



# Independent Auditor's Report

Year ended December 31, 2012.

## Report of the Independent Auditor to the Members of Fan Milk Limited.

### Report on the Financial Statements

We have audited the accompanying financial statements of Fan Milk Limited set out on pages 14 to 38. These financial statements comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of 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 misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the 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 about 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 judgement, 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. 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 accompanying financial statements give a true and fair view of the financial position of Fan Milk Limited as at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

### Report on other legal 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 Company's balance sheet (statement of financial position) and profit and loss account (statement of comprehensive income) are in agreement with the books of account.

*Michael Asiedu-Antwi*

Chartered Accountants

12th March, 2013

Accra, Ghana

Michael Asiedu-Antwi (ICAG/P/1138)





# Statement of Comprehensive Income

Year ended December 31, 2012.

(All amounts are expressed in thousands of Ghana cedis )	Note	2012	2011
Revenue	3	147,212	109,280
Cost of Sales	4	(69,799)	(51,908)
<b>Gross Profit</b>		<b>77,413</b>	57,372
Distribution Costs	4	(33,780)	(25,560)
Administrative Expenses	4	(11,375)	(8,429)
Other Income	5	446	350
<b>Operating Profit</b>		<b>32,704</b>	23,733
Finance Income	6	4,067	1,680
Finance Costs	7	(329)	(162)
<b>Profit before Income Tax</b>		<b>36,442</b>	25,251
Income Tax Expense	8	(9,244)	(6,432)
<b>Profit for the year</b>		<b>27,198</b>	18,819
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>27,198</b>	18,819
<b>Earnings per Share</b>			
<b>Basic and Diluted (GHS)</b>	9	<b>0.23</b>	0.16

The notes on pages 18 to 38 are an integral part of these financial statements.





# Statement of Financial Position

Year ended December 31, 2012.

<i>(All amounts are expressed in thousands of Ghana cedis)</i>	Note	2012	2011
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	51,904	43,771
<b>Current Assets</b>			
Inventories	11	15,640	12,679
Trade and other receivables	12	4,080	2,215
Cash and cash equivalents	13	24,929	24,416
		<b>44,649</b>	39,310
<b>Total Assets</b>		<b>96,553</b>	83,081
<b>Equity and Liability</b>			
<b>Equity attributable to owners</b>			
Stated capital	14	10,000	10,000
Income surplus account	15	51,681	52,372
		<b>61,681</b>	62,372
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred income tax	16	3,664	2,824
<b>Current Liabilities</b>			
Trade and other payables	17	21,595	17,382
Current income tax	18	311	103
Dividend payable	19	9,302	400
		<b>31,208</b>	17,885
<b>Total Liabilities</b>		<b>34,872</b>	20,709
<b>Total Equity and Liabilities</b>		<b>96,553</b>	83,081

The financial statements on pages 14 to 38 were approved by the Board of Directors on February 21, 2013 and signed on its behalf by:

Director

Director

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# Statement of Changes in Equity

Year ended December 31, 2012.

*(All amounts are expressed in thousands of Ghana cedis)*

	Stated Capital	Income Surplus Account	Total
<b>Year ended December 31, 2012</b>			
At the beginning of the year	10,000	52,372	<b>62,372</b>
Total comprehensive income	-	27,198	<b>27,198</b>
Dividend declared	-	(27,889)	<b>(27,889)</b>
<b>At the end of the year</b>	<b><u>10,000</u></b>	<b><u>51,681</u></b>	<b><u>61,681</u></b>
<b>Year ended December 31, 2011</b>			
At the beginning of the year	10,000	42,126	<b>52,126</b>
Total comprehensive income	-	18,819	<b>18,819</b>
Dividend declared	-	(2,324)	<b>(2,324)</b>
Purchase of own shares	-	(6,249)	<b>(6,249)</b>
<b>At the end of the year</b>	<b><u>10,000</u></b>	<b><u>52,372</u></b>	<b><u>62,372</u></b>

The notes on pages 18 to 38 are an integral part of these financial statements.





# Statement of Cash Flows

Year ended December 31, 2012.

<i>(All amounts are expressed in thousands of Ghana cedis)</i>	Note	2012	2011
<b>Cash Flows from Operating Activities</b>			
Cash generated from operations	20	<b>39,454</b>	30,641
Interest paid	7	<b>(311)</b>	(175)
Interest received	6	<b>3,917</b>	1,680
Tax paid	18	<b>(8,196)</b>	(5,402)
<b>Net cash generated from operating activities</b>		<b>34,864</b>	26,744
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	10	<b>(15,922)</b>	(20,178)
Proceeds from sale of property, plant and equipment	10	<b>558</b>	209
<b>Net cash used in investing activities</b>		<b>(15,364)</b>	(19,969)
<b>Cash Flows from Financing Activities</b>			
Dividend paid	19	<b>(18,987)</b>	(2,261)
Purchase of own shares	14	<b>-</b>	(6,249)
<b>Net cash used in financing activities</b>		<b>(18,987)</b>	(8,510)
<b>Increase in cash and cash equivalents</b>		<b>513</b>	(1,735)
Cash and cash equivalents at the beginning of the year		<b>24,416</b>	26,151
<b>Cash and cash equivalents at the end of the year</b>	13	<b>24,929</b>	24,416

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