

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYRTON DRUG MANUFACTURING LIMITED**

### **Report on the financial statements**

We have audited the accompanying financial statements of Ayrton Drug Manufacturing Limited, which comprise the statement of financial position as at 30 September 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 14, 15, 16 and 17.

### **Directors' responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 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 auditors' 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 the Directors, 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.

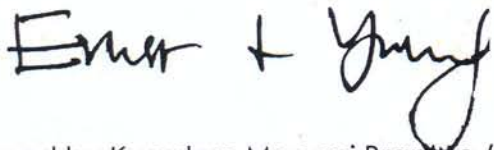
## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ayrton Drug Manufacturing Limited as of 30 September 2012, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 1963 (Act 179).

## Report on other Legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit 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 account have been kept by the company, so far as appears from our examination of those books; and
- iii The balance sheet (statement of financial position) and the profit and loss account (statement of comprehensive income) of the company are in agreement with the books of account.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Signed by Kwadwo Mpeani Brantuo (ICAG\P\1152)  
For and on behalf of Ernst & Young (ICAG\F\029)  
Chartered Accountants  
Accra, Ghana

Date: 25th February, 2013

# STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER, 2012

ASSETS	Notes	2012 GHC	2011 GHC
<b>Non-current assets</b>			
Property, plant and equipment	3	5,239,672	4,808,040
Intangible assets	4	162,498	195,499
Investment in subsidiary	5	<u>17,500</u>	<u>17,500</u>
		5,419,670	5,021,039
<b>Current assets</b>			
Inventories	6	6,821,209	4,853,897
Accounts receivable and prepayments	7	7,991,894	7,077,219
Amounts due from related parties	8a	128,497	158,601
Cash and short-term deposits	9	<u>1,271,110</u>	<u>2,332,106</u>
		16,212,710	14,421,823
<b>TOTAL ASSETS</b>		<b><u>21,632,380</u></b>	<b><u>19,442,862</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders</b>			
Issued capital	10	4,475,000	4,475,000
Other capital reserves		1,739,436	1,739,436
Income surplus		<u>13,009,273</u>	<u>10,801,997</u>
<b>Total equity</b>		<b>19,223,709</b>	<b>17,016,433</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,633,500	1,479,155
Amount due to related parties	8b	16,542	-
Income tax payable	12a	484,972	292,205
Bank overdraft	13	<u>200,303</u>	<u>402,926</u>
<b>Total current Liabilities</b>		<b>2,335,317</b>	<b>2,174,286</b>
<b>Non-current liabilities</b>			
Deferred tax liability		<u>73,354</u>	<u>252,143</u>
<b>Total liabilities</b>		<b>2,408,671</b>	<b>2,426,429</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>21,632,380</u></b>	<b><u>19,442,862</u></b>

Director

Date: 25/02/2013

Director

Date: 25/02/2013

The notes 1 to 25 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2012

		2012	2011
	Notes	GH¢	GH¢
<b>Revenue</b>	14	<b>22,996,295</b>	20,052,755
Cost of sales	15	<b>(13,616,611)</b>	(11,716,621)
<b>GROSS PROFIT</b>		<b>9,379,684</b>	8,336,134
Other income	16	<b>96,198</b>	52,648
Selling and distribution costs	17	<b>(3,030,069)</b>	(2,402,813)
Administrative expenses	18	<b>(3,380,133)</b>	(2,242,132)
<b>OPERATING PROFIT</b>		<b>3,065,680</b>	3,743,837
Finance costs		<b>(23,959)</b>	(13,851)
Finance income	19	<b>90,434</b>	326,977
<b>PROFIT BEFORE TAX</b>		<b>3,132,155</b>	4,056,963
Income tax expense	12c	<b>(656,129)</b>	(1,190,884)
<b>PROFIT FOR THE YEAR</b>		<b>2,476,026</b>	2,866,079
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,476,026</b>	2,866,079
Earnings per share			
Equity holders of Ayrton Drug Manufacturing Limited			
Basic (GH¢)		0.0115	0.0133
Diluted (GH¢)		0.0115	0.0133

The notes 1 to 25 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Issued capital (Note 15) GH¢	Income surplus GH¢	Other reserves (Note 15) GH¢	Total GH¢
Balance at 1 October 2011	4,475,000	10,801,997	1,739,436	17,016,433
Dividend paid	-	(268,750)	-	(268,750)
Profit for the year	-	2,476,026	-	2,476,026
<b>Balance at 30 September 2012</b>	<b><u>4,475,000</u></b>	<b><u>13,009,273</u></b>	<b><u>1,739,436</u></b>	<b><u>19,223,709</u></b>
Balance at 1 October 2010 as previously stated	4,475,000	8,643,423	1,739,436	14,857,859
Adjustment to correct prior years error	-	(337,505)	-	(337,505)
Restated opening balances	4,475,000	8,305,918	1,739,436	14,857,859
Dividend paid	-	(370,000)	-	(370,000)
Profit for the year	-	2,866,079	-	2,866,079
<b>Balance at 30 September 2011</b>	<b><u>4,475,000</u></b>	<b><u>10,801,997</u></b>	<b><u>1,739,436</u></b>	<b><u>17,016,433</u></b>

The notes 1 to 25 form an integral part of these financial statements.

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2012 GH¢	2011 GH¢
<b>Operating activities</b>			
Operating profit before tax		3,132,155	4,056,963
Adjustment			
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation and impairment of property, plant and equipment	3	638,214	597,675
Amortisation and impairment of intangible assets		33,001	38,846
Loss on disposal of property, plant and equipment		450	-
<b>Operating Profit before working capital changes:</b>		<b>3,803,820</b>	<b>4,693,484</b>
Increase in inventories		(1,967,312)	(948,042)
Increase in accounts receivable and prepayments		(914,675)	(1,993,662)
Decrease/increase in amounts due from related parties		30,104	(57,084)
Increase in amounts due to related parties		16,542	-
Increase in accounts payables and accruals		154,345	50,035
Income Tax paid		(642,151)	(921,890)
<b>Net cash flows from operating activities</b>		<b>480,673</b>	<b>822,841</b>
<b>Investing activities</b>			
Investment in Sierra Leone		-	(17,500)
Proceeds from sale of property, plant and equipment	3	77,158	-
Purchase of asset		(1,147,454)	(1,066,128)
Purchase of intangible assets		-	(14,964)
<b>Net cash flows used in investing activities</b>		<b>(1,070,296)</b>	<b>(1,098,592)</b>
<b>Financing activities</b>			
Dividends paid to equity holders		(268,750)	(370,000)
<b>Net cash flows used in financing activities</b>		<b>(268,750)</b>	<b>(370,000)</b>
Net decrease in cash and cash equivalents		(858,373)	(645,751)
Cash and cash equivalents at 1 October		1,929,180	2,574,933
<b>Cash and cash equivalents at 30 September</b>		<b>1,070,807</b>	<b>1,929,182</b>

The notes 1 to 25 form an integral part of these financial statements.