

CLYDESTONE

innovate • develop • support •

CLYDESTONE (GHANA) LIMITED

2006
ANNUAL REPORT

CLYDESTONE 2006

CLYDESTONE

innovate • develop • support •

CLYDESTONE (GHANA) LIMITED

ANNUAL REPORT

CLYDESTONE 2006



ANNUAL REPORT

♦ INNOVATE ♦ DEVELOP ♦ SUPPORT

CLYDESTONE 2006

CONTENTS

OUR CORE VALUES	2
NOTICE OF ANNUAL GENERAL MEETING	3
DIRECTORS, OFFICIALS AND REGISTERED OFFICE	4
BOARD OF DIRECTORS	5
COMPANY PROFILE	6
CHAIRMAN'S STATEMENT	8
CHIEF EXECUTIVE'S REPORT	11
FINANCIAL HIGHLIGHTS	13
REPORT OF DIRECTORS	14
CORPORATE GOVERNANCE	15
SUMMARY OF THE AUDIT COMMITTEE REPORT FOR 2006	16
REPORT OF INDEPENDENT AUDITORS	17
FINANCIAL STATEMENTS	18
BALANCE SHEET	19
PROFIT AND LOSS ACCOUNT	20
CASH FLOW STATEMENT	21
NOTES TO THE FINANCIAL STATEMENTS	22
FORM OF PROXY	33

OUR CORE VALUES

The following core values set forth how we conduct ourselves in our dealings with customers, employees, suppliers, partners, competitors and the community seeking to improve every facet of our business through processes and procedures designed to optimise all our resources.

CUSTOMERS

We will meet in every reasonable way our customers' requirements and expectations.

EMPLOYEES

We will develop, train and support a world-class work force, treating employees with respect, and empowering them to achieve continuous improvement and excellence in quality and customer service.

PROCESSES

We will constantly review our procedures and our processes to ensure that we are effective and operate at the peak of our capability.

IMPROVEMENTS

We will diligently pursue improvements in every facet of our business.

CORPORATE CITIZENSHIP

We will promote the vitality, safety and well being of the communities in which we work.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Clydestone (Ghana) Limited will be held at the Conference Centre, Ghana International Trade Fair, Accra on Tuesday, 29th May, 2007 at 10.00 am to transact the following business:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December, 2006
2. To declare a dividend for the period ended 31st December 2006.
3. To re-elect Directors
4. To ratify the appointment of the following as a Director: - Eudora Koranteng.
5. To approve Directors' fees.
6. To authorize the Directors to fix the remuneration of the Auditors.

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting it must be completed and deposited at the offices of the Registrars, NTHC Limited, Martco House, No. D 542/4, Okai Mensah Link, Adabraka, Accra. P.O. Box 9563, Airport-Accra not less than 48 hours before the appointed time of the meeting.

Dated this 1st day of March 2007.

BY ORDER OF THE BOARD



Clara Arthur (Mrs.)
The Secretary

CLYDESTONE 2006

BOARD OF DIRECTORS, OFFICERS AND REGISTERED OFFICE

BOARD OF DIRECTORS

George Prah
Edmund Arnong
Paul Tse Jacquaye
Prof. Ellis Badu
Dr. Kwabena Duffour
Nana Benyin Hutchful
Eudora Koranteng

SECRETARY

Jonathan Sam
Clydestone (Ghana) Limited
P. O. BOX CT 1003
Cantonments, Accra

REGISTERED OFFICE

C/172/3 Lamb Road
Asylum Down
Accra

AUDITORS

Voscon Chartered Accountants
FC Lokko Road
50 Lokko Road
Osu, Accra

SOLICITORS

Bram Larbi Beecham & Co.
P. O. BOX 8345
Accra-North

BANKERS

Ecobank Ghana Limited
Standard Chartered Bank (Gh) Ltd.

REGISTRARS

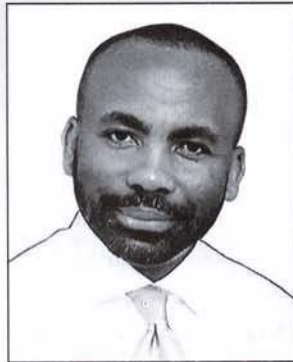
NTHC Limited
Martco House
P. O. Box KA 9563
Airport, Accra
Ghana

CLYDESTONE 2006

BOARD OF DIRECTORS



GEORGE PRAH
Chairman



PAUL TSE JACQUAYE
Managing Director



DR. KWABENA DUFFOUR



EUDORA KORANTENG



EDMUND ARNONG



NANA BENYIN HUTCHFUL



PROF. ELLIS BADU

COMPANY PROFILE

Clydestone (Ghana) Limited is a leading provider of information, communication and technology solutions in Ghana. We specialise in niche products, services and solutions within the wider information and communications technology marketplace.

Established in June 1989, Clydestone has introduced and deployed cutting-edge solutions in the area of payment systems, remittance processing, transaction switching, local area networking, automated teller machines sales and support and outsourcing.

The payment systems and networks that are installed by Clydestone are at the core centre of the financial services sector in Ghana, mainly for banks and multi-national companies.

Clydestone is the first information and communication technology company to list on the Ghana Stock Exchange. Clydestone became a public limited liability company on August 26, 2003. It was officially listed on the Ghana Stock Exchange on May, 19, 2004 after a successful public floatation of 10,600,000 ordinary shares of no par value at \$500 per share. We trade under the symbol CLYD.

The activities of Clydestone include:

- Image based documentation processing payment solutions
- System integration
- Network design, installation and technical support
- Computer and communication technology consultancy
- Transaction Switching
- Automated Teller Machine sales, installation and support
- Point of sales terminal supply and support
- Project management, training & consultancy

Strengths & Profit Drivers of Clydestone:

- Pioneer and outstanding provider of information technology solutions in Ghana and Nigeria;
- Operating in a very fast growing industry;
- Authorised dealership and representative of renowned information technology company in USA;
- Large corporate clientele;
- Commitment to quality customer service;
- Commitment to quality training, and development; and
- Commitment to good corporate governance practices.

CLYDESTONE 2006

For the Information, Communication and Technology side of your business, Clydestone is all you need for all you want. Partnership with us equals value for your organisation

Our Mission

To be innovative in developing cutting edge solutions to meet our customer's expectations in their ICT investments and to deliver products and services that improve their operational efficiency and profitability.

Our Vision

To be the leading provider of cutting edge ICT solutions in Ghana and across the West African Sub-Region and beyond.

The Outlook of Clydestone

CLYD is a fast growing company operating in an equally fast growing industry. It is a strong performing company gradually establishing good records of profitability generated by very efficient management and a highly skilled dedicated workforce.

In line with our vision to become a Pan African company, we recently opened an office in Nigeria, to explore and penetrate the West African sub-regional market with all their business offerings.

CHAIRMAN'S STATEMENT

It is an honour to welcome you, our valued Shareholders to today's Annual General Meeting, the third since Clydestone (Ghana) Limited became a public company.

THE ECONOMIC ENVIRONMENT:

The Ghanaian economy performed well in the year 2006, with sustained macroeconomic stability and an impressive 6.2% GDP growth exceeding the targeted 6%. This growth was spearheaded by Agriculture and the Services Sector- (mainly telecommunications, transport and Tourism). Inflation continued its downward trend, ending the year at 10.5%, slightly below the targeted single digit rate. These achievements were made against the backdrop of a volatile petroleum market, and looming energy crises.

The Bank of Ghana reduced its prime rate from 15.5% in 2005 to 14.5% and then 12.5% by December 2006, in line with declining inflation. All banks subsequently reduced their base rates.

The foreign exchange market nevertheless held firm, as the cedi depreciated by a marginal 1.3% against the US dollar (11.6% Euro and 13.1% pound sterling).

OUR INDUSTRY:

The banking industry enjoyed enhanced liquidity with the increased capitalisation, Government's abolition of the Secondary Reserve Requirement, and the abolition of the National Reconstruction Levy effective 2007. All these enhanced the capacity of banks to release more funds to the private sector.

Competition in the industry intensified, as three new banks joined during 2006 bringing the total number of banks in the industry to 23. Lower interest rates and tighter margins, meant that banks needed to be both creative and aggressive to grow and maintain profitability. It is remarkable to note that all the three new banks are customers of your company. Application of cutting edge technology has undoubtedly become critical to banking success in the world today. Automated Teller Machine sales continued to grow as predicted, with more banks acquiring or signing in to systems that Clydestone provides.

The Telecommunications market likewise continued to see growth and increased competition in all sectors of the industry. Price cutting amongst players in the cellular phone market was most severe, and in its wake commissions and fees paid to distributors and service providers saw cuts during the year. Switching fees charged contributed to a significant proportion of our revenue base, as the technologies and systems Clydestone employs enjoyed increasing patronage. Sales of Point of Sale terminals (POS) also increased significantly and promise to

contribute substantially to future revenues of the company.

HIGHLIGHTS OF 2006 PERFORMANCE:

Sales for the Clydestone company alone grew by 66%, and net operating profit, by 54% in response to the above positive trends in our industry. Your company maintained its lead role in all the market sectors in which it operates and provided innovations and solutions that kept its customers at the forefront of their markets also.

The encouraging results achieved by Clydestone, were however dampened somewhat by the adverse impact of the abrogation of the ECG contract on results of our Remittance Processing (Ghana) Limited subsidiary (RPGL). It closed the year with a loss of €1bn, after a profit of €522million in 2005. Steps taken to restructure RPGL are expected to bear fruit in the coming year.

As a result of this development, Group turnover for the year 2006 increased by 14%, to €21.4bn while net profit after tax declined by 45% to €923 million due to poor results from the Subsidiary Remittance Processing Ghana Limited resulting from the loss of Electricity Company of Ghana contract. Shareholders funds decreased by 2.7% from €9.488million to €9.228 million.

DIVIDEND

The Board of Directors recognises that our shareholders deserve a fair return on their investment, and in keeping with our commitment, recommend a dividend of €30 per share. This represents a payout ratio of 58%. The Board made this recommendation, on the strength of the profit outturn of the Clydestone, while confident that the adversity suffered by its RPGL subsidiary will be reversed shortly.

CORPORATE GOVERNANCE

The Board is committed to ensuring good corporate governance policies in the firm belief that this ultimately enhances shareholder value. In keeping with the regulations of the Securities and Exchange Commission and Rules of the Ghana Stock Exchange, the Board met regularly during the period under review. The Audit Committee also met regularly and ensured that the highest standards of good governance and financial management was in place.

CLYDESTONE 2006

DIRECTORSHIP

The Board of Directors is pleased to welcome Mrs. Eudora Koranteng to its membership and seeks your ratification of her appointment at this Annual General Meeting. Mrs. Koranteng is a Lawyer with a wealth of corporate and financial experience, having previously served with the Ghana Stock Exchange, Ghana Leasing Company and the Securities and Exchange Commission. We trust that her rich experience will impact positively on the future of Clydestone.

OUTLOOK

Cognisant that the future of the Banking and Telecommunications industries rests firmly on the application of technology for growth and profitability, your company made appropriate investments in 2006, and will continue to make substantial investments in innovations, improvements and deployment of latest technologies to remain ahead of the market. This is alongside our entry into the Nigeria Market announced last year, which promises to bear fruit as our first contracts under discussion near finalization. We propose additionally to explore, with your mandate, identified opportunities for acquisitions and mergers as a means of enhancing growth, increasing shareholder value and consolidating our market positions. The outlook for the Clydestone Group remains positive and we must stand in readiness to exploit the opportunities that arise.

APPRECIATION

The Board of Directors, Management and Staff continued to show admirable dedication and worked hard to address the challenges that ensued in the course of the year. They deserve our commendation. I thank you also, our valued shareholders for continuing to show faith with your company. Thank you.

George Prah



Chairman

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

Fellow shareholders I am happy to present my Review for the 2006 Financial Year. The year under review saw a good performance by Clydestone; however total group performance was not as expected. This was mainly due to losses incurred by our Subsidiary Remittance Processing (Ghana) Limited. The necessary restructuring has been undertaken and we are confident that the story for 2007 will be a very different one. Clydestone Nigeria is now firmly established with new office in Ikeja Lagos. We are undertaking pilots of our ATM and Point of Sale devices with institutions in Nigeria and we are confident of securing business with these prospects this year. We have also signed new distributorship agreements with strategic foreign companies in the area of Automated Teller Machines (ATM) and Point of Sale devices (POS). On ATM's we have been appointed Distributors by Kingteller of China for Ghana and Nigeria. We also signed with Spectra Technologies of Hong Kong to distribute their range of POS Terminals. We believe that the addition of these new partners will further strengthen our product offerings to our customers and help grow our fortunes.

The company also acquired a new corporate office at Ridge Towers where we have also deployed a state of the art Data Centre to house our Transaction Switching Equipments and to also offer secure and redundant co-location services to some of our customers.

2006 PERFORMANCE REVIEW

The year saw an increase in Group Turnover from ₦18,471million to ₦21,047 million an increase of 14%. Net Profit before tax declined from ₦2,776 million to ₦1,535 million a decrease of 44.71% as a result of poor performance from RPGL our subsidiary. Clydestone's performance continue to improve we increased sales by 66% from ₦12,175 million in 2005 to ₦20,263 million in 2006. Net profit before taxation increased from ₦1,599 million to ₦2,464 million an increase of 54%. Our subsidiary RPGL's contribution to the group was negative as they posted a decline of 88% in turnover from ₦6,515 million to ₦784 million. Net profit before taxation declined from ₦783 million to a loss of ₦1,155 million a 147% decrease.

Business from the various areas of operation was as follows: In **Financial Document Processing** we gained three new customers namely, Fidelity Bank, Intercontinental Bank and Guaranty Trust Bank. We continued to offer support to the Automated Clearing house at Bank of Ghana. We registered growth from a new business area **Transaction Switching** which contributed significantly to total turnover.

The Sale of **Automated Teller Machines** also increased to 27 for the year. Sale of Point of Sale Terminals and Networking showed steady growth; we undertook a Data Centre and Structured Cabling Project for Fidelity Bank at their new banking premises and head office.

Remittance Processing: Our subsidiary Remittance Processing (Ghana) Limited did not perform as expected. This was due to the loss of the ECG contract which has affected RPGL's

CLYDESTONE 2006

business. The restructuring of the company is now complete and 2007 will see a recovery from that of 2006.

RPGL filed two suits against the Electricity Company of Ghana (ECG). The first suit was for monies owed RPGL by ECG this was successful and ECG has paid in full what they owed us. Hearing of the second suit has been concluded and we are awaiting judgment. The second suit was for breach of contract for which we are seeking substantial damages from ECG

We continue to operate with a keen eye on general and administrative expenses. This went up by 18% for the year due to the increase in petroleum prices as well the additional staff employed to man our switching operations. These additions will help further grow our business in the coming years.

OUR PEOPLE

We continue to train and develop our people to provide the highest level of customer service to our numerous and valued clients. To this end some of our staff undertook training with our new found partners Kingteller and Spectra Technologies in China. This is in keeping with our quest to be abreast with technological changes and to keep pace with new developments in the Information and Communication Technology marketplace.

OUTLOOK

Despite the setbacks for this year we are confident that with the restructuring of RPGL and the introduction of new services, coupled with the dedication of the staff and management, we will deliver a much better performance in the coming years.

CONCLUSION

I conclude by expressing my sincere gratitude to our customers for their loyalty this year. To you and the Board, Management and Staff I say thank you for all your support. Although 2006 was a challenging year for the Clydestone Group, I can assure you all that the lessons learnt has strengthened our resolve and although we still have challenges to work through, we are optimistic about our opportunities for profitable growth. With a renewed focus on execution we believe that we are well-positioned to deliver a new record of earnings growth and consistency in 2007. Thank You

Paul Jacquaye



CHIEF EXECUTIVE OFFICER

CLYDESTONE 2006

FINANCIAL HIGHLIGHTS

CONSOLIDATED PROFIT AND LOSS

	2006	2005	% CHANGE
	¢	¢	
SALES	21,046,830,108	18,471,352,143	13.94
COST OF SALES	12,648,612,733	10,084,008,498	(25.43)
GROSS PROFIT	8,398,217,375	8,387,343,645	0.13
SELL, GEN & ADMIN. EXP.	7,088,973,074	6,004,193,716	(18.07)
OTHER INCOME	225,563,068	392,677,166	(42.56)
PROFIT BEFORE TAX	1,534,807,369	2,775,827,095	(44.71)
TAXATION	774,951,882	1,028,297,465	24.64
PROFIT AFTER TAX	759,855,487	1,747,529,630	(56.52)
MINORITY INTEREST	163,158,789	85,437,733	90.97
NET PROFIT	923,014,276	1,662,091,897	(44.47)
EARNINGS PER SHARE	27.15	48.89	(23.96)

CLYDESTONE 2006

REPORT OF THE DIRECTORS

CLYDESTONE (GHANA) LIMITED REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2006

The Directors in submitting to the Shareholders the financial statements of the company for the year ended December 31, 2006 reports as follows:

	Cedis
The Company recorded a net profit before taxation of	1,534,807,369
From which is deducted taxation and national reconstruction levy of	774,951,882
Giving a net profit after taxation of	759,855,486
Add minority interest in subsidiary	163,158,789
Giving a net profit of	923,014,275
From which is deducted proposed dividend by the board to Shareholders of	1,020,000,000
Leaving a balance transferred to income surplus account of	(96,985,725)

The directors to retire by rotation in accordance with the regulations of the company are, Dr. K. Duffour and Prof. E. Badu who being eligible, offer themselves for re-election.

AUDITORS

In accordance with section 134(5) of the companies code, 1963 (Act 179) Voscon Chartered Accountants has agreed to continue in office as the company auditors. A resolution to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

NATURE OF BUSINESS

There was no change in the nature of business of the company during the year under review.

BY ORDER OF THE BOARD



DIRECTOR



DIRECTOR

Date: 1st March 2007

CORPORATE GOVERNANCE

Our Board has continually adhered to the policies and guidelines of the Clydestone's Corporate Governance that cover among other things the following:

1. Principle 1: Lay solid foundations for management and oversight
2. Principle 2: Structure the board to add value
3. Principle 3: Promote ethical and responsible decision-making
4. Principle 4: Safeguard integrity in financial reporting
5. Principle 5: Make timely and balanced disclosure
6. Principle 6: Respect the rights of shareholders
7. Principle 7: Recognise and manage risk
8. Principle 8: Encourage enhanced performance
9. Principle 9: Recognise the legitimate interests of stakeholders

Our current Board of Directors is composed of the following Executive and Non-Executive Directors.

Non-Executive Directors

Mr. George Prah
Dr. Kwabena Duffour
Mr. Edmund Arnong
Prof. Edwin Ellis Badu
Mrs. Eudora Koranteng
Nana Benyin Hutchful

Executive Director

Mr. Paul Tse Jacquaye

SUMMARY OF THE AUDIT COMMITTEE REPORT FOR 2006

Membership of the Audit Committee of the Board

The audit committee of the Board is made up of three non-executive directors. The Committee is chaired by Mr. Edmund Arnong a Chartered Accountant; other members are Professor Ellis Badu and Mr. George Prah. In attendance are the Financial Controller and Internal Auditor.

The duties and scope of the Audit Committee includes (but not limited to):

- Advise the Board on the adequacy and effectiveness of the Company's systems of Internal Control regarding operational and financial systems
- To advise the Board on the appointment, reappointment, dismissal and remuneration of the External Auditors, the Internal Audit Officers and the Chief Financial Officer.
- To advise the Board on the scope and objectives of the work of the External and Internal Auditors
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal and external audit reports
- To produce an annual report for the Board of Directors, which should include, the committee's advice on the effectiveness of the company's risk management, control and governance processes, and any significant matters arising from the work of the internal and external Auditors
- To ensure that all allegations of fraud and irregularity are properly dealt with.

The activities of the Audit Committee includes but not limited to meeting at the beginning of every quarter and furnishing the Board and the Securities and Exchange Commission with the Audit Committee reports.

The Committee reviewed the results of the Company each quarter and recommended its findings to the Board prior to publication. It also reviewed the Internal and external Audit Report and the ongoing Risk Profile of the Company.

The Committee met five times in 2006.

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the financial statements of Clydestone (Ghana) Limited and its subsidiary set out on pages 19 to 29 as at December 31, 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing these financial statements. Our responsibility is to express an independent opinion on these financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, proper books of account have been kept by the Company and its subsidiary and the financial statements which are in agreement therewith, present fairly in all material respects, the financial position of Clydestone (Ghana) Limited and its subsidiary as at December 31, 2006 and the results of their operations and cash flows for the year then ended in conformity with Ghana National Accounting Standards and comply with the Companies Code, 1963 (Act 179).



CHARTERED ACCOUNTANTS
ACCRA

31st January, 2007

CLYDESTONE 2006



FINANCIAL STATEMENTS



CLYDESTONE 2006

FINANCIAL STATEMENTS

CLYDESTONE (GHANA) LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2006

	NOTES	COMPANY 2006 ¢'000	GROUP 2006 ¢'000	COMPANY 2005 ¢'000	GROUP 2005 ¢'000
DEFERRED EXPENDITURE	2	1,318,647	1,318,647	562,103	562,103
FIXED ASSETS	3	2,283,552	3,207,420	1,601,208	2,959,448
INVESTMENT	4	1,784,928	2,089,007	1,784,928	897,059
CURRENT ASSETS					
Inventories		1,254,123	1,254,123	1,407,428	1,407,427
Trade accounts receivable		7,635,145	8,339,640	7,347,469	8,778,740
Other accounts receivable	5	824,250	847,107	179,516	734,130
Cash and bank balances	6	202,838	759,108	1,216,035	2,055,478
Due from subsidiary company		12,057	-	1,302	-
		9,928,413	11,199,978	10,151,750	12,975,775
CURRENT LIABILITIES					
Trade accounts payable		2,276,390	3,118,059	3,649,183	4,746,066
Other accounts payable	7	3,439,279	4,226,277	1,618,324	1,962,469
Taxation	8	(137,772)	(10,073)	(58,041)	45,027
Dividend payable	9	1,253,271	1,253,271	1,153,160	1,153,160
		6,831,168	8,587,534	6,362,626	7,906,722
Net Current Assets		3,097,245	2,612,444	3,789,124	5,069,053
Net Assets		8,484,372	9,227,518	7,737,363	9,487,663
REPRESENTED BY					
Stated Capital	10	5,548,500	5,548,500	5,548,500	5,548,500
Capital Surplus	11	1,409,550	2,130,367	1,409,550	2,130,367
Income Surplus		1,526,322	1,139,103	779,313	1,236,089
Minority Interest	12	-	409,548	-	572,707
		8,484,372	9,227,518	7,737,363	9,487,663



DIRECTOR



DIRECTOR

The accompanying notes on pages 22 to 29 form an integral part of these financial statements.

FINANCIAL STATEMENTS

CLYDESTONE (GHANA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006

	NOTES	COMPANY 2006 ¢'000	GROUP 2006 ¢'000	COMPANY 2005 ¢'000	GROUP 2005 ¢'000
TURNOVER	1(b)	20,262,615	21,046,830	12,174,867	18,471,352
COST OF OPERATIONS		<u>(12,442,454)</u>	<u>(12,648,613)</u>	<u>(7,125,971)</u>	<u>(10,084,008)</u>
GROSS OPERATING PROFIT		<u>7,820,161</u>	<u>8,398,217</u>	<u>5,048,896</u>	<u>8,387,344</u>
General & Administration Expenses	13	<u>(5,355,876)</u>	<u>(7,088,973)</u>	<u>(3,449,095)</u>	<u>(6,004,194)</u>
Net operating Profit		2,464,285	1,309,244	1,599,801	2,383,150
Other Income	14	<u>27,644</u>	<u>225,563</u>	<u>581,824</u>	<u>392,677</u>
Profit Before Taxation		2,491,929	1,534,807	2,181,625	2,775,827
Taxation					
Corporate	8	(724,920)	(774,952)	(593,198)	(981,318)
National Reconstruction Levy		<u>-</u>	<u>-</u>	<u>(32,724)</u>	<u>(46,980)</u>
Profit After Taxation		1,767,009	759,855	1,555,703	1,747,529
Minority Interest		<u>-</u>	<u>163,159</u>	<u>-</u>	<u>(85,437)</u>
Net Profit for the year		<u>1,767,009</u>	<u>923,014</u>	<u>1,555,703</u>	<u>1,662,092</u>

INCOME SURPLUS ACCOUNT

January 1	779,313	1,236,089	243,610	593,997
Profit for the year	1,767,009	923,014	1,555,703	1,662,092
Proposed dividend	<u>(1,020,000)</u>	<u>(1,020,000)</u>	<u>(1,020,000)</u>	<u>(1,020,000)</u>
December 31	<u>1,526,322</u>	<u>1,139,103</u>	<u>779,313</u>	<u>1,236,089</u>

The accompanying notes on pages 22 to 29 form an integral part of these financial statements.

FINANCIAL STATEMENTS

CLYDESTONE (GHANA) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2006

	COMPANY 2006 ¢'000	GROUP 2006 ¢'000	COMPANY 2005 ¢'000	GROUP 2005 ¢'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Taxation	2,491,929	1,534,807	2,181,625	2,775,827
Reconciliation of Profit to net Cash Flow from operating activities				
Adjustment for Non - Cash Items:				
Depreciation	562,191	850,644	495,080	986,779
Amortisation of deferred expenditure	127,745	127,745	128,266	317,800
Loss on Disposal	-	2,206	-	-
	<u>3,181,865</u>	<u>2,515,402</u>	<u>2,804,971</u>	<u>4,080,406</u>
Changes in current assets and liabilities				
Inventories	153,305	153,305	(343,922)	(343,922)
Trade accounts receivable	(287,676)	439,100	(5,012,083)	(4,886,528)
Other accounts receivable	(644,734)	(112,978)	414,605	(5,148)
Trade accounts payable	(1,372,794)	(1,628,007)	3,461,072	3,899,249
Other accounts payable	1,820,956	2,263,808	726,734	852,881
Due from subsidiary company	(10,754)	-	10,481	-
	<u>(341,697)</u>	<u>1,115,228</u>	<u>(743,113)</u>	<u>(483,468)</u>
Tax paid				
Corporate	(804,652)	(830,052)	(430,588)	(619,759)
National Reconstruction Levy	-	-	(1,426)	(1,426)
	<u>(804,652)</u>	<u>(830,052)</u>	<u>(432,014)</u>	<u>(621,185)</u>
Net cash provided by operating activities	<u>2,035,516</u>	<u>2,800,578</u>	<u>1,629,844</u>	<u>2,975,753</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Fixed assets purchased	(1,244,535)	(1,244,535)	(305,935)	(519,831)
Deferred Expenditure	(884,289)	(884,289)	(145,236)	(145,236)
Proceeds from sale of assets	-	143,713	-	-
Investment	-	(1,191,948)	-	(782,059)
Dividend paid-Minority	-	-	-	(64,871)
Net cash used in investing activities	<u>(2,128,824)</u>	<u>(3,177,059)</u>	<u>(451,171)</u>	<u>(1,511,997)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid-members	(919,889)	(919,889)	(546,840)	(546,840)
Net cash used in financing activities	<u>(919,889)</u>	<u>(919,889)</u>	<u>(546,840)</u>	<u>(546,840)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,013,197)</u>	<u>(1,296,370)</u>	<u>631,833</u>	<u>916,916</u>
CASH AND BANK BALANCES				
At the beginning of year:-				
Cash and Bank	<u>1,216,035</u>	<u>2,055,478</u>	<u>584,202</u>	<u>1,138,562</u>
At the end of year:-				
Cash and Bank	<u>202,838</u>	<u>759,108</u>	<u>1,216,035</u>	<u>2,055,478</u>

The accompanying notes on pages 22 to 29 form an integral part of these financial statements.

FINANCIAL STATEMENTS

CLYDESTONE (GHANA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of the significant accounting policies adopted in the presentation of these financial statements, which have been prepared in accordance with Ghana National Accounting Standards and under the historical cost convention as modified by the revaluation of certain fixed assets

a - Group accounting

Subsidiary entities in which the company has controlling interest are consolidated. All inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

b - Income recognition

Turnover comprise the invoiced value of good and services.

c - Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is provided by using the straight line basis at annual rates estimated to write off the cost of the assets over their expected useful lives.

The annual rates used are:-

Motor Vehicles	20.00%
Furniture, Fixtures and Fittings	7.50%
Office equipment	20.00%
Computers	30.00%

d - Deferred expenditure

Deferred expenditure is recorded at cost and amortised on a straight-line basis over its expected useful life.

e - Trade receivables

Trade receivables are stated at their book values. Specific provisions are made for receivables considered doubtful.

f - Inventories

Inventories are stated at the lower of cost (based on first-in, first-out valuation) and net realisable value. Cost in general includes all other costs incurred in bringing the inventories to their present location.

g - Foreign currency translation

i. Transactions in foreign currencies are converted at market rates ruling at the date of such transactions. Exchange differences realised are accounted for through the profit and loss account.

ii. Assets and liabilities, which are denominated in other currencies, are translated into the reporting currency at the period end rates of exchange. Exchange differences arising on such translations are treated through the profit and loss account.

FINANCIAL STATEMENTS

NOTE 2 - DEFERRED EXPENDITURE

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
(a) Flotation costs				
Balance at 1/1/06	416,867	416,867	545,134	545,134
Movement during the year	-	-	-	-
Less Amortisation	(127,745)	(127,745)	(128,267)	(128,267)
Balance at 31/12/06	<u>289,122</u>	<u>289,122</u>	<u>416,867</u>	<u>416,867</u>
 (b) Deferred Nigeria office Expenses				
Balance at 1/1/06	145,236	145,236	-	-
Movement during the year	884,289	884,289	145,236	145,236
Less Amortisation	-	-	-	-
Balance at 31/12/06	<u>1,029,525</u>	<u>1,029,525</u>	<u>145,236</u>	<u>145,236</u>
 Total	<u>1,318,647</u>	<u>1,318,647</u>	<u>562,103</u>	<u>562,103</u>

Flotation costs and other deferred expenditure are being amortised over a period of five years

FINANCIAL STATEMENTS

NOTE 3a - FIXED ASSETS - COMPANY

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
COST/VALUATION								
At 1.1.06	111,015	210,255	1,727,470	311,663	22,508	16,111	-	2,399,022
Additions	390,993	224,919	-	82,693	-	-	545,930	1,244,535
At 31.12.06	502,008	435,174	1,727,470	394,356	22,508	16,111	545,930	3,643,557
DEPRECIATION								
At 1.1.06	10,832	65,906	593,935	120,683	4,646	1,812	-	797,814
Charge for the year	40,383	46,539	351,252	118,307	4,502	1,208	-	562,191
At 31.12.06	51,215	112,445	945,187	238,990	9,148	3,020	-	1,360,005
NET BOOK VALUE								
At 31.12.06	450,793	322,729	782,283	155,366	13,360	13,091	545,930	2,283,552
At 31.12.05	100,183	144,349	1,133,535	190,980	17,862	14,299	-	1,601,208

The assets of the company were revalued on March 15, 2004 by Alpha Property Services, valuers, property developers, project managers and real estate brokers.

FINANCIAL STATEMENTS

NOTE 3b - FIXED ASSETS - Group

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
COST/VALUATION								
At 1.1.06	175,902	422,892	2,136,333	1,898,801	22,508	16,111	-	4,672,547
Additions	390,992	224,919	-	82,693	-	-	545,930	1,244,535
Disposal	(5,677)	(18,170)	(232,960)	(16,400)	-	-	-	(273,207)
At 31.12.06	561,217	629,641	1,903,373	1,965,094	22,508	16,111	545,930	5,643,874
DEPRECIATION								
At 1.1.06	47,420	150,973	757,480	750,769	4,646	1,812	-	1,713,100
Charge for the year	60,117	111,355	398,081	275,381	4,502	1,208	-	850,644
Disposal	(3,785)	(12,112)	(104,833)	(6,560)	-	-	-	(127,290)
At 31.12.06	103,752	250,216	1,050,728	1,019,590	9,148	3,020	-	2,436,454
NET BOOK VALUE								
At 31.12.06	457,465	379,425	852,645	945,504	13,360	13,091	545,930	3,207,420
At 31.12.05	128,482	271,919	1,378,853	1,148,032	17,863	14,299	-	2,959,447

The assets of the company were revalued on March 15, 2004 by Alpha Property Services, valuers, property developers, project managers and real estate brokers.

FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT

The company

This represents investment in subsidiary

The Group

This represents fixed deposit with local financial institutions.

NOTE 5 - OTHER ACCOUNTS RECEIVABLE

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
Amount due from officers	187,398	198,785	10,099	23,349
Payment in advance	496,057	247,470	118,856	154,940
Other receivables	<u>140,795</u>	<u>400,852</u>	<u>50,561</u>	<u>555,841</u>
	<u>824,250</u>	<u>847,107</u>	<u>179,516</u>	<u>734,130</u>

NOTE 6 - CASH AND BANK BALANCES

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
Cash on hand	1,461	2,225	380	2,257
Cash at bank	<u>201,377</u>	<u>756,883</u>	<u>1,215,655</u>	<u>2,053,221</u>
	<u>202,838</u>	<u>759,108</u>	<u>1,216,035</u>	<u>2,055,478</u>

NOTE 7 - OTHER ACCOUNTS PAYABLE

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
Accrued liabilities	3,436,674	3,438,687	1,609,613	1,753,590
Other payables	<u>2,605</u>	<u>787,590</u>	<u>8,711</u>	<u>208,879</u>
	<u>3,439,279</u>	<u>4,226,277</u>	<u>1,618,324</u>	<u>1,962,469</u>

FINANCIAL STATEMENTS

NOTE 8 (a) - TAXATION - COMPANY

<u>YA</u>	Balance 1/1/06 ¢'000	Payments/ Tax Credits ¢'000	Profit & Loss Account ¢'000	Balance 31/12/06 ¢'000
2002	57,027	-	-	57,027
2003	(95,940)	-	-	(95,940)
2004	(181,737)	-	-	(181,737)
2005	162,609	-	-	162,609
2006	-	(804,651)	724,920	(79,731)
	<u>(58,041)</u>	<u>(804,651)</u>	<u>724,920</u>	<u>(137,772)</u>

NOTE 8 (b) - TAXATION - GROUP

<u>YA</u>	Balance 1/1/06 ¢'000	Payments/ Tax Credits ¢'000	Profit & Loss Account ¢'000	Balance 31/12/06 ¢'000
2002	(72,744)	-	-	(72,744)
2003	(95,940)	-	-	(95,940)
2004	(147,847)	-	-	(147,847)
2005	361,558	-	-	361,558
2006	-	(830,052)	774,952	(55,100)
	<u>45,027</u>	<u>(830,052)</u>	<u>774,952</u>	<u>(10,073)</u>

The current tax liability charged at 25% is subject to agreement with the Internal Revenue Service.

NOTE 9 - DIVIDEND PAYABLE

	COMPANY 2006 ¢'000	GROUP 2006 ¢'000	COMPANY 2005 ¢'000	GROUP 2005 ¢'000
Balance at January 1	1,153,160	1,153,160	680,000	680,000
Proposed dividend	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,020,000</u>
	2,173,160	2,173,160	1,700,000	1,700,000
Dividend paid	<u>(919,889)</u>	<u>(919,889)</u>	<u>(546,840)</u>	<u>(546,840)</u>
Balance at December 31.	<u>1,253,271</u>	<u>1,253,271</u>	<u>1,153,160</u>	<u>1,153,160</u>

FINANCIAL STATEMENTS

NOTE 10 - STATED CAPITAL

	NUMBER	2006 AMOUNT ¢'000	NUMBER	2005 AMOUNT ¢'000
Authorised No. of Shares of no par value:-	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Issued for cash	<u>34,000</u>	<u>5,548,500</u>	<u>34,000</u>	<u>5,548,500</u>

NOTE 11 - CAPITAL SURPLUS

	COMPANY 2006 ¢'000	GROUP 2006 ¢'000	COMPANY 2005 ¢'000	GROUP 2005 ¢'000
Opening balance	1,409,550	2,130,367	1,409,550	2,130,367
Movement during the year	-	-	-	-
Less Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>1,409,550</u>	<u>2,130,367</u>	<u>1,409,550</u>	<u>2,130,367</u>

NOTE 12 - MINORITY INTEREST

	COMPANY 2006	GROUP 2006	COMPANY 2005	GROUP 2005
Share of net asset of Subsidiary at January 1	-	572,707	-	552,140
Share of net profit of subsidiary	-	(163,159)	-	85,438
Share of Capital surplus	-	-	-	-
Dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,871)</u>
	<u>-</u>	<u>409,548</u>	<u>-</u>	<u>572,707</u>

FINANCIAL STATEMENTS

NOTE 13 - GENERAL & ADMINISTRATIVE EXPENSES

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
General and administrative expenses include:				
Interest and financial charges	258,317	291,929	46,674	62,807
Directors emoluments	487,822,250	868,874,750	476,600	1,102,640
Auditors remuneration	46,000	64,400	45,000	68,000
Depreciation	562,191	850,644	495,080	669,352
Terminal benefits	-	444,959	-	-

NOTE 14 - OTHER INCOME

	COMPANY 2006 €'000	GROUP 2006 €'000	COMPANY 2005 €'000	GROUP 2005 €'000
Investment income	-	202,385	-	146,420
Interest income	2,261	-	227,707	227,707
Dividend received	-	-	335,567	-
Other	25,383	23,178	18,550	18,550
	<u>27,644</u>	<u>225,563</u>	<u>581,824</u>	<u>392,677</u>

NOTE 15 - CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no outstanding contingent liabilities or capital commitments at December 31, 2006.

CLYDESTONE 2006

CLYDESTONE (GHANA) LIMITED SHAREHOLDING DISTRIBUTION AS AT 31ST DECEMBER 2006

Category of Holding	No. Of Shareholders	Holders %	No. Of Shares	%of Holding
1 to 1,000	2,036	57.48	1,094,460	3.22
1,001 to 5,000	1100	31.06	2,892,178	8.51
5,001 to 10,000	246	6.95	2,110,719	6.21
Over 10,000	160	4.52	27,902,643	82.07
	3,542	100.00	34,000,000	100.00

DIRECTORS' SHAREHOLDING AS 31ST DECEMBER, 2006

Paul Jacquaye	20,389,500
George Prah	50,000
Nana Benyin Hutchful	135,000
Kwabena Duffuor	25,000
	20,600,500

20 LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2006

No.	Name of Shareholder	Holdings	Percentage
1.	JACQUAYE TSE PAUL	20,389,500	59.969%
2.	BBGN/NTHC HORIZON FUND	648,000	1.926%
3.	NTHC SECURITIES LIMITED	579,000	1.703%
4.	STAR LIFE ASSURANCE LTD	532,000	1.906%
5.	MAWUENYEGA DANNY MR.	412,000	1.212%
6.	AKOTO-BAMFO EDMUND MR.	412,000	1.212%
7.	VANGUARD ASSURANCE CO. LTD.	212,000	0.624%
8.	ECOBANK STOCKBROKERS LIMITED	187,263	0.551%
9.	STAR ASSURANCE COMPANY LIMITED	141,824	0.417%
10.	HUTCHFUL NANA	135,000	0.397%
11.	AKOSAH-BEMPAH KWAKU	125,000	0.368%
12.	CDH ASSET MANAGEMENT LTD	112,280	0.330%
13.	CATHOLIC ARCHDIOCESE OF CAPE COAST	110,000	0.324%
14.	ISAKA NICHOLAS GBANA MR	110,000	0.324%
15.	GOGO BENJAMIN MR	105,000	0.309%
16.	HOLDEN CHRISTOPHER MARK MR	100,000	0.294%
17.	AKOSAH-BEMPAH OPHELIA	70,700	0.208%
18.	CDH-AM/LIPTIN VENTURES	70,700	0.206%
19.	COBBINAH PHILIP	70,700	0.206%
20.	CDH SECURITIES LTD	62,420	0.184%
		<u>24,583,987</u>	<u>72.31%</u>

CLYDESTONE 2006



ANNUAL REPORT

3 2

♦ INNOVATE ♦ DEVELOP ♦ SUPPORT

CLYDESTONE 2006

CLYDESTONE (GHANA) LIMITED

Form of Proxy

I / WE

(Block Capitals)

of

being member / members of Clydestone (Ghana) Limited, hereby appoint
(Insert full name)

Or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us at the Annual General Meeting to be held at the Conference Centre, Ghana International Trade Fair, Accra on Tuesday 29th May, 2005 at 10.00 am and at every adjournment thereof.

Please indicate with X in the spaces below how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
1. To receive the accounts		
2. To declare a dividend		
3. To re-elect Dr. Kwabena Duffour as a Director		
4. To re-elect Prof. Ellis Badu as a Director		
5. To ratify the Appointment of Eudora Koranteng as a Director		
6. To approve Directors fees		
7. To authorise Directors to fix Auditors fees		

Signed this _____ day of _____ 2006 _____

Shareholder's Signature

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING.

Notes:

1. A member who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space the name of any person whether a Member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting
3. In the case of joint holders, each holder should sign
4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director
5. Please sign the proxy form and post it so as to reach the address shown overleaf not later than 48 hours.
6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.

CLYDESTONE 2006

CLYDESTONE

The Registrar
NTHC LIMITED
2nd Floor, Martco House
Okai Mensah Link
Adabraka
P.O.BOX 9563
Airport
Accra

2006 ANNUAL REPORT

CLYDESTONE

innovate • develop • support •

CLYDESTONE (GHANA) LIMITED

C 172/3 Lamb Road, Adabraka, Accra P. O. Box CT 1003 Accra - Ghana

Tel: +233 21 243352 Fax: +233 21 243353 Email: info@clydestone.com

website: www.clydestone.com

Design & Printing

Sedyprint Ltd: 021 256 796 / 021 247238