

**TRADING AND PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31ST DECEMBER 2006**

	<u>NOTES</u>	<u>2006</u> ¢	<u>2005</u> ¢
TURNOVER	1	17,294,893,338	18,207,271,792
COST OF SALES		<u>(10,430,934,738)</u>	<u>(13,008,152,897)</u>
GROSS PROFIT		6,863,958,600	5,199,118,895
OTHER INCOME		<u>204,416,028</u>	<u>506,228,242</u>
		7,068,374,628	5,705,347,137
GENERAL, SELLING AND ADMINISTRATIVE EXPENSES	2	<u>(3,975,747,064)</u>	<u>(3,363,531,289)</u>
PROFIT BEFORE INTEREST AND TAXATION		3,092,627,564	2,341,815,848
INTEREST EXPENSES		<u>(430,055,023)</u>	<u>(165,473,285)</u>
PROFIT BEFORE TAXATION		2,662,572,541	2,176,342,563
NATIONAL RECONSTRUCTION LEVY		-	(32,645,138)
TAXATION	10	<u>(687,137,152)</u>	<u>(563,826,177)</u>
PROFIT AFTER TAXATION TRANSFERRED TO INCOME SURPLUS ACCOUNT		1,975,435,389 =====	1,579,871,248 =====

**INCOME SURPLUS ACCOUNT FOR THE
YEAR ENDED 31ST DECEMBER 2006**

	<u>2006</u> ¢	<u>2005</u> ¢
Balance at 1 st January	275,338,187	(548,694,167)
Prior Year Adjustment	-	8,142,331
Restated Balance	275,338,187	(540,551,836)
Profit For The Year	1,975,435,389	1,579,871,248
Transfer to Research Fund	(50,000,000)	-
Proposed Dividends @ ¢ 35.00 per share	<u>(763,981,225)</u>	<u>(763,981,225)</u>
Balance at 31 st December	1,436,792,351 =====	275,338,187 =====
Earnings Per Share	1(f) 90.50	72.38

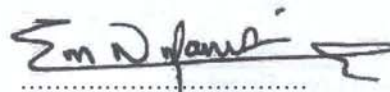
The Notes on pages 15 to 21 form an integral part of these Accounts.

BALANCE SHEET

AS AT 31ST DECEMBER 2006

		<u>2006</u>	<u>2005</u>
	<u>NOTES</u>	¢	¢
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	13	850,576,436	926,648,273
LONG TERM INVESTMENT	3	<u>100,000,000</u>	<u>100,000,000</u>
		950,576,436	<u>1,026,648,273</u>
TEXT BOOKS DEVELOPMENT COST	4	51,855,037	
CURRENT ASSETS			
Stocks	5	3,578,396,777	8,689,415,620
Debtors and Prepayments	6	1,295,694,850	7,936,579,274
Short-Term Investments (Fixed Deposits)		869,000,000	
Cash and Bank Balances	7	20,223,394	387,273,531
Taxation	10	<u>569,481,288</u>	-
		<u>6,332,796,309</u>	<u>17,013,268,425</u>
CURRENT LIABILITIES			
Creditors	8	2,504,483,640	13,474,483,162
Taxation	10	-	311,660,781
Obligations under Finance Lease	12	-	67,342,818
Bank Overdraft	9	545,852,795	526,209,192
Short Term Loan		<u>638,198,630</u>	<u>1,174,982,192</u>
		<u>3,688,535,065</u>	<u>15,554,678,145</u>
NET CURRENT ASSETS		<u>2,644,261,244</u>	<u>1,458,590,280</u>
NET ASSETS		<u>3,646,692,717</u>	<u>2,485,238,553</u>
CAPITAL EMPLOYED			
Stated Capital	11	2,209,900,366	2,209,900,366
Income Surplus Account		<u>1,436,792,351</u>	<u>275,338,187</u>
		<u>3,646,692,717</u>	<u>2,485,238,553</u>
Net Assets per Share	1(f)	167.06	113.86


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DIRECTOR


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DIRECTOR

DATE: 20/03/07

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**CASH FLOW STATEMENT FOR THE YEAR
ENDED 31ST DECEMBER 2006**

	<u>2006</u>	<u>2005</u>
	¢	¢
<u>OPERATING ACTIVITIES</u>		
Operating Profit before Investment Returns and Servicing of Finance	3,018,946,393	2,139,991,238
Depreciation	267,620,311	186,140,055
Gain on Sale of Fixed Assets	(20,000,000)	(13,000,000)
Prior year Adjustment	-	8,142,331
Books Development	(51,855,037)	919,373,796
Obligations under Finance Lease	(67,342,818)	(118,991,647)
Stocks	5,111,018,843	(6,897,341,979)
Short-Term Investments	(869,000,000)	-
Debtors and Prepayments	6,640,884,424	(7,148,884,983)
Creditors and Accrued Charges	<u>(8,731,081,900)</u>	<u>11,525,100,134</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,299,190,216	600,528,945
<u>INVESTMENT RETURNS AND SERVICING OF FINANCE</u>		
Interest Paid	(430,055,023)	(165,473,285)
Interest Received	30,649,665	281,762,794
Dividends Received	50,793,400	49,887,000
Dividend Paid	(763,990,225)	-
Royalties Paid	(2,288,908,622)	(114,804,244)
Finance Charges on Machinery Leased	(7,761,893)	(15,020,940)
<u>TAXATION</u>		
Tax Paid	(1,568,279,221)	(204,988,700)
<u>INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(191,548,475)	(609,990,803)
Proceeds from Sale of Fixed Assets	20,000,000	13,000,000
<u>FINANCING ACTIVITIES</u>		
Short Term Loan Received	<u>(536,783,562)</u>	<u>558,746,739</u>
	<u>(386,693,740)</u>	<u>393,647,506</u>
	=====	=====

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT DURING THE YEAR

	<u>2006</u>	<u>2005</u>
	¢	¢
Balance 1 st January	(138,935,661)	(532,583,167)
Net Cash Inflow/ (Outflow)	<u>(386,693,740)</u>	<u>393,647,506</u>
Balance 31 st December	<u>(525,629,401)</u>	<u>(138,935,661)</u>

ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Cash and Bank Balances	20,223,394	387,273,531
Bank Overdrafts	<u>(545,852,795)</u>	<u>(526,209,192)</u>
	<u>(525,629,401)</u>	<u>(138,935,661)</u>