QUANTUM TERMINALS LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2014

QUANTUM TERMINALS LIMITED
ANNUAL FINANCIAL STATEMENTS

INDEX

QUANTUM TERMINALS LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Emmanuel Egyei-Mensah - *Executive Chairman* Felix Gyekye
SECRETARY	Damaris Tanoh-Rivers E17/9 Ablade Road, Kanda P. O. Box CT 4377 Cantonments Accra
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive Abelenkpe P. O. Box GP 242 Accra
REGISTERED OFFICE	E17/9 Ablade Road, Kanda P. O. Box CT 4377 Cantonments Accra
BANKERS	CAL Bank Ghana Limited Prudential Bank Ghana Limited Standard Chartered Bank Ghana Limited United Bank for Africa (Ghana) Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS LIMITED

The Directors present their report and the financial statements of the Company for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view of Quantum Terminal Limited, comprising the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flow for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) . In addition, the directors are responsible for the preparation of the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable reporting framework.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the attached financial statements from pages 7-9 including notes and disclosures.
The Directors consider the state of the overall company's affairs to be satisfactory. A snap shot of the EBITA computation of the operating cash flows for the Atuabo LPG facility is highlighted below. Based on the statement below with an EBITA GH¢ 39,023; Directors considers the state of affairs of the company viable and satisfactory.

OPERATING PROFIT & LOSS STATEMENT FOR ATUABO LPG FACILITY OPERATIONAL PHASE FOR MONTH OF DECEMBER 2014

	GH¢
Revenue	175,771
Other Revenue	84,768
Total Revenue	**260,539**
Direct Cost	(135,569)
Gross Profit	**124,970**
General & Admin Expense	85,947
EBITDA	**39,023**

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
QUANTUM TERMINALS LIMITED - (CONT'D)

NATURE OF BUSINESS

The company is authorized under its regulations to build, own and operate tank farms in Ghana, and also to process and blend petroleum products.

HOLDING COMPANY

Quantum Terminals Limited is a fully owned subsidiary of Quantum Group Limited, a company incorporated in Ghana.

RESTATEMENT OF COMPARATIVES

In accordance with the requirement of IAS 8, a number of comparative account balances have been restated in accordance to ensure compliance with the requirement of various IFRS's. An explanation of how the restatement have affected the company's financial position, financial performance and cashflows are set out in note 20 of the financial statements.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company were approved by the board of directors on 30TH APRIL, 2016 and were signed on their behalf by:

....	....
EXECUTIVE CHAIRMAN	**DIRECTOR**

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS LIMITED

Report on the Financial Statements

We have audited the financial statements of Quantum terminals Limited which comprise the statements of financial position at 31 December 2014, and the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 28.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Quantum Terminals Limited at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179).

KPMG

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF
QUANTUM TERMINALS LIMITED - (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 and fifth Schedule of the Companies Act 1963, (Act179).

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position and the statement of comprehensive income are in agreement with the books of account.

Other Matter

The financial statements of Quantum Terminals Limited for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 April 2015.

KPMG
....

Signed by: Nathaniel D. Harlley (ICAG/P/1056)
For and on behalf of:
KPMG: (ICAG/F/2016/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

30 April ...., **2016**

QUANTUM TERMINALS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Note	2014 GH¢	Restated 2013 GH¢	2012 GH¢
ASSETS				
Property, plant and equipment	10	146,699,285	70,943,225	12,159,102
Deferred tax asset	9(d)	-	5,571	-
Non-current assets		146,699,285	70,948,796	12,159,102
Trade and Other receivables	11	3,545,163	114,083	70
Prepayments		217,045	83,235	-
Amount due from related parties	15(b)	-	-	10,000
Cash and cash equivalent	12	40,669	214,459	1,611,728
Current assets		3,802,877	411,777	1,621,798
TOTAL ASSETS		150,502,162	71,360,573	13,780,900
EQUITY				
Share capital	16(a)	10,000	10,000	10,000
Deposit for shares	16(c)	18,990,000	-	-
Revaluation reserve	16(d)	8,263,741	8,263,741	-
Retained earnings	16(b)	(6,202,845)	(525,754)	-
Total equity		21,060,896	7,747,987	10,000
LIABILITIES				
Loans and borrowings	13	15,698,635	9,398,635	-
Trade and other payables	14	34,590,754	6,569,752	980
Amount due to related parties	15(b)	79,151,877	47,644,199	13,769,920
Current liabilities		129,441,266	63,612,586	13,770,900
TOTAL EQUITY AND LIABILITIES		150,502,162	71,360,573	13,780,900

EXECUTIVE CHAIRMAN **DIRECTOR**

The notes on pages 11 to 28 are an integral part of these financial statements.

QUANTUM TERMINALS LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢	Restated 2013 GH¢
Revenue	5	175,771	-
Direct costs	6	(135,569)	-
Gross profit		40,202	-
Other income	7	84,768	1,933
General and administration expenses	8	(2,135,222)	(269,856)
OPERATING LOSS		(2,010,252)	(267,923)
Foreign exchange loss		(3,661,268)	(263,402)
LOSS BEFORE TAX		(5,671,520)	(531,325)
Income tax expense	9(a)	(5,571)	5,571
LOSS AFTER TAX		(5,677,091)	(525,754)
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit and loss			
Revaluation of property, plant and equipment		-	8,263,741
TOTAL COMPREHENSIVE INCOME		(5,677,091)	7,737,987

The notes on pages 11 to 28 are an integral part of these financial statements.

QUANTUM TERMINALS LIMITED

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital GH¢	Deposit for Shares GH¢	Revaluation Reserve GH¢	Retained Earnings GH¢	Total GH¢
Balance at 1 January 2014	10,000	-	8,263,741	(525,754)	7,747,987
Deposits made for shares	-	18,990,000	-	-	18,990,000
Loss for the year	-	-	-	(5,677,091)	(5,677,091)
Other Comprehensive Income, Net of Income Tax					
Revaluation of property, plant and equipment	-	-	-	-	-
Balance at 31 December 2014	10,000	18,990,000	8,263,741	(6,202,845)	21,060,896
Restated					
Balance at 1 January 2013	10,000	-	-	-	10,000
Loss for the year	-	-	-	(525,754)	(525,754)
Other Comprehensive Income, Net of Income Tax					
Revaluation of property, plant and equipment	-	-	8,263,741	-	8,263,741
Balance at 31 December 2013	10,000	-	8,263,741	(525,754)	7,747,987

The notes on pages 11 to 28 are an integral part of these financial statements.

QUANTUM TERMINALS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	2014 GH¢	2013 GH¢
Cash flow from operating activities		
Loss before taxation	(5,671,520)	(531,325)
Adjustments for:		
Depreciation	246,608	17,125
Exchange Loss	3,012,237	930
	(2,412,675)	(513,270)
Changes in:		
Trade and other receivables	(3,431,080)	(114,013)
Prepayments	(133,810)	(83,235)
Trade and other payables	28,021,002	6,568,772
Amount due from related parties	-	10,000
Amount due to related parties	25,483,203	33,874,279
Cash generated from operating activities	47,526,640	39,740,673
Net Cash from Operating Activities	47,526,640	39,740,673
Cash flow from Investing Activities		
Acquisition of property, plant and equipment	(72,990,430)	(50,536,577)
Net Cash used in investing activities	(72,990,430)	(50,536,577)
Cash flows from financing activities		
Proceeds from loan drawdown	6,300,000	9,398,635
Proceeds from deposit for shares	18,990,000	-
Net cash from financing activities	25,290,000	9,398,635
Net Decrease in Cash and Cash Equivalents	(173,790)	(1,397,269)
Cash and Cash Equivalents at 1 January	214,459	1,611,728
Cash and Bank Balances at 31 December	40,669	214,459

The notes on pages 11 to 28 are an integral part of these financial statements.

QUANTUM TERMINALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for land and buildings (included is property, plant and equipment) that have been measured at fair value.

c. Functional and presentation currency

The financial statements are presented in Ghana cedis (GH¢) which is the Company's functional and presentation currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest Ghana cedi.

d. Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

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

Foreign currency gains and losses are reported on a net basis under selling, general and administrative expenses or other income.

(b) Financial Instruments

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

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

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

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

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

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

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

(ii) Non-derivative financial assets – measurement

Loans and receivable

Loans and receivables comprises trade receivables, amount due from related parties, cash and cash equivalents and other receivables.
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash equivalent

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

(iii) Non-derivative financial liabilities – measurement

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

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

(iv) Share capital (Stated capital)

Ordinary Shares

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

(c) **Impairment**

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(d) Property, Plant and Equipment

(i) Recognition and measurement

Except for land and building which are stated at revalued amounts less accumulated depreciation and any accumulated impairment losses, all other items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation reserve arising on the PPE is credited to the revaluation surplus in the shareholders equity. Decreases that offset previous increases of the same asset are charged against the non-distributable reserve. All decreases are charged to the statement of comprehensive income.

The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset into a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant, and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value.
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

Buildings	-	10.00%
Motor Vehicle	-	33.33%
Furniture and Fittings	-	20.00% - 47.11%
Civil Works	-	2.00% - 10.00%
Plant and Machinery	-	5.00% - 50.00%

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Revenue

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

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

The transfer of risks and rewards occurs when the product is loaded onto to the customer's vessel or relevant carrier.

(f) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Quantum Terminals Limited for the year ended 31 December 2014, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		**Effective date Periods beginning on or after**
IAS 19 amendments	Defined Benefit Plans: Employee Contributions	1 July 2014
IFRS 9	*Financial Instruments*	1 January 2018
IFRS 15	*Revenue from contracts with customers*	1 January 2018

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Group's defined benefit plan meets these requirements and consequently the Group intends to apply this amendment and will recognise the contributions as reduction of the service costs in the period in which the related service is rendered.

The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

IFRS 9 Financial Instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, and IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2016 financial statements.

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

4. DETERMINATION OF FAIR VALUES

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in determining fair values is included in note 24 financial instrument – fair value and risk management.

5. REVENUE

	2014 GH¢	2013 GH¢
Throughput fees	174,733	-
Rack loading Fees	1,038	-
	175,771	-

6. DIRECT COSTS

	2014 GH¢	2013 GH¢
Utilities	23,038	-
Other direct cost	32,548	-
Wages and Salaries	79,983	-
	135,569	-

7. OTHER INCOME

	2014 GH¢	2013 GH¢
Sale of Liquefied Petroleum Gas	72,875	-
Sundry income	11,893	1,933
	84,768	1,933

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2014 GH¢	2013 GH¢
Staff costs (Note 8a)	472,489	-
Auditor's remuneration	48,000	28,000
Rent and rates	31,772	2,204
Project Research Expenditure	222,944	-
Utilities	237	-
Consultancy and Professional Fees	110,508	25,439
Communication and courier	80	-
Internet and IT expenses	26,658	-
Maintenance and repairs	27,910	-
Office supplies and stationery	11,300	-
Health and Safety	5,092	-
Operational Supplies and Consumables	41,578	-
Accounting, Audit and Legal Fees	289,375	-
Travel and accommodation	32,420	21,068
Donations and social responsibility	22,444	-
Insurance	30,578	-
Bank charges and Interest	373,084	139,361
Licenses and registration	110,458	36,659
Sundry expenses	31,687	-
Depreciation	246,608	17,125
	2,135,222	269,856

8(a). STAFF COSTS

	2014 GH¢	2013 GH¢
Salaries and wages	364,359	-
Other staff cost	108,130	-
	472,489	-

The number of persons employed by the Company at the end of the year was 40 (2013: Nil).

9. TAXATION

(a). Amount recognised in profit or loss

	2014 GH¢	2013 GH¢
Current tax expense (b)	-	-
Deferred tax credit	5,571	(5,571)
	5,571	(5,571)

(b). Current tax liabilities

	Balance at 1/1 GH¢	Payments during the year GH¢	Charge for the year GH¢	Balance at 31/12 GH¢
2014	-	-	-	-
	-	-	-	-

The above tax position is subject to agreement with the Ghana Revenue Authority.

(c). Reconciliation of effective tax rate

	2014 GH¢	2013 GH¢
Loss before taxation	(5,671,520)	(531,325)
Income tax using the statutory rate of 25%	(1,417,880)	(132,831)
Non-deductible expenses	976,969	70,132
Deductible expenses	66,074	-
Tax losses	369,266	57,128
Current tax charge	(5,571)	5,571
Effective Tax Rate	0.10%	(1.05%)

9. TAXATION – (CONT'D)

(d) Deferred tax asset

	2014 GH¢	2013 GH¢
Balance at 1 January	(5,571)	-
Charge to profit or loss	5,571	(5,571)
Balance at 31 December	-	(5,571)

A deferred tax asset of GH¢NIL (2013: GH¢ 5,571) arose from differences between the carrying values of property, plant and equipment recognised for financial reporting and taxation purposes and the carry forward of capital allowance.

Deferred income tax assets are only recognised in the financial statement if it is probable that sufficient taxable profit will be available against where tax losses can be utilised by the company. The deferred tax has been computed using the current tax rate of 25%.

The directors consider that future taxable profits may not be available against which the deferred tax asset can be utilised. Deferred tax has therefore not been recognised.

10. PROPERTY, PLANT AND EQUIPMENT

2014	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital Work-in Progress GH¢	Total GH¢
Cost							
At 1/1/14	24,225,724	-	89,460	47,872	-	46,597,294	70,960,350
Additions	6,192,390	13,163,907	159,115	865,646	16,276,928	39,344,682	76,002,668
Transfers In/ (Out)	1,224,990	5,228,851	-	27,322	3,210,472	(9,691,635)	-
At 31/12/14	31,643,104	18,392,758	248,575	940,840	19,487,400	76,250,341	146,963,018
Accumulated depreciation							
At 1/1/14	-	-	13,564	3,561	-	-	17,125
Charge for the year	7,936	34,349	58,136	46,333	99,854	-	246,608
At 31/12/14	7,936	34,349	71,700	49,894	99,854	-	263,733
Carrying amounts							
At 31/12/14	31,635,168	18,358,409	176,875	890,946	19,387,546	76,250,341	146,699,285

2013 - Restated

	Land and Building GH¢	Civil Works GH¢	Motor Vehicles GH¢	Office Equipment GH¢	Plant and Machinery GH¢	Capital Work-in Progress GH¢	Total GH¢
Cost							
At 1/1/13	10,088,449	-	-	-	-	2,070,653	12,159,102
Additions	5,873,534	-	89,460	47,872	-	44,526,641	50,537,507
Revaluation reserve	8,263,741	-	-	-	-	-	8,263,741
At 31/12/13	24,225,724	-	89,460	47,872	-	46,597,294	70,960,350
Accumulated depreciation							
At 1/1/13	-	-	-	-	-	-	-
Charge for the year	-	-	13,564	3,561	-	-	17,125
At 31/12/13	-	-	13,564	3,561	-	-	17,125
Carrying amounts							
At 31/12/13	24,225,724	-	75,896	44,311	-	46,597,294	70,943,225
Carrying amounts							
At 31/12/12	10,088,449	-	-	-	-	2,070,653	12,159,102

11. TRADE AND OTHER RECEIVABLES

	2014 GH¢	2013 GH¢	2012 GH¢
Trade receivables due from related parties (15e (i))	24,660	-	-
Other receivables	3,492,496	111,028	70
Staff receivables	28,007	3,055	-
	3,545,163	114,083	70

The maximum amount due from staff of the Company during the year was GH¢28,007 (2013: GH¢3,055; 2012: Nil)

12. CASH AND CASH EQUIVALENTS

	2014 GH¢	2013 GH¢	2012 GH¢
Bank balances	14,258	169,689	1,611,728
Cash balances	26,411	44,770	-
Cash and cash equivalents	40,669	214,459	1,611,728

13. LOAN AND BORROWINGS

2014	Balance at 1/1/14 GH¢	Drawdown GH¢	Repayments GH¢	Balance at 31/12/14 GH¢
NDK Financial Services	9,398,635	3,800,000	-	13,198,635
Bond Financial Services	-	2,500,000	-	2,500,000
	9,398,635	6,300,000	-	15,698,635

2013	Balance at 1/1/13 GH¢	Drawdown GH¢	Repayments GH¢	Balance at 31/12/13 GH¢
NDK Financial Services	-	9,398,635	-	9,398,635
	-	9,398,635	-	9,398,635

All loans outstanding as at 31/12/2014 were payable within twelve months after the reporting date. The terms and conditions of outstanding loans are as follows;

a. NDK Financial Services

Quantum Terminals Limited obtained a short term loan on 28th May, 2013 an amount GH¢ 9,400,000.00 from NDK Financial Services. The loan facility attracts an interest rate of 2.95% per month compound calculated on a 30 day per month basis, collectible monthly in arrears. Interest is calculated based on the amounts drawn and interest is effective on draw down dates. An additional short term loan facility of GH¢3,855,000.00 was given to the company on 18th March, 2014. Interest rate on this loan was 3.22% per month compound calculated on a 30 day per month basis and collectible monthly in arrears. The purpose of both loan facilities was to construct the tank farm plant at Atuabo.

b. Bond Financial Services

The company obtained a short term loan of GH¢ 2,500,000.00 form Bond Financial Services (BFS) in June 2014. The purpose of the loan was to finance the construction of its LPG tank farm plant at Atuabo. Interest is to be charged at 36 % per annum (i.e. Bond's base rate of 33%p.a. plus 3%p.a.) using the reducing balance model on the outstanding balance of the loan.

14. TRADE AND OTHER PAYABLES

	2014 GH¢	2013 GH¢	2012 GH¢
Trade payables	30,177,408	6,431,134	-
Accruals	130,705	77,743	-
Sundry payables	4,282,641	60,875	980
	34,590,754	6,569,752	980

15. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The Company is a subsidiary of the Quantum Group Limited. Quantum Group Limited and Arch Investment Limited owns 55% and 45% of the issued shares of the company respectively. The Quantum Group Limited is a company incorporated in Ghana.

There are other companies that are related to Quantum Terminals Limited through common shareholding and/or common directorship. This includes Quantum Group Limited, Sage Petroleum Limited and Cardinal Petroleum Limited amongst others.

(b) Amount due to related parties

	2014 GH¢	2013 GH¢	2012 GH¢
Advances from Directors	93,326	130,581	-
Quantum Group Limited	37,171,627	10,498,462	12,875,156
Sage Petroleum Limited	41,886,924	37,015,156	894,764
	79,151,877	47,644,199	13,769,920

(c) Advances from Directors

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any Director (whether executive or otherwise) of the Company. During the year, the Executive Chairman of the company had made a total advance of 93,326 (2013: 130,581; 2012: Nil). This is mainly due to payments he made to some contractors of the company's tank farm construction project on behalf of the company.

15. RELATED PARTY TRANSACTIONS - (CONT'D)

d) Other related party transactions

The Company engaged in the following major transactions with its Parent Company, Quantum Group Limited, and Sage Petroleum;

(i) The Company provided storage services for its parent company and as at the end of the year GH¢24,660 (2013: nil) was due from its parent as at the year end.

(ii) Sage Petroleum Limited procured a loan facility of USD 2,000,000 (2013: USD 4,953,480.73) from First Atlantic Bank Hargis Marine Services (Ghana) Limited on behalf of the Company.

(iii) Sage Petroleum Limited made transfers to the company and payments to suppliers on behalf of the Company totalling an amount of GH¢ 38,170,251. (2013: 638,556)

16. CAPITAL AND RESERVES

(a) Share capital

	No. of Shares		Proceeds	
	2014	2013	2014	2013
	'000	'000	GH¢	GH¢
Authorised				
Ordinary shares of no par value	500,000	500,000		
Issued				
For cash	10	10	10,000	10,000

There is no share in treasury and no call or instalment unpaid on any share.

(b) Retained earnings

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

(c) Deposit for Shares

Deposits for shares relates to funds deposited by Quantum Group Limited in respect of share offer from the company.

(d) Revaluation reserve

The revaluation reserve relates to revaluation of leasehold land in property, plant and equipment and details include:

	2014	2013
	GH¢	GH¢
Balance at 1 January	8,263,741	-
Revaluation of Leasehold land	-	8,263,741
Balance at 31 December	8,263,741	8,263,741

17. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date and also as at 31 December 2013.

18. CAPITAL COMMITMENTS

There were no contracts for capital expenditure not provided for at the reporting date and also as at 31 December 2013.

19. FINANCIAL RISK MANAGEMENT

Overview

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

These risks have been explained below together with the necessary measures put in place by management to mitigate the impact of such risks on the company.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. Management of the company also has the responsible for developing and monitoring the company's risk management policies.
The company's risk management policies are established to identify and analyse risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company's Board of Directors is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

(i) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risks arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure to customers, including outstanding receivables and committed transactions.

Maximum exposure to credit risk are as follows:

	2014 GH¢	2013 GH¢	2012 GH¢
Trade receivables due from related parties	24,660	-	-
Other receivables	3,492,496	111,028	70
Bank balance	14,258	169,689	1,611,728
	3,531,414	280,717	1,611,798

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

31 December 2014

	Amount GH¢	6mths or less GH¢	6-12 mths GH¢
Non-derivative financial liability			
Loans and borrowings	15,698,635	15,698,635	
Accounts Payable	34,590,754	34,590,754	-
Due to Related Parties	79,151,877	-	79,151,877
Balance at 31 December 2014	129,441,266	50,289,389	79,151,877

(iii) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Foreign currency risk

The company is exposed to currency risk on purchases that are denominated in currencies other than the functional currency.

The following significant exchange rates applied during the year:

Rates of exchange (ROE)

	Average Rate	Reporting Rate
US$ to GH¢	2.9369	3.2013
GBP to GH¢	4.8297	4.9815

Sensitivity analysis on currency risks

A 5% strengthening of the cedi against the US dollar and the Pound sterling at 31 December 2014 would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

19. FINANCIAL RISK MANAGEMENT - (CONT'D)

	2014 GH¢	2013 GH¢
USD	2,276,481	136,532
GBP	18,182	-

A best case scenario of 5% weakening of the cedi against the US dollar and the Pound sterling at 31 December 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in interest rates. The Company currently does not have long term financial instruments that would be susceptible to interest rate risks.

(c) Fair value hierarchy

The following table sets out the fair values of financial instruments measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	2014 Carrying GH¢	2014 Fair Value GH¢	2013 Fair Value GH¢	2013 Fair Value GH¢
Financial assets not measured at fair value				
Trade and Other receivables	3,545,163	3,545,163	114,083	114,083
Cash and cash equivalent	40,669	40,669	214,459	214,459
	3,585,832	3,585,832	328,542	328,542
Loans and borrowings	15,698,635	15,698,635	9,398,635	9,398,635
Accounts Payable	34,590,754	34,590,754	6,569,752	6,569,752
Related Party Payable	79,151,877	79,151,877	47,644,199	47,644,199
	129,441,266	129,441,266	63,612,586	63,612,586

The carrying amounts approximate fair values due to the short maturity of these instruments.

20. RESTATEMENT OF FIANANCIAL STATEMENTS

In accordance with the requirement of IAS 8, a number of comparative account balances have been restated in accordance to ensure compliance with the requirement of various IFRS's. An explanation of how the restatement have affected the company's financial position, financial performance and cashflows are set out below.

20. RESTATEMENT OF FIANANCIAL STATEMENTS - (CONT'D)

Effect on 2013

Statement of Comprehensive Income	**GH¢**	**GH¢**
Loss after tax as reported		-
Adjustments:		
Less expenditures wrongly capitalised in 2013	(533,258)	
Other income not recognised in 2013	1,933	(531,325)
	---------	-----------
Restated loss after tax		(531,325)
		======
Statement of Financial Position		
Total assets as reported		71,888,260
Adjustments:		
Less expenditures wrongly capitalised in 2013		(533,258)

Total assets as restated		71,355,002
		========

21. VOLUNTARY DISCLOSURE ON DIVISIONS

The Management of Quantum Terminals Limited has decided to provide further information on the activities of Quantum Terminals Limited (QTL) and Quantum Oil Terminals Limited (QOTL), which are two divisions within the company.

SUPPLEMENTARY INFORMATION

QUANTUM TERMINALS LIMITED
SEGMENT ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Assets	QUANTUM TERMINALS GH¢	QUANTUM OIL TERMINALS GH¢	TOTAL GH¢
Property, Plant and Equipment	53,285,644	93,413,641	146,699,285
Non-current asset	**53,285,644**	**93,413,641**	**146,699,285**
Inventory	-	-	-
Trade and other receivables	3,225,430	319,734	3,545,164
Prepayments	217,044	-	217,044
Amounts due from related parties	-	-	-
Cash and Bank Balances	40,669	-	40,669
Current assets	**3,483,143**	**319,734**	**3,802,877**
Total Assets	**56,768,787**	**93,733,375**	**150,502,162**
Equity			
Share Capital	10,000	-	10,000
Retained earnings	(1,885,747)	(4,317,098)	(6,202,845)
Deposit for shares	4,800,000	14,190,000	18,990,000
Revaluation surplus	848,325	7,415,416	8,263,741
Total equity	**3,772,578**	**17,288,318**	**21,060,896**
Liabilities			
Loans and borrowings	15,698,635	-	15,698,635
Project, trade and other payables	10,465,096	24,125,658	34,590,754
Amount due to related parties	26,832,478	52,319,399	79,151,877
Current liabilities	**52,996,209**	**76,445,057**	**129,441,266**
Total liabilities	**52,996,209**	**76,445,057**	**129,441,266**
Total equity and liabilities	**56,768,787**	**93,733,375**	**150,502,162**

The company has two business segment – Quantum Terminals and Quantum Oil Terminal. The above presentation is an analysis of the segment reporting based on the information provided to the company's executive management for the year ended 31 December 2015.