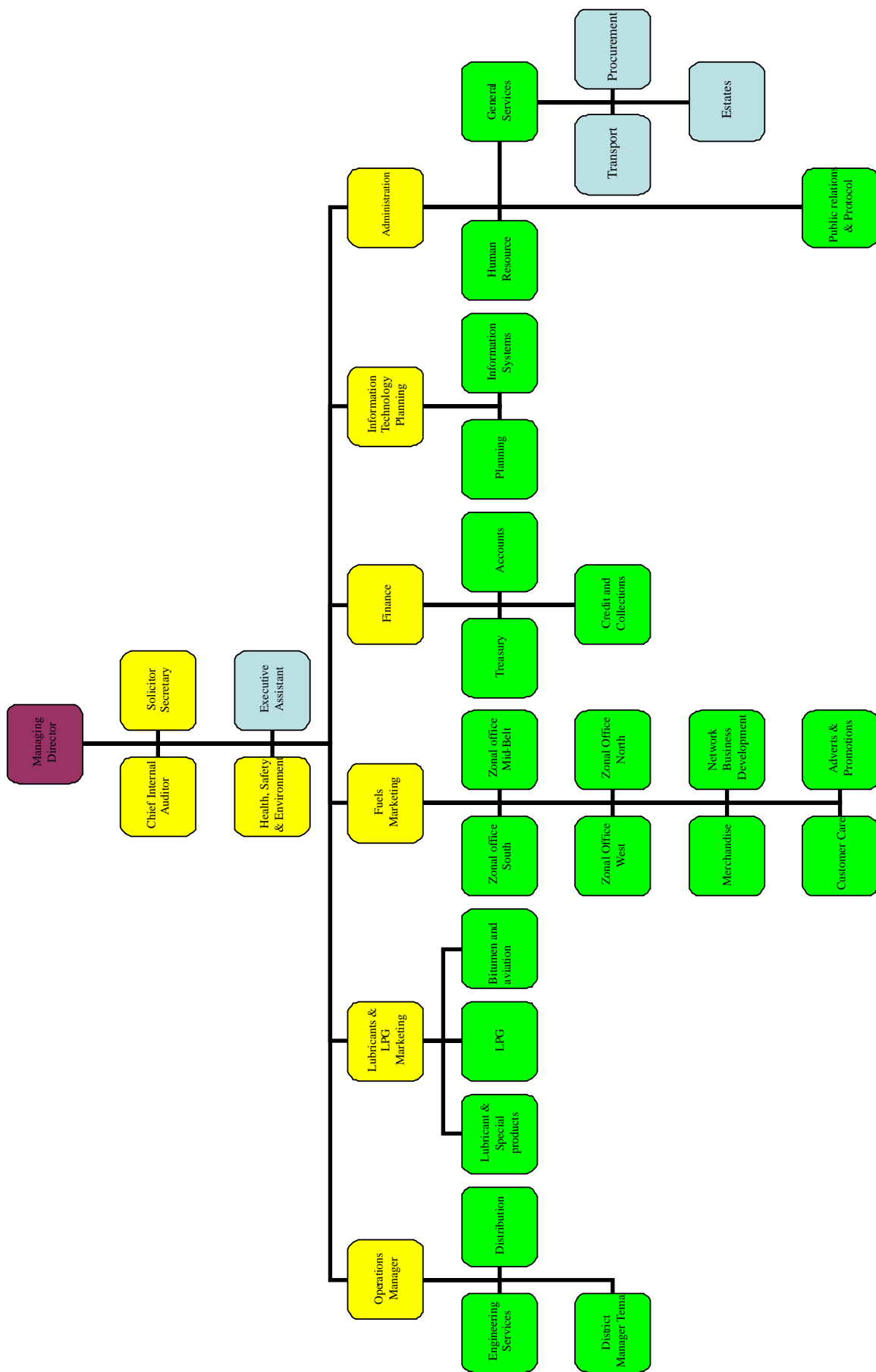
No person who is a Director has been convicted in a criminal proceeding or is a named subject of a pending criminal proceeding relating to an offence involving fraud or dishonesty.

No person who is a Director has been the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a corporate body or engaging in any type of business practice or activity or profession.

4.18 ORGANISATIONAL STRUCTURE

The present organisation structure of GOIL is as follows:

ORGANISATION CHART OF GOIL



PART V

PLANS AND PROSPECTS

5.0 PRIMARY OBJECTIVE

The primary objective of GOIL during the planned period spanning between 2007 and 2011 will be to promote GOIL as a leading brand in the Oil Marketing Business in Ghana. The Company's strategic plan reflects a management that is positioning the Company to attain industry leadership. GOIL's management, in response to growing competition and opportunities in the industry, has developed innovative strategies and plans. This is to ensure that the Company not only maintains its competitiveness but achieves rapid growth in the medium to long term.

5.1 PRIORITY TARGETS FOR THE NEXT FIVE YEARS

GOIL has set the following as its priority targets:

- grow market share by developing the Company's brand, and corporate image;
- improve customer loyalty by offering new, improved and efficient services to its customers;
- Grow faster than the industry average by achieving an overall annual growth in sales volume of 8.4% over the planned period;
- Improve operational efficiency through cost rationalization; and
- Develop new product lines.

5.2 STRATEGIES

GOIL intends to gain competitive advantage and industry growth through the following:

- Reliable supply of products;
- Market Development;
- Market Penetration;
- Product Development;
- Forward Integration;
- Strategic Partnerships; and
- Joint Ventures.

5.2.1 Reliable Product Supplies

In order to assure customers of constant product supplies, GOIL plans to build an LPG spherical tank at Tema. This will enable the Company to receive products by pipeline from TOR and also receive direct imports from the harbour. GOIL will build new storage tanks at Takoradi to receive new products, gas oil, gasoline and kerosene.

5.2.2 Market Development

GOIL's management will adopt an aggressive marketing strategy of development to tap unexplored markets. GOIL will add new businesses in areas such as ATK and Renewable Energy.

5.2.3 Market Penetration

In order to further penetrate the existing market, GOIL will continue to remodel all the existing retail network and regain some major industrial customers that had been lost in the past. The following are a few important actions that have been taken in this regard:

- Swift remodeling/ revamping of existing stations;
- “Business Partner” concept for dealers, distributors and transportation contractors;
- Regular holding of Dealers’ training & conferences;
- Sales incentives for top performing dealers;
- Agreement for more marketing and technical support for industrial lubricants and synthetics; and
- Increase the frequency of deploying Mobile Quality Testing Units in major cities to ensure that the quality of its products to customers is not compromised.

5.2.4 Rationalization

In the wake of deregulation and stiff competition, GOIL will implement a rationalization strategy aimed at weeding out uneconomical outlets and facilities. This will reduce fixed costs.

5.2.5 Brand Image Enhancement

GOIL’s management strongly believes in delighting customers in order to improve the brand equity. Consequently, the following actions will be pursued by GOIL within the planned period:

- Reinforcement of 24-Hour Customer Care;
- Aggressive advertising and sales promotion campaigns backed by strong media support;
- Expansion of Company-Owned stations;
- Conversion of the coupon system into magnetic reader cards; and
- A host of customer- friendly initiatives that ensure customer loyalty.

It is expected that the overall effect of these strategies will result in the growth of the various products at the following rates:

Average annual growth	
Gasoline	1.3%
Premix	1.2%
Kerosene	2.1%
ATK	2.8%
Diesel	3.9%
Diesel Bunker	5.8%
Fuel Oil	15.0%
Lubes	1.0%
LP Gas (kgs.)	4.8%

The Company will put in place measures to maintain the present level of supplies for kerosene, fuel oil and premix fuel.

To achieve this growth, GOIL has drawn up a programme of investments in new stations as stated below:-

Type of station	Annual Throughput per station (litres)	2007	2008	2009	2010	2011
A	4,800,000	4	5	3	3	2
B	3,600,000	1	1	1	1	1
C	2,400,000	1	1	-	-	-

The following specific strategies would also be pursued to achieve the above product growth rates.

LPG

GOIL currently has a 200MT storage capacity tank at its Depot at Tema linked directly to TOR by pipelines to facilitate the transfer of LPG from TOR to the Depot.

Given the supply situation, the current capacity at GOIL's Depot which is only able to hold one week stock requirement is woefully inadequate.

To ensure adequate stocking of LPG, GOIL will invest resources in the construction of a 2,000MT LPG spherical tank at its Tema Depot to facilitate the importation of LPG directly via TOR's pipeline.

Gasoline and Gasoil

Gasoline (petrol) and gas oil (diesel) are by far the petroleum products with the highest demand on the market. Their use in the transportation, mining and manufacturing sectors account for this. Increased mining activities because of high gold prices, coupled with the energy needs of businesses and consumers are expected to significantly increase demand for these products.

To increase the growth of its business in this area, GOIL will improve upon its services; and this will include the remodeling of its filling stations. New stations will also be built at strategic sites in major cities and towns with emphasis placed on company-owned stations. The company will also continue to develop accounts with the large companies to develop in-house supply facilities.

There are also plans for the Company to develop special stations on major highways and earmarked locations in the outskirts of towns to cater for the increasing petroleum needs of cargo and haulage trucks and buses that cover regional routes. The Company will also develop special rest stops with restaurants and shops with the filling station operators.

Diesel Bunkering

The expansion of the harbour in Tema and the rehabilitation of the Takoradi harbour have increased the business of bunkering. GOIL intends to further develop its bunkering business in these areas.

Kerosene, Fuels Oil and Premix Fuel

The fuel oil and premix fuel business holds promising potential. GOIL intends to develop its business in these areas to increase profitability.

There are plans to install bulk storage facilities at strategic locations throughout the country and improve retailing facilities at its outlets. The rural kerosene project will be enhanced to influence volume of kerosene sales and institute measures to make this scheme more effective.

5.3 Capital Expenditure

A summary of the major projects to be undertaken over the next three years and their associated costs are shown below:

	2007 ¢'million	2008 ¢'million	2009 ¢'million	Total ¢'million
A. Construction of Expanded LPG facilities at Tema	-	20,947	42,521	63,468
B. Construction of Storage Tanks in Takoradi	-	25,154	96,200	121,354
C. Construction of new stations	30,601	33,102	35,808	99,511
D. Major rehabilitations	16,961	18,347	-	35,308
E. Joint venture stations support	2,700	1,803	1,857	6,360
F. Construction Of LPG Filling Plants	2,700	1,803	1,857	6,360
G. Consultancy for stations construction	4,677	-	-	4,677
H. Aviation	2,835	491	11,144	14,470
I. Underground tanks for consumer outlets	3,850	-	-	3,850
J. Kerbside pumps for stations	11,337	-	-	11,337
K. L P Gas Accessories	2,100	-	-	2,100
L. Other equipment for stations	5,200	-	-	5,200
Total	82,962	101,646	189,388	373,995

GOIL plans to make investments of GH¢37.4 million (¢374.0 billion) over a 3-year period. The major projects are made up of the construction of LPG facilities, storage tanks, new stations, and plants. These would be financed with both equity and debt funds as shown below.

	2007 ¢'million	2008 ¢'million	2009 ¢'million	Total ¢'million
A. Equity	50,000	-	-	50,000
B. Banking Facilities	32,962	101,646	189,388	323,996
Total	82,962	101,646	189,388	373,995

The Company's investments are long-term in nature; their benefits would start showing from year 3 onwards.

PART VI

FINANCIAL OVERVIEW



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Accra, Ghana.

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770454, 770618
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E-mail info@kpmg.com.gh

The Board of Directors
Ghana Oil Company Limited
Head Office
Accra

5 July 2007

Dear Sirs,

Ghana Oil Company Limited – Accountant's Report on Financial Statements for the Five Years ended 31 December 2006

We have examined the historical financial information of Ghana Oil Company Limited (GOIL), comprising the balance sheet, profit and loss account and cash flow statements for the five year-period ended 31 December 2006, as set out in Part VI of the prospectus.

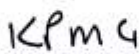
The directors are responsible for the preparation of the historical financial information.

Pannell Kerr Forster of Accra, Chartered Accountants, have acted as the auditors of the company throughout the period covered by the examination. The auditors did not qualify any of the financial statements from 2002 to 2006.

The historical financial information referred to above were derived from the audited financial statements of the company for the five year-period ended 31 December 2006. The financial information has been prepared on the basis of the accounting policies set out in Part VI of the prospectus after making such adjustments as we considered necessary.

We conducted our work in accordance with International Standards on Review Engagements (ISRE 2400).

Based on our examination, nothing has come to our attention that causes us to believe that the historical financial information are not fairly presented in accordance with Ghana Accounting Standards.


CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE
P O BOX 242
ACCRA

KPMG, a partnership established under Ghanaian law, is a member of KPMG International, a Swiss cooperative.

J.B.W. Worful
N.D. Harley

R.B. Peto
A. K. Spong

E.O. Asedu

N.A. Dodo

6.1 PROFIT AND LOSS ACCOUNTS FOR THE FIVE-YEAR PERIOD
ENDED DEC. 31, 2006

		2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Turnover		1,921,596	1,380,792	988,157	969,498	571,316
Cost of sales		(1,744,745)	(1,249,258)	(883,201)	(880,633)	(504,294)
Gross profit		176,851	131,534	104,956	88,865	67,022
Operating costs	2	(134,942)	(102,545)	(84,618)	(71,305)	(63,734)
Operating Profit/(Loss)		41,909	28,989	20,338	17,560	3,288
Other income	3	7,680	5,259	16,661	8,919	2,383
Profit/(Loss) before interest and tax		49,589	34,248	36,999	26,479	5,671
Exceptional Items	4	(1,696)	(359)	(4,069)	858	(2,466)
Profit/(Loss) before tax		47,893	33,889	32,930	27,337	3,205
Income tax expense	5	(13,074)	(13,864)	(13,679)	(10,135)	(5,451)
Profit/(Loss) after tax		34,819	20,025	19,251	17,202	(2,246)

INCOME SURPLUS ACCOUNTS

Balance at 1 January		17,412	5,386	(3,777)	(20,979)	(21,844)
Prior year adjustment	18(b)	(5,939)	3,077			3,111
Net Profit/(Loss) after tax		34,819	20,025	19,251	17,202	(2,246)
Dividends	18(a)	(16,305)	(11,076)	(10,088)	-	-
Balance at 31 December	18(c)	29,987	17,412	5,386	(3,777)	(20,979)

6.2 BALANCE SHEET AS AT DECEMBER 31, 2006

	2006 €'million	2005 €'million	2004 €'million	2003 €'million	2002 €'million
Property, plant and equipment	145,742	143,447	129,453	126,253	140,380
Long term investments	6,473	6,473	2,333	110	110
Total fixed assets	152,215	149,920	131,786	126,363	140,490
Inventories	41,281	36,961	36,551	21,120	19,948
Accounts receivable	361,336	419,136	189,808	125,191	59,206
Cash and cash equivalents	19,071	65,830	49,941	35,037	22,611
Short term investments	12,306	10,850	10,537	-	-
Current assets	433,994	532,777	286,837	181,348	101,765
Total assets	586,209	682,697	418,623	307,711	242,255
Bank overdraft	85,595	117,975	69,166	31,429	34,389
Accounts Payable	255,391	385,179	174,679	118,366	65,440
Other Current Liabilities	51,623	-	-	101,668	116,303
Dividend	-	-	3,077	-	-
Taxation	(2,482)	(7,381)	(754)	754	(6,475)
Total current liabilities	390,128	495,773	246,168	252,217	209,657
Long term liabilities	54,345	57,163	56,839	16,868	10,214
Deferred Tax	4,968	5,568	3,449	1,215	2,175
Total liabilities	449,441	558,504	306,456	270,300	222,046
Net assets	136,768	124,193	112,167	37,411	20,209
Stated capital	67,593	67,593	67,593	2,000	2,000
Retained earnings	29,987	17,412	5,386	(3,777)	(20,979)
Other reserves	39,188	39,188	39,188	39,188	39,188
Shareholders' funds	136,768	124,193	112,167	37,411	20,209

**6.3 CASH FLOW STATEMENT FOR THE FIVE-YEAR PERIOD ENDED
DECEMBER 31, 2006**

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Operating Profit	47,893	33,889	32,930	27,337	3,205
Adjustment for:					
Depreciation Charges	17,721	16,550	16,381	8,473	6,654
Amortisation of exchange alignment	767	324	-	11,300	12,504
National Reconstruction Levy	48				
Profit for sale of fixed assets	(848)	-	(9,134)	(112)	(283)
Interest and net dividend received	(3,783)	(2,589)	(4,371)	(1,974)	(869)
Interest paid	30,421	20,241	15,368	13,912	15,600
Prior year adjustment	(5,939)	-	-	-	4,609
Exchange alignment	-	-	-	6,021	(16,630)
	38,387	34,526	18,244	37,620	21,585
Operating Profit Before Working Capital Changes		68,415	51,174	64,957	24,790
(Increase)/Decrease in Stocks	(4,320)	(410)	(15,431)	(1,172)	2,780
(Increase)/ in Debtors	57,800	(229,328)	(64,617)	(65,985)	(20,371)
Increase in Creditors	(129,788)	210,500	56,313	52,926	1,288
Cash From Operations	(76,308)	49,177	27,439	50,726	8,487
National reconstruction levy paid	(46)	(882)	(641)	(109)	(253)
Company tax paid	(12,362)	(17,490)	(12,312)	(3,757)	(1,729)
	(12,408)	(18,372)	(12,953)	(3,866)	(1,982)
Net Cash flow From Operations	(88,716)	30,805	14,486	46,860	6,505
Investing Activities					
Interest and net dividend received	3,783	2,589	4,371	1,974	869
Interest paid	(28,898)	(17,458)	(15,368)	(13,912)	(15,600)
Acquisition of Shares	-	(4,140)	(2,223)	-	-
Acquisition of tangible fixed assets	(20,281)	(30,544)	(23,657)	(11,792)	(4,250)
Receipt from sale of fixed assets	1,113	-	13,210	237	299
	(3,721)	(49,553)	(23,667)	(23,493)	(18,682)
Financing					
Stated capital	-	-	65,593	-	-
Long term loan	51,623				
Long term loan paid	(1,523)	(2,783)	(61,207)	(5,247)	17,712
Dividend Paid	(16,305)	(11,076)	(7,011)	-	-
General Leasing & Finance Company Ltd	-	-	(490)	(2,734)	(2,878)
	33,795	(13,859)	(3,115)	(7,981)	14,834
Net Increase Cash	(12,924)	(32,607)	(12,296)	15,386	2,657
Cash and cash equivalents at 1 January	(41,295)	(8,688)	3,608	(11,778)	(14,435)
Balance At 31 December	(54,219)	(41,295)	(8,688)	3,608	(11,778)

6.4 NOTES TO THE FINANCIAL STATEMENTS FROM DECEMBER 31, 2002 TO DECEMBER 31, 2006

ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

The significant accounting policies adopted and used by GOIL in preparing these financial statements are as follows:-

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property and equipment, and in accordance with Ghana Accounting Standards.

b. Property, Plant and Equipment

Assets other than Capital Work-in-Progress are depreciated by a fixed annual rate applied to the value of the assets as follows:

• Freehold Land and Buildings	2%
• Leasehold Land and Buildings	2.5%
• Plant, Machinery and Equipment	20%
• Furniture and Equipment	10%
• Motor Vehicle - Tanker and Trucks	20%
• Motor Vehicle - Others	25%

Exchange alignment is amortised over the remaining payment period of the Government of Ghana Loan.

c. Trade Investments

These are stated at cost.

d. Stocks

Stocks are stated at cost or net realisable value. Cost includes a proportion of overheads incurred in bringing the stock to its appropriate location.

e. Debtors

These are shown at face value less provision for doubtful debts expected to be irrecoverable.

f. Assets and Liabilities

Assets and liabilities in foreign currencies are translated into cedis at the rate of exchange ruling at the Balance Sheet date. Transactions denominated in foreign currencies are translated into cedis at the rate of exchange ruling on the date of transactions.

g. Dividend

Dividends declared are treated as an appropriation of profits in the year of approval, whilst dividends proposed are disclosed as a note to the financial statements.

2. OPERATING COSTS

Are stated after charging

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Depreciation	3,431	3,971	4,010	2,909	1,470
Directors' Fees	1,892	1,455	994	729	287
Auditors' Fees	250	180	165	120	90
Donations	673	257	189	127	55

3. OTHER INCOME

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Throughput Income	558	430	597	375	349
Exchange Gain	28	-	850	128	153
Contractors Registration	221	20	13	7	5
Miscellaneous Income	988	908	352	447	74
Interest and Dividend	3,783	2,589	4,371	1,974	869
Various Rent	1,097	921	1,199	994	334
Sale of Materials	29	292	37	15	-
LPG Compensation Claim	128	99	108		
Profit on Sale of Fixed Assets	848	-	9,134	112	283
Profit on Tanker Operations		-	-	-	316
	-----	-----	-----	-----	-----
	7,680	5,259	16,661	4,052	2,383
	=====	=====	=====	=====	=====

4. EXCEPTIONAL ITEMS

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Provision for GOTRACO	-	-	1,558	2,447	293
Redundancy Payment	(1,696)	(359)	(5,627)	(1,589)	(2,759)
	-----	-----	-----	-----	-----
	(1,696)	(359)	(4,069)	858	(2,466)
	=====	=====	=====	=====	=====

5. TAXATION

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Charge for the year					
National Reconstruction Levy	-	508	823	683	80
Corporate Tax	13,674	11,237	10,622	10,412	1,813
Deferred Tax	(600)	2,119	2,234	(960)	3,558
	-----	-----	-----	-----	-----
	13,074	13,864	13,679	10,135	5,451
	=====	=====	=====	=====	=====

6. PROPERTY, PLANT AND EQUIPMENT

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Cost	287,024	267,284	236,928	218,893	213,545
Depreciation	(141,282)	(123,837)	(107,475)	(92,640)	(73,165)
	-----	-----	-----	-----	-----
Net book value 31 Dec.	145,742	143,447	129,453	126,253	140,380

7. TRADE INVESTMENTS

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Ghana Bunkering Services	2,222.78	2,222.78	2,222.78	0.03	0.03
Ghana Fertilizer Company	-	-	0.02	0.02	0.02
Total (Ghana) Ltd.	0.264	0.264	0.26	0.26	0.26
Tema Lube Oil	109.537	109.537	109.537	109.537	109.537
Metro Mass Transit Ltd	4,140.000	4,140.000	-	-	-
	-----	-----	-----	-----	-----
	6,472.58	6,472.58	2,332.60	109.845	109.845
	=====	=====	=====	=====	=====

8. INVENTORIES

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Trading:					
Gas Cookers & parts	1,304	148	9	10	11
Fuel	697	1,195	2,252	360	550
Lubricants	17,619	26,884	23,798	13,958	13,225
L. P. Gas	880	276	465	218	189
	-----	-----	-----	-----	-----
	20,500	28,503	26,524	14,546	13,975
	-----	-----	-----	-----	-----
Non-Trading:					
Materials	20,781	8,458	10,027	6,574	5,973
	-----	-----	-----	-----	-----
	41,281	36,961	36,551	21,120	19,948
	=====	=====	=====	=====	=====

9. ACCOUNTS RECEIVABLE

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Trade Receivable	283,299	211,491	144,633	-	-
Oil Marketing Companies	708	131,182	394	-	-
Other Receivable	77,197	75,978	44,905	17,857	7,357
Staff Receivable	5,002	5,485	3,536	1,697	1,502
Prepayments	2,067	1,711	2,196	1,814	1,187
	-----	-----	-----	-----	-----
	368,273	425,847	195,664	125,191	59,206
Less Provision for Bad & Doubtful Debts	6,937	6,711	5,856	-	-
	-----	-----	-----	-----	-----
	361,336	419,136	189,808	125,191	59,206
	=====	=====	=====	=====	=====

The amount owed by the staff did not at one particular time exceed: (2006: ¢ 4,969,000,000) (2005: ¢5,485,000,000) (2004: ¢3,536,000,000), (2003: ¢1,697,000,000), (2002: ¢1,502,000,000)

10. CASH AND BANK BALANCES

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Current Account-Local	18,848	27,912	16,441	17,943	13,637
Collections	61	37,818	31,156	12,546	6,215
Cash in Hand	162	100	67	21	9
Short Term Deposits	-	-	2,277	4,527	2,750
	-----	-----	-----	-----	-----
	19,071	65,830	49,941	35,037	22,611
	=====	=====	=====	=====	=====

11. SHORT TERM INVESTMENT

This represents Investment in HFC Unit Trust.

12. BANK OVERDRAFT

The bank overdraft facilities offered by the bankers of the company have been secured by a negative pledge over the company's assets. Total facility offered for the year 2005 was ¢92.5 billion.

13. ACCOUNTS PAYABLE

	2006 ¢'million	2005 ¢'million	2004 ¢'million	2003 ¢'million	2002 ¢'million
Trade Payable	225,329	329,410	124,763	104,538	60,744
Oil Marketers	-	24,252	30,050	-	-
Other Payable	14,016	9,607	8,376	2,110	988
Accruals	16,046	21,910	11,490	11,718	3,708
	-----	-----	-----	-----	-----
	255,391	385,179	174,679	118,366	65,440
	=====	=====	=====	=====	=====

14. LONG TERM LOAN

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
IDA loan as at 1/Jan	53,578	53,254	114,461	134,208	111,887
Interest due for the year	3,143	2,783	1,089	-	5,690
Interest paid during year	(1,523)	(2,783)	-	-	-
Exchange Loss	770	324	3,297	-	-
General Leasing Comp loan	-	-	-	490	3,224
Transfer to Stated Capital	-	-	(65,593)	-	-
Adjustment for Exchange gain	-	-	-	(5,963)	(3,928)
Additions for the year	50,000				
Adjustment for tax on exchange	-	3,585	3,585	3,585	10,915
	-----	-----	-----	-----	-----
	105,968	57,163	56,839	16,868	139,428
	=====	=====	=====	=====	=====

The Government of Ghana - IDA Loan (GOIL Subsidiary Loan) is rescheduled and repayable in seven (7) years with four years grace period commencing 2004. Interest is payable on the principal amount at a rate equal 1.1 times the prevailing interest rate applicable to Bank (IBRD) loans. Interest is payable semi-annually on May 15 and November 15 in each year.

15. STATED CAPITAL

	2006	2005	2004	2003	2002
Number of authorised shares	1,000	1,000	1,000	0.95	0.95
Total number of issued shares	30.7	30.7	30.7	0.95	0.95
	c'million	c'million	c'million	c'million	c'million
Issued for Cash	2	2	2	2	2
Consideration other than cash	65,593	65,593	65,593	-	-
Issued on transfer from Surplus	1,998	1,998	1,998	1,998	1,998
	-----	-----	-----	-----	-----
	67,593	67,593	67,593	2,000	2,000
	=====	=====	=====	=====	=====

There are no unpaid liabilities on any share and there are no shares in treasury.

16. BUILDING FUND

This is an amount set aside from profits for the construction of Head Office Building.

17. CAPITAL SURPLUS

This is surplus arising from revaluation of fixed assets in 1985, 1988 and 2000 by Owusu-Adjapong and Company and Messrs Propicon.

18a. DIVIDEND

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Balance b/f	-	3,077	-	-	-
Prior year adjustment	-	(3,077)	-	-	-
	-	-----	-----	-----	-----
Final Dividend (2004)		3,077	-	-	-
Interim Dividend (2005)		7,999	7,011	-	-
Final Dividend (2005)	6,153				
Interim Dividend (2006)	10,152				
Payments during the year	(16,305)	(11,076)	(7,011)	-	-
Final Proposed Dividend	-	-	3,077	-	-
	-----	-----	-----	-----	-----

Final dividend of c200 per share amounting to c6,153,000,000 was proposed for the year ended 2005.

18b. PRIOR YEAR ADJUSTMENT

This represents the effect of a change in accounting policy during the year in relation to post balance sheet events (proposed dividend). International Accounting Standards (IAS 10) states that if an entity declares dividends after the balance sheet date, the entity shall not recognise those dividends as a liability at the balance sheet date. Such dividends are disclosed in the notes to the financial statements.

18c. CHANGE OF ACCOUNTING POLICY

- Post balance sheet event (Proposed Dividend)

The company adopted a policy to disclose proposed dividend as a note in the financial statements. The effect of this has been stated under Note 19(i) and 19(ii) above.

- Impact of change in Accounting Policy

The change in accounting policy when applied consistently to 2005 and 2004 has the following impact:

	2006 'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Balance at 1 January	9,985	5,387	(3,776)	(20,978)	(21,843)
Prior year Adjustment	-			3,111	3,928
Proposed dividend	-	3,077	-	-	-
	-----	-----	-----	-----	-----
Balance at 1 January Restated	9,985	8,464	(3,776)	(20,978)	(18,732)
Net profit after other adjustment	35,887	12,597	19,251	17,202	(2,246)
Interim Dividend	(10,152)	(7,999)	(7,011)	-	-
Prior year adjustment	(16,147)	-	-	-	-
Final Dividend		-	(3,077)	-	-
Dividend paid	(6,153)	(3,077)	-	-	-
	-----	-----	-----	-----	-----
Balance at 31 December	13,420	9,985	5,387	(3,776)	(20,978)
	=====	=====	=====	=====	=====

19. SCHEDULE TO THE PROFIT AND LOSS ACCOUNT

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Gross Sales	2,564,859	2,039,439	1,584,555	1,406,904	777,050
Customs Duties	(643,263)	(658,647)	(596,398)	(437,406)	(205,734)
	-----	-----	-----	-----	-----
Net Sales	1,921,596	1,380,792	988,157	969,498	571,316
	-----	-----	-----	-----	-----
Cost of Sales					
Stock- 1 January	28,503	26,524	14,546	13,975	14,528
Purchases	1,736,742	1,251,237	895,179	881,204	503,741
	-----	-----	-----	-----	-----
	1,765,245	1,277,761	909,725	895,179	518,269
Less Stock 31/12	20,500	28,503	26,524	14,546	13,975
	-----	-----	-----	-----	-----
	1,744,745	1,249,258	883,201	880,633	504,294
	-----	-----	-----	-----	-----
Gross Profit	176,851	131,534	104,956	88,865	67,022
	-----	-----	-----	-----	-----
Less Depot and Station Expenses					
Ground Rent	1,062	780	810	1,577	225
Maintenance of Installations	6,275	5,337	2,709	5,002	4,963
Survey fees	19	3	-	10	5
Vehicle Maintenance	7,961	7,244	6,350	5,129	2,160
Water & Electricity	379	308	176	175	129
Depreciation:					
Plant and Machinery	12,022	10,669	10,493	15,107	15,940
Leasehold Land	2,266	1,908	1,876	1,754	1,745
Freehold Land	2	2	2	3	3
	-----	-----	-----	-----	-----
	29,986	26,251	22,416	28,757	25,170
	-----	-----	-----	-----	-----

OPERATING COSTS

	2006 c'million	2005 c'million	2004 c'million	2003 c'million	2002 c'million
Salaries & Wages	41,095	29,171	18,048	11,727	6,480
SSF-Employer Cont.	3,549	2,700	1,527	990	620
Directors' Fees	1,892	1,455	994	729	287
Training Expenses	334	1,100	847	180	177
Medical Expenses	1,867	1,582	1,536	1,312	1,070
Out-of-Station Expenses	949	884	1,097	839	638
Tolls and Licenses	724	340	667	695	116
Equipment Hiring	14	38	59	39	21
Insurance	1,168	1,275	890	470	254
Postage & Telephones	2,308	1,665	1,178	468	384
Advertising & Sales	5,670	3,775	2,428	937	737
Subscription	258	254	207	89	56
Printing & Stationery	735	727	1,088	1,102	1,162
Uniforms	23	20	247	18	186
Legal & Professional fees	2,125	797	1,550	721	519
Audit Fees	250	180	165	120	90
Bank Interest and charges	27,141	17,055	13,920	12,723	11,665
Security Services	1,260	1,264	1,152	1,111	733
Entertainment	64	48	53	36	37
Donations	673	257	189	127	55
Repairs & Cleaning	1,887	1,535	1,673	1,103	763
Electricity	893	587	713	572	381
Exchange Loss	7	79	-	9	135
Water	97	35	94	148	85
Staff Welfare	147	103	171	471	88
Sundry Expenses	7	5	17	22	22
Long Service Award	163	52	89	1	11
Depreciation: Furniture & Motor Vehicle	3,431	3,971	4,010	2,908	1,470
Exchange Loss on IDA Loan	770	324	3,297	-	-
Provision for Bad Debts	227	854	693	697	323
Industry Coordination Fees	26	28	-	-	-
Floatation Expenses	923	229	-	-	-
Rent and Rates	493	617	314	-	-
Interest Payable to third parties	137	403	1,448	1,189	3,935
Long Term Interest payable	3,143	2,783	1,089	774	5,691
Overseas/Air Travel	506	102	788	221	373
	-----	-----	-----	-----	-----
TOTAL EXPENSES	104,956	76,294	62,202	42,548	38,564
	=====	=====	=====	=====	=====

6.5 GOIL's Financial Performance (2002-2006)

GOIL's financial and operating performance has been marked by consistency and sound cost management. It has not just held tenaciously to its share of the market against the back drop of market share gains made by the new entrants to the industry, the Company has also been consistently profitable.

During the period under review, GOIL's average market share of 18.8% was largely consistent. On the contrary, its key competitors over this same period have cumulatively lost 18.4% of their market share to other players.

GOIL's net sales grew from GH¢57,131,600 (¢ 571,316 million) in 2002 to GH¢192,156,960 (¢1,921,596 million) in 2006, translating into an impressive annual compounded growth rate of 35.4%. Profit after tax also grew from GH¢1,720,200 (¢17,202million) in 2003 to GH¢3,481,900 (¢34,819 million) in 2006.

The marked improvement in the Company's profit after tax performance was largely as a result of the company's ability to manage its operating expenses. Although cost of sales grew by an annual compounded growth rate of 36.4% from GH¢504,429,400 (¢504,294 million) in 2002 to GH¢174,474,500 (¢1,744,745 million) in 2006, the ratio of cost of sales to gross sales, which was 89.38% in 2002 improved to 68.02% in 2006. In tandem, the ratio of depot and station expenses to gross sales declined from 3.24% in 2002 to 1.17% in 2006. Consistent with this trend, the ratio of selling and administrative expenses to gross sales also showed a decline from 8.2% in 2002 to 4.1% in 2006. The Company has thus demonstrated its capacity to improve upon its operational efficiency.

Over the period under review GOIL's average Return on Equity (ROE) was 18.72%, and its average Return on Assets, 3.63%. Although there was no established trend in the ROE and ROA, the Company's ROE and ROA at the end of 2006 was 25.46% and 5.94% respectively, indicating that the improved performance is not a dated one.

The profitability of the Company has also enabled it to consistently pay dividends to its shareholder over the last three years. Between 2003 and 2006 dividends declared by GOIL averaged GH¢1.25 million (¢12.5 billion).

6.6 REPORT OF ACCOUNTANTS ON EXAMINATION OF PROSPECTIVE FINANCIAL INFORMATION



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The Board of Directors
Ghana Oil Company Limited
Head Office
Accra

5 July 2007

Dear Sirs,

Ghana Oil Company Limited – Report on Examination of Forecast and Projected Financial Information

We have examined the projected balance sheet, profit and loss accounts and cash flow statements of Ghana Oil Company Limited as set out in Part VI of the prospectus for each of the five years ending to 31 December 2011 in accordance with International Standards on Assurance Engagements, (ISAE 3400) as applicable to examination of prospective financial information and in the manner required by the Company's Code of Ghana, 1963, Act 179.

The directors are responsible for the forecast and projections including the assumptions set out in Part VI of the prospectus.

These forecast financial information has been prepared for inclusion in the prospectus for the Initial Public Offer (IPO) of the company.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projections. Further, in our opinion, the forecast financial information, have been properly prepared on the basis of the assumptions made by the directors of the company and are presented on a basis consistent with the accounting policies normally adopted by the company.

We do not express an opinion as to whether the actual results for the forecast period will approximate the forecast financial information because events and circumstances do not frequently occur as expected and those differences may be material.


CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE
P O BOX 242
ACCRA

KPMG, a partnership established under Ghanaian law, is a member of KPMG International, a Swiss cooperative.

J.B.W. Winful
N.D. Hanley

R.B. Partsi
A. K. Saigong

E.O. Asiedu

N.A. Dodoo

6.7 Summary of Assumptions Underlying the Financial Projections

The key assumptions underlying the financial projections are as follows:

General

- (a) The overall economic climate currently prevailing will not change significantly during the projected period.
- (b) The current stable political climate in the country will remain unchanged in the foreseeable future.
- (c) No material changes in Government regulations affecting labour costs and operating expenses will be introduced besides those already in place.
- (d) There will be no significant change to the foreign exchange regulations currently in place, which will have a material adverse effect on the operations of the company.
- (e) There will be a complete deregulation of the petroleum industry in the foreseeable future.
- (f) No new legislation that will adversely affect profitability of the petroleum industry in a material way will be passed.
- (g) Sales in terms of volumes, at the national level are expected to grow at an average rate of about 4.8% per annum for the forecast period.
- (h) Inflation is projected at between 6 - 9% annually.
- (i) The Cedi is projected to depreciate at an average of 1.5% per annum against the US Dollar
- (j) The annual increase in the average price of petroleum products is estimated at 9%
- (k) No industrial dispute and/or disruption of operations are envisaged in the near future

Specific

- (a) Going concern concept is assumed for GOIL.
- (b) Management will be prudent in ensuring that the company is managed efficiently and effectively.
- (c) The average growth in product sales volumes is estimated at 8.6% per annum over the planned period.
- (d) It is estimated that GOIL will earn an average of 6% gross margins on products throughout the forecast period.
- (e) An average of 16.5% per annum interest rate on bank borrowings is assumed for the forecast period.
- (f) Average Growth in operating expenses is expected to be 15% per annum.
- (g) Profit levels will allow a dividend payout rate of 35%.

(h) Other assumptions considered are as follows:

- Stocks will be, on the average, the equivalent of 1 week stocks;
- Accounts receivable will be 4 weeks of sales;
- Accounts payable will be 3 weeks of purchases;
- Trade and short-term investments will remain the same over the planned period;
- There will be no short term investments;
- Corporate tax will remain at 25%

Detailed Analysis of Assumptions

1. Growth in Volume/Sales

The weighted average annual growth rates in product sales for the next five years will be as follows:

Years	GOIL Average Annual Growth Rate	National/Industry Weighted Annual Growth Rate
2006-2007	6.0%	3.0%
2007-2008	9.8%	4.2%
2008-2009	16.6%	4.9%
2009-2010	7.1%	5.6%
2010-2011	3.2%	6.4%

Based on the above, the estimated sales volume of GOIL for the various petroleum products during the planned period is as given below:

	2007	2008	2009	2010	2011
Gasoline	122,074,750	133,273,045	140,347,636	131,735,341	143,110,434
Premix	13,285,540	13,285,540	13,285,540	13,285,540	13,285,540
Kerosene	12,278,118	11,295,868	11,408,827	11,522,915	11,638,144
ATK	-	8,521,734	18,151,294	19,240,372	20,298,592
Diesel	169,381,052	192,985,566	229,201,286	264,149,420	264,190,544
Diesel Bunker	23,242,242	21,963,918	20,646,083	19,304,088	17,952,802
Fuel Oil	14,374,312	16,203,401	18,233,175	20,486,495	22,988,937
Lubes	10,363,804	10,778,356	11,209,491	11,657,870	12,124,185
LP Gas in kg	10,912,243	12,557,794	17,772,013	18,957,242	20,142,471

6.8 Projected Profit & Loss Accounts (2007-2011)

	2007 (c'million)	2008 (c'million)	2009 (c'million)	2010 (c'million)	2011 (c'million)
Gross Sales	3,385,013	4,273,192	5,494,064	6,691,407	7,927,669
Customs duties and Levies	757,166	940,102	1,208,694	1,472,109	1,744,087
Net sales	2,627,848	3,333,089	4,285,370	5,219,297	6,183,582
Cost of sales	2,424,269	3,075,775	3,954,540	4,816,367	5,706,209
Gross Margin	203,579	257,315	330,831	402,930	477,373
Sundry Income	8,500	9,000	9,500	10,000	10,500
Income from New product Lines	1,986	2,295	11,039	27,836	29,456
Total Gross Margin	214,064	268,610	351,369	440,765	517,329
Depot and Station Expenses	38,950	47,132	62,031	66,006	71,872
Selling & Administrative Expenses	119,054	147,121	202,013	217,247	219,866
Incentive bonus to Staff	2,803	3,718	4,366	7,876	11,280
Total Gross Profit	53,258	70,639	82,959	149,636	214,311
Exceptional Items	-	(6,000)	(6,900)	(7,935)	(9,125)
Profit Before Tax	53,258	64,639	76,059	141,701	205,186
Corporate Tax	13,314	16,160	19,015	35,425	51,296
Profit after Tax	39,943	48,479	57,044	106,276	153,889

INCOME SURPLUS ACCOUNT

Balance as at January 1	29,987	62,930	97,429	137,506	223,816
Net Profit after Tax	39,943	48,479	57,044	106,276	153,889
Dividend paid	(7,000)	(13,980)	(16,968)	(19,965)	(37,197)
Balance as at December 31	62,930	97,429	137,506	223,816	340,509

6.9 Projected Balance Sheet (2007-2011)

	2007 (c'million)	2008 (c'million)	2009 (c'million)	2010 (c'million)	2011 (c'million)
Assets					
Fixed Assets	217,553	298,674	456,855	443,963	446,979
Trade Investments	6,473	6,473	6,473	6,473	6,473
	224,026	305,147	463,328	450,436	453,452
Current Assets					
Stocks					
Trade Inventories	52,298	66,014	84,875	103,372	122,471
Non-Trade Inventories	22,413	28,292	36,375	44,302	52,487
Accounts Receivables					
Trade Receivables	259,672	316,099	376,306	421,650	477,832
Other Receivables	64,918	79,025	94,076	105,413	119,458
Cash and bank Balance	47,642	80,992	107,059	138,544	171,947
Total Assets	670,969	875,569	1,162,019	1,263,717	1,397,647
Current Liabilities					
Bank overdraft	95,000	100,000	70,000	75,000	80,000
Trade Payables	183,041	231,050	297,063	361,803	428,647
Other Payables	45,706	57,709	74,212	90,397	107,108
Taxation	13,314	16,160	19,015	35,425	51,296
	337,062	404,919	460,289	562,625	677,051
NET CURRENT ASSETS	109,881	165,503	238,402	250,656	277,144
Medium Term Loans	53,072	154,474	352,888	273,584	194,280
Deferred Tax	4,968	4,968	4,968	4,968	4,968
IDA Loan	56,155	56,998	49,588	41,943	34,058
Total Liabilities	451,258	621,359	867,733	883,120	900,357
Shareholders Funds					
Stated Capital	117,593	117,593	117,593	117,593	117,593
Income Surplus	62,930	97,429	137,506	223,816	340,509
Capital Surplus	39,068	39,068	39,068	39,068	39,068
Building Fund	120	120	120	120	120
Total	219,711	254,210	294,287	380,597	497,290
TOTAL OF LIABILITIES & SHAREHOLDERS FUND	670,969	875,569	1,162,020	1,263,717	1,397,647

6.9 Projected Cash flow Statements (2007-2011)

	2007 (c'million)	2008 (c'million)	2009 (c'million)	2010 (c'million)	2011 (c'million)
Operating Profit	53,258	64,639	76,059	141,701	205,186
Adjustment for:					
Depreciation Charges	25,803	30,896	43,250	44,693	48,052
Exchange loss on IDA Loan	1,756	842	824	713	598
Prior Year Adjustment					
Interest and dividend received	(3,987)	(4,386)	(4,824)	(5,307)	(5,837)
Interest	28,506	47,269	76,999	69,140	56,494
Operating Profit Before Working Capital Changes	105,335	139,260	192,308	250,940	304,493
(Increase) in Stocks	(33,430)	(19,596)	(26,944)	(26,424)	(27,283)
(Increase) in Debtors	36,746	(70,534)	(75,258)	(56,681)	(70,227)
Increase in creditors	(26,589)	60,011	82,515	80,925	83,556
Cash Generated from Operations	82,062	109,142	172,621	248,760	290,537
Company Tax Paid	(2,482)	(13,314)	(16,160)	(19,015)	(35,425)
Net Cash Inflow From Operating Activities	84,544	95,828	156,462	229,746	255,112
Cash Flow from Investing Activities					
Interest and Dividend Received	3,987	4,386	4,824	5,307	5,837
Interest paid	(28,506)	(47,269)	(76,999)	(69,140)	(56,494)
Acquisition of Tangible Fixed Assets	(97,613)	(112,017)	(201,431)	(31,801)	(51,068)
	(122,132)	(154,900)	(273,606)	(95,634)	(101,725)
Financing					
Stated Capital	50,000	-	-	-	-
Payment of Short Term Loans	(51,623)				
Medium Term Loan Paid	-	(10,614)	(33,018)	(79,304)	(79,304)
Payment of IDA Loan	-	-	(8,234)	(8,358)	(8,483)
Dividend Paid	(7,000)	(13,980)	(16,968)	(19,965)	(37,197)
Medium Term Loans	53,072	112,017	231,431	-	-
	44,449	87,422	173,212	(107,627)	(124,984)
Net Increase In Cash And Cash Equivalents	6,861	28,350	56,067	26,484	28,403
Cash and Cash Equivalents at 1 January	(54,219)	(47,358)	(19,008)	37,059	63,544
Balance at 31 December	(47,358)	(19,008)	37,059	63,544	91,947
Cash and Cash Equivalents at 31 December					
Cash at bank and hand	47,642	80,992	107,059	138,544	171,947
Bank Overdraft	(95,000)	(100,000)	(70,000)	(75,000)	(80,000)

6.11 Financial Projections (2007-2011)

Gross Sales is expected to grow from GH¢338.5 million (¢3,385 billion) in 2007 to GH¢792.8 million (¢7,928 billion) in 2011. The projected growth includes a boost in revenues that the planned investments in capital expenditure are expected to generate. It is expected that there will be a marked increase in gross sales from 2010 when full deregulation of the petroleum sector is achieved.

A review of the Company's past financial statements indicate that it has the capability to improve upon its operational efficiency over the planned period. This should further translate into earnings growth. After-tax profits are consequently expected to grow from GH¢3.99 million (¢39.9 billion) in 2007 to GH¢15.39 million (¢153.9 billion) in 2011. The Return on Equity (ROE) and Return on Asset (ROA) is expected to be 23.86% and 7.24% respectively over the five-year period.

GOIL expects to maintain its record of consistently high dividend pay-out ratio.

PART VII

INVESTMENT CONSIDERATIONS

7.0 RISK FACTORS

Investing in securities of a company entails certain risks. In considering the purchase of the GOIL shares, prospective investors should consider the following:

7.1 Political Risks

This includes any change in Government other than by an electoral process as well as other social upheavals. Fortunately for Ghana we have had relative political stability. This is evidenced by the four peaceful elections held under the 4th Republic with one political party handing over to another political party peacefully.

7.2 Economic Risks

The Company conducts virtually all of its business in Ghana, and as a result, its business activity is influenced by the government's economic policies.

Changes in economic policies of the Government may affect inflation, interest rates and stability of the cedi in relation to other major foreign currencies, which impact on the business of GOIL.

More recently the country has experienced a stable macro-economic environment as evidenced in macro economic indicators such as depreciation of the cedi averaging 2% against the US Dollar, downward inflation and declining interest rate. These indicators, amongst others have increased the level of confidence in the economy by the international community.

The government has adopted deregulation policies, which will stimulate competition and vibrancy in the downstream petroleum sector of the economy.

7.1 Company Specific Risks

7.1.1 Interest Rates and Debt Servicing

Interest rate fluctuations pose some uncertainty on the Company's working capital and financing costs. However, Management has in place the requisite system to track, monitor and project interest rate movements, and factors these into its retail prices and costs. With progressive reduction in interest rate and expected further reduction as inflation falls, this risk becomes minimised.

7.1.2 Operational Risk

GOIL depends largely on the Tema Oil Refinery and the Tema Lube Oil Company Limited for its supplies. Any operational problems in these two suppliers may affect GOIL. With the introduction of the deregulation policy, however, OMCs are allowed to import their own finished products. Thus GOIL will have alternative means of getting supplies when it owns storage facilities and other resources.

7.1.3 Prices of Petroleum Products

Prices of petroleum products are affected by numerous factors outside a company's control. Prices on petroleum products are set based on the international market conditions and therefore carry price fluctuation risk. This may affect margins on petroleum products with its resultant adverse effect on profitability.

As world market price of crude oil continues to fluctuate, there will be the possibility of the country looking for alternative energy sources. Already there has been some gains in this direction in the form of the West African Gas Pipeline Project which is expected to supply natural gas as an alternative energy source. GOIL is expected to play an active role in the secondary distribution of the gas from the West African Gas Pipeline Project.

7.1.4 Competition

Deregulation of the oil marketing industry has seen the introduction of many smaller players into the market. This has placed competitive pressures on margins and customers. Competition from cheap imported lubricants and oils can affect GOIL. On the other hand most transport owners after an experience with these cheap imports revert to more reliable brands.

GOIL intends to face the competition by improving upon its customer service, increasing its product range and exploring the possibility of importing its products directly from cheaper sources.

PART VIII

VALUATION ANALYSIS

8.0 BASIS OF SHARE PRICE VALUATION

The sponsoring brokers have provided a valuation opinion on GOIL which has served as the basis for the pricing of the shares of GOIL.

In order to arrive at a value for GOIL, four different valuation methodologies, which they considered as the most appropriate for the company, were applied to the data provided by GOIL's management. This was after carrying out a careful review of the company's operations. The methodologies were:

- a) Discounted Cashflow Analysis (DCF)
- b) Public Market Multiples
 - Maintainable Earnings Basis ; or Price- to- Earnings (P/E) ratio basis
 - Price-to-Book Value Basis (P/BV)
- c) Net Asset Value Basis (NAV)

Information from the following sources was used in the exercise:

- i) Discussions with the Management and Key Officials of GOIL;
- ii) Audited Financial Statements of GOIL for the period 2002 - 2006;
- iii) GOIL's Strategic Plan prepared in consultation with Applied Research & Management Consultancy;
- iv) Financial Due Diligence Report prepared by KPMG ;
- v) Financial Projections for the period 2007-2011 confirmed by KPMG;
- vi) Legal Due Diligence Report prepared by Bentsi-Enchill, Letsa & Ankomah; and
- vii) Fixed Assets Revaluation Report prepared by KOACONSULT.

8.1 RESULTS OF VALUATION

The summary of the resultant valuation is as follows:

- a) Discounted Cashflow Analysis

The discounted cash flow method (DCF) is a cash flow-based valuation method, which produces a stand-alone value of a company and is most able to reflect its long term, upside potential, relative to other valuation methodologies.

In applying the DCF method the after-tax earnings of the business was forecasted over five years and a conversion of these earnings into cash flows was made by adjusting, amongst others, non-cash pre-tax transactions such as depreciation, provisions and amortisation write-offs. Other adjustments included taxation and capital redemptions.

The cash flows were then translated into present values by the application of a discount rate. This rate is the rate of return that, the advisors believe, investors normally enjoy from investments of similar value and risk as that of GOIL's shares.

Furthermore, a terminal value for the business was derived. It captures the continuing value of the business after the forecast period. In the case of GOIL, the advisors took due cognisance of the planned infusion of capital of GH¢30 million (about ¢300 billion) over the period, the dividends of which could not be captured by the 5-year time frame covered by the valuation.

When GOIL's free cash flows for 2007-2011 and the derived Terminal Value were discounted to the present values, at a discount rate of 25.28%, this resulted in a value of GH¢41.38 million (¢413,875 million) for the Company.

b) Public Market Multiples

The public market multiples method calculates the relative value of a company by applying derived multiples of publicly-traded companies to a particular performance measure of the company that is being valued. The size, nature and range of activities of the chosen companies should be comparable to that of the subject company.

For the purpose of determining the value of GOIL, the Price-to-Earnings (P/E) ratio and Price-to-Book (P/B) ratio were used. The (P/E) ratio calculates how much investors are willing to pay for GOIL's earnings potential. The P/B ratio measures how much investors are willing to pay for the Net Book value of GOIL.

The use of this method also provides an additional tool for valuing companies from the perspective of equity investors and reflects the amount investors are willing to pay under the prevailing market conditions.

Maintainable Earnings Basis

The P/E valuation is based on GOIL's estimated earnings for 2007 (the basis for the maintainable earnings).

The weighted average P/Es of 8 comparable listed companies categorised under:

1. Distribution & Trading (as categorised by the GSE)
2. State-Owned Companies that have been privatized through listing on the GSE (with or without residual Government shareholding).

The advisors used the weighted average P/Es of the companies were discounted and respectively multiplied by the 2007 forecast earnings of GOIL, and a value of GH¢45.99 million (¢459,999 million) was obtained for GOIL

Price-to-Book Value Basis

The net asset value of GOIL as at December 31, 2006 was adjusted upwards from GH¢ 13.68 million (¢136,768 million) to GH¢ 17.98 million (¢179,770 million). This was occasioned by the output of the revaluation of fixed assets carried out by KOACONSULT. A price-to-book ratio, which was derived from the weighted market averages for the 8 comparable companies was applied to the adjusted net asset value. The resultant value was GH¢46.15 million (¢461,534 million).

c) Net Assets Basis

GOIL's 2006 balance sheet was adjusted to reflect the fixed assets revaluation figures submitted by KOACONSULT in their Technical Due Diligence / Valuation Report. The revised balance sheet gave a net asset valuation of GH¢17.98 million (¢179,770 million) for the Company.

8.2 FINAL VALUE

In consolidating the results of the various methodologies, the advisors weighted each methodology based on their perceived relevance to GOIL. The breakdown is as follows:

Methodology	Valuation (¢'million)	Weightings	Weighted Value (¢'million)
Discounted Cash Flow (DCF)	413,875	45%	186,244
Maintainable Earnings (P/E) Basis	459,990	25%	114,997
Price to Book	461,534	20%	92,307
Net Asset - Book Value Basis	179,770	10%	17,977
Total		100%	411,525

Having weighted the above listed methodologies based on the percentages shown above, the advisors are of the opinion that GH¢41.15 million (¢411,525 million) representing a price of GH¢1.34 (¢13,376) per share of GOIL, is a fair value for the company. A discount of 10% was applied on the value of GH¢ 41.15 million which resulted in a value of GH¢ 37.04 million (¢370,372 million) and a price per share of GH¢1.20 (¢12,039).

8.3 PRICING

The price and the number of shares to be issued under the Offer were arrived at after considering the Shareholder's objectives for the Offer and its vision for GOIL.

To enhance the attractiveness and tradeability of the shares, the price per share was reduced to 20 Gp (¢2,000).

PART IX

ADDITIONAL INFORMATION

A. MATERIAL CONTRACTS

All contracts the Company has entered into are those relating to the normal course of business.

B. TAX AND SOCIAL SECURITY OBLIGATIONS

The Company has performed all its obligations relating to corporate tax, social security contributions and PAYE tax on behalf of all its employees and itself.

C. LISTING

Application has been made to the GSE for all of the shares described herein as per the proposed offer to be admitted to the First Official List. A conditional approval for listing was granted by the GSE on July 11, 2007.

D. THE GHANA STOCK EXCHANGE

The Ghana Stock Exchange (GSE) was incorporated in July 1989 as a company limited by guarantee. It is a non-profit, non-governmental organisation governed by a thirteen (13)-member council. Members of the GSE include seventeen (17) Licensed Dealing Members (brokerage firms) and thirty-two (32) Associate Members. The Securities and Exchange Commission (SEC) regulates the Exchange under the Securities Industry Law (1993) as amended. There are currently 32 companies listed on the Exchange.

Other Information

Trading Days	:	Daily at 9:00 a.m. - 12 noon
Trading Method	:	Continuous Auction Trading System
Settlement Period	:	Date of trade plus 3 working days
Receipt of Certificate	:	Three (3) weeks
Access to Trade and General Information on the GSE	:	Through Reuters, Internet, Official List, Local Newspapers, GSE Fact Book, etc.

The Exchange operates a manual but centralised system. Under the new Central Securities Depository Act, 2007 (Act 733), listed companies may opt to issue dematerialized securities that will be centrally cleared through the Central Securities Depository. The GSE is also seeking to automate its trading platform by the end of 2007.

E. CAPITAL GAINS TAX AND STAMP DUTY

Under Section 97(3) of the Internal Revenue Act 2000 (Act 592) securities listed on the GSE are exempted from Capital Gains Tax for the first fifteen (15) years from the date of commencement of operations by the Exchange i.e. November 12, 1990. This ended in November 2005, and has been

extended for another five (5) years ending December 2010.

Under the Stamp Duty Act, 2005 (Act 689) transfers of shares in a company are exempt from stamp duty.

F. DIVIDEND WITHHOLDING TAX

There is a final withholding tax of 8% on all dividends received by shareholders.

G. CORPORATE TAX FOR LISTED COMPANIES

The corporate tax rate of both listed and unlisted companies is at 25%.

H. EXCHANGE CONTROL

The Foreign Exchange Act, 2006 (Act 723) allows foreigners to hold shares of a listed company without any restrictions. It also assures full and free foreign exchange remitability of original capital or principal amounts, any gains, dividends or interest payments and related earnings and refunds in respect of investments made by external residents in such securities.

I. INSPECTION

Copies of the following documents in respect of the business and affairs of GOIL may be inspected at the registered office of GOIL during normal business hours of any working day during the Offer period:

1. Regulations of GOIL
2. GOIL Certificate of Incorporation
3. GOIL's Certificate to Commence Business
4. GOIL's Audited Financial Statements from 2001 to 2005
5. GOIL's audited Financial Statements for 2006
6. GOIL's Tax Clearance Certificate
7. GOIL's Share Valuation Report
8. GOIL's Fixed Asset Revaluation Report
9. Legal Due Diligence Report on GOIL
10. Financial Due Diligence Report on GOIL
11. GOIL's Share Offer Prospectus
12. Distribution Agreement between ENI S.P.A (ENI) and GOIL
13. License /Supply Agreement Between ENI S.P.A (ENI) and GOIL

K. WORKING CAPITAL ADEQUACY

The Directors are of the opinion that the Company will use internally generated funds and short-term debt financing to meet its working capital needs.

L. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of GOIL collectively and individually accept full responsibility for the accuracy of the information given in this Document and confirm having made all reasonable enquiries, and that to the best of their knowledge and belief, there are no facts or circumstances, the omission of which would make any statement contained herein misleading.

M. STATEMENT BY THE MANAGERS TO THE ISSUE

Merban Stockbrokers Limited (MSL), Gold Coast Securities Ltd (GCSL) and SDC Brokerage Ltd (SDC) which are regulated by the Securities and Exchange Commission, are mandated to act as Managers to the Issue. In the preparation of this document, the team has relied on information that the Directors of the Company have made available to them.

PART X

TERMS AND CONDITIONS OF THE OFFER

10.1 QUALIFYING OFFER APPLICANTS

For the purposes of the Share Offer, a 'Qualifying Offer Applicant' means any person who

- (a) being a natural person is aged 18 years, or over and is:
 - (i) resident in Ghana, or
 - (ii) a citizen of some other state, or country provided always that offer to and acceptance by such applicant in terms of this offer is not in contravention with the laws of either that state or country or of Ghana itself; or
- (b) being a corporation, or partnership, or other unincorporated association:
 - (i) is incorporated, or has an established place of business in Ghana: or
 - (ii) is incorporated, or has an established place of business in some other state or country provided always that offer to and acceptance by such applicant in terms of this Offer is not in contravention with the laws of either that state, or country, or of Ghana itself.

NB: This document does not constitute an offer or an invitation to purchase any of the shares in any jurisdiction in which such offer or invitation would be unlawful.

10.2 TERMS AND CONDITIONS

10.2.1 Offer to Purchase Shares

You offer to purchase from GOIL such number of shares as, when multiplied by the offer price, is nearest to but not more than, the amount indicated in your application form on these terms and conditions and subject to the Regulations of GOIL.

You agree to provide a clear photocopy of a valid ID in support of your application to your receiving agent. For the purposes of this Share Offer a valid ID shall be a passport, driver's license or a voter's ID card for individuals, and a clear photocopy of registration documents or other acceptable identification for institutions, clubs and other bodies.

If applying for a minor you must submit a clear photocopy of a valid ID for both the minor and yourself. A valid ID for a minor may be a passport or a birth or baptismal certificate. Where the application is for a person other than a minor, you agree to submit all required identification of yourself and the person on whose behalf you are applying for shares under this offer on their behalf.

You agree that your offer cannot be revoked prior to the revocation date stated in this prospectus or such later date as the Company and the Manager may agree, and promise that any cheque, bankers' draft or money/postal order accompanying your application will

be honoured on first presentation and that this paragraph constitutes a collateral between you and GOIL. It becomes binding when your application is posted to or, in the case of delivery by hand, received by, one of the Receiving Agents. All bank commissions and transfer and other charges must be paid by the applicant.

A thumbprint on an application form will be accepted instead of a signature thereon only if it is duly certified in accordance with the laws of Ghana.

If your application form is not completed correctly or is amended, or if any accompanying cheque, bankers' draft or other remittance is found to be less than the amount stated on your application form, it may still be treated as valid. In these circumstances the Managers' decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not however, be treated as having offered to purchase a number of shares on offer which when multiplied by the offer price, is more than the amount of remittance accompanying the application form or validity remitted in respect thereof.

Any application may be rejected in whole or in part at the discretion of the manager for applications which are incomplete, illegible, or it is determined that the applicant is not eligible to participate in this Offer.

10.2.2 Acceptance of Your Offer

Acceptance of your offer will be made (if your application is received, valid, processed and not rejected) either:-

- By notifying acceptance to one of the Receiving Agents, provided always that if applicable, the Regulations of the Ghana Stock Exchange shall be adhered to.
- The acceptance of your application may in whole or in part, and accordingly the number of shares you offer to purchase may be scaled down.
- If your offer to purchase is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the offer shares in respect of which your offer has been accepted and has not been terminated.

10.3 Payment for the Shares

Payment for shares shall be by cheque, banker's draft, telegraphic transfer or other remittance. No cash shall be accepted in settlement for the purchase of shares.

You undertake to pay the purchase price for the shares in respect of which your offer is accepted. The cheque or banker's draft or other remittance accompanying your application should be marked COMMISSION TO DRAWER'S ACCOUNT. This instrument will be presented for payment before the acceptance of your application but this will not constitute its acceptance either in whole or in part.

If your application is invalid, or is rejected, or not accepted in full, the proceeds of the cheque or other remittance accompanying the application or unused balance of those proceeds will be refunded to you without interest in the same currency as was the application.

If the remittance accompanying your application is not honoured on first presentation, then at any time until one of the Receiving Banks has received cleared funds in respect of the share offer,

the Manager on behalf of themselves and GOIL on demand such amount as may be certified on their behalf as being necessary to compensate the Manager and GOIL for losses, costs and expenses incurred as a result of remittance not being honoured on first presentation and as a result of termination.

10.4 Warranties

You warrant that:

- (a) You are qualified to apply.
- (b) In making your application you are not relying on any information or representation concerning the Company and/or the offers or any of them not contained in this document. You agree that no person responsible for this document or any part of it will have liability for any such other information or representation.
- (a) If any person signing, or making a thumb print on the application form is not the applicant, that person warrants that he or she has authority to do so on behalf of the applicant and that this authority is vested in him or her by virtue of any power of attorney which (or a copy of which certified by a solicitor) accompanies the application.
- (b) If the applicant is other than a natural person, the person signing the application form warrants that he has authority to do so on behalf of the applicant.

10.5 Supply and Disclosure of Information

GOIL and its agents shall have full access to all information relating to, or deriving from, the cheque or bankers' draft or other remittance accompanying your application, and its processing. If the Company and its agents request any information about your application you must promptly disclose it to them.

10.6 Miscellaneous

The rights and remedies of the Company and Manager under these terms and conditions are in addition to any rights and remedies, which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

If you deliver your application form to a Receiving Agent, you authorise GOIL to send any money returnable to you and a share certificate for the number of shares for which your application is accepted to the Receiving Agent to which you delivered your application form for collection by you from such Receiving Agent, and you agree to produce the completed receipt at the bottom of the application form and/or other appropriate evidence of your entitlement to the certificate and/or returned monies to such Receiving Agent upon collection thereon. If your application was sent by post, you authorise GOIL to send a share certificate for the number of shares which your application is acceptable and/or a cheque for any money returnable by post to you at your address (or, in the case of joint applicants, the address of the first-named person) as set out in the application form.

All documents and monies sent or delivered to or by you will be sent or delivered at your own risk. Any cheque will be made payable to you (or the first person named in any joint application).

You agree to be bound by the Regulations of GOIL once the shares you have agreed to purchase have been allotted to you.

Your application, and acceptance of that application and the contract resulting there from will be governed by, and construed in accordance with, the laws of Ghana. For the exclusive benefit of the parties mentioned in the introduction in these terms and conditions you irrevocably submit to the jurisdiction of the Ghanaian courts in respect of these matters. This does not prevent an action being taken against you in any other jurisdiction.

Words defined in the Prospectus and not defined in these terms and conditions have the same meanings in these terms and conditions and in your application form and in the guide to the application form as in the Prospectus. In the case of a joint application, references to an applicant in these terms and conditions are to each of the joint applicants and their liability is joint and several.

PART XI

APPLICATION FORMS AND INSTRUCTIONS

GENERAL INSTRUCTIONS FOR COMPLETING APPLICATION FORMS

Please read all instructions carefully before completing an application form

Multiple applications are not permitted

Please ensure your application form is duly completed and all supporting documentation (photocopy of valid ID, (see section 10.2.1) and duly executed power(s) of attorney where applicable) are attached before submission to a receiving agent.

The application form must be completed in block letters, and together with payments covering the number of shares subscribed for, submitted to a receiving agent by 5pm on October 5, 2007.

Only persons above 18 years of age can buy shares in their own name. Shares may be bought for a child by a parent, grandparent or guardian of the child who may complete an application to buy shares in his / her name

Power(s) of attorney must be enclosed if anyone is signing on behalf of an applicant other than a minor.

Photocopies of application forms will be accepted only if they are clear and legible.

GUIDE TO COMPLETING THE APPLICATION FORM FOR INDIVIDUALS

1. Personal Details

Insert in Box 1 your Surname (i.e. family name), all your Forenames (i.e. first/ other names) and the title by which you are addressed. A photocopy of a valid ID must also be submitted with your application. If applying on behalf of a minor, photocopies of the parents/ guardian's ID as well as the minor's must be attached.

Applications for persons other than minors must have attached to the form, a valid ID and a power of attorney for the beneficiary.

2. Applicants Signature/ Thumbprint

By signing or thumb printing in box 2 of the application form, you will be applying for the offer under the terms and conditions set out in the prospectus and in this form. Proceedings may be instituted against anyone knowingly make a false declaration. This applies whether an application is made solely or jointly with other persons.

3. Number and Cost of shares applied for

Complete Box 3 with the number of shares (minimum is 300) and the amount payable in Ghana cedis that you are applying for. Please use figures. Your payment must be in a form which will realise cleared funds for the full amount payable by 5pm on October 5, 2007.

Cheques, Money /Postal orders and Bankers Draft Should be payable to MSL/GOIL SHARE OFFER and endorsed 'COMMISSION TO DRAWER'S ACCOUNT'. All bank commission and transfer charges must be paid by the applicant.

4. Address of Applicant

Insert in Box 4 your full residential (if applicable) and postal address. The address must be current and reliable and in case of any change in address you should immediately inform your broker or the registrar, whichever is the case.

5. Dividend Payment Details

This section should be completed only by applicants who want their dividend paid directly into their bank account.

Please provide information on your bank. Applicants who leave this blank will have their dividend payments warrant mailed to them at their stated address.

6. E mail Address, Telephone ,Nationality and Status of Residency

Include your email address or telephone number to facilitate us contacting you quickly. Also state your citizenship and whether or not you are resident in Ghana

7. Declaration

Multiple applications are not permitted. Please read the declaration carefully before you sign (or, if unable to sign make your thumb print) in Box 2 above.

8. Joint applications

You may apply jointly with up to three people, provided each applicant is an adult over 18 years of age. Each applicant should complete his/her name and sign the appropriate place by their names.

Power(s) of Attorney must be enclosed if anyone is signing on behalf of any joint applicant(s).

GUIDE TO COMPLETING THE APPLICATION FORM FOR COMPANIES/ ORGANISATIONS

Insert in box 1 the company or organisation's name and registration number as quoted on its certificate of incorporation or of commencement of business if applicable. Applications from corporations and partnerships must bear the institutions common seal/ stamp if applicable and be completed under the hand of a duly authorised official who should also state his /her designation/ title.

Instructions for boxes 3 to 7 are the same as the guide to completing the application form for individuals.

The company should then complete the remainder of the application form in accordance with the instructions for individuals set out above.

GHANA OIL COMPANY LIMITED SHARE OFFER APPLICATION FORM
PLEASE USE BLOCK LETTERS

Form Number:		Broker/Bank Signature & Stamp		<div style="border: 1px solid black; padding: 2px; text-align: center;">2</div> Applicant's Signature/ Thumbprint	
Receiving Agent/Branch Code:					
Date:					
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <div style="border: 1px solid black; padding: 2px;">1</div> Surname/Company Name: </div> <div style="width: 45%;"> <div style="border: 1px solid black; padding: 2px;">First Name:</div> </div> </div>					
Other Name:				<div style="border: 1px solid black; padding: 2px;">3</div> Number & Cost of Shares Applied For	
Identification of Applicant (attach photocopy of relevant ID to form) Type: _____ Number: _____				Number of Shares:	
For Application in Trust For a Minor\Another Adult\ (Beneficiary)					
Title & Surname of Beneficiary		Amount Payable (GH¢)			
First & Other Names Of Beneficiary					
<div style="border: 1px solid black; padding: 2px;">4</div> Applicant's Permanent Address Details:			<div style="border: 1px solid black; padding: 2px;">5</div> Dividend Payment Details		
Residential Address:			Bank Name:		
Postal Address:			Branch Name:		
Town:			Account Name:		
Region/Country:			Account Number:		
<div style="border: 1px solid black; padding: 2px;">6</div> Email: _____ Telephone: _____		Nationality: _____		Country of Residence: _____	
<div style="border: 1px solid black; padding: 2px;">7</div> Declaration: I/We hereby apply for offer shares on the terms and conditions set out in the prospectus. I/We declare that I/We am/are a qualifying applicant(s) and that to my/our knowledge, there is no other application being made for my/our benefit (or that of any person for whose benefit I/We am/are applying for GOIL shares for which I/We have applied on this form.					
<div style="border: 1px solid black; padding: 2px;">8</div> Joint Applicant(s): I/We hereby join in the application and give the declaration above					
Other applicants					
Title: Surname:		2 nd Joint Applicant		3 rd Joint applicant	
First Name(s) & Other Names					
Applicant Signature or Thumbprint					
<div style="border: 1px solid black; padding: 2px;">9</div> To be completed by receiving Broker/Bank and then signed and retained by Applicant as evidence of payment Ghana Oil APPLICATION COUNTERFOIL					
Surname/Organisation:			Applicant's Signature/Thumbprint		Brokers/Banks Signature & Stamp
First Name:					
Title:					
Residential Address:					
P.O.Box _____ Town: _____					
Region: _____ Country: _____					
NUMBER OF SHARES:					
			Amount (GH¢):		Agent Code:

