



Year ended December 31, 2013.

Independent Auditor's Report

Reports 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, 2013, and the statement of profit and loss and other 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.

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 misstatement, 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, 2013 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 (part of statement of profit and loss and other comprehensive income) are in agreement with the books of account.

Chartered Accountants

14 March, 2014

Accra, Ghana

Michael Asiedu-Antwi (ICAG/P/1138)

Michael Asiedu-Antwi



Statement of Comprehensive Income

Year ended December 31, 2013.

<i>(All amounts are expressed in thousands of Ghana cedis)</i>		Note	2013	2012
Revenue	3		138,969	147,212
Cost of Sales	4		(61,451)	(69,799)
Gross Profit			77,518	77,413
Distribution Costs	4		(36,069)	(33,780)
Administrative Expenses	4		(13,844)	(11,375)
Other Income	5		589	446
Operating Profit			28,194	32,704
Finance Income	6		2,084	4,067
Finance Costs	7		(504)	(329)
Profit before Income Tax			29,774	36,442
Income Tax Expense	8		(8,052)	(9,244)
Profit for the year			21,722	27,198
Other Comprehensive Income			-	-
Total Comprehensive Income			21,722	27,198
Earnings per Share				
Basic and Diluted (GHS)	9		0.19	0.23

The notes on pages 19 to 38 are an integral part of these financial statements.





Year ended December 31, 2013.

Statement of Financial Position

(All amounts are expressed in thousands of Ghana cedis)	Note	2013	2012
Assets			
Non-Current Assets			
Property, plant and equipment	10	61,784	51,904
Intangible assets	11	520	-
		62,304	51,904
Current Assets			
Inventories	12	16,124	15,640
Trade and other receivables	13	4,724	4,080
Cash and cash equivalents	14	18,095	24,929
		38,943	44,649
Total Assets		101,247	96,553
Equity and Liability			
Equity attributable to owners			
Stated capital	15	10,000	10,000
Income surplus account	16	66,431	51,681
		76,431	61,681
Liabilities			
Non-Current Liabilities			
Deferred income tax	17	5,004	3,664
Current Liabilities			
Trade and other payables	18	17,830	21,595
Current income tax	19	-	311
Dividend payable	20	1,982	9,302
		19,812	31,208
Total Liabilities		24,816	34,872
Total Equity and Liabilities		101,247	96,553

The financial statements on pages 14 to 38 were approved by the Board of Directors on 21 February, 2014 and signed on its behalf by:

Director

Director

The notes on pages 19 to 38 are an integral part of these financial statements.

Statement of Changes in Equity

Year ended December 31, 2013.

<i>(All amounts are expressed in thousands of Ghana cedis)</i>	Stated Capital	Income Surplus Account	Total
Year ended December 31, 2013			
At the beginning of the year	10,000	51,681	61,681
Total comprehensive income	-	21,722	21,722
Dividend declared	-	(6,972)	(6,972)
At the end of the year	<u>10,000</u>	<u>66,431</u>	<u>76,431</u>
Year ended December 31, 2012			
At the beginning of the year	10,000	52,372	62,372
Total comprehensive income	-	27,198	27,198
Dividend declared	-	(27,889)	(27,889)
At the end of the year	<u>10,000</u>	<u>51,681</u>	<u>61,681</u>

The notes on pages 19 to 38 are an integral part of these financial statements.



Statement of Cash Flows

<i>(All amounts are expressed in thousands of Ghana cedis)</i>	Note	2013	2012
Cash Flows from Operating Activities			
Cash generated from operations	21	32,661	39,454
Interest paid	7	(501)	(311)
Interest received	6	1,976	3,917
Tax paid	19	(7,023)	(8,196)
Net cash generated from operating activities		27,113	34,864
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	10	(19,267)	(15,922)
Purchase of intangible assets	11	(670)	-
Proceeds from sale of property, plant and equipment	10	282	558
Net cash used in investing activities		(19,655)	(15,364)
Cash Flows from Financing Activities			
Dividend paid	20	(14,292)	(18,987)
Net cash used in financing activities		(14,292)	(18,987)
(Decrease)/Increase in cash and cash equivalents		(6,834)	513
Cash and cash equivalents at the beginning of the year		24,929	24,416
Cash and cash equivalents at the end of the year	14	18,095	24,929

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