

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

Annual Report and Financial Statements for the year ended 31 December 2007

**PROFIT AND LOSS ACCOUNT**

(All amounts are expressed in Ghana Cedis unless otherwise stated)

**Year ended 31 December**

	Notes	2007	2006
<b>Turnover</b>	1	<b>21,706,362</b>	12,527,187
Cost of Sales		<u>(17,329,586)</u>	<u>(9,474,728)</u>
<b>Gross Profit</b>		<b>4,376,776</b>	3,052,459
Selling, General and Administrative Expenses	2	<u>(3,725,118)</u>	<u>(2,591,075)</u>
		651,658	461,384
Other Operating Income	3	<u>537,478</u>	<u>477,342</u>
<b>Operating Profit</b>		<b>1,189,136</b>	938,726
Other Income	4	292,411	180,093
Finance costs - net	5	<u>(91,596)</u>	<u>(237,553)</u>
<b>Net Profit Before Tax</b>		<b>1,389,951</b>	881,266
Tax	11	<u>(246,060)</u>	<u>(130,377)</u>
<b>Net Profit After Tax Transferred to Income Surplus Account</b>		<b><u>1,143,891</u></b>	<b><u>750,889</u></b>

**INCOME SURPLUS ACCOUNT**

Balance at 1 January	<u>2,539,278</u>	<u>1,988,773</u>
Net Profit for the Year	1,143,891	750,889
	3,683,169	2,739,662
Dividend proposed	<u>(300,576)</u>	<u>(200,384)</u>
Balance at 31 December	<b><u>3,382,593</u></b>	<b><u>2,539,278</u></b>

The accounting policies and notes on pages 21 to 28 form an integral part of these financial statements.



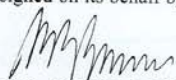
## BALANCE SHEET

(All amounts are expressed in Ghana Cedis unless otherwise stated)

At 31 December

	Notes	2007	2006
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	<u>7,439,114</u>	<u>4,581,563</u>
Investment Properties	8	<u>2,642,640</u>	<u>1,891,754</u>
<b>Current Assets</b>			
Stocks	9	6,447,277	4,965,497
Tax Receivable	11	314,091	203,387
Debtors	10	4,516,083	3,559,517
Bank and Cash Balances		<u>864,443</u>	<u>441,978</u>
		<u>12,141,894</u>	<u>9,170,379</u>
<b>Current Liabilities</b>			
Creditors	12	7,162,050	4,629,895
Bank Overdraft	13	38,840	185,736
Dividend Payable	14	300,576	200,384
Current portion of loans	15	<u>695,246</u>	<u>1,011,745</u>
		<u>8,196,712</u>	<u>6,027,760</u>
<b>Net Current Assets</b>			
Non-Current Portion of Loans	15	<u>3,945,182</u>	<u>3,142,619</u>
		<u>(1,261,116)</u>	<u>(1,360,154)</u>
<b>Net Assets</b>			
		<u>12,765,820</u>	<u>8,255,782</u>
<b>Shareholders' Funds:</b>			
Stated capital	16	2,771,486	2,771,486
Capital surplus	17	6,611,741	2,945,018
Income Surplus Account		<u>3,382,593</u>	<u>2,539,278</u>
		<u>12,765,820</u>	<u>8,255,782</u>

The financial statements on pages 17 to 28 were approved by the Board of Directors on 20th March 2008 and signed on its behalf by:

  
C. B. K. ZWENNES (Chairman)

  
T.R. Darko (Managing Director)

The accounting policies and notes on pages 21 to 28 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(All amounts are expressed in Ghana Cedis unless otherwise stated)

	Stated Capital	Capital Surplus	Income Surplus	Total
Balance at 1 January 2007	2,771,486	2,945,018	2,539,278	8,255,782
Revaluation Surplus	-	3,666,723	-	3,666,723
Net Profit	-	-	1,143,891	1,143,891
Dividend proposed	-	-	(300,576)	(300,576)
<b>Balance at 31 December 2007</b>	<b><u>2,771,486</u></b>	<b><u>6,611,741</u></b>	<b><u>3,382,593</u></b>	<b><u>12,765,820</u></b>
Balance at 1 January 2006	2,771,486	2,945,018	1,988,773	7,705,277
Net Profit	-	-	750,889	750,889
Dividend proposed	-	-	(200,384)	(200,384)
<b>Balance at 31 December 2006</b>	<b><u>2,771,486</u></b>	<b><u>2,945,018</u></b>	<b><u>2,539,278</u></b>	<b><u>8,255,782</u></b>

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## CASH FLOW STATEMENT

(All amounts are expressed in Ghana Cedis unless otherwise stated)

		Year ended 31 December	
	Notes	2007	2006
<b>Operating Activities:</b>			
Cash generated from operations	18	2,237,850	1,730,631
Interest received		10,897	5,420
Interest paid		(259,060)	(417,870)
Tax paid	11	<u>(356,764)</u>	<u>(362,288)</u>
<b>Net Cash Generated from Operating Activities</b>		<u><u>1,632,923</u></u>	<u><u>955,893</u></u>
<b>Investing Activities:</b>			
Purchase of tangible property, plant and equipment	7	(496,064)	(553,566)
Proceeds from disposal of property, plant and equipment	7	<u>176,140</u>	<u>47,592</u>
<b>Net Cash used in Investing Activities</b>		<u><u>(319,924)</u></u>	<u><u>(505,974)</u></u>
<b>Financing Activities:</b>			
Loans received	15	1,860,000	3,217,876
Repayment of loans	15	(2,403,254)	(2,395,487)
Dividend paid		<u>(200,384)</u>	<u>(200,384)</u>
<b>Net Cash (Used in)/Generated from Financing Activities</b>		<u><u>(743,638)</u></u>	<u><u>622,005</u></u>
<b>Net Increase in Cash and Cash Equivalents</b>		<u><u>569,361</u></u>	<u><u>1,071,924</u></u>
<b>Movement in Cash and Cash Equivalents</b>			
At start of year		256,242	(815,682)
Increase		<u>569,361</u>	<u>1,071,924</u>
At end of year	19	<u><u>825,603</u></u>	<u><u>256,242</u></u>

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