

**MECHANICAL LLOYD COMPANY LIMITED.** Incorporated in Ghana

Annual Report and Financial Statements for the year ended 31 December 2006

PROFIT AND LOSS ACCOUNT

(All amounts are expressed in thousands of cedis)

		Year ended 31 December	
	Notes	2006	2005
Turnover	1	125,271,873	111,753,711
Cost of sales		<u>(94,747,275)</u>	<u>(85,344,013)</u>
Gross Profit		30,524,598	26,409,698
Selling, General and Administrative Expenses	2	<u>(25,910,756)</u>	<u>(20,939,983)</u>
		4,613,842	5,469,715
Other operating income	3	<u>4,773,417</u>	<u>4,374,834</u>
Operating Profit		9,387,259	9,844,549
Other income	4	1,800,931	985,220
Finance (costs) / income - net	5	<u>(2,375,533)</u>	<u>(771,445)</u>
Profit Before Tax		8,812,657	10,058,324
Tax	11	<u>(1,303,772)</u>	<u>(2,079,538)</u>
Net Profit After Tax Transferred to Income Surplus Account		<u>7,508,885</u>	<u>7,978,786</u>

INCOME SURPLUS ACCOUNT

Balance at 1 January	19,887,727	13,912,778
Net profit for the year	<u>7,508,885</u>	<u>7,978,786</u>
	27,396,612	21,891,564
Dividend proposed	<u>(2,003,837)</u>	<u>(2,003,837)</u>
Balance at 31 December	<u>25,392,775</u>	<u>19,887,727</u>

The accounting policies and notes on pages 19 to 27 form an integral part of these financial statements.

**BALANCE SHEET**

(All amounts are expressed in thousands of cedis)

At 31 December

	Notes	2006	2005
Non-Current Assets			
Property, plant and equipment	7	45,815,630	43,846,439
Investment properties	8	18,917,539	18,917,539
		<u>64,733,169</u>	<u>62,763,978</u>
Current Assets			
Stocks	9	49,654,964	48,872,319
Tax receivable	11	2,033,867	-
Debtors	10	35,595,172	35,400,486
Bank and cash balances		4,419,775	2,231,345
		<u>91,703,778</u>	<u>86,504,150</u>
Current Liabilities			
Creditors	12	46,298,950	44,335,832
Bank overdrafts	13	1,857,363	10,388,168
Tax payable	11	-	285,245
Dividend payable	14	2,003,837	2,003,837
Current portion of loans	15	10,117,452	6,604,856
		<u>60,277,602</u>	<u>63,617,938</u>
Net Current Assets			
		<u>31,426,176</u>	<u>22,886,212</u>
Non-current portion of loans	15	(13,601,535)	(8,597,428)
Net Assets		<u>82,557,810</u>	<u>77,052,762</u>
Shareholders' Funds:			
Stated capital	16	27,714,856	27,714,856
Capital surplus account	17	29,450,179	29,450,179
Income surplus account		25,392,775	19,887,727
		<u>82,557,810</u>	<u>77,052,762</u>

The financial statements on pages 15 to 27 were approved by the Board of Directors on 29th March 2007 and signed on its behalf by:

Y.M. Sarpong (Chairman)

T.R. Darko (Managing Director)

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(All amounts are expressed in thousands of cedis)

	Stated capital	Capital surplus	Income surplus	Total
Balance at 1 January 2006	27,714,856	29,450,179	19,887,727	77,052,762
Net profit	-	-	7,508,885	7,508,885
Dividend proposed	-	-	(2,003,837)	(2,003,837)
At 31 December 2006	<u>27,714,856</u>	<u>29,450,179</u>	<u>25,392,775</u>	<u>82,557,810</u>
Balance at 1 January 2005	27,714,856	29,450,179	13,912,778	71,077,813
Net profit	-	-	7,978,786	7,978,786
Dividend proposed	-	-	(2,003,837)	(2,003,837)
At 31 December 2005	<u>27,714,856</u>	<u>29,450,179</u>	<u>19,887,727</u>	<u>77,052,762</u>

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CASH FLOW STATEMENT

(All amounts are expressed in thousands of cedis)

	Notes	Year ended 31 December	
		2006	2005
Operating Activities			
Cash generated from operations	18	17,306,312	7,363,506
Interest received		54,205	70,146
Interest paid		(4,178,793)	(3,461,868)
Tax paid	11	<u>(3,622,884)</u>	<u>(2,312,661)</u>
Net Cash Generated from Operating Activities		<u>9,558,930</u>	<u>1,659,123</u>
Investing Activities			
Purchase of property, plant and equipment	7	(5,535,661)	(7,834,217)
Proceeds from disposal of property, plant and equipment	7	<u>475,917</u>	<u>76,000</u>
Net Cash Used in Investing Activities		<u>(5,059,744)</u>	<u>(7,758,217)</u>
Financing Activities			
Loans received	15	32,178,760	3,937,317
Repayment of loans	15	(23,954,874)	(7,290,928)
Dividend paid		<u>(2,003,837)</u>	<u>(1,502,878)</u>
Net cash generated from/(used in) financing activities		<u>6,220,049</u>	<u>(4,856,489)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>10,719,235</u>	<u>(10,955,583)</u>
Movement in Cash and Cash Equivalents			
At start of year		(8,156,823)	2,798,760
Increase/(decrease) in year		<u>10,719,235</u>	<u>(10,955,583)</u>
At end of year	19	<u>2,562,412</u>	<u>(8,156,823)</u>

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