

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
STARWIN PRODUCTS LIMITED**

Report on financial statements

We have audited the financial statements of Starwin Products Limited, which comprise the statement of financial position at 31 December 2013, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information as set out on pages 12 to 43.

Directors' Responsibility for the financial statement

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.

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 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 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 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, these financial statements give a true and fair view of the financial position of Starwin Products Limited at 31 December 2013, and its financial performance and 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) of Ghana.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act 1963, (Act 179) of Ghana
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

KPMG

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Signed by: Nathaniel D. Harley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/0036)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELINKPE

P O BOX GP 242

ACCRA

27 March,
..... 2014

STARWIN PRODUCTS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

Asset	Note	2013 GH¢	2012 GH¢
Property, plant and equipment	6	1,424,874	1,507,667
Intangible assets	7	1,536	14,731
Long term investments	10	182,250	27,911
Total non-current assets		1,608,660	1,550,309
Inventories	11	2,048,486	1,710,724
Trade and other receivables	12	1,496,909	1,128,802
Cash and cash equivalents	13	41,031	59,689
Total current assets		3,586,427	2,899,214
Total assets		5,195,087	4,449,523
Equity			
Share capital	16	1,982,028	1,982,028
Retained earnings		1,046,429	558,432
Total equity		3,028,457	2,540,460
Non-current liabilities			
Deferred tax liabilities	9	93,541	45,674
Total non-current liabilities		93,541	45,674
Current liabilities			
Bank overdraft	14	834,117	900,957
Trade and other payables	18	1,231,116	947,580
Income tax liability	8	1,113	228
Dividend payable	15	6,743	14,626
Total current liabilities		2,073,089	1,863,389
Total liabilities		2,166,630	1,909,063
Total liabilities and equity		5,195,087	4,449,523

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DIRECTOR

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DIRECTOR

The notes on pages 17 to 43 form an integral part of these financial statements.

STARWIN PRODUCTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 GH¢	2012 GH¢
Revenue		6,678,090	4,808,858
Cost of sales		(2,873,649)	(2,232,806)
Gross profit		3,804,441	2,576,052
Other income	19	4,000	2,524
General, administrative and selling expenses		(2,733,060)	(1,963,731)
Results from operating activities		1,075,381	614,845
Finance costs	22	(342,572)	(159,076)
Profit before income taxation	20	732,808	455,769
Income tax expense	8	(217,071)	(156,499)
Profit for the year		515,737	299,270
Other comprehensive income - Capital gains on investment		153,371	-
Related tax effect	9	(23,006)	-
Total comprehensive income for the year		646,102	299,270
Basic earnings per share	17	0.0090	0.0042
Diluted earnings per share	17	0.0090	0.0042

The notes on pages 17 to 43 form an integral part of these financial statements.

**STATEMENT OF CHANGES
IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2013**

	Stated Capital GH¢	Capital Surplus GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2013	1,982,028	-	558,532	2,540,560
Total comprehensive income for the year				
Profit for the year	-	-	646,102	646,102
Other comprehensive income	-	130,365	(130,365)	-
Total comprehensive income for the year	<u>1,982,028</u>	<u>130,365</u>	<u>1,074,269</u>	<u>3,186,662</u>
Transaction with equity holders				
Dividend declared	-	-	(158,106)	(158,106)
Total transactions with equity holders	<u>-</u>	<u>-</u>	<u>(158,106)</u>	<u>(158,106)</u>
Balance at 31 December 2013	<u>1,982,028</u>	<u>130,365</u>	<u>916,163</u>	<u>3,028,556</u>

	Stated Capital GH¢	Retained Earnings GH¢	Total Equity GH¢
Balance at 1 January 2012	1,982,028	359,482	2,341,510
Total comprehensive income for the year			
Profit for the year	-	299,270	299,270
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>1,982,028</u>	<u>658,752</u>	<u>2,640,780</u>
Transaction with equity holders			
Dividend declared (Restated) - Note 5	-	(100,320)	(100,320)
Total transactions with equity holders	<u>-</u>	<u>(100,320)</u>	<u>(100,320)</u>
Balance at 31 December 2013	<u>1,982,028</u>	<u>558,432</u>	<u>2,540,460</u>

The notes on pages 17 to 43 form an integral part of these financial statements.

STARWIN PRODUCTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 GH¢	2012 GH¢
Cash flows from operating activities		
Profit before taxation	886,179	455,769
Adjustments for:		
Depreciation	171,194	202,491
Amortisation of intangible assets	13,195	13,195
Interest received	-	(24)
Interest expense	342,572	159,076
Doubtful debt provision	81,661	102,486
(Profit)/Loss on disposal of property, plant and equipment	-	(2,500)
Change in inventories	(337,762)	(945,994)
Change in trade and other receivables	(449,767)	81,308
Capital gains	(153,371)	-
Change in trade and other payables	283,536	364,072
Cash generated from operations	<u>837,437</u>	<u>429,879</u>
Interest received	-	24
Interest paid	(342,572)	(159,076)
Income taxes paid	<u>(191,325)</u>	<u>192,480</u>
Net cash flow from operating activities	<u>303,540</u>	<u>78,347</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(88,401)	(111,343)
Purchase of intangible assets	-	(4,608)
Proceeds from sale of property, plant and equipment	-	2,500
Purchase of investment	(968)	(49)
Net cash flow used in investing activities	<u>(89,369)</u>	<u>(113,500)</u>
Cash flows from financing activities		
Loan Repaid	-	(299,983)
Dividend paid	(165,989)	(92,437)
Net cash flow (used)/in financing activities	<u>(165,989)</u>	<u>(392,420)</u>
Net increase/(decrease) in cash and cash equivalents	<u>48,182</u>	<u>(427,573)</u>

The notes on pages 17 to 43 form an integral part of these financial statements.

**STARWIN PRODUCTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2013 (CONT'D)**

	2013 GH¢	2012 GH¢
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(841,268)	(413,695)
Net cash flow	48,182	(427,573)
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Balance at 31 December	(793,086)	(841,268)
	=====	=====
Analysis of balances of cash and cash equivalents		
Cash and bank balances	41,031	59,689
Bank overdraft	(834,117)	(900,957)
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Balance at 31 December	(793,086)	(841,268)
	=====	=====

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