GOLDEN TREE

COCOA PROCESSING COMPANY LTD.

Annual Report & Accounts 2006

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Annual Report & Accounts

COCOA PROCESSING COMPANY LIMITED

CPC's Royale Natural Cocoa Powder was selected as "the Product of the year 2005" by the Chartered Institute of Marketing, Ghana (CIMG). The Managing Director, Mr. Richard A. Tetteh, is seen here displaying the award. He is flanked on his left and right by Ms. Genevieve Pawar/Marketing Manager and Mr. Odei-Asiedu General Manager (Cocoa) respectively.

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NOTICE OF MEETING
ANNUAL GENERAL MEETING

NOTICE is hereby given that the next Annual General Meeting of Cocoa Processing Company Limited will be held at the Osu Ebenezer Presbyterian Church Hall, Osu, Accra on Tuesday, 27 February 2007 at 10.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive the Financial Statements for the Year ended 30 September 2006 and the Reports of the Directors and Auditors thereon
2. To declare a dividend.
3. To re-elect Mr David Coleman as a Director.
4. To re-elect Hon. Stephen Kwaku Balado Manu MP as a Director.
5. To approve the fees of Non-Executive Directors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Dated 6th December, 2006

BY ORDER OF THE BOARD

Ofori-adjei

S. OFORI-ADJEI
SECRETARY

NOTE

A Member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Member of the Company. A form of proxy is provided at the end of the Annual Report and Accounts. For a form of proxy to be valid for the purpose of the meeting, it must be completed and deposited at the Registered Office of the Company or the Registrar's Office, NTHC Limited, Martco House, No. D542/4, Okai Mensah Link, Adabraka, Accra, P.O. Box 9563, Airport, Accra not less than 48 hours before the appointed time of the meeting.

BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICES

Board of Directors:	Nana Obiri Boahen	-	Chairman
	Mr. Richard Amarh Tetteh	-	Managing
	Mr. Isaac Osei	-	Member
	Hon. Osei Kyei-Mensah-Bonsu (MP)	-	Member
	Hon. Stephen Kwaku Balado Manu (MP)	-	Member
	Mr. John Amo-Bediako	-	Member
	Mr. David Coleman	-	Member
	Mr. Charles Boákye Nimako	-	Member
	Mr. Dramani Egala	-	Member

Secretary: Mr. Stephen Ofori-Adjei

Registered Office:
Cocoa Processing Company Limited
Heavy Industrial Area
Private Mail Bag
Tema - Ghana

Auditors:
Darko, Sarpong & Co.
Chartered Accountants
House No. C63A/4
New Town Loop
P.O. Box 9504
Airport, Accra

Registrars:
NTHC Limited
Martco House
P.O. Box KIA 9563
Airport, Accra
Ghana

MEMBERS OF THE BOARD OF DIRECTORS

Nana Obiri Boahen
Chairman

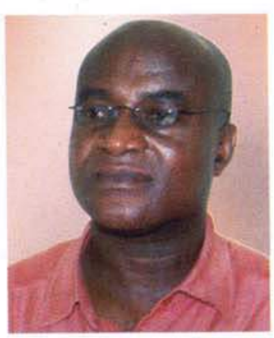
Richard Amarh Tetteh
Managing Director

John Amo Bediako

Hon. Stephen Kwaku
Balado Manu MP

Dramani Egala

David Coleman



Hon. Osei Kyei-
Mensah-Bonsu MP

Charles Boakye Nimako

Isaac Osei


Nana Obiri Boahen, Chairman

It is my greatest pleasure to welcome you all to this year's Annual General Meeting of the Cocoa Processing Company Limited. I have the singular honour and privilege to present to you the Annual Report and Financial Statements of the Company for the year ended 30th September 2006.

The Economy:
Ghana continued to enjoy a sound macroeconomic environment as a result of the prudent Monetary and Fiscal policy pursued by the Bank of Ghana and the Government over the last four years.

Despite the uncontrollable exogenous threat posed by crude oil price volatility, the economy continued to improve as core inflationary pressures subsided and economic activity remained robust.

Operational Strategy:
The year 2006 was characterized by relatively favourable cocoa beans price. However, the upward revision of the petroleum prices resulting from global hikes in crude oil prices increased operational cost from ¢249.4billion in 2004/2005 to ¢260.7billion in 2005/2006.

Mindful of this and other external shocks, Management adopted measures to control costs in other areas of your company's operations. This ensured a decline in administrative expenses from ¢21.6billion in 2004/2005 to ¢16.9billion in 2005/2006.

Results of 2006
Dear Shareholders, your company made a profit of ¢7.949billion in the 2005/2006 financial year as against ¢7.409billion recorded in the year 2004/2005.

Dividend
In the light of the above performance, the Board of Directors of your Company hereby recommends the payment of a dividend of ¢4.00 per share. This is an increase of 33.3% over that of 2004/2005.

This performance, though modest, should convince our valued shareholders that the Company is on a steady course of growth.

Update on CPC Expansion Programme
Following the commissioning of the new 30,000mt-capacity liquor plant by His Excellency President John Agyekum Kufuor in November 2005, work on the 2nd Phase of the expansion programme began in earnest in February 2006. This 2nd Phase entails the rehabilitation and upgrading of the Old Cocoa Factory to enable it process 35,000mt of cocoa beans per annum as against its installed capacity (1965) of 25,000mt per annum.

Safety, Health and Environment
In line with the Company's commitment towards ensuring the safety and health of its employees, the community in which it operates and the general environment, it continued to invest heavily in health, safety and environmental issues.

The Company conducted a regular evaluation and re-evaluation of its operations on scientific, economic and technical basis in collaboration with the Environmental Protection Agency (EPA).

Retirement And Re-Election of Directors
Mr. David Coleman and Hon. Stephen Kwaku Balado Manu, MP, retire from the Board by rotation in accordance with the Regulations of the Company and being eligible offer themselves for re-election.

Acknowledgement
I wish to express on behalf of the Board of Directors and on my own behalf a sincere gratitude to you, our valued shareholders for your support and encouragement and also to the Management and staff for their dedication.

CHAIRMAN

Mr. David Coleman

Mr. David Coleman was appointed to the Governing Board of the Cocoa Processing Company Limited on 20 September 2001.

He studied Agriculture at the Kwame Nkrumah University of Science and Technology in Kumasi and was awarded a Bachelor of Science Degree in Agriculture.

Mr Coleman's working experience includes Project Officer, Agricultural Development Bank responsible for granting loans to farmers, loan monitoring and recovery, Technical Sales Representative, Agricare Ltd, a poultry and livestock feed manufacturing company, Managing Director, Barbcole Farms Ltd, specializing in the multiplication of seed maize for the Ministry of Food and Agriculture, Managing Director, Babcole Ltd, an agricultural and investments consultancy company and currently Managing Director of Afwel Ltd, a company that specialises in rattan and bamboo furniture for local and export market.

He has also served as a Member of the Committee on Agricultural Commodity Pricing, Member of the Atebubu District Council, Member of the LDS Charities Advisory Council and was the Best Farmer for Brong Ahafo Region in 1971.

Mr Coleman is the Chairman of the Technical Subcommittee of the Board that is currently supervising the Expansion Programme and a Member of the Audit and Nomination Subcommittees.

Hon. Stephen Kwaku Balado Manu MP

Hon. Stephen Kwaku Balado Manu, MP was appointed a Director of the Company on 03 May 2002 and is a Member of the Nominations, Remuneration and Technical Subcommittees of the Board of Directors.

He was educated at Acherensua Secondary School in Ghana, West Philadelphia High

School in the United States, Mount Mary College in Somanya, Ghana, Universit de Sheikanta Diop in Dakar, Senegal, Universit de Saint Etienne in France, Village du Benin in Lome, Togo and University of Cape Coast, Ghana. He is currently also pursuing an Executive Master's Degree in Governance and Leadership at the Ghana Institute of Management and Public Administration.

Hon. Balado Manu holds a High School Diploma, Teacher's Certificate "A" (3-year Post-Secondary), Certificat de Stage, B. A. (Hons), Diploma in Education and M.Phil. Education Administration (Higher Education) Part I.

He started his teaching career at Presbyterian Secondary School, Bechem, continued at Konadu Yiadom Secondary School, Asamang, became the District Coordinator of the National Service Scheme and later the Acting Assistant Headmaster of Konadu Yiadom Secondary School.

Hon. Balado Manu was elected Member of Parliament for Ahafo South Constituency in the Ashanti Region in 1997. He was once the Shadow Deputy Minister for Health and Chairman of the Committee on Employment, Social Welfare and State Enterprises and currently the Chairman of the Committee on Education. He has served on the Committee on Health, Committee on Education, House Committee, and Public Accounts Committee.

Hon. Balado Manu has been a Member of the ECOWAS Parliament since 2001. He was the Rapporteur of the Committee on Industry, Member of the Bureau of ECOWAS Parliament and currently the Chairman of the Committee on Transport and Communication.

He was once a Member of the University Council of the University of Cape Coast and a Director of Ghana Telecom.

CORPORATE GOVERNANCE

Cocoa Processing Company (CPC) Limited highly recognizes the importance of good, corporate governance as a means of sustaining the long term viability of the business, and the Board and Management of the Company are deeply committed to the attainment of its business objective.

In line with this, and alongside the need to meet its responsibility to its shareholders and other stakeholders, the Company strives to meet the expectations of the community in which it operates.

In the conduct of its business, CPC has endeavoured to comply with all statutory requirements and adopted best practices to protect the environment and its employees.

The business adopts standard accounting practices and ensures sound internal controls to facilitate transparency of business transaction and reliability of financial statements.

BOARD OF DIRECTORS

The responsibility of good corporate governance resides in the Board of Directors and the Management team. The Company's regulations provide for ten (10) Directors including the Managing Director. There is, however, one casual vacancy and every effort is being made to fill it

The non-executive directors are independent of Management and free from any constraints which could materially interfere with the exercise of their independent judgment.

All the non-executive Directors submit themselves for re-election at Annual General Meetings in accordance with the regulations of the Company. To ensure effective control and monitoring of the Company's business, the Board works through Audit, Nominations, Remuneration, Finance and Marketing, and Technical sub-committees.

The Directors have unrestricted access to the Company's records and information.

The Managing Director is a separate individual from the Chairman; and he implements management strategies and policies adopted by the Board.

THE AUDIT COMMITTEE

The terms of reference of the Audit Subcommittee included power to review the external auditors' evaluation of the system of internal control and accounting, to review and discuss the audited accounts with the auditors and call for further information from the auditors or management, to review the scope and effectiveness of the internal audit procedures in consultation with the internal and external auditors and to consider and make recommendations on the conduct of any aspect of the business of the company to the notice of the Board of Directors.

The Audit Subcommittee comprised Mr. H.A.K. Fiamor (Chairman), Mr. David Coleman, Hon Osei Kyei-Mensah-Bonsu MP and Mr. Charles Boakye Nimako.

Following the resignation of Mr. Fiamor on 29 March 2006, Mr. Nimako was appointed Chairman on 27 July 2006.

During the financial year the Committee reviewed and discussed quarterly, half year and annual financial statements particularly balance sheet, profit/loss account and cashflow statements with Management and External Auditors. The committee also reviewed and discussed internal audit reports with Management and the Internal Auditors.

The Committee also presented the financial statements to the Board for approval and recommended dividend.

INTERNAL CONTROLS

The Company has in place a system of management control to ensure effective, efficient and proper utilization of resources in pursuit of corporate objectives with due regard to the interest of shareholders and stakeholders.

The Company's over all internal control system is enhanced by written policies and procedures, formalized reporting responsibilities, written descriptions of authority, well-articulated training programmes and well-defined information dissemination systems.

As part of its responsibilities for the exercise of control, management requires the maintenance of financial records which fairly reflect the assets and liabilities of the Company. The integrity and objectivity of the accounting records are supported by a system of internal accounting controls. This includes procedures and techniques designed to provide reasonable assurance that transactions are duly authorized, properly recorded, assets are safeguarded and there is periodic physical inventory of assets which is verified against accounting and custodial records. This gives further assurance that accounting records are in conformity with generally accepted accounting principles and auditing standards.

Mr. Richard Amarh Tetteh, Managing Director

INTRODUCTION

The year 2005/2006, though exciting, was also full of challenges. The year saw the completion of the first phase of the Expansion programme and the commissioning of the new liquor plant with a throughput capacity of 30,000 tonnes (mt) of raw cocoa beans per annum. The new plant happens to be the most modern cocoa processing plant in Africa to-day.

The 2nd Phase of the expansion programme, involving the rehabilitation and upgrading of the old Cocoa Factory, commenced in February 2006. It is expected to be completed by the third quarter of 2007.

The Company experienced some labour unrest during the year under review. A section of the Company's workers without any warning flouted laid-down procedures for seeking redress and attempted to disrupt the 2005 Annual General Meeting. That incident was very regrettable and I wish to seize the opportunity to apologize to you all for that unfortunate occurrence. I am happy to say, however, that the conflict has been resolved and all arrangements towards the retrenchment exercise which was the source of the conflict will soon be concluded.

Review of Operations

Cocoa Factory:

The Cocoa Factory processed a total of 19,634 mt of raw cocoa beans in the year 2005/2006. This is higher than the 2004/2005 volume of 16,290mt but lower than the recently commissioned capacity of 30,000mt. This is attributable to the challenges of running in new machinery. It was also due to the frequent power outages and the poor quality of the power itself.

Confectionery Factory

The Confectionery Factory packed a total of 1,130mt of confectionery products. This was made up of the following:

a.	Chocolate/Covertures	- 478.0mt
b.	ALLTIME Instant Drinking Chocolate	- 347.0mt
c.	VITACO	- 135.0mt
d.	Pebbles	- 51.0mt
e.	Choco Delight	- 36.0mt
f.	Royale Natural Cocoa Powder	- 82.0mt
g.	Ice Cream coating	- 1.0mt

The volume of production for the year 2005/2006 though higher than the previous year's performance, was still lower than the budgeted volume of 1670mt. Among the causes of the negative variance were:

a. Occasional break-down of plant and machinery
b. Frequent power outages

Financial Performance

Turnover for the year 2005/2006 was ¢290.4 billion with a gross profit of ¢29.7 billion. As a result of the hikes in crude oil prices and the resultant increase in petroleum prices, operational cost increased from ¢249.4 billion in 2004/2005 to ¢260.7 billion in 2005/2006

The Company recorded a net profit, for the period, of ¢7.949 billion. This was an improvement on the previous year's earnings of ¢7.409 billion. Earnings per share for the year under review was ¢9.23. This represents an increase of 7.3% on the 2004/2005 value of ¢8.60.

Statement on Cash Flows
Net cash provided by operating activities in 2005/2006 amounted to ¢87.4 billion, an increase of 24% on the previous year's figure. This increase is the result of reduction in receivables and increase in trade creditors during the year.

The net cash generated was used to fund capital expenditure on the expansion projects (Phase I and II) as well as dividends paid to the Company's shareholders. An amount of ¢22.3billion was also used in meeting maturing debt obligations on the €22.0million medium term loan facility.

Treasury Management
The Company's treasury policy seeks to reduce or eliminate, as far as possible, any financial risks and to ensure that sufficient liquidity is available to meet all foreseeable needs.

Management therefore operates according to the set objectives approved by the Board, and evaluates the systemic risks from time to time.

Research and Development
The Company continues to undertake various research activities geared at introducing onto the market wide range of new chocolate confectionery products. These include the possibility of utilizing cashew and tiger nuts in some of the confectionery products, as well as smaller size 'Pebbles' and packaging of Royale Natural Cocoa Powder and Alltime Drinking Chocolate in small sachets.

Marketing
The Marketing Department is positioned to ensure that the company's products become the first choice of every consumer.

Eastern Europe and Asia have been identified as great market potentials for cocoa powder. Efforts are being made to tap into these markets.

Human Resource Development

Employment Policy
As an equal opportunity employer, the Company employs staff strictly on the basis of qualification. There is no discrimination on the basis of gender or disability.

Training and Development
The Company continued to offer requisite training and skills to staff in order to enhance their efficiency and thereby higher productivity.

Outlook for 2005/2006
Project II of the expansion programme has commenced and it is expected to be completed by the third quarter of 2007.

The Confectionery Factory is scheduled to undergo a major rehabilitation in due course. The impending rehabilitation is intended to modernize and increase the capacity of the Confectionery Factory to produce larger volumes of finished products.

Payment of Dividend
For the first time since listing on the Ghana Stock Exchange, your Company declared a dividend of ¢3.00 per share for the 2004/2005 financial year.

We are happy to note that a cheque for an amount of ¢1,550,652,600 was presented to the Hon. Minister of Finance and Economic Planning as dividend for the year ended September 2005 to the Government of Ghana - the majority shareholder of the Company. I am aware that dividend warrants have been dispatched to all other shareholders.

Conclusion
The Board and Management look forward with hope to the successful completion of the expansion and rehabilitation programmes of the company.

May the good Lord richly bless you.

MANAGING DIRECTOR

REPORT OF THE DIRECTORS

In accordance with the requirements of Section 132 of the Companies Code, 1963 [Act 179], the Directors of the Company present their report on the state of the Company's affairs for the year ended 30 September 2006.

State of the Company's Affairs

The state of the Company's affairs is set out in the Financial Statements. The Directors consider the state of the Company's affairs to be satisfactory.

Dividend

The Directors recommend the payment of a dividend of ¢ 4.00 per share amounting to ¢3,446,000,000.00 for the year ended 30 September 2006.

Nature of Business

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

Retirement and Re-election of Directors

Mr David Coleman and Hon. Stephen Kwaku Balado Manu MP retire from the Board by rotation in accordance with the Regulations of the Company and being eligible offer themselves for re-election.

Auditors

Darko Sarpong & Co. will continue in office as Auditors of the Company in accordance with Section 134(5) of the Companies Code, 1963 [Act 179].

NANA OBIRI BOAHEN
CHAIRMAN

RICHARD ARMAH TETTEH
MANAGING DIRECTOR

	2006	2005
	¢ million	¢ million
Financials		
Turnover	290,436	279,644
Operating Profit/ (Loss)	7,077	5,921
Profit after tax	7,949	7,409
Proposed Dividend	3,446	2,584
	¢	¢
Net Assets per Share	193.34	188.53
Basic Earnings per Share	9.23	8.60

Operations	2006	2005
	M/T	M/T
Raw Cocoa Beans Processed	19,634	16,291
Semi finished Products Packed	16,607	14,030
Confectionery Products Packed	1,130	1,063

STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Directors are responsible for preparing financial statements for each financial year to give a true and fair view of the state of affairs of the Company and of its profit and loss for the year. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently

- Make judgements and estimates that are reasonable and prudent

- State whether the applicable accounting standards have been followed

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy, the financial position of the Company and which enable them to ensure that the financial statements comply with International Accounting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

We have audited the financial statements set out on pages 16 - 28 and which are an amalgamation of the Assets, Liabilities and Trading Results of COCOA PROCESSING COMPANY LIMITED (COCOA AND CONFECTIONERY) and which have been prepared under the Historical Cost Convention, and under the Accounting Policies set out on pages 19 & 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion thereon.

BASIS OF OPINION

We have conducted our audit in accordance with International Standards on Auditing and Ghana National Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence whether the financial statements are in agreement with proper books of account kept by the company and to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluate the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th September 2005 and of its Profit/(Loss) and Cash-Flow for the year then ended, and have been properly prepared in accordance with the Companies Code 1963 (Act 179).

Darko Sarpong & Co.

DARKO SARPONG & CO
(CHARTERED ACCOUNTANTS)
ACCRA
6th December, 2006.

PROFIT AND LOSS ACCOUNT
for the year ended 30th September, 2006

	NOTE	2006 (¢MILLION)	2005 (¢MILLION)
Turnover	**2**	**290,436**	**279,644**
Cost of Goods Sold	3	(260,724)	(249,384)
Gross Profit or (Loss)		**29,712**	**30,260**
Other Operating Income	4	1,341	677
Selling & Distribution Costs		(7,006)	(3,401)
Administrative Expenses		(16,970)	(21,615)
Profit/(Loss) from Operations		**7,077**	**5,921**
Profit/(Loss) on Sale of Fixed Assets		0	4
Investment Income	5	810	1,138
Finance Costs/Gains	6	266	536
Profit/(Loss) Before Tax		**8,153**	**7,599**
Provision for Tax/National Reconstruction Levy		(204)	(190)
Profit for the period		**7,949**	**7,409**
Basic Earnings per share	13	9.23	8.60

INCOME SURPLUS ACCOUNT
for the year ended 30th September, 2006

	2006 (¢MILLION)	2005 (¢MILLION)
Balance at 01/10/2005	58,942	54,117
Prior Year Adjustment	0	0
Profit/(Loss) for the year	7,949	7,409
Proposed Dividend	(3,446)	(2,584)
Closing Balance at 30/09/2006	**63,445**	**58,942**

The accompanying accounting policies and notes form an integral part of these Financial Statements

BALANCE SHEET
as at 30th September, 2006

	NOTES	2006 ¢ MILLION	2005 ¢ MILLION
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	14	484,303	411,545
Current Assets			
Inventories	15	225,100	101,692
Trade and Other Receivables	16	54,144	103,076
Short-term Investments	17	14,446	13,599
Cash and Bank Balances	18	16,439	34,115
		310,129	252,482
TOTAL ASSETS		**794,432**	**664,027**
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	19	414,914	267,534
Dividends Payable	20	3,446	2,584
		418,360	270,118
Non-Current Liabilities			
Bank Loans (Medium Term)	22	209,155	231,495
EQUITY			
Stated Capital	23	24,167	24,167
Redeemable Preference Shares	23	1	1
Capital Surplus	24	79,304	79,304
Income Surplus Account		63,445	58,942
Shareholders Fund		166,917	162,414
TOTAL EQUITY AND LIABILITIES		**794,432**	**664,027**

CHAIRMAN

DIRECTOR

The accompanying accounting policies and notes form an integral part of these Financial Statements

CASHFLOW STATEMENT
for the year ended 30th September, 2006

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES	**¢Million**	**¢Million**
Net Operating Profit	7,077	6,993
Depreciation	7,408	6,956
(Increase)/Decrease in Inventories	(123,408)	48,626
(Increase)/Decrease in Receivables	48,932	(17,767)
Gain on disposal of Property, Plant and Equipment	0	(4)
Tax Liabilities	0	(1,972)
Increase/(Decrease) in Payables	147,380	22,151
Net Cash from Operating Activities	**87,389**	**64,983**
CASH FLOW FROM INVESTING ACTIVITIES		
Interests Received	300	602
Purchases of Property, Plant & Equipment	(79,635)	(155,661)
Proceeds from Sale of Property, Plant & Equipment	0	52
(Increase)/Decrease in Fixed Deposits	(847)	3,203
Net Cash Used for Investing Activities	**(80,182)**	**(151,804)**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends Paid	(2,543)	0
Increase/(Decrease) in Medium Term Loans	(22,340)	117,058
Net Cash (used in) from financing Activities	**(24,883)**	**117,058**
Net Increase/(Decrease) in Cash and cash equivalents	**(17,676)**	**30,237**
Cash and equivalents at 1 October 2005	**34,115**	**3,878**
Cash and equivalents at 30 September 2006	**16,439**	**34,115**

The accompanying accounting policies and notes form an integral part of these Financial Statements

1. ACCOUNTING POLICIES

The significant Accounting Policies adopted by the company and which have been used in preparing the Accounts are as follows: -

a. Basis of Accounting

The financial statements have been prepared based on the Historical Cost Convention, as modified by the revaluation of the fixed assets and complied with all applicable accounting standards.

b. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for goods sold in the normal course of business net of discounts, VAT/National Insurance Levy and other sales related taxes.

Exports sales are recognized when the invoiced value of cocoa products supplied to customers and receivable free on board (FOB) are shipped. Local sales of confectionery and Cocoa Cake/Powder are also recognized when goods are delivered and title has passed.

Transactions in other Currencies

Transactions denominated in currencies other than cedis are translated at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than cedis are retranslated at the rates of exchange prevailing on the Balance Sheet date. All translation differences are taken to profit and loss account.

c. Property, Plant and Equipment

Tangible fixed assets are recorded at cost/valuation less accumulated depreciation. Repairs and maintenance expenditures are charged against profit and loss as incurred. Major improvements and replacements that extend the useful life of an asset are capitalized.

d. Depreciation

Depreciation is provided on costs or revalued amounts on the basis of estimated useful lives of fixed assets. This has been calculated to write off the cost/valuation on a reducing balance basis as follows: -

Building and Roadwork	2%
Staff Bungalow and Flats	2%
Plant and Machinery	5%
Motor Vehicle	25%
Laboratory Equipment	20%
Office Furniture & Equipment	20%
Bungalow Furniture & Equipment	20%

e. Research and Development

Research costs are written off as incurred. Costs involved in the development of new recipes and products are also written off in the year of expenditure, except in certain circumstances when it may be deferred to future periods where the outcome is expected to be successful.

f. Interest and other Finance Costs

Interest is capitalized in respect of expansion and development projects as part of tangible fixed assets from the time it has been determined that a commercially viable process line exists up to the commencement of production. All other interest costs are charged against profit as incurred.

g. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where appropriate, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

h. Accounts Receivable

Trade receivables do not carry interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2. TURNOVER

Analysis of the Company's revenue is as follows:

Type of Product	2006 ¢ million	2005 ¢ million
Cocoa Butter	38,249	119,492
Cocoa Liquor	189,590	90,819
Cocoa Cake	8,718	24,237
Cocoa Powder	7,099	10,723
Confectionery	46,780	34,376
	290,436	**279,644**

Analysis of Product Market

	2006		2005	
	Export Sales ¢ million	Local Sales ¢ million	Export Sales ¢ million	Local Sales ¢ million
Semi-Finished Products	231,608	12,048	233,293	11,976
Confectionery	4,928	41,852	1,775	32,600
	236,536	53,900	**235,068**	44,576

3. COST OF GOODS SOLD

	2006 ¢ million	2005 ¢ million
Raw/Packing Materials Consumed	236,243	226,889
Production Overheads	24,481	22,495
	260,724	**249,384**

4. OTHER OPERATING INCOME

	2006 ¢ million	2005 ¢ million
Sale of Shells	357	229
Sale of Sacks, etc.	793	448
Recipe Development Fee	144	-
Sale of Tender Documents	47	-
	1,341	677

5. INVESTMENT INCOME

	2006 ¢ million	2005 ¢ million
Interest on Bank Deposits	8	66
Interest on Short-term Investment	802	1,072
	810	1,138

6. FINANCE COSTS/GAINS

	2006 ¢ million	2005 ¢ million
Interest on Bank Overdrafts	(510)	(407)
Exchange Differences	776	943
	266	**536**

7. ADDED VALUE TO BEANS PROCESSED

During the year, the company achieved an added value of 27.82% over and above direct sales of raw cocoa beans.

8. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging/(crediting) the following:

	2006 ¢ million	2005 ¢ million
Other Raw Materials and Packaging	25,123	28,623
Depreciation of tangible fixed assets	7,406	6,955
Profit on disposal of tangible fixed assets	0	(4)
Plant Repairs and Maintenance	2,506	3,662
Adverts and Promotions	2,654	361
Research and Development	11	37
Environmental Expenses	1,296	512
Audit Fees and Expenses	55	45
Director's Emoluments	347	282
National Reconstruction Levy	204	190
Staff Costs (See Note 11)	20,441	23,237

9. SOFTWARE COSTS

Direct development costs associated with internal use software are capitalized and amortized. These include external direct costs of material and services and payroll costs for employees devoting time to the software projects.

Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

10. ENVIRONMENTAL & SANITATION

The company is committed to the provision of adequate resources to ensure that environmental issues are given prior attention and also maintain environmentally sound practices. The long-term environmental obligations comprising effluent water treatment are based on the company's environmental management plan [EMP]. The EMP is in compliance with the current regulations of the Environmental Protection Agency.

11. STAFF COSTS

The average number of employees during the year was as follows: -

Employee Categories	2006 Number	2005 number
Operatives	436	449
Supervisors	56	58
Senior Staff	65	63
	557	570

Aggregate Remuneration	2006 ¢ million	2005 ¢ million
Wages and Salaries	17,226	19,406
Social Security Costs	2,061	2,456
Provident Fund cont.	1,154	1,375
	20,441	23,237

12. TAXATION

No provision is made for Company Tax as the company has been accepted and given the Free Zone Manufacturing status with effect from 28th July 2004.

13. EARNINGS PER SHARE

The basic calculation of earnings per share from continuing operations is based on earnings after tax and the weighted average number of ordinary shares outstanding during the period.

	Year Ended 2006 ¢	Year Ended 2005 ¢
Net Profit attributable to shareholders	7,949,000,000	7,409,000,000
Weighted Average Number of Ordinary Shares outstanding during the year	861,475,000	861,475,000
Basic Earnings per share	9.23	8.60

MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30th September, 2006

14

DETAILS	CAPITAL WORK IN PROGRESS ¢M	PLANT, EQUIP./ VEHICLES NOT IN USE ¢M	BUILDING ROADWORKS ¢M	STAFF BUNGALOW & FLATS ¢M	PLANT & EQUIPMENT ¢M	MOTOR VEHICLE ¢M	OFFICE FURNITURE & EQUIPMENT ¢M	BUNGALOW FURNITURE & EQUIPMENT ¢M	LABORATORY EQUIPMENT ¢M	TOTAL ¢M
COST/VALUATION:										
Bal. as at 01/10/2005	296,861	-	27,013	320	109,642	11,401	3,007	139	1,628	450,011
Additions	14,147	-	40,802	-	19,519	5,118	561	19	-	80,166
Disposal/Transfer	(113,458)	108,243	-	-	8,445	(3,230)	-	-	-	-
Bal. as at 30/09/2006	197,550	108,243	67,815	320	137,606	13,289	3,568	158	1,628	530,177
DEPRECIATION										
Bal. as at 01/10/2005	-	-	1,947	24	28,374	5,691	1,459	46	925	38,466
(Disposal)/Transfer	-	29,311	-	-	(27,296)	(2,015)	-	-	-	-
Charge for the Year	-	-	842	6	3,963	2,050	385	21	141	7,408
Bal. as at 30/09/2006	-	29,311	2,789	30	5,041	5,726	1,844	67	1,066	45,874
NET BOOK VALUE										
Bal. as at 30/09/2006	197,551	78,932	65,026	290	132,564	7,563	1,724	91	562	484,303
NET BOOK VALUE										
as at 30/09/2005	296,861		25,066	296	81,268	5,710	1,548	93	703	411,545

15. INVENTORIES

	2006 ¢ million	2005 ¢ million
Raw Materials	85,179	12,112
Packaging Material	29,965	30,766
Finished Goods	81,577	31,717
Technical Store Parts	26,813	25,690
Fuel & Lubricant	1,566	1,407
	225,100	101,692

16. TRADE AND OTHER RECEIVABLES: (Amounts falling due within one year)

Trade Receivables	19,142	31,145
Other Receivables	18,554	16,221
Deposits on Letters of Credit, etc.	15,341	54,748
Prepayments	1,107	962
	54,144	103,076

17. SHORT TERM INVESTMENTS

91- Day Treasury Bills	230	210
Fixed Deposit - Prudential Bank	5,499	4,973
Fixed Deposit - Prudential USD	8,717	8,416
	14,446	13,599

18. CASH AND BANK BALANCES

Bank Balances	16,389	34,110
Cash in Hand	50	5
	16,439	34,115

19. TRADE AND OTHER PAYABLES: (Amounts falling due within one year)

Trade and other payables principally comprised amount outstanding for trade purchases and ongoing costs.

Bank Overdraft	13,082	686
Trade Payables	390,458	255,317
Tax Liabilities	8,310	0
Other Payables	2,615	10,926
Accruals	449	605
	414,914	267,534

20. DIVIDENDS

	2006 ¢ million	2005 ¢ million
Amounts recognized as distributions to Equity Holders in the period:		
Final dividend for the year ended 30 September 2005 ¢3.00 per share		2,584
Proposed final dividend for the year ended 30 September, 2006 ¢4.00 per share	3,446	

The proposed final dividend is subject to approval by Shareholders at Annual General Meeting and has been included as a liability in these financial statements

21. POST BALANCE SHEET EVENT

(i) Debt to Equity Conversion:

Included in the Trade Creditors is a total of ¢230.732 billion that represents outstanding debt owed to the CMC/COCOBOD, for raw cocoa beans supplied.

The company negotiated with the CMC/COCOBOD to restructure part of the debt by converting ¢143.768 billion into Equity and ¢86.963 billion into a short term loan.

The Ministry of Finance and Economic Planning on 8th November, 2005 consented to the restructuring of the debt subject to approval of the Shareholders. At the Annual General Meeting and Extra-Ordinary General Meeting on 22nd August 2006, the shareholders passed a resolution to approve the conversion of the Debt to Equity.

Arrangements are being made by the Brokers to have the additional shares listed on the Ghana Stock Exchange.

(ii) Redundancy:

Management and the Industrial and Commercial Worker's Union (ICU) concluded negotiation of the severance pay for workers affected by the redundancy exercise on 16th November 2006.

The liability involved is estimated to be ¢35.0 billion.

22. BORROWINGS

(i) Balances on existing Loan facilities as at 30th September 2006:

	2006 ¢million	2005 ¢million
Barclays Bank led Syndicate Euro Loan	197,062	215,946
EDIF Loan (Cedis)	12,093	15,549
Total	**209,155**	**231,495**

(ii) An additional medium term loan facility of USD12 million and a revolving working capital facility of USD10 million were approved at the Annual and Extraordinary General Meeting held on 22nd August 2006.

23. STATED CAPITAL

a) The company is registered with 20,000,000,000 ordinary shares of no par value of which 861,475,000 shares have been issued for ¢24,167,000.00 and fully paid.

b) 1 Preference shares ("Golden Chocolate Share") of no par value which has been issued for ¢1,000,000.00 and fully paid.

The Government of Ghana holds the special rights redeemable preference shares of no par value (the Golden Chocolate Share). The Golden Share is non voting but the holder is entitled to receive notice of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden share has a preferential right to return of Capital, the value of which will be 1,000,000.00 cedis. There are no outstanding shares in Treasury.

24. CAPITAL SURPLUS (¢79,304)

This represents net Revaluation Gain brought about as a result of Valuation of Fixed Asset by Messrs. Valuation and Investment Associates. The basis of this valuation is the Open Market Value for the existing Assets as at January 2002.

	2006 ¢million	2005 ¢million
Balance at 1/10/2005	79,304	82,376
Scrap value of unused plant & Machinery	0	(3,072)
	79,304	79,304

25. CONTINGENT LIABILITIES

The company is from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the company's financial position.

SHAREHOLDING DISTRIBUTION
as at 30th September, 2006

Category of Holdings	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 to 1,000	28,060	56.50	13,010,018	1.51
1,001 to 5,000	18,973	38.20	42,478,918	4.93
5,001 to 10,000	1,723	3.47	13,274,141	1.54
Over 10,000	908	1.83	792,711,923	92.02
Total	**49,664**	**100.00**	**861,475,000**	**100.00**

20 LARGEST SHAREHOLDERS
as at 30th September, 2006

No.	Shareholder's Name	No. of Shares	Percentage Holdings (%)
1.	Government of Ghana	516,884,200	60.00
2.	Social Security & National Insurance Trust	206,754,000	24.00
3.	NTHC Limited	15,669,900	1.82
4.	State Insurance Company Limited	3,200,000	0.37
5.	Ashanti Goldfields Company Limited Employees	3,200,000	0.37
6.	Ghana Reinsurance Company Limited	1,600,000	0.19
7.	Agricultural Development Bank	1,600,000	0.19
8.	Donewell Insurance Company Limited	1,120,000	0.13
9.	Sealing Consulting	1,103,321	0.13
10.	Mensah Baah Matthew	960,000	0.11
11.	Boohene Edward Henaku	800,000	0.09
12.	Donewell Insurance Company Limited	800,000	0.09
13.	Ghana Libyan Arab Holding Co.	800,000	0.09
14.	Badu Collins	730,000	0.08
15.	Tetteh Richard Amarh	552,000	0.06
16.	Acre Consolidated Limited	500,000	0.06
17.	CSL-AM/A. S.P.F.	500,000	0.06
18.	Insurance Compensation Fund	480,000	0.06
19.	Badu Collins itf. Adwoa Barfi	400,000	0.05
20.	Hyde J.E.	400,000	0.05
		758,053,421	**88.00**

DIRECTORS' SHAREHOLDING
as at 30th September, 2006

RICHARD AMARH TETTEH	...	552,000
HON. S.K. BALADO MANU MP	...	15,000
DAVID COLEMAN	...	15,000
JOHN AMO BEDIAKO	...	15,000
HON. OSEI KYEI-MENSAH-BONSU MP	...	19,000
		=========
		616,000

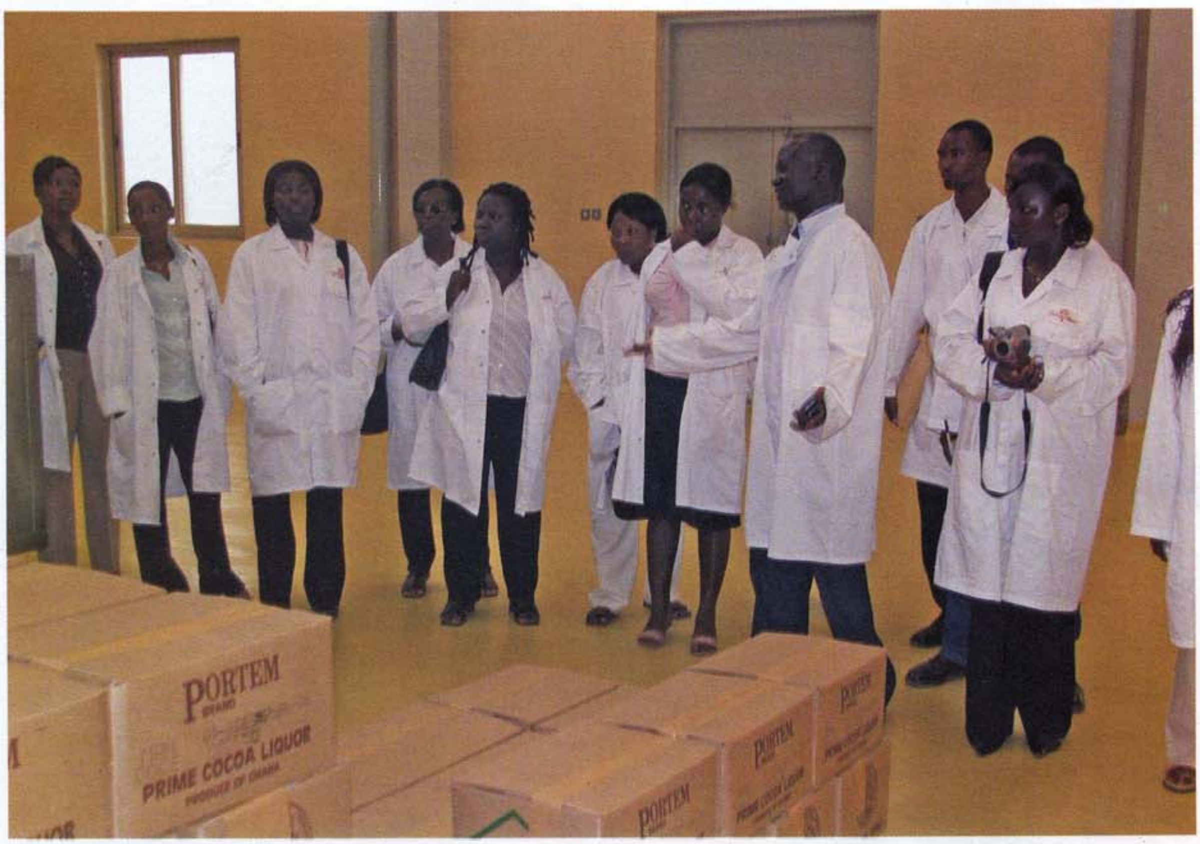
Sections of the New Liquor Plant showing some of the modern state-of-the-art machinery

Chairman of CPC presenting a cheque for ¢1,550 billion to the Hon. Kwadwo Baah Wiredu, Minister of Finance and Economic Planning as the Government of Ghana dividend for the year 2004/2005

A Shareholder making a contribution at the AGM

Shareholders being served with parcels of chocolate products at the AGM

The Executive Director of International Cocoa Organization (ICCO) in a discussion with the MD of CPC.



A delegation of Press personnel being conducted round the new Liquor Plant of CPC by Mr. Odei - Asiedu (GM-Cocoa)

MANAGEMENT OF COCOA PROCESSING COMPANY LTD.

Richard Amarh Tetteh
Managing Director

Samuel Odei - Asiedu
General Manager (Cocoa)

Tim Essandoh
Chief Accountant

Charles Debrah Asiedu
Gen. Manager (Confectionery)

Stephen Ofori - Adjei
Legal Officer /Company Sec.

Genevieve Dahlia Pawar
Marketing Manager

J. Ekow Rhule
Public Relations Manager

Frank Adu Asante
R&D Manager

Jacob Martey Sackey
Audit Manager

Kwabena Frimpong
Production Manager/Conf.

James Danso
Production Manager/Cocoa

Nathan O. Quao
Quality Assurance Manager

P. Kwadwo Sintim
Human Resource Manager

Frank K. Vittor
Chief Engineer

Frank Tekyie - Mensah
Process Control Manager


HEALTH in
Royale...
Royale
DRINK FOR HEALTHY LIVING
NATURAL COCOA POWDER
GOLDEN TREE
Royale
NATURAL COCOA
GOLDEN TREE
Royale
a natural cocoa drink from CPC
GOLDEN TREE
COCOA PROCESSING
COMPANY LIMITED

FORM OF PROXY

I/We...

of ....

.... being member/members of Cocoa Processing Company Limited hereby appoint

* ....

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 Osu Ebenezer Presbyterian Church Hall, Osu, Accra on Tuesday, 27 February 2007 at 10.00 am and at every adjournment thereof.

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

	RESOLUTION	FOR	AGAINST
1.	To receive the accounts		
2.	To declare dividend		
3.	To re-elect Mr David Coleman as a Director		
4.	To re-elect Hon. Stephen Kwaku Balado Manu MP as a Director		
5.	To approve the fees of Non-Executive Directors.		
6.	To authorise the Directors to fix the remuneration of the Auditors.		

Signed this .... day of ....2007.

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 (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy 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 marked (*) 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 joint 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 above proxy form and send it so as to reach the address shown overleaf not less than 48 hours before the appointed time of the meeting.

6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.

SECOND FOLD HERE

THE REGISTRAR
COCOA PROCESSING
COMPANY LIMITED
C/O NTHC LTD.
MARTCO HOUSE
NO. D542/4
OKAI MENSAH LINK
ADABRAKA
P.O. BOX 9563
AIRPORT - ACCRA

THIRD FOLD HERE

FIRST FOLD HERE

GOLDEN TREE

GOLDEN TREE

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