ANNUAL REPORT '12

GHANA GRID COMPANY LIMITED

GRIDCo

Backbone to Power Delivery

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CONTENTS

NOTICE AND AGENDA OF THE FOURTH (4TH) ANNUAL GENERAL MEETING OF THE GHANA GRID COMPANY LIMITED.

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of the Ghana Grid Company Limited (GRIDCo), will be held at Golden Tulip, Accra on Wednesday September 25, 2013 at 10.00am to transact the following business:

1. To receive and consider the Financial Statements for the year ended December 31, 2012 together with the Reports of the Directors and Auditors thereon.

2. To appoint Auditors to audit the 2013 Financial Accounts and authorize the Directors to determine the remuneration of Auditors.

3. To amend the objects of the Company to include "To carry out general commercial telecommunication and other related services using its Optical Ground wire (OPGW).

DATED IN ACCRA THIS 4TH DAY OF SEPTEMBER, 2013.
BY ORDER OF THE BOARD

MONICA N. A. SENANU (MRS.)
BOARD SECRETARY

NOTE:
A Member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote on behalf of the Member. A proxy need not be a Member of the Company. A form of proxy is provided at the end of the Annual Report and Financial Statements. For a form of proxy to be valid for the purpose of the meeting, it must be completed and deposited at the Registered Office of the Company, P. 0. Box CS 7979, Tema not less than 48 hours before the appointed time of the meeting.

CORPORATE INFORMATION

DIRECTORS

Mr. Emmanuel Appiah Korang-		Chairman
Mr. Charles A. Darku	-	Member/ Chief Executive
Mr. Kwasi Adu	-	Member
Ms. Dzifa Amegashie	-	Member
Dr. Thomas Wobil Ansah	-	Member
Ms. Johanna Kuukua Awotwi	-	Member
Mr. Agbesi Kwadzo Dzakpasu	-	Member
Mr. Adam Munkaila	-	Member

BOARD SECRETARY

Monica Nana Ama Senanu (Mrs.)

AUDITORS

Deloitte & Touche
Chartered Accountants
4 Liberation Road
P. O. Box GP 453
Accra

REGISTERED OFFICE

Ghana Grid Company Limited
Off Aflao Highway
P. O. Box CS 7979
Tema, Ghana
Tel: +233(0)303 304 818
Fax: +233(0)302 676 185
E-Mail: gridco@gridcogh.com
Website: www.gridcogh.com

VISION

To provide electricity transmission services at the top of the class.

VALUES

- Maintenance of a dedicated and highly skilled workforce.
- Dedication to professionalism and occupational excellence.
- Customer responsiveness.
- Commitment to the highest safety standards and environmental practices.
- Integrity, honesty and accountability.
- Stakeholder consultation and partnership.
- Fairness and non-discriminatory service delivery.
- Environmental Statement:

MISSION

To provide open access, non-discriminatory, reliable, secure, and efficient electricity transmission services and wholesale market operations to meet customer and stakeholder expectations within Ghana and the West African Sub-region, in an environmentally sustainable and commercially viable manner.

OUR BUSINESS IN BRIEF

OWNERSHIP AND SHAREHOLDING STRUCTURE

GRIDCo is a private limited liability company which is wholly-owned by the Government of Ghana. The company is governed by an eight-member Board of Directors.

ASSETS

The main assets of GRIDCo are:

- Transmission towers, conductors and accessories;
- Substations and related equipment;
- System Communication equipment;
- Lands, buildings and miscellaneous assets.

MODE OF POWER TRANSMISSION

GRIDCo owns and operates over 4,000 km of transmission lines operating at various voltages, including 330 kilovolts (kV), 225kV and 161kV across the country. These lines carry power from various generating stations to fifty one (51) operational transformer substations with eleven new substations in various stages of construction. At these substations, the power is stepped down to lower voltages including 34.5 kV, and 11kV for the major bulk customers and the distribution companies namely; Electricity Company of Ghana (ECG) and Northern Electricity Company (NEDCO), a subsidiary company of the VRA.

CUSTOMERS

Gridco transmits and wheels power from VRA and other Independent power producers to ECG, NEDCO, Bulk customers including VALCO, Mines, small and medium industries in the domestic market and CEB, Togo/Benin and SONABEL, Burkina Faso in the external market.

GRIDCO'S AREA OPERATIONS

Southern Network Services

1. Volta Area: Volta, New Tema, Smelter, Achimota, Winneba, Accra East and Mallam substations.

2. Takoradi Area: Takoradi, Cape Coast, Esiama, Aboadze*, Elubo substations.

3. Akosombo Area: Akosombo*, Akwatia, Kpandu, Ho, Aflao, Asiekpe, Sogakope, Kpeve, Tafo, Kpong* and Old Kpong substations.

4. Prestea Area; Prestea 225, Prestea 161, New Tarkwa, Akyempim and Bogosu substations.

Northern Network Services

5. Kumasi Area; Kumasi, Konongo, Nkawkaw, Kenyase, Obuasi, New Obuasi, Asawinso, Ayanfuri and Dunkwa substations.

6. Tamale Area; Tamale, Zebilla, Bolgatanga, Buipe, Sawla and Yendi substations

7. Techiman Area: Techiman, Kintampo, Mim, Sunyani, Berekum, Bui* and Sawla substations.

* Generating stations switchyards

DEPARTMENTS:

Engineering, Finance, Human Resources, Legal Services, Northern Network Services, Southern Network Services, Network Performance, System Operations, Internal Audit

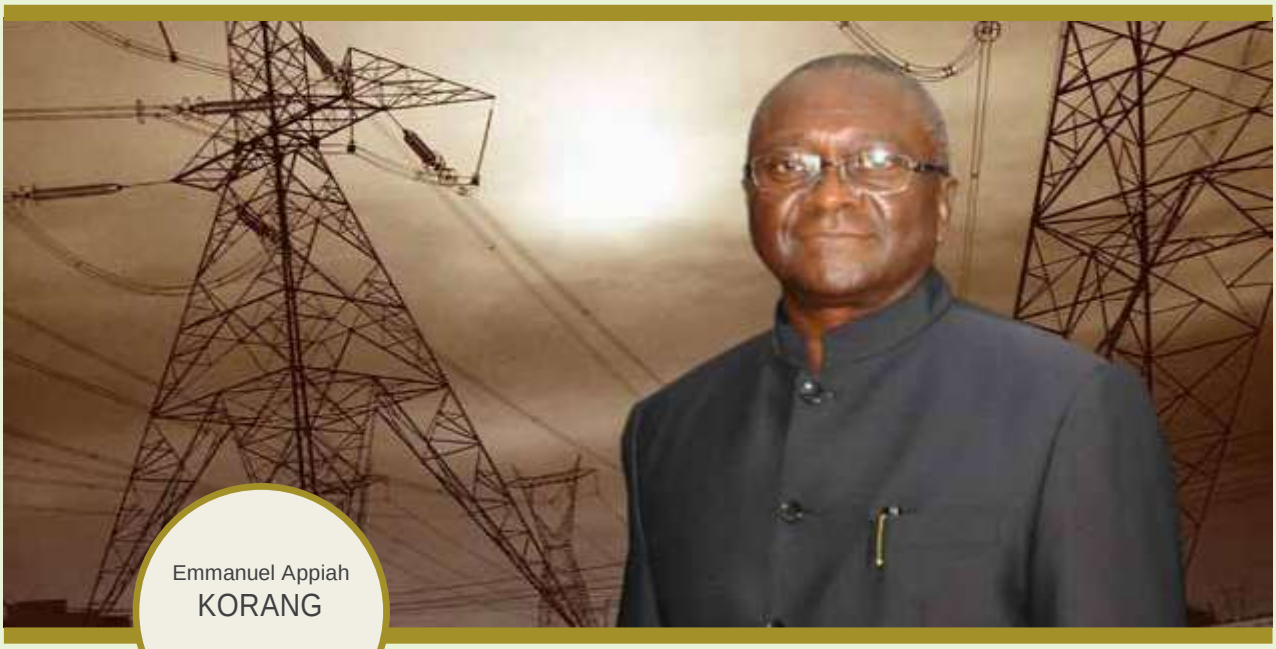
REGULATORS OF GRIDCO

Public Utilities and Regulatory Commission
Energy Commission
State Enterprises Commission

BOARD OF DIRECTORS

1. Mr. Emmanuel Appiah Korang - Chairman
2. Mr. Charles A. Darku - Chief Executive
3. Mr. Kwasi Adu - Member
4. Ms. Dzifa Amegashie - Member
5. Dr. Thomas Wobil Ansah - Member
6. Ms. Johanna Kuukua Awotwi - Member
7. Mr. Adam Munkaila - Member
8. Mr. Agbesi Kwadzo Dzakpasu - Member

CHAIRMAN'S STATEMENT



Emmanuel Appiah
KORANG

CHAIRMAN

DEAR SHAREHOLDER,

I AM DELIGHTED TO REPORT ON ANOTHER YEAR OF SIGNIFICANT PROGRESS IN THE COMPANY.

GRIDCO MADE SOME INVESTMENTS INTO THE NETWORK WHICH ASSURED EFFICIENT OPERATION THROUGHOUT THE YEAR.

The implementation of our corporate strategies and five (5) - year investment plan in the last three to four years have helped to set us on the path of modernization and expansion of the transmission infrastructure. In this respect, the impact of the challenges we faced in the Power Sector during the period under review were minimised tremendously.

The challenges of the Power Sector in the past year indicated to us the need to have good partnerships with all the key players in the sector and connect with our stakeholders in order to mutually secure our corporate successes in the Power Sector.

POLICY ISSUES

In support of the Government's Local Content Policy, we initiated the development of a "US$20 million Substations Upgrade Project – Local Content Initiative" for implementation during the period 2013 – 2015, using local expertise of Ghanaian owned companies.

THE BOARD REMAINS COMMITTED TO ENSURING EXCELLENT OCCUPATIONAL HEALTH AND SAFETY PRACTICE WITHIN GRIDCO IN ACCORDANCE WITH THE LAW, AND HAS THEREFORE RECOMMENDED TO MANAGEMENT THAT THE BEST OF TRAINING BE OFFERED TO ALL AREA SAFETY REPRESENTATIVES.

Under this initiative, GRIDCo will procure major plant, equipment and accessories and provide detailed engineering designs for expansion works at the Konongo, Kpeve, Sogakofe, Aflao, Yendi and Ayanfuri Substations. It would be our objective to deepen local content as widely as possible within our operations, including procurement of various equipment and accessories from local manufacturers.

Over the past couple of years, our initiative to outsource Vegetation management and related Right-of-Way (ROW) management works and other service-related contracts to Ghanaian firms have impacted on job creation and earnings of a large number of the firms across the country, especially in the rural areas where most of our transmission assets are located. We would continue to support Management to pursue and improve on this initiative.
As a way of promoting corporate governance and transparency in the operations of GRIDCo and the conduct of company business, we are developing a Code of Ethics and Business Conduct to guide staff in the discharge of their duties. Every employee will be expected to sign on to re-define the relationships between employees, contractors and service providers, among others, in the work environment.

HEALTH AND SAFETY

The Board remains committed to ensuring excellent occupational health and safety practice within GRIDCo in accordance with the law, and has therefore recommended to Management that the best of training be offered to all Area Safety Representatives.

REGIONAL COOPERATION

During the period under review, GRIDCo was admitted as an Observer to the Executive Board of the West African Power Pool (WAPP) and consequently participated in the meetings of the WAPP Executive Board in June, 2012.

OPERATIONAL ISSUES

In pursuance of the government's objective of delivering reliable supply of high quality electricity across the country, GRIDCo, upgraded transformer capacities and substation configurations at Techiman, Kumasi, Tamale and Winneba. This would increase access to electricity for socio-economic development in the country.
The Smelter II Substation Project in Tema is another project we continue to pursue. This will modernize and expand the network and facilitate the evacuation of power from new emerging power plants being developed in Tema whilst providing additional transformation capacity and increasing the reliability of supply to Tema. The project which is being funded by Rand Merchant Bank of South Africa and being executed by Consolidated Power Projects (Pty) Company Ltd (CONCO) also of South Africa is scheduled for completion by the third quarter of 2013.

CORPORATE SOCIAL RESPONSIBILITY

As an electricity transmission utility, we are inclined to be responsible for the general environment and to contribute to a sustainable society. We undertook various programmes in support of research, education and health.

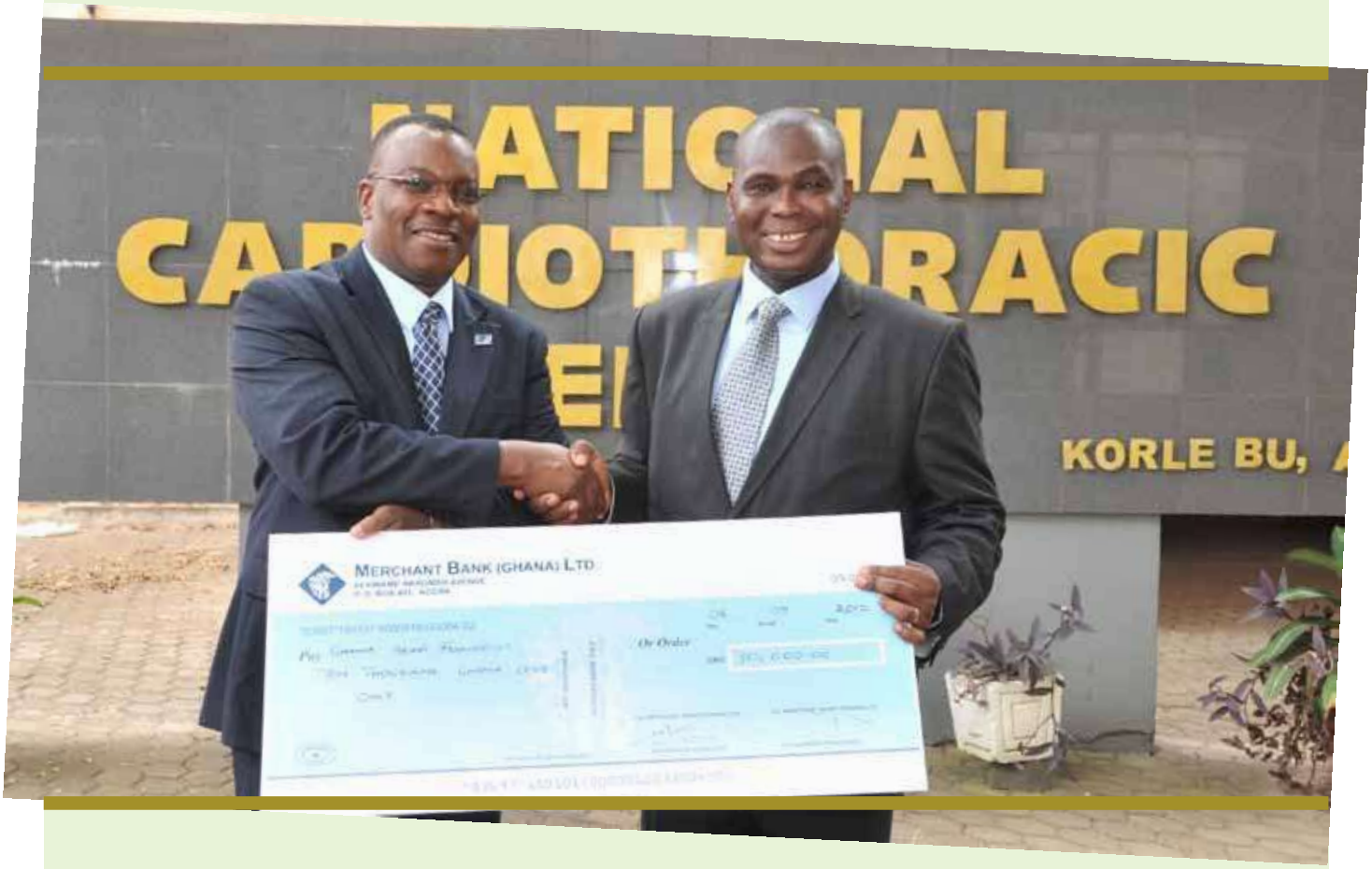
OUTLOOK

1n 2013, we expect our targeted investments to lead to a further modernization of our transmission infrastructure. The expansion programmes will improve the robustness and stability of the network with good voltages for efficient service delivery in the light of the ever- increasing demand for electricity. We however envisage an improvement in the level of generation capacity as well as the availability of gas from the West African Gas Pipeline, and also a reduction in the delays with emerging generators coming on line. Regardless of the outcome in the energy sector, we can assure you that we have laid strong foundations for growth and expansion of the transmission assets.

CONCLUSION

I would like to thank the Government for its continued support to us on the Board and also take the opportunity to express my gratitude to my colleagues on the Board for their team work.

I also thank Management and all employees for their commitment, dedication and support throughout the year.



PROVIDING ELECTRICITY TRANSMISSION SERVICES AT THE TOP OF THE CLASS

MANAGEMENT

1. MR. CHARLES A. DARKU
   Chief Executive
2. MR. SURAJ OMORO AMADU
   Director, Network Performance
3. MR. ISAAC K. AKESSEH
   Director, Finance
4. MR. ERIC ASARE
   Director, System Operations
5. MR. NORBERT C. D. ANKU
   Director, Engineering
6. MR. KOFI OKOFO DARTEY
   Chief Internal Auditor
7. MRS. MONICA N. A. SENANU
   Company Solicitor and
   Board Secretary
8. REV. SAMUEL FREMPONG KWOFIE
   ector, Northern Network Services
9. MR. BENARD TAWIA MODEY
   Director, Southern Network Services
10. WG. CMDR. (RTD.) SAMUEL J. A. ALLOTEY
    Director, HR & Services

CHIEF EXECUTIVE STATEMENT

MR. CHARLES
A. DARKU
CHIEF EXECUTIVE

DEAR SHAREHOLDERS, DISTINGUISHED LADIES AND GENTLEMEN,

IT IS A GREAT PLEASURE TO WELCOME YOU TO THE FOURTH ANNUAL GENERAL MEETING OF GHANA GRID COMPANY LIMITED (GRIDCO) AND TO PRESENT TO YOU A REVIEW OF OUR BUSINESS OPERATIONS AND PERFORMANCE DURING THE YEAR 2012.

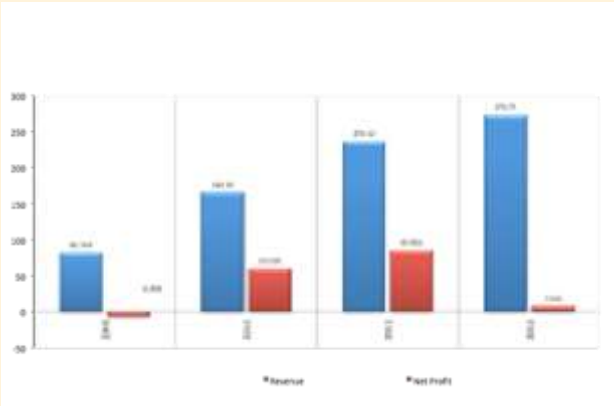
Overall, our belief in the delivery of a high quality of service propelled GRIDCo to perform satisfactorily and deliver another year of high performance. This resulted from the successful implementation of corporate, technical and financial strategies which we continuously refine to ensure that we manage the Company exceptionally.

In 2012, GRIDCo made significant strides in keeping the transmission system running as efficiently as possible considering all unanticipated challenges that may have hindered the smooth running of the power system. This included the intermittent occurrences of insufficient generation as a result of low gas pressures from the West African Gas Pipeline (WAGP).

FINANCIAL OPERATIONS

GRIDCo delivered another year of solid financial performance with revenue from energy transmitted amounting to GHC271, 751, 000.00. End of year profit stood at GHC7, 039, 000.00. The revenue received enabled GRIDCo to continue to undertake various Capital Investments which will improve the transmission system.

FINANCIAL PERFORMANCE (2009 - 2012)



POWER TRANSMISSION SYSTEM

The company transmitted a total of 11,59 TWh across the network out of which there was a net energy consumption 10,93 TWh in the country. A total of 659.357GWhwas exported to CEB of Togo and Benin, as well as SONABEL of Burkina Faso, whilst 49.372GWh of energy was wheeled from CIE, Cote d'Ivoire to CEB, Togo/Benin within the period via our transmission network.

The total energy consumption of 11,586.861GWh represents 90.74% of the projected demand of 12,769.70GWh, showing a difference of 1,182.84GWh. The shortfall between the projected and the actual was due largely to some load management measures instituted as a result of insufficient generating capacity experienced through the year due to shortage of gas supply from WAGP and a number of forced outages to generating units. This highly affected the operations of Sunon Asogli power plant, which was unavoidably shutdown in late August as a result of a damage to the West African Gas Pipeline. The total energy transmitted in 2012 across the transmission network was 11,587GWh compared to 10,800GWh for 2011.

There was an energy import of 127.673 GWh of from Cote d'Ivoire in the year 2012 and an export of 57.117 GWh to Cote d'Ivoire over the same period. This represents a net energy import of 70.556 GWh from Cote d'Ivoire. The net imports in 2012 represents an increase of 31.71%.over that of 2011.

During the period, transmission losses recorded on the network as a percentage of net generation averaged 4.23 % compared to the 4.28% in 2011. This represents a reduction in transmission losses in 2012 over that of 2011 and this could partly be attributed to on-going improvements in the transmission infrastructure including installation of capacitor banks at key load centres across the National Interconnected Transmission System.

On the demand side, the transmission system recorded a peak demand of 1,728.9MW at 20.15hrs on December 18, 2012, representing a 3.86% increase over the 2011 peak demand of 1,664.6MW. This is the highest ever recorded in the Transmission Network history.

ACROSS THE TRANSMISSION NETWORK, WE UNDERTOOK VARIOUS PLANNED, PREDICTIVE, AND CONDITIONAL MAINTENANCE ACTIVITIES ON SUBSTATION EQUIPMENT AND ON THE TRANSMISSION LINES, ...

The generation constraint in the power system meant there was hardly any operating reserve especially during peak periods. This, coupled with forced outages on some generating plants within the year resulted in a significant increase in the number of Automatic Frequency Load Shedding (AFLS) relay operations. The year under review recorded a total of forty (45) AFLS operations as against the eleven (11) recorded in the previous year.

SYSTEM MAINTENANCE

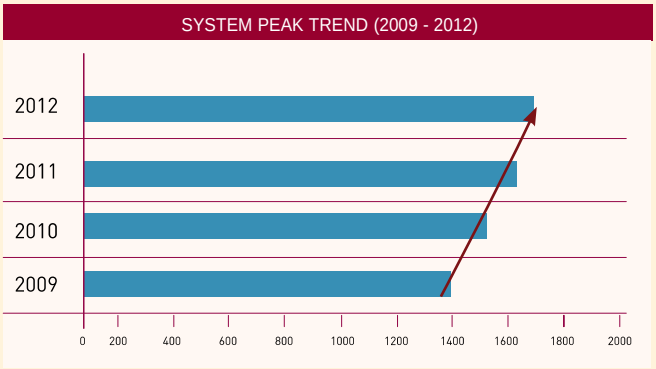
The average network availability for 2012 was 98.67 %. This reflected a slight drop over the 2011 figure of 99.27% although it was above the performance target of 95.0% set by the Public Utilities Regulatory Commission (PURC). The decline in performance was among others attributable to numerous network upgrades and expansion projects which required outages to provide a safe working environment.
Across the transmission network, we undertook various planned, predictive, and conditional maintenance activities on substation equipment and on the transmission lines, while new installation works and commissioning activities were successfully carried out on transmission infrastructure to assure the integrity of the National Interconnected Transmission System.

We successfully replaced two transformers at the Aflao Substation after the existing ones got damaged as a result of a fire outbreak at the Substation during the second half of the year. Prior to this, a transformer which had been inactive at the Ho Substation was energized to provide more reliable supply of power.

PROJECTS

New System Control Centre

This Project involved the provision of a new SCADA/EMS Master Station based on the ABB AB Network Manager, the replacement/ upgrade of Remote Terminal Units (RTU's) in all the forty-seven (47) substations across the country as well as the installation of new Fibre Terminal Equipment to form a communication backbone ring and the increase and upgrade of the PLC network bandwidth.



The project also involved the construction of a New System Control Centre building. The extension and upgrade of SCADA/ EMS and Communication systems has now been substantially completed and the final Site Acceptance Test (SAT) completed since October, 2012.
GRIDCo further pursued and completed Phase II of the Capacitor Banks Project. of Capacitor Banks of various capacities were installed and commissioned at Cape Coast, Winneba, Kpandu, Achimota, Bogoso, Tema and Takoradi.

While those for Ho, Tamale and Techiman are in various stages of construction and are yet to be commissioned.

As part of our modernization programme, the support of the Government and a US$27.0million funding from the United States Exim Bank, we are constructing a substation at Kintampo on the Techiman – Buipe – Tamale 161kV transmission line corridor to replace supply to the Kintampo township currently supplied through the shield wire scheme.. This will also serve as a key feed-in point for first power of the Bui Hydro Electric Project. The project will be completed and energized by the second quarter of 2013.

NETWORK IMPROVEMENT STUDIES

In the discharge of our responsibilities under Section 7 of the National Electricity Grid Code, the company undertook the under-listed studies to enable stakeholders have enough information on the power system and to plan their activities accordingly.

1. Annual Electricity Supply Plan

For a third successive year the Annual Electricity Supply Plan for 2012 was published to indicate plans for supplying adequate electricity across the network to meet demand in a reliable manner during the year. The plan was prepared based on the best available information and assumptions for load forecasts, generating plants and transmission network availability and commitments.

2. System Protection Coordination Review Study

Siemens AG of Germany which is undertaking the Protection System Coordination Study submitted a draft

final report which contained various recommendations to achieve better discrimination and selectivity in protection relay operations. It also provided training for staff from stakeholder institutions.

The draft final report had been reviewed and the final report was expected to be released during the first quarter of 2013.

...THIS PHASE OF THE WEM IS ESSENTIALLY TO NURTURE A CULTURE OF REGULAR EXCHANGE OF DEMAND AND SUPPLY DATA BETWEEN THE SYSTEM OPERATOR AND MARKET PARTICIPANTS...

3. Ghana Burkina Faso Interconnection Project

This project involves the construction of approximately 200km of 225kV transmission line from Bolgatanga in Ghana to Ouagadougou in Burkina Faso with the associated substation works at both terminal points. About 40km of the line is within Ghana and the remaining 160km in Burkina Faso. This project will serve as a major export link of power to Burkina Faso.The following activities have been completed:

- Environmental Social Impact Assessment
- Execution of Financing and Project Agreements
- Establishment of Joint Implementation Committee
- Execution of:
    - Term Sheet for PPA between VRA and SONABEL
    - Subsidiary Loan Agreement between GRIDCo and the Ministry of Finance and Economic Planning

The key on-going activity is the selection of the Project Management Consultant required to prepare the bidding documents and also assist in project monitoring and supervision. Funding for the project is being provided by the World Bank and Agence Francaise de Development (AFD) at a total cost of $36.3 million dollars.

4. Reactive Power Study

The Company conducted a reactive power study to identify substations within the Transmission Network that were deficient in reactive-power and to recommend the appropriate reactive power compensation levels required from 2013 and beyond.

The study indicated that a total of 262.3MVAr compensation was required to maintain system voltages at acceptable levels in 2013. It also recommended that funding be secured to consistently pursue the provision of adequate reactive power support in a timely manner to improve overall system voltages, derive maximum active power from generating units, reduce reactive power generation from generating units and reduce overall system losses.

OPERATIONAL SAFETY

Ensuring that our employees work in a safe and healthy environment is core to our values. As an important step to achieving this vision, we continued to promote meaningful occupational health and safety by empowering our safety officers through customized training on best practices on occupational health and safety.

In line with GRIDCo's commitment to ensuring the highest standards of safety in the work-place, a review of our safety processes is being carried out by the Occupational Health and Safety Unit to ensure that comprehensive Risk Assessments are carried out before the execution of all maintenance activities. This, in addition to existing safety procedures will increase the identification and management of all hazards associated with all maintenance activities.

We further commenced worker-sensitization to make safety a corporate performance indicator and carved out a measurable safety role for every employee. This will be implemented in a proposed new Performance Management System which will be rolled out in 2013.

MARKET OPERATIONS

The Dispatch Data Entry Phase (DDEP) of the Wholesale Electricity Market (WEM) was launched in July, 2012.This phase of the WEM is essentially to nurture a culture of regular exchange of demand and supply data between the System Operator and Market Participants to achieve efficient dispatch operations. The new system ensures close monitoring of the daily energy balance to identify periods of surpluses and shortfalls on an hourly basis.

HUMAN RESOURCE, INDUSTRIAL RELATIONS, TRAINING AND DEVELOPMENT

GRIDCo seeks to develop and maintain an outstanding, dedicated and highly motivated workforce. We therefore pursue a clear and unambiguous commitment to training through induction, mentoring, attachments and formal training schemes to support our pursuit of business success.

Our employees' growing expertise, skills, and dedication and management's implementation of various welfare schemes and incentive packages, are together helping to promote initiative and a willingness to assume increasing responsibility.

MANAGEMENT CHANGES

As part of Management initiatives to enhance its operational effectiveness and transform our work processes across the entire organization, we appointed one of the Directors as Engineering and Operations Advisor to the Chief Executive. The Engineering and Operations Advisor will be required to provide independent judgement and advice based on his proven expertise in the areas of transmission system operations and optimization. This will involve an active engagement with all business units to ascertain operational deliverables, challenges and advise the Chief Executive accordingly.

We also announced changes in the appointments of Directors to enhance our operational effectiveness, leverage the leadership potential. These Directors assumed their new offices in January, 2013.

CORPORATE SOCIAL RESPONSIBILITY

We are pleased to report that our Company takes its responsibility to the local communities, as well as the broader environment, in which it operates very seriously. We have a strong focus on health, education and safety.

In 2012, we made our yearly contribution to the Ghana Heart Foundation in line with our corporate policy.

Our staff, as part of the Annual Safety Week Celebrations, again made a donation of Ten Thousand Ghana Cedis (GHC10, 000) to the Kokofu General Hospital Building Project.

OUTLOOK FOR 2013

The total system demand for 2013 is projected to be 2,016.5MW as against the 2012 figure of 1728.9MW. The expected power demand increase can be attributed to emerging spot loads such as Newmont New Abirem gold mining operations, Sentuo Steel Limited, etc.

On-going network expansion works and improvements to the quality of distribution services by the Electricity Company of Ghana (ECG) and the Northern Electricity Distribution Company (NEDCo) are also expected to culminate in an increase in demand amongst domestic customers. Furthermore, on-going Self Help Electrification Projects are expected to add load growth.

CONCLUSION

On behalf of GRIDCo Management, I extend my immense appreciation and thanks to Government, our Board, Staff and partners for their individual and collective contributions to a successful year, and for their continuing commitment and willingness to provide us with the support in meeting our objectives.

Our aim continues to be to capture growth opportunities while generating operational efficiencies. We intend to remain commercially competitive despite our status as the sole transmission service operator.

Charles Darku
CHIEF EXECUTIVE
Ghana Grid Company Limited

OUR AIM CONTINUES TO BE TO CAPTURE GROWTH OPPORTUNITIES WHILE GENERATING OPERATIONAL EFFICIENCIES.

CORPORATE GOVERNANCE

In order to shape the Company's performance towards long-term success and to establish a healthy relationship between the Shareholder and the Management, the Board of Directors of GRIDCo was set up when the Company became operational.

The Members of the Board other than the Chief Executive are independent of the Company and this provides a balanced objective representation on Board matters, which are in the best interests of the organization. The Board employs different strategies to ensure that the confidence of potential investors is maintained so that the company can raise capital efficiently and effectively. These strategies also help to minimize waste, corruption, risks and mismanagement.

The Board works through Committees that continuously monitor and evaluate the strategies, performance, compliance and accountability of Management to the Shareholder and to other stakeholders of the Company. The Committees make full use of Board Members' expertise, time and commitment, and ensure diversity of opinions on the Board.

The Finance and Audit Committee

The Committee ensures that Management implements fundamental business processes which provide access by the Board and Management, to timely, relevant and reliable financial and operational information.

Reports submitted to this Committee incorporate actual achievements, projected or budgeted targets and other performance indicators including strategic and business planning actions.

The Committee reviews funding facilities and their associated terms to ensure the Company will continue to be viable after commitments to these Facilities are made.

Preparation of financial planning and budgeting is essential to underpin strategic and annual business planning to ensure financial resources will be sufficient to achieve desired organisational outcomes. Consequently the Committee monitors the Company's achievements against financial targets.

The Committee also ensures the preparation, review and signing of Performance Contracts with the State Enterprises Commission. The Committee's role in the control on financial processes through the company's rules and policies is essential for effective business.

THE COMMITTEE REVIEWS FUNDING FACILITIES AND THEIR ASSOCIATED TERMS TO ENSURE THE COMPANY WILL CONTINUE TO BE VIABLE AFTER COMMITMENTS TO THESE FACILITIES ARE MADE.

OUR AIM CONTINUES TO BE TO CAPTURE GROWTH OPPORTUNITIES WHILE GENERATING OPERATIONAL EFFICIENCIES.

The Compensation and Industrial Relations Committee

This Committee considers issues related to Strategic Human Resource Planning. The Committee advises the Board which guides Management to recruit and retain suitably skilled and qualified personnel who need to achieve high levels of accountability, efficiency, good ethics, responsibility and fairness in all areas of the Company's operation.

To set the right tone for performance, the Committee is also ensuring the establishment of an improved robust and defensible performance management framework which will also enable regular assessment and continuous improvement of the Management and staff.

The Engineering and Operations Committee

This Committee ensures that GRIDCo stays focused in the achievement of its primary mandate of transmission of electricity in a reliable and cost efficient manner. The Committee evaluates proposals for various projects and assesses the priority of each project in relation to its impact on the National Transmission Interconnected System. The projects undertaken also have to be consistent with the Company's Transmission Master Plan and the Government's vision for the energy sector.

Market Operations Oversight Adhoc Committee

As part of its responsibilities, the Market Operations Oversight Adhoc Committee provides broad oversight at the policy level on the setting up of the Wholesale Electricity Market in accordance with relevant legislation. The Committee also reviews Management submissions relating to requirements for market operations to the Regulator. This Committee will ensure that the most cost-effective way of handling power market operations are utilized.

Stakeholder Management

The Board also encourages efficient consultation with key stakeholders such as funding agencies, electricity generators, customers, contractors and suppliers, in order to promote good governance. This enables the stakeholders to understand GRIDCo's objectives and strategies and helps them to back GRIDCo in the achievement of those objectives.

GENERAL OPERATIONS

GENERAL OVERVIEW

The Company undertook projects and pursued programs which are intended to result in significant improvements to the transmission system. These included expansion and rehabilitation projects which involved the installation of various equipment, the construction of substations and the maintenance of existing infrastructure. For example, capacitor banks were installed in Tamale, Techiman, Ho and other substations. This resulted in improvements in voltages and a reduction in reactive power generation.

The Company continues to install more shunt capacitor banks in all new substations.
In the past year, the Company was obliged to institute a load management regime as a result of insufficient generation from the power producers. Due to exogenous factors, mainly the inadequacy of generation capacity, there were three total system collapses and forty-five (45) Automatic Frequency Load Shedding (AFLS) relay operations across the grid.

Despite the undesirable situation of inadequate generation from power producers and the attendant load management/shedding programme, we were focussed on continuing with our strategies and investments which will transform the transmission infrastructure into a robust network that will efficiently and cost-effectively transport the increasing load to customers across the network.

ELECTRICITY TRANSMISSION

The period under review registered total energy consumption, excluding losses, of 11,643.979GWh as against the projected energy consumption of 12,769.70GWh for the same period. Matched against the total energy consumption figure of 10,802.597GWh for 2011, the 2012 total energy consumed represents a 7.79% or 841.382GWh over the 2011 recorded value. The significant difference between the projected and the actual figures for 2012 is attributable to the insufficient generation due to the shortage in gas supplied via the West African Gas Pipeline (WAGP).

An average of about 300MW of power was regularly shed for a period of four months (September – November) as a result of damage to the WAGP undersea pipeline (coming from Nigeria) in Togo. Generation of 180MW from the Sunon Asogli Power Plant and 150 MW (including 50MW steam) from the Volta River Authority were also curtailed. Cumulatively, it also resulted in the reduction of export to CEB.
There were no planned imports from or exports to La Compagnie Ivoirienne d'Electricite (CIE) for the year 2012.

However, due to insufficient generation as a result of shortage in gas supply a maximum of 127.673GWh of power was imported to balance the supply and demand in system during peak hours.
Power wheeled from Cote d'Ivoire to Togo/Benin averaged 49.372GWh.
Export from GRIDCo to CEB varied between a maximum of 139 MW and an average of 60 MW depending on availability of sufficient generation in Ghana.

A net energy value of 70.55 GWh was exchanged on the tie line between Ghana and Cote d'Ivoire. This energy consisted of 127.673GWh of import to Ghana and 57.117GWh of exports to Cote d'Ivoire.
The system recorded a maximum peak demand of 1728.9MW on December 18 at 20.15Hrs, representing a 3.86% or 64.3MW increase over the 2011 peak demand of 1664.6MW.

There was also a significant suppressed demand on the grid due to poor customer end voltages, inadequate generation during peak hours and

the inability of the distribution companies to evacuate power from some of the expanded bulk supply points across the network.

We noted that the energy consumption over the review period increased at a higher rate than power demand. This indicates that the load shedding exercise affected peak capacity more than energy, meaning consumers made up for whatever energy they could not utilize during the outage period.

SYSTEM MAINTENANCE

The GRIDCo network recorded an average availability of 98.67 % in 2012. This reflected a slight drop over the 2011 figure of 99.27% although it was above the performance target of 95.0% set by the Public Utilities Regulatory Commission (PURC). The decline in performance was among others attributable to numerous network upgrades and expansion projects which required outages to provide a safe working environment. It was also due to lines being taken off for load shedding, as a result of the short fall in generation experienced in the system.

Across the transmission network, we undertook planned, predictive, and conditional maintenance activities on substation equipment and on the transmission lines and towers, while new installation works and commissioning activities were successfully carried out on transmission infrastructure to assure the integrity of the National Interconnected Transmission System. We undertook vegetation clearing and control activities on transmission line spans and carried out ground patrols on all transmission line and tower segments for auditing and planning of

Figure 1: Monthly Energy Transmitted to Key Customers (MWh) in 2012

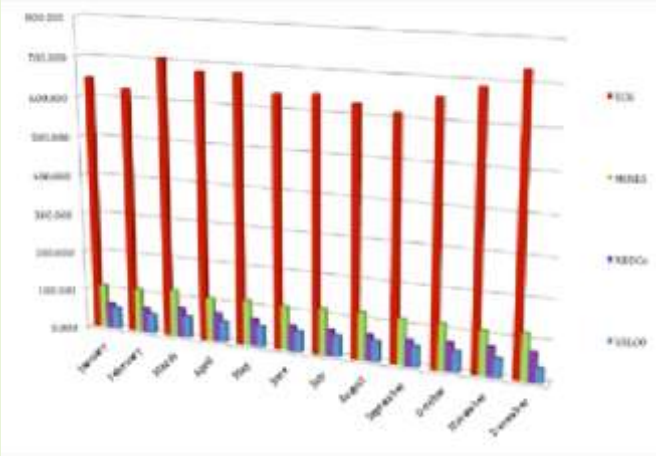


Figure 2: Total Energy Transmitted to Customers in 2012

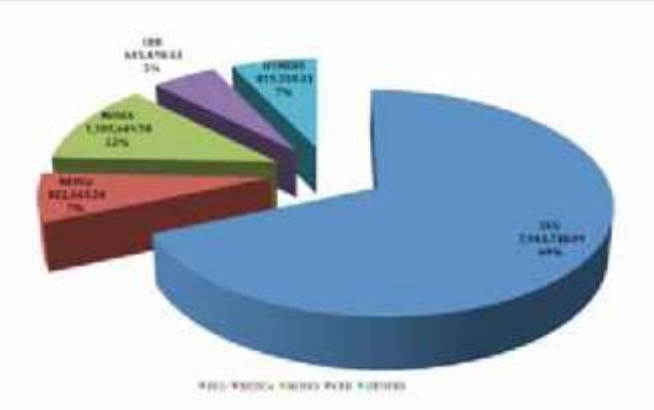


TABLE 2:
Total Energy Transmitted for Domestic and Export Consumption (GWh) 2006 -2012

	2006	2007	2008	2009	2010	2011	2012
Total Domestic Energy	7,935.076	6,615.303	7,577.358	8,017.466	8,811.141	10,027.607	10,927.504
Total Export Energy	754.473	248.422	538.021	766.611	1,036.289	774.991	659.357
Total Energy	8,689.549	6,863.724	8,115.379	8,784.077	9,847. 430	10,802.598	11,586.861

Figure 3: Energy Transmitted: Domestic vs Export (2006-2012)

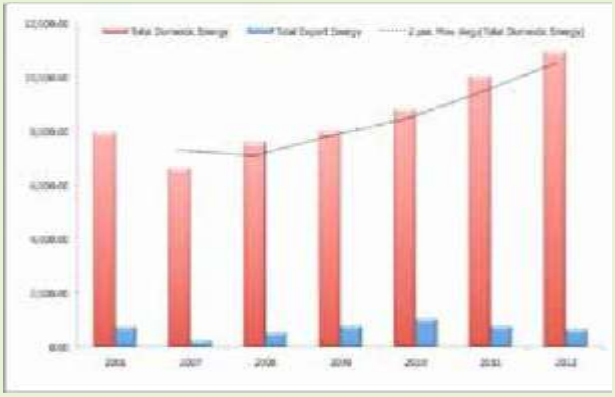
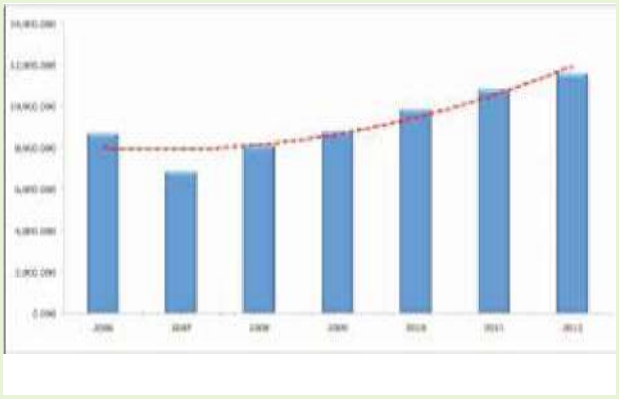


Figure 4: Trend of Total Energy Transmitted from 2006-2012



maintenance works. They also undertook security patrols and encroachment surveys to secure the Right-of-Way (ROW) and check theft and vandalization of tower members.

Within all substations, GRIDCo carried out planned and preventive thermo-vision scans on terminal equipment and rectified hotspots on equipment such as shunt capacitor banks, disconnect switches, low side bushings of power transformer, feeder breakers, among others.

We continued with routine maintenance activities such as the re-calibration of distance protection relays, AFLS protection relays on feeders, panel indicating meters, transformer differential and feeder protection relays and transformer thermal devices, which were meant to ensure continued reliability and increased quality of service.

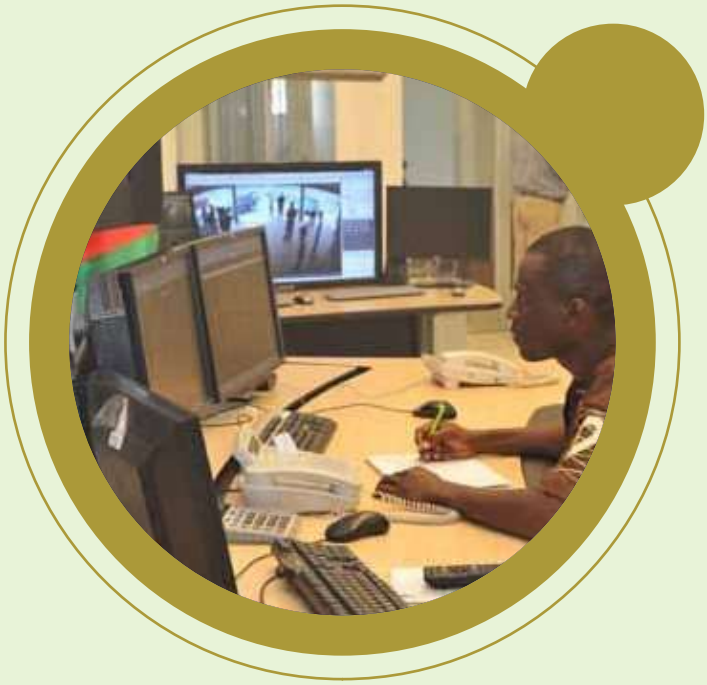
Among others, we assisted representatives of ABB, Switzerland to overhaul the mechanisms of two (2No.) SF6 breakers at the Aboadze 161kV Substation. GRIDCo supported representatives of Alstom to commence investigations into an explosion on a gas circuit breaker commissioned at the Volta Substation. Together with CIE, tie line relays and energy meters at Abobo and Prestea Substations were re-calibrated.

We continued with our yearly planned and preventive washing of transmission lines and bays in substations and areas with high airborne pollutants, especially in the Greater Accra and Western regions.

We successfully replaced two transformers at the Aflao Substation after the existing ones got damaged as a result of a fire outbreak

2012 MONTHLY ENERGY TRANSMITTED IN GWH

CUSTOMERS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
E C G	648.341	624.206	706.620	679.883	683.095	638.937	644.481	629.395	613.762	656.821	687.282	730.908	7,943.730
MINES	110.633	110.395	119.406	110.771	115.480	113.119	118.451	121.277	116.833	117.963	112.322	118.999	1,385.650
S. ASOGLI PLANT	0.057	0.042	0.002	0.000	0.000	0.000	0.030	0.051	0.253	0.335	0.542	0.636	1.948
ATL	1.263	1.123	0.991	0.789	0.520	0.770	0.865	0.824	0.534	1.359	1.143	0.676	10.857
VRA TOWNSHIPS (AK'BO,AKUSE, ETC)	2.836	2.820	2.920	3.285	2.907	2.672	2.743	2.887	2.853	3.388	3.353	3.303	35.966
ALUWORKS	0.619	0.593	0.741	0.643	0.840	0.580	0.576	0.658	0.741	0.830	0.676	0.551	8.048
EPZ	0.880	0.448	1.446	0.639	0.822	0.821	0.929	0.938	0.916	1.034	0.986	0.991	10.850
ILDC	2.228	2.771	3.302	2.965	2.007	2.918	3.285	3.257	3.039	3.337	3.340	3.301	35.750
DIAMOND CEMENT	4.309	4.789	5.069	3.732	1.549	4.605	4.812	4.721	4.244	4.012	4.037	4.170	50.049
SAVANA DIAMOND CEMENT	0.819	0.724	0.763	0.684	0.771	0.867	0.814	0.742	0.398	0.431	0.525	0.550	8.088
NED	62.805	61.808	73.655	72.274	68.753	65.179	67.005	65.984	65.913	71.494	74.219	73.578	822.665
TV 3	0.007	0.007	0.007	0.007	0.006	0.006	0.005	0.005	0.005	0.005	0.006	0.008	0.075
VODAFONE (NCBC)	0.004	0.004	0.005	0.004	0.004	0.003	0.004	0.004	0.004	0.004	0.004	0.004	0.048
WORLD COOL LTD.	0.062	0.055	0.027	0.031	0.005	0.004	0.004	0.004	0.004	0.003	0.003	0.003	0.204
VOLTA HOTEL LTD.	0.063	0.060	0.069	0.059	0.068	0.045	0.050	0.050	0.050	0.053	0.065	0.052	0.683
CENIT ENERGY LTD										0.028	0.043	0.025	0.096
VALCO	53.913	49.102	54.227	52.913	53.802	52.086	53.386	53.486	51.800	52.384	47.915	37.785	612.799
TOTAL DOMESTIC TRANSMISSION	888.838	858.946	969.250	928.679	930.631	882.612	897.439	884.281	861.348	913.480	936.459	975.541	10,927.504
EXPORTS TRANSMITTED													
CEB (FROM VRA)	62.888	59.208	63.436	62.062	66.971	50.025	33.677	21.164	31.171	44.278	43.354	27.871	566.107
CEB (WHEELED)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.946	21.753	7.901	2.771	49.372
SONABEL	0.480	0.444	0.544	0.552	0.499	0.509	0.481	0.672	0.644	0.776	0.753	0.990	7.344
SONABEL (YOUGA MINES)	3.461	2.893	2.803	3.224	2.803	2.803	3.387	3.203	3.151	3.235	2.618	2.953	36.534
TOTAL EXPORT TRANSMITTED	66.829	62.545	66.783	65.838	70.274	53.337	37.545	25.039	51.912	70.042	54.626	34.585	659.357
EXPORT - OTHER													
INADVERTENT EXPORT TO CIE	9.434	7.112	14.389	9.088	4.561	4.165	4.232	1.329	0.062	0.242	0.889	0.421	55.924
EXPORT TO CIE	1.193	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.193
TOTAL - OTHER	10.627	7.112	14.389	9.088	4.561	4.165	4.232	1.329	0.062	0.242	0.889	0.421	57.117
TOTAL ENERGY TRANSMIIITED	966.294	928.603	1,050.422	1,003.605	1,005.466	940.114	939.217	910.650	913.322	983.765	991.973	1,010.548	11,643.979



at the Substation during the second half of the year. Prior to this, a transformer which had been inactive at the Ho Substation was energized to support power supply to the Aflao Township temporarily before the replacement of the damaged equipment was effected.

MARKET OPERATIONS

We launched the Data Exchange Phase of the Wholesale Electricity Market (WEM) and continued our interface with Market Coordinators to ensure the successful implementation of the Phase, while we worked to develop a Generation and Demand Forecast Schedule for the National Interconnected Transmission System. Other interfaces were held with the regulators to discuss the implementation of the bilateral/spot market. GRIDCo undertook joint monthly recording of billing meters with customers' representatives at all substations.

TRANSMISSION LOSSES

During the period, an average transmission loss of 4.23 % or 515.039GWh was recorded as compared to the projected figure of 3.8 % or 490.8GWh. This increase in overall average transmission losses was largely due to non-optimal generation scheduling.

A significant constituent of the transmission system losses could be attributed to poor customer end power factors and lack of reactive power compensation at some bulk supply points. The long distances from the generating stations to load centres of Kumasi and the northern part of the country also contributed significantly to the losses.

Our system analyses established that operating four (4) or more units in Aboadze, which is in the western corridor, provides the minimum system losses we need to be efficient.

However, during the period under review, due to the high Akosombo reservoir elevation, and the strategy to avoid possible spillage, thermal generation in the East and West was significantly reduced to allow for maximum production from the hydro plants. This contributed to the higher than expected overall transmission system losses recorded in 2012.

PROJECTS

In 2012, we commenced new transmission projects and programmes and continued with uncompleted ones from the previous year with the view to modernize and expand the National Interconnected Transmission System (NITS) in order to provide the needed redundancy for efficient power delivery.

• 2012 ELECTRICITY SUPPLY PLAN

Planning, developing and operating a transmission system is a continuous process. Existing plans are constantly revised to reflect changes in the overall network conditions. Thus for the third successive year we developed and published the Electricity Supply Plan to give stakeholders a snap shot in time, based on the best available information and assumptions for load forecasts and generation developments and to response to the needs of market participants for the coming year.

The 2012 Electricity Supply Plan reviewed the major infrastructure additions and quality of supply performance for the 2011 electricity supply and demand scenario, and provided specific directions on issues related to planning and operation of the power system for 2013. The Report also addressed the demand outlook and estimated energy consumption for 2013, the corresponding generation scenarios and the available network infrastructure to support the forecast demand and supply at the Bulk Supply Point (BSP) level. Risk factors within the generation and transmission network were thoroughly discussed and assessed due to their impact on the security and reliability of power delivery to consumers for 2012.

• EASTERN CORRIDOR TRANSMISSION PROJECT

This project involved the assessment of the feasibility of extending the 161kV grid within the eastern corridor of Ghana, specifically through the Volta Region into some parts the Northern Region. The existing 69kV system is also radial which results in very poor power delivery to the Volta Region especially and some parts of the northern region. The pre-investment studies for the project were funded by the United States Trade and Development Agency (USTDA) and was being executed by Delphos, a United States Consultancy firm.

The studies were expected to be completed by June 2013. Preliminary indications were that the works would involve the following transmission lines:

- Kpong GS – Asiekpe
- Asiekpe – Kpandu
- Kpandu – Kadjebi Upgrade
- Kadjebi – Nkwanta
- Nkwanta – Yendi

Apart from the Kpandu – Kadjebi section, which is being implemented under a Belgium Government funding, the sources of funding for the remaining sections of the project was yet to be secured. The Millennium Challenge Compact II is however considering some of the components.

• SUPPLY IMPROVEMENT TO WESTERN REGION

The purpose of the Project is to extend the 161kV line to the Western Region to facilitate power distribution to a section of the region which is at a considerable distance from any high voltage system. This Project, when completed will assist in meeting the requirements of various rural electrification projects that are on-going in region.

The project therefore entails the construction of a 161kV transmission line from Mim to Juabeso (90km); Juabeso to Asawinso (80km), a new substation at Juabeso and extensions to substations at Mim and Asawinso. The contract had been awarded to El Sewedy of Egypt and evaluation of funding sources had being finalized.

Statutory works which included detailed line route demarcation substation design, environmental impact assessment, property valuation had already commenced.

Detailed engineering designs were also being drafted. The project was expected to be completed by June 2014.

• SUBSTATIONS UPGRADE PROJECT – C

This project involved the upgrade of transformer capacities and substations configuration at Techiman, Kumasi and Winneba.

THIS PROJECT INVOLVED THE UPGRADE OF TRANSFORMER CAPACITIES AND SUBSTATIONS CONFIGURATION AT TECHIMAN, KUMASI AND WINNEBA.

The works had been funded by GRIDCo and completed in 2012. An extension to the contract had been made for two power transformers at Tamale which needed to be upgraded from 20MVA to 33MVA. This component was expected to be completed in March, 2013.

SUPPLY OF CAPACITOR BANKS

Best and Crompton was responsible for the installation of Capacitor Banks of various sizes at the following substations:

- Smelter
- Cape Coast
- Tamale
- Kpandu
- Techiman
- Ho
- Winneba
- Takoradi
- Bogoso
- Achimota

The works had been completed in all substations except Kpandu – awaiting to be commissioned and installation works still on-going, at Ho, Tamale, and Techiman. A number of other capacitor banks were also to be installed under various projects in all the new substations, such as the Mallam Upgrade Project. Voltage improvement and reduction in reactive power generation had been recorded as a result of this project.

• AKYEM POWER PROJECT

This project involved the construction of a 45kilometre, 161kV line from Nkawkaw to Abirem, the construction of a 161/11.5kV substation at Abirem and the installation of two (2) 33MVA transformers at Nkawkaw. The Abirem substation would serve the Akyem Gold Mine for Newmont and the upgrade of Nkawkaw will improve the reliability of supply

The project was being funded by Newmont. GRIDCo was reimbursing only the Nkawkaw transformer- work component.

The project was originally scheduled to be completed in October 2012. However, it had delayed considerably mainly due to land and Right of Way acquisition issues.

• SMELTER II SUBSTATION PROJECT

The substation was being constructed on the seven (7) circuits from the Volta to Smelter (Valco) substation and was expected to:

a) Bus all the 7 lines to facilitate power evacuation from the new power plants being developed in the Tema area, which included Sunon Asogli I and II, VRA's TT1PP, TT2PP and CENIT Power Plant.

b) Provide additional transformer capacity (2 x 66MVA) for Electricity Company of Ghana (ECG) at Tema to increase reliability of supply to Tema.

The project was being funded by Rand Merchant Bank of South Africa and being executed by Consolidated Power Projects (Pty) Limited (CONCO) also of South Africa at a cost of US$25 million. The project had been delayed midstream for about 4 months mainly due to challenges encountered in clearing of equipment from the Tema Port. The project is now scheduled for full completion by the second quarter 2013.

• SUNYANI – MIM UPGRADE (MIM SUBSTATION PROJECT)

The line between Sunyani and Mim had been built for a 161kV operation but initially had being operated at 34.5kV. In order to enhance power delivery to Mim and its environs, the project sought to construct a 161/34.5kV, 2 x 33MVA transformer substation at Mim and the termination of the Sunyani end of the line at 161kV. The project was in progress and was expected to be completed by the third quarter of 2013.

• KINTAMPO SUBSTATION PROJECT

This substation was being constructed on the Techiman – Buipe – Tamale 161kV transmission line to provide conventional electricity to Kintampo and its environs and also serve as a key feed-in of the on-going Bui Power Generation Project. The project was about 60% completed and the substation expected to be energized by first quarter of 2013. It is being funded by the Government of Ghana through the US Exim Bank and executed by Weldy Lamont.

• TUMU – HAN – WA TRANSMISSION PROJECT

This project serves to close the "Northern Loop" between Tumu and Wa to improve upon the reliability of electricity supply to the Northern, Upper East and Upper West regions of Ghana. It would also facilitate the evacuation of power from the Bui Hydro-electric Plant. The project was being funded by Societe Generale of France and being executed by Eiffage Energies.

The project was scheduled for commissioning in stages:

i. Wa substation – June 2013

ii. Tumu substation – October 2013

iii. Bolgatanga substation – January 2014

... THE STATION HAS BEEN ENERGIZED AND GRIDCO PLANS TO IMPLEMENT PHASE TWO WHICH WILL COMMENCE IN 2013 WITH THE ADDITION OF TWO (2) 66MVA TRANSFORMERS TO THE STATION.

- ## ADDITIONAL SUBSTATIONS FOR ACCRA, KUMASI AND TAKORADI

A number of additional substations had been planned for implementation in the three (3) largest cities in Ghana to support the high load growth rate and also improve upon the reliability of supply by diversifying bulk supply point locations.

These are:

a) Accra 4TH Bulk Supply Point (BSP) to be located on the Aboadze – Volta 330kV line at Pokoase to serve loads towards Nsawam;

b) Kasoa substation – to be located at Kasoa to serve mainly Kasoa and Winneba areas;

c) Afienya substation – to serve Afienya, Dodowa, Ada etc;

d) Kumasi 3rd BSP Bulk Supply Point (BSP) – located in the north of Kumasi;

e) Takoradi 2nd Bulk Supply Point (BSP) – located in the West of Takoradi to serve upcoming oil industries.

ACCRA 3RD BULK SUPPLY POINT

This project is located in the east of Accra, along the motorway, near the Trassaco Valley Estates. It seeks to provide a 3rd bulk supply facility to serve Accra and Tema. It involves the provision of two (2) 66MVA transformers. Phase One of the project was commenced and completed in the period under review. The station has been energized and GRIDCo plans to implement Phase Two which will commence in 2013 with the addition of two (2) 66MVA transformers to the station. GRIDCo plans to continue the project by adding two additional 66MVA transformers. The project is being funded by GRIDCo and AEE of Spain is the contractor.

SUBSTATIONS UPGRADE PROJECT
Local Content Initiatives

This project seeks to continue the upgrade of substation transformer capacities and layout at a number of substations including Konongo, Aflao, Ho, Prestea, Yendi, Buipe, Ayanfuri, Kpeve, Kumasi 2BSP and Sogakope. The basic requirement is to eliminate all single transformer schemes and also increase transformation capacity to meet the increasing load and the (N-1) transformer contingency criteria.

These works are also intended to be awarded to local Ghana companies – a move that will to enhance the capabilities of local companies to enable them compete with their foreign counterparts. The key disadvantage of local companies has been identified as their inability to raise the necessary capital and inadequate engineering design capabilities to execute the projects.

For this reason, GRIDCo intends to facilitate the implementation of these projects by procuring most major power equipment and free issue them to the selected companies to carry out the necessary civil works, install, test and commission. GRIDCo will also support with system designs.

As part of this initiative also, all the control cables and grounding conductors would be procured from the cables manufacturing companies in Ghana. Preliminary engineering for these works are almost complete with contracts expected to be

AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

GHANA GRID COMPANY LIMITED
REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 December 2012.

1. The principal activity of the Company is transmission of electricity.

2. The summary of performance

	GH¢'000
The balance brought forward on the income surplus account at 1 January 2012	211,162
To which must be added:	
Profit after taxation	7,039
Transfer from capital surplus	220,775
The balance to be carried forward on the income surplus account at 31 December 2012 therefore amounts to	438,976

3. The Directors do not recommend the payment of dividend for the year (2011: Nil)

4. In accordance with section 134 (5) of the Companies Code 1963 (Act 179), the auditors, Messrs. Deloitte & Touche remain in office as auditors of the Company.

5. The financial statement were approved by the Board of Directors on 29 May 2013.

By order of the board

E. Appiah Korang
Board Chairman

Charles A. Darku
Chief Executive

GHANA GRID COMPANY LIMITED
STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

The above statement, should be read in conjunction with the independent auditors' report on pages 36 to 37.

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Deloitte.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GHANA GRID COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ghana Grid Company Limited, as at 31 December, 2012, set out on pages 38 to 68 which have been prepared on the basis of the significant accounting policies on pages 44 to 53 and other explanatory notes on pages 54 to 68.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code, 1963 (Act 179) and the International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2012, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB).

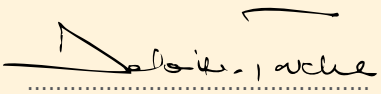
REPORT ON OTHER LEGAL REQUIREMENTS

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion, proper books of accounts have been kept by the company so far as appears from our examination of those books; and

iii. the balance sheet and profit and loss account of the company are in agreement with the books of accounts.



Chartered Accountants
Accra, Ghana
Licence No. ICAG/F/026

26th June, 2013

Andrew Opuni-Ampong
Practising Certificate:
Licence No. ICAG/P/1132.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	**2012** **GH¢'000**	2011 GH¢'000
Revenue	3	**271,751**	235,620
Direct costs	4	**(168,920)**	(114,615)
Gross profit		**102,831**	121,005
Other income	5	**1,419**	1,562
Administrative expenses	6	**(39,509)**	(36,281)
Operating profit		**64,741**	86,286
Finance costs	7	**(6,626)**	(3,231)
Finance income	8	**6,375**	796
Profit before taxation		**64,490**	83,851
Taxation	9	**(57,451)**	-
Profit after taxation		**7,039**	83,851
Other comprehensive income		**-**	-
Total comprehensive income		**7,039**	83,851

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 GH¢'000	2011 GH¢'000
Assets			
Non-current assets			
Intangible assets	10(a)	**170**	109
Property, plant & equipment	10(b)	**1,316,775**	614,388
Loans and receivables	11	**7,011**	6,571
Total non-current assets		**1,323,956**	621,068
Current assets			
Inventories	12	**8,941**	11,594
Trade and other receivables	13	**152,229**	141,917
Cash and short-term deposits	14	**86,964**	83,711
Total current assets		**248,134**	237,222
Total assets		**1,572,090**	858,290
Equity & liabilities			
Equity attributable to equity holders			
Stated capital	15	**350,922**	252,036
Income surplus		**438,976**	211,162
Capital surplus		**348,182**	144,438
Total equity		**1,138,080**	607,636

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2012 - CONTINUED

Non-current liabilities			
Deferred tax liability	9 (iii)	**232,055**	-
Interest-bearing loans and borrowings	16	**134,754**	159,913
Total non-current liabilities		**366,809**	159,913
Current liabilities			
Trade and other payables	17	**24,840**	63,571
Taxation	9	**16,214**	-
Interest-bearing loans and borrowings	16	**26,147**	27,170
Total current liabilities		**67,201**	90,741
Total liabilities		**434,010**	250,654
Total equity and liabilities		**1,572,090**	858,290

E. Appiah Korang
Board Chairman

Charles A. Darku
Chief Executive

The notes on pages 44 - 68 form an integral part of these accounts

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Stated capital GH¢'000	Income surplus account GH¢'000	Capital surplus GH¢'000	Total GH¢'000
Balance at 1 January 2012	252,036	211,162	144,438	607,636
GOG loans converted to equity	98,886	-	-	98,886
Total comprehensive income	-	7,039	-	7,039
Transfer from capital surplus	-	220,775	(220,775)	-
Deferred tax	-	-	(190,818)	-
Revaluation surplus	-	-	615,337	615,337
Balance at 31 December 2012	**350,922**	**438,976**	**348,182**	**1,328,898**
Balance at 1 January 2011	252,036	59,302	152,897	464,235
GOG loans converted to equity	-	-	-	-
Total comprehensive income	-	83,851	-	83,851
Transfer from capital surplus	-	68,009	(68,009)	-
Revaluation surplus	-	-	59,550	59,550
Balance at 31 December 2011	252,036	211,162	144,438	607,636

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
		GH¢'000	GH¢'000
Operating activities			
Operating profit before tax		**64,490**	83,851
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation and impairment of property, plant & equipment		**51,777**	30,008
Profit on sale of assets		**(164)**	(366)
Interest paid		**6,626**	3,231
Interest received		**(6,375)**	(796)
Working capital adjustments:			
Decrease/(increase) in inventories		**2,653**	(7,086)
(Increase) in trade and other receivables		**(10,312)**	(62,379)
(Decrease)/increase in trade and other payables		**(39,754)**	36,465
Net cash generated from operating activities		**68,941**	82,928
Investing activities			
Proceeds from sale of assets	10b	**183**	366
Purchase of property, plant and equipment	10b	**(138,907)**	(98,150)
Increase in loans and receivables		**(440)**	(4,222)
Interest received		**6,375**	796
Net cash used in investing activities		**(132,789)**	(101,210)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2012 - CONTINUED

	2012 GH¢'000	2011 GH¢'000
Financing activities		
Interest-bearing loans and borrowings	**73,727**	72,569
Interest paid	**(6,626)**	(3,231)
Net cash generated from financing activities	**67,101**	69,338
Net increase in cash and cash equivalents	**3,253**	51,056
Cash and cash equivalents at 1 January	**83,711**	32,655
Cash and cash equivalents at 31 December	**86,964**	83,711

SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The financial statements of Ghana Grid Company Limited (GRIDCo) for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 29 May 2013. The Company is incorporated and domiciled in Ghana. The address of the company's registered office can be found on page 4 of the financial statements.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis as modified by the revaluation of property, plant and equipment.

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.3 Use of estimates and judgement

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

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is

judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Gridco expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is certain. The expense relating to any provision is presented in the Statement of comprehensive income net of any reimbursement.

2.5 (a) Standards, amendments and interpretations in issue not yet adopted

At the date of authorisation of these financial statements the following standards, revisions and interpretations were issue but not yet effective. The company has decided not to early adopt any of the standards.

IFRS 9 “Financial Instruments” published by IASB on 12 November 2009.

On 28 October 2010 IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income section of the Statement of comprehensive income , rather than within profit or loss (effective for annual periods beginning on or after 1 January 2013).

IFRS 10 “Consolidated Financial Statements”

published by IASB on 12 May 2011. IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns

2.5 (a) Standards, amendments and interpretations in issue not yet adopted - Continued

from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns (effective for annual periods beginning on or after 1 January 2013).

IFRS 11 "Joint Arrangements" published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets (effective for annual periods beginning on or after 1 January 2013).

IFRS 12 "Disclosures of Interests in Other Entities" published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities (effective for annual periods beginning on or after 1 January 2013).

IFRS 13 "Fair Value Measurement" published by IASB on 12 May 2011. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value (effective for annual periods beginning on or after 1 January 2013).

Amendments to IFRS 1 "First-time Adoption of IFRS" - Government Loans published by IASB on 13 March 2012. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective e application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" in 2008 (effective for annual periods beginning on or after 1 January 2013).

Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. The amendments require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable

2.5 (a) Standards, amendments and interpretations in issue not yet adopted - Continued

master netting arrangements and similar agreements even if they are not set off under IAS 32 ((effective for annual periods beginning on or after 1 January 2013).

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" - Transition Guidance published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period (effective for annual periods beginning on or after 1 January 2013).

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" - Investment Entities published by IASB on 31 October 2012. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out

disclosure requirements for investment entities (effective for annual periods beginning on or after 1 January 2014).

Amendments to IAS 1 "Presentation of financial statements" -Presentation of Items of Other Comprehensive Income published by IASB on 16 June 2011. The amendments require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the Statement of comprehensive income . The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements (effective for annual periods beginning on or after 1 July 2012).

Amendments to IAS 19 "Employee Benefits" - Improvements to the Accounting for Post-employment Benefits published by IASB on 16 June 2011. The amendments make important improvements by: (1) eliminating an option to defer the recognition of gains and losses, known as the "corridor method",

2.5 (a) Standards, amendments and interpretations in issue not yet adopted - Continued

Amendments to IAS 19 "Employee Benefits"

improving comparability and faithfulness of presentation; (2) streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; (3) enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans ((effective for annual periods beginning on or after 1 January 2013).

IAS 27 "Separate Financial Statements" (revised in 2011) published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 "Investments in Associates and Joint Ventures" (revised in 2011) published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12

Amendments to IAS 32 "Financial instruments: presentation" - Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements(amendments are to be applied for annual periods beginning on or after 1 January 2013).

(b) Standards and interpretations effective in the current period

The adoption of these standards did not have any material impact on the company.

Amendments to IFRS 1 "First time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters published by IASB on 20 December 2010. The first amendment replaces references to a fixed date of ''1 January 2004'' with ''the date of transition to IFRSs'', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs.The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

Amendments to IFRS 7 "Financial Instruments: Disclosures" - Transfers of Financial Assets published by IASB on 7 October 2010. The objective of the amendments is to improve the quality of the information reported about financial assets that have been "transferred" but are still, at least partially, recognised by the entity because they do not qualify for derecognition; and financial assets that are no longer recognised by an entity, because

they qualify for derecognition, but with which the entity continues to have some involvement (effective for annual periods beginning on or after 1 January 2013).

Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets published by IASB on 20 December 2010. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 "Investment Property". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.

2.6 Summary of significant accounting policies

Recognition of income

Transmission service charge: Revenue from the transmission of power is recognised upon delivery of power.

Interest income: Revenue is recognised as interest accrues.

Fibre optic maintenance income: Revenue is recognised when service is completed.

Government grants

The company recognise all government revenue grants as income in the year it is received. Capital grants are deducted from the value of the respective assets.

Foreign currency translation

The Company's financial statements are presented in Ghana Cedi, which is its functional currency. This is the currency of the primary economic environment in which Ghana Grid Company Limited operates. Transactions in foreign currencies are recorded at the functional currency spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of comprehensive income . Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial assets
Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition when it becomes a party to the contract. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables and loans.

2.6 Summary of significant accounting policies - continued

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial Liabilities
Initial Recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of comprehensive income when the liabilities are de recognised as well as through the amortisation process.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Derecognition of financial instruments
Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.6 Summary of significant accounting policies - continued

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/ or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of comprehensive income as incurred.

Derecognition of Property Plant and Equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

	Depreciation Rate (%)	Useful Life
Transmission asset	Between 2.2 and 3.3	30 - 45
Land	Between 2.5 and 3.1	32 - 40
Building	2.5	40 - 40
Vehicles	Between 10 and 25	4 -10
Computer	Between 20 and 25	4 - 5
Equipment and other miscellaneous assets	Between 12.5 and 25	4 - 8

2.6 Summary of significant accounting policies - continued

Depreciation on an asset commences when the asset is ready to be used and continues until it is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The company capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2008.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over a period between four and five years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of comprehensive income when the asset is derecognised.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Materials - purchase cost on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Company assesses assets for impairment, at each reporting date. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

3	Revenue	**2012 GWH**	2011 GWH	**2012 GH¢'000**	2011 GH¢'000
	Transmission income	**14,280**	10,800	**271,751**	235,563
	Wheeling income	**-**	84	**-**	57
	Sub-station usage	**6**	5	**-**	-
	Transmission loss	**514**	485	**-**	-
		14,800	11,374	**271,751**	235,620

4	Direct expenses	**2012 GH¢'000**	2011 GH¢'000
	Staff cost	**44,023**	32,892
	Materials and spares consumed	**13,080**	1,308
	Maintenance and other direct cost	**19,960**	11,741
	Depreciation/impairment	**48,376**	29,131
	Transmission loss	**43,481**	39,543
		168,920	114,615

5	Other income	**2012 GH¢'000**	2011 GH¢'000
	Fibre optic maintenance income	**639**	525
	Miscellaneous income	**780**	1,037
		1,419	1,562

6	Administrative expenses	2012	2011
		GH¢'000	GH¢'000
	Directors emoluments	127	88
	Staff cost	18,861	14,625
	Materials and spares consumed	2,386	1,395
	Other administrative cost	14,114	11,416
	Depreciation	3,401	796
	Auditors remuneration	75	45
	Exchange loss	545	7,916
		39,509	36,281

7	Finance costs	2012	2011
		GH¢'000	GH¢'000
	Interest on loans and overdrafts	6,626	3,231

8	Finance income	2012	2011
		GH¢'000	GH¢'000
	Interest income	6,375	796

9 Taxation

(i) The components for income tax expense for 2012 is as follows:

Year of assessment	At 1 January GH¢'000	Paid during the year GH¢'000	Income tax GH¢'000	Total GH¢'000
2012	-	-	16,214	16,214
	-	-	16,214	16,214
Deferred tax	-	-	41,237	
Total	**-**	**-**	**57,451**	

(ii) A reconciliation between tax expense and accounting profit for the years ended 31 December 2012 and 2011 is as follows:

	Note	**2012 GH¢'000**	2011 GH¢'000
Accounting profit		**64,490**	83,851
Non taxable item			
Add back provision for depreciation		**51,777**	29,927
		116,267	113,778
Capital allowance	25	**(30,302)**	(35,287)
Profit Before capital allow b/f /(excess capital allow) for the period		**85,965**	78,491
Excess capital allowance B/f		**(21,108)**	(99,599)
Taxable profit		**64,857**	(21,108)
Tax thereon 25%		**16,214**	-

(iii)	Deferred tax computation (2012)	Carrying value Cost-accumulated depreciation	Carrying value Cost-accumulated capital allowance	Temporary difference
	Opening balance	677,465	111,789	565,676
	Depreciation/capital allowance	(431,031)	(30,302)	(400,729)
	Revaluation	763,274	-	763,274
	Closing balance	1,009,708	81,487	928,221
	Deferred tax liability			232,055
	Chargeable to capital surplus			190,818
	Chargeable to Statement of comprehensive income			41,237
				232,055

10 (a)	Intangible assets	**Software GH¢'000**	Total GH¢'000
	Cost/valuation		
	Balance as at 1 January 2012	**230**	230
	Gross revaluation adjustment	**193**	193
		423	423
	Amortisation		
	Balance as at 1 January 2012	**121**	121
	Gross revaluation adjustment	**22**	22
	Charge for the year	**111**	111
	At 31 December 2012	**253**	253
	Net book value		
	At 31 December 2012	**170**	170
	At 31 December 2011	**109**	109

10(b) Property, plant & equipment

Cost/valuation	Transmission assets GH¢'000	Freehold land GH¢'000	Leasehold land GH¢'000	Buildings GH¢'000	Motor vehicles GH¢'000	Computers GH¢'000	Miscellaneous plant & office equipment GH¢'000	Capital work-in progress GH¢'000	Total GH¢'000
Balance as at 1 January 2012	1,130,241	459	1,170	17,749	20,782	776	762	149,595	1,321,534
Revaluation as at Jan 1, 2012	(339,078)	15,605	24,647	12,072	3,738	-63	62		(283,017)
Adjusted opening balance	791,163	16,064	25,817	29,821	24,520	713	824	149,595	1,808,703
Disposals	-	-	-	-	(248)		-		(248)
Write-off	(2,086)								
Transfers	-	-	-	9,783	-	-	-	(9,783)	-
Gross revaluation adjustment	328,830	-	-	10,658	7,882	235	237	-	347,843
Additions	83	65	-	1,371	13,924	175	563	129,866	146,046
At 31 December 2012	**1,117,990**	**16,129**	**25,817**	**51,634**	**46,078**	**1,123**	**1,624**	**269,678**	2,302,344
Depreciation									
Balance as at 1 January 2012	692,047	-	118	6,848	7,528	367	238	-	707,146
Revaluation as at Jan 1, 2012	(692,047)		(118)	(6,848)	(7,528)	(367)	(238)		(707,146)
Disposals	-	-	-	-	(226)	-	-	-	(226)
Gross revaluation adjustment	160,520	-	-	738	2,552	74	58	-	163,942
Charge for the year	39,489	-	1,178	1,452	7,004	296	163	-	49,581
At 31 December 2012	200,009	-	1,178	2,189	9,330	370	221	-	213,297
Net book value									
At 31 December 2012	917,981	16,129	24,639	49,444	36,748	753	1,403	269,678	1,316,775
At 31 December 2011	438,194	459	1,052	10,901	13,254	409	524	149,595	614,388

There were no indications of impairment at the reporting date.
During the year, the company's property, plant and equipment were revalued by an independent professional valuer. The revaluation was undertaken using the Depreciated Replacement Cost Approach. The date of valuation was 1 January 2012.

10(c) Disposals	Cost GH¢'000	Accum. Depr. GH¢'000	NBV GH¢'000	Proceeds GH¢'000	Gain/loss GH¢'000
	248	(226)	22	183	161

11 Loans and receivables
This represents various loan granted to staff with a duration of between five and ten years.

12 Inventories The inventories are made up of:	**2012 GH¢'000**	2011 GH¢'000
Stores and spare parts	**8,941**	11,594
	8,941	11,594

13 Trade & other receivables	**2012 GH¢'000**	2011 GH¢'000
Trade receivables	**139,282**	111,710
Impairment of trade receivables	**(244)**	(244)
Fibre optic maintenance debtor	**692**	186
Prepaid expenses	**8,997**	26,998
Staff advances	**3,502**	3,267
	152,229	141,917

	Trade receivables are non-interest bearing and are generally on 30-90 day terms.		
14	Cash and short-term deposits	**2012**	2011
		GH¢'000	GH¢'000
	Fixed deposit	**39,653**	28,975
	Call account	**7,841**	11,914
	Cash at banks and on hand	**39,470**	42,822
		86,964	83,711
15 i)	Issued capital and other capital reserves The number of shares authorized, issued and in treasury are as follows:-	**2012**	2011
	Ordinary:		
	Authorized	**10,000,000**	10,000,000
	Issued	**10,000,000**	10,000,000
ii)	Proceeds from the issued shares are as follows:-	**GH¢'000**	GH¢'000
	Ordinary shares:		
	Issued for cash	**1**	1
	Consideration other than cash	**350,921**	252,035
	Total	**350,922**	252,036
16	Interest bearing loans and borrowings	**2012**	2011
		GH¢'000	GH¢'000
	Loans due within one year	**26,147**	27,170
	Loans falling due after one year		
	GoG Sovereign bond	**-**	31,630
	Loans due within two and five years	**114,159**	5,339
	Over five years	**20,595**	122,944
		134,754	159,913

17	Trade & other payables	**2012**	2011
		GH¢'000	GH¢'000
	Accrued expenses	**24,840**	63,571
		24,840	63,571

18 (a)	Related party transactions	**2012**	2011
		GH¢'000	GH¢'000
	Loans due from related parties:		
	Officers and other employees (Note 11)	**7,011**	6,571
	Staff advances (Note 13)	**3,502**	3,267
		10,513	9,838

19 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. Management has consistently measured and managed these risk in accordance with the company's policies .

The Board of Directors reviews and agrees to policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Carrying amount	
	2012	2011
Fixed rate instruments	**GH¢'000**	GH¢'000
Financial assets	**239,193**	225,628
Financial liabilities	**185,741**	250,654

Sensitivity analysis

The company had no variable interest rate instruments at the reporting date and at 31 December 2012.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and loans Denominated in a different currency from the Company's functional currency.

20 Financial risk management objectives and policies continued

The company's exposure to foreign currency risk was as follows based on notional amounts:

	2012	2011
	US$'000	US$'000
Loans	**85,379**	55,127
	---------	---------
Net balance sheet exposure	**85,379**	28,651
	========	========

The following exchange rates were applied during the year:

Ghana Cedi	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
GH¢ /US$ 1	1.97	1.52	1.88	1.52

Sensitivity analysis

A 10 per cent strengthening of the Ghana Cedi against the United States Dollar would have increased/ (decreased) equity and profit 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 the year ended 31 December 2011.

Effect in Ghana Cedis	Profit/(loss) GH¢'000
31 December 2012	
US$	16,051
	========
	Profit/(loss) GH¢'000
31 December 2011	
US$	5,001
	========

A 10 per cent weakening in the Ghana Cedi against the above currencies at the reporting date and at 31 December 2011 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.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages its cash position and future outflows on an on-going daily basis. The company ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities as they fall due.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements. The contractual maturity is based on undiscounted payments.

21 Financial risk management objectives and policies - continued

31 December 2012

	Carrying amount GH¢'000	less than 6 months	6-12 months GH¢'000	1-2 years GH¢'000	2-5 years GH¢'000	above 5 years GH¢'000
Trade and other payables	24,840	17,135	7,705			
Loans	160,901	13,073	13,073	31,409	82,750	20,595
	185,741	**30,208**	**20,778**	**31,409**	**82,750**	**20,595**

31 December 2011

	Carrying amount GH¢'000	less than 6 months GH¢'000	6-12 months GH¢'000	1-2 years GH¢'000	2-5 years GH¢'000	above 5 years GH¢'000
Trade and other payables	63,571	54,897	8,674	-	-	-
Loans	187,083	13,585	13,585	27,638	132,275	-
	250,654	68,482	22,259	27,638	132,275	-

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk related to financial instruments and cash deposits: credit risk from balances with banks and financial institutions is managed by Company's management in accordance with its policy.

Exposure to credit risk

The carrying value of the company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	2012	2011
	GH¢'000	GH¢'000
Trade receivables	**139,038**	111,466
Other receivables	**13,191**	9,838
Cash and cash equivalents	**86,964**	83,711
	239,193	205,015

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Collateral

The Company did not hold collateral of any sort at 31 December 2012 (2011 : Nil).

22 Contingencies and commitments

(a) Guarantees and indemnities
There were no guarantees nor indemnities at the reporting date.

(b) Contingent liability
There were no contingent liabilities at the reporting date.

(c) Commitments
The company has a financial commitment of GH¢500,000 towards the construction of an office complex at its head office.

23 Events after the reporting period

After the balance sheet date, the Achimota Smelter substation with carrying value of GH¢2,548,206.09 got burnt. In accordance with the standard, this has not been adjusted to the financial statements.

24 Capital Allowance Computation

	Computer equipment	Automobiles and machinery	Furniture and fittings	Buildings, structures and works of permanent nature	
	Class 1	Class 2	Class 4	Class 5	
	40%	30%	20%	10%	Allowance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Written down value b/f Jan '11	346	104,334	433	5,120	-
Additions	114	10,632	9	125	-
Balance c/d 31/12/2011	460	114,966	442	5,245	-
Written down allowance	(184)	(34,490)	(88)	(525)	(35,287)
	276	**80,476**	**353**	**4,721**	**85,826**
Written down value b/f Jan '12	276	80,476	353	4,721	85,826
Additions	175	14,007	563	11,219	25,963
Balance c/d 31/12/2012	451	94,483	916	15,940	-
Written down allowance	(180)	(28,345)	(183)	(1,594)	(30,302)
Written down value c/f	270	66,138	733	14,346	-

GHANA GRID COMPANY LIMITED

PROXY FORM

(4th ANNUAL GENERAL MEETING OF THE GHANA GRID COMPANY LIMITED)

We, ... of ..... being a member of the above-named company hereby appoint .... of .... as our proxy to vote for us on our behalf at the Annual General Meeting of the company to be held on September 25, 2013 at the Golden Tulip, Accra and at any adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your vote to be cast.

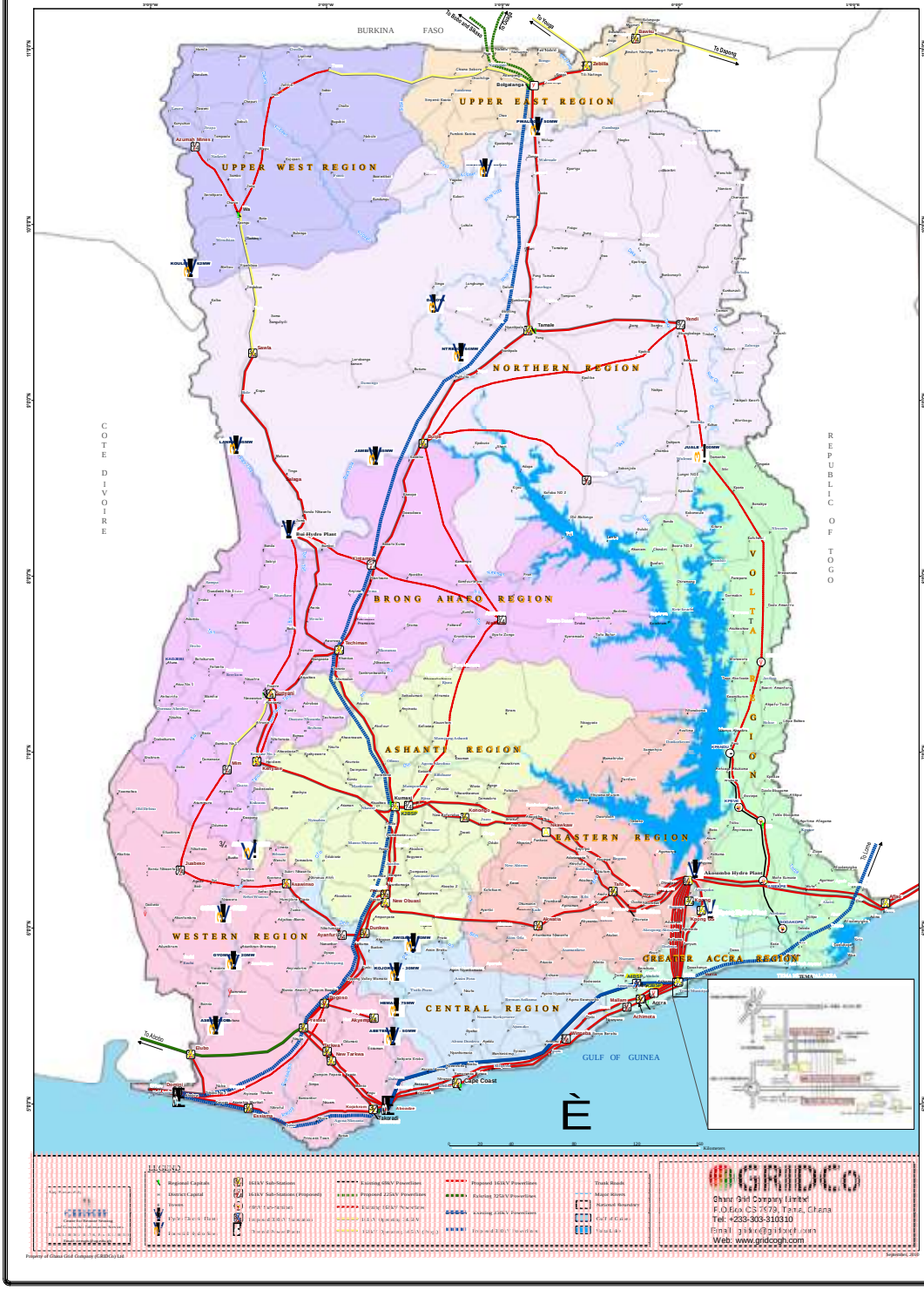
RESOLUTION	FOR	AGAINST
1. To receive and consider the Financial Statements for the year ended December 31, 2012 together with the Reports of the Directors and Auditors thereon		
2. To authorize directors to appoint auditors to audit the 2013 Financial Statements and to fix the remuneration of Auditors.		
3. To amend the objects of the Company to include "To carry out general commercial telecommunication and other related services using its Optical Ground wire (OPGW).		

Signed this ..... day of September, 2013

Shareholder's Signature.....

NOTES

NATIONAL INTERCONNECTED TRANSMISSION SYSTEM OF GHANA



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