

CLYDESTONE (GHANA) LIMITED

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the accompanying consolidated financial statements of Clydestone Ghana Limited which comprise the statement of financial position at December 31, 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Responsibility of Directors

The company's directors are responsible for preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 consolidated financial statements give a true and fair view of the financial position of the company and its subsidiary as at December 31, 2011, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the manner required by the Companies Code 1963, (Act 179).

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179).

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

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



CHARTERED ACCOUNTANTS
ACCRA

30th March, 2012

CLYDESTONE (GHANA) LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	2011 GH¢	2010 GH¢
INTANGIBLE ASSETS	<u>458,222</u>	<u>—</u>
Non-Current Assets		
Property, plant and equipment	<u>71,200</u>	<u>488,895</u>
CURRENT ASSETS		
Inventories	166,053	166,053
Trade accounts receivable	632,809	637,533
Other accounts receivable	539,192	458,549
Cash and bank balances	<u>35,017</u>	<u>57,085</u>
	<u>1,373,071</u>	<u>1,319,220</u>
CURRENT LIABILITIES		
Bank overdraft	471,226	535,166
Trade accounts payable	224,628	266,839
Other accounts payable	1,022,437	828,438
Taxation	(146,572)	(143,343)
Deferred tax	(27,448)	(18,815)
Dividend payable	34,158	34,158
Short term loan	—	7,464
	<u>1,578,429</u>	<u>1,509,907</u>
Net Current Assets	<u>(205,358)</u>	<u>(190,687)</u>
Total Assets Less Current Liabilities	<u>324,064</u>	<u>298,208</u>
Represented by:		
Stated capital	554,850	554,850
Capital reserve	213,037	213,037
Retained earnings	(482,311)	(506,065)
Minority Interest	<u>38,488</u>	<u>36,386</u>
	<u>324,064</u>	<u>298,208</u>

NET ASSETS VALUE PER SHARE (GH¢ PER SHARE) 0.0095

0.0088


DIRECTOR


DIRECTOR

CLYDESTONE (GHANA) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 GH¢	2010 GH¢
TURNOVER	950,616	1,456,778
COST OF OPERATIONS	<u>(263,587)</u>	<u>(378,232)</u>
GROSS OPERATING PROFIT	<u>687,029</u>	<u>1,078,546</u>
General & administrative expenses	<u>696,650</u>	<u>(1,045,572)</u>
Operating Loss	(9,621)	32,974
Other Income	<u>34,790</u>	<u>43,229</u>
Profit before taxation	<u>25,169</u>	<u>76,203</u>
TAXATION		
Income tax expense	<u>687</u>	<u>(6,561)</u>
Profit for the year	<u>25,856</u>	<u>69,642</u>
Attributable to:- Equity holders	23,754	60,036
Minority interest	<u>2,102</u>	<u>9,606</u>
BASIC EARNINGS PER SHARE (GH¢ PER SHARE)	<u><u>0.0008</u></u>	<u><u>0.0020</u></u>

CLYDESTONE (GHANA) LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 GH¢	2010 GH¢
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	25,169	76,203
Reconciliation of profit to net cash flows from operating activities		
Adjustment for Non-Cash Items:		
Net interest expense	284	211,734
Depreciation	<u>52,411</u>	<u>61,273</u>
	<u>77,864</u>	<u>349,210</u>
Changes in current assets and liabilities		
Inventories	—	88,521
Trade accounts receivable	4,724	31,735
Other accounts receivable	(80,643)	(56,335)
Trade accounts payable	(42,211)	(86,764)
Other accounts payable	<u>193,999</u>	<u>196,501</u>
	<u>75,869</u>	<u>173,658</u>
Tax paid		
Corporate	<u>(11,175)</u>	<u>(10,327)</u>
	<u>64,694</u>	<u>163,331</u>
Net cash provided by operating activities	<u>142,558</u>	<u>512,541</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure	<u>(92,938)</u>	<u>(30,119)</u>
Net cash used in investing activities	<u>(92,938)</u>	<u>(30,119)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Loan	(7,464)	(417,446)
Interest expense	<u>(284)</u>	<u>(211,734)</u>
Net cash used in financing activities	<u>(7,748)</u>	<u>(629,180)</u>

CLYDESTONE (GHANA) LIMITED

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)**

	2011	2010
	GH¢	GH¢
INCREASE IN CASH & CASH EQUIVALENTS	41,872	(146,758)
Cash & Cash Equivalents:		
At beginning of year:-		
Cash and bank balances	57,085	(331,323)
Bank overdraft	<u>(535,166)</u>	<u>—</u>
At end of year:-	<u>(436,209)</u>	<u>(478,081)</u>
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	35,017	57,085
Bank overdraft	<u>(471,226)</u>	<u>(535,166)</u>
	<u>(436,209)</u>	<u>(478,081)</u>

CLYDESTONE (GHANA) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Stated Capital GH ¢	Capital Reserve GH ¢	Retained Earnings GH ¢	Minority Interest GH ¢	Total GH ¢
Balance as at January 1,	554,850	213,037	(506,065)	36,386	298,208
Profit for the year	-	-	23,754	2,102	25,856
Balance as at December 31,	<u>554,850</u>	<u>213,037</u>	<u>(482,311)</u>	<u>38,488</u>	<u>324,064</u>