

2007
ANNUAL REPORT

CLYDESTONE
innovate ► develop ► support ►

CLYDESTONE 2007

Annual Report

CLYDESTONE (GHANA) LIMITED

CLYDESTONE 2007

Annual Report



innovate ▶ develop ▶ support ▶

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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 possible way the requirements and expectations of our customers.

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. Friday 23rd MAY 2008 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 2007
2. To re-elect Directors
3. To approve the remuneration of the Directors
4. To authorize the Auditors to remain in office
5. To authorize the Directors to fix the remuneration of the Auditors

A member of the Company entitled to attend and vote and 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 7th Day of April 2008

BY ORDER OF THE BOARD



**EHQ CORPORATE SERVICES
THE SECRETARY**

BOARD OF DIRECTORS, OFFICERS AND REGISTERED OFFICE**BOARD OF DIRECTORS**

Paul Tse Jacquaye
 George Prah
 Nana Benyin Hutchful
 Edmund Arnong
 Prof. Ellis Edwin Badu
 Dr. Kwabena Duffour
 Eudora Hilda Koranteng (Mrs)

SECRETARY

EHQ Corporate Services

REGISTERED OFFICE

CLYDESTONE (GHANA) LIMITED
 7th Floor Ridge Towers, Accra.
 P. O. Box CT 1003 Accra Ghana
 Tel: +233 21 660755
 Fax: +233 21 668232
 Email: info@clydestone.com
 website: www.clydestone.com

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.
 Metropolitan and Allied Bank (Gh) Ltd.
 Ezi Savings & Loans Limited

REGISTRARS

NTHC Limited
 Martco House
 P. O. Box KA9563
 Airport, Accra
 Ghana

BOARD OF DIRECTORS



GEORGE PRAH
Chairman



NANA BENYIN
HUTCHFUL



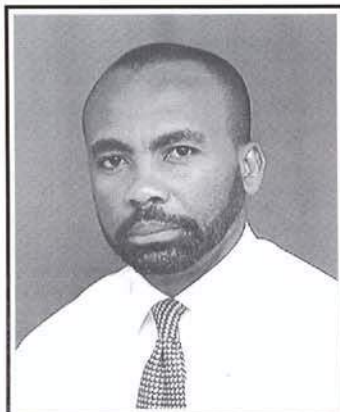
DR. KWABENA
DUFFOUR



EDMUND ARNONG



EUDORA KORANTENG



PAUL TSE JACQUAYE
Managing Director



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 market place.

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, 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 was 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 GH¢0.05 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;
- ✍ Authorized dealership and representative of a 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.

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 organization.

Our Mission

To be innovative in developing cutting edge solutions to meet the expectation of our customer's 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

CLYDESTONE 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, to today's Annual General Meeting, our fourth since Clydestone Ghana Limited became a public company.

THE ECONOMIC ENVIRONMENT:

The Ghana economy remained resilient against the backdrop of crude oil prices rising over the \$100 per barrel level, and a prolonged local energy crisis. In its wake, headline inflation rose to 12.7% while the cedi depreciated by 5.5% against the US dollar and 17.5% against the Euro. The Central Bank increased its prime rate to 13.5% in November 2007. GDP growth rate of 6.2% was achieved by the end of the year.

OUR INDUSTRY:

The Banking Industry saw significant developments in the year. The Bank of Ghana successfully redenominated the cedi in July 2007, with the introduction of the Ghana Cedi. In October 2007 it announced proposals for Commercial Banks to raise their minimum capital to GHC50million. Again, plans were announced to radically modernize the way monetary transactions are carried out in Ghana, through the creation of the Ghana Interbank Payments and Settlement System - (e-zwich).

In the Telecommunications Industry, MTN acquired Areeba (the dominant player) and embarked on aggressive competition with its fast growing rivals for market share. The competition has been severe, and commissions and fees paid to distributors and service providers saw significant cuts. With the fast pace of change in the industry, Clydestone has responded through re-engineering its business model to continue to support this industry both effectively and profitably on a sustainable basis.

HIGHLIGHTS OF 2007 PERFORMANCE:

The year 2007 was a challenging one for the company, as developments in the market, and fast reducing margins compelled management to re-engineer the company altogether to ensure future growth and profitability. Appropriate investments were made in technology and human resources, to shift our revenue base away from low margin activity to higher margin activity. This promises to yield greater dividends in the ensuing years.

Turnover for the Clydestone group declined by 48.1%, from GHC2.1m to GHC1.09, thus leading to a net loss of some GHC 303,238 for the year. Your company, nevertheless continued to maintain its lead role in all the market sectors in which it operates and with the re-engineering embarked on, will continue to lead in introducing new technologies and solutions for our growing customer base.

Our Remittance Processing Ghana Limited subsidiary, which was in litigation with ECG following the abrogation of its contract, significantly reduced its loss position over the year. ECG has appealed against the favourable verdict which we announced last year, and we eagerly await a decision.

DIVIDEND

The Board of Directors recognizes that our shareholders deserve a fair return on their investment. In view of the loss reported however, the Board does not recommend a dividend for the year 2007.

CORPORATE GOVERNANCE

There have been no major changes in the governance structure of the business. The Board has continued to adhere to Corporate Governance principles and policies of the company, in directing the affairs and operations of the company.

Of particular importance in this regard during the year under review, in the face of the challenges encountered the ability to reorganize and manage the key risk areas was critical. By so doing, we have contained the vulnerabilities of the company and chartered strategies for the way forward to enhance performance and improve the under profitability of your company for the future. In keeping with the Regulations of the Securities and Exchange Commission and the Rules of the Ghana Stock exchange, the Board met regularly, and its Audit-Sub Committee met regularly and ensured that the highest standards of good governance was in place.

OUTLOOK

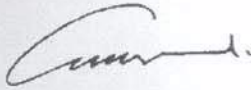
The Banking Sector continues to grow, both in terms of number of banks, branch networks and capitalization. The introduction by Bank of Ghana of the national switch (e-zwich) platform, necessarily enhances the automation of banking and increased dependence on technology with increased use of ATM's and Point of sale terminals and electronic switching. Clydestone has positioned itself well to take advantage of these trends. The Telecommunications Industry likewise, will see growth with the entry of additional players and increased subscriptions. In the coming year we shall be seeking your mandate to exploit clearly identified opportunities for mergers and acquisitions as a means of enhancing growth, and increasing shareholder value and consolidating our market position in a rapidly growing marketplace.

The Board also recognizes the need to inform the investing public better about what Clydestone actually does, to ensure a better understanding and appreciation of the value of our company, its products and services.

APPRECIATION

The Board, Management and Staff continued to show admirable dedication and responded well to the challenges that ensued in the course of the year. I thank them all. Once again, I thank you also, our shareholders for continuing to show faith with Clydestone.

George Prah



Chairman

CHIEF EXECUTIVE OFFICER REVIEW

INTRODUCTION

Fellow Shareholders, welcome to our 2007 Annual General Meeting. The year under review was a challenging and yet promising one for Clydestone. We did not achieve our projected growth due to reorganisation and the initiation of new projects. This has positioned us to undertake a much needed makeover in order to chart into new areas of operations to ensure a sustainable future growth for your company.

2007 PERFORMANCE REVIEW

The year under review saw group turnover decline from GH¢ 2,104,683 in 2006 to GH¢ 1,091,518 in 2007, this was due to lower than expected sales performance in most of our operational business sectors. Group net profit of GH¢ 92,301 in 2006 declined to a loss of GH¢ 303,238 for 2007. Our subsidiary Remittance Processing (Ghana) Limited (RPGL) saw a slight improvement in its operations with a loss of GH¢ 44,896 in 2007 as against a loss of GH¢ 100,715 in 2006.

RPGL was awarded GH¢123,200 for its suit against the Electricity Company of Ghana (ECG) for breach of contract. ECG has appealed against the judgement and we are currently engaged in the appeal process.

NEW DEVELOPMENTS IN 2007

We undertook several new projects in 2007 that added new service offerings to our product portfolio. This saw an addition of GH¢ 205,244 to fixed assets. We are confident that this new additions will enable us offer new products and services. It is our expectation that this will propel us forward in 2008 and beyond for growth and prosperity. The new developments include the following:

Postilion for Processors Switch: We installed a Postilion Switch to offer switch outsourcing services to drive Automated Teller Machines (ATMs) and Point of Sale(POS) devices, manage online connections to EFT networks, offer card management services, and provide both batch and online connections to customer institutions. Full back-office reporting and information management services are included with this offering. The Switch is live and we expect services to Banks and Independent Service Organisations to commence in the first quarter of 2008.

Motorola Canopy Network: We procured and installed a Motorola Canopy Network for offering Wide Area Network services to our client base. This new addition is to enhance our current offerings of Local and Campus area networking. The Canopy Network will be used to connect Offsite ATMs as well as our Postilion Switch user customers.

Clydebank II: Clydebank is Clydestone's flagship Cheque Clearing Solution which has been deployed at over 17 banks in Ghana since 1997. We completely redeveloped Clydebank in 2007 to cater for the new developments in Cheque Processing Technology. The new Software Clydebank II can now offer cheque Codeline clearing and Truncation; this is in readiness for the introduction of Codeline Clearing and Truncation by the Bank of Ghana.

ClydeVoucher: We developed an Internet Retail Electronic Voucher Distribution System in 2007. This is for the sale of Prepaid Inventory e.g. Mobile Phone Recharge Vouchers. The solution is currently being pilot tested and we expect to fully launch ClydeVoucher in the second quarter of 2008.

Blind Impact: This is the production of Mobile Recharge Vouchers using imported pre-printed branded stationery which is then completed at our offices for Mobile Phone Companies. We signed a contract with Scancom Limited (MTN) for the supply of Blind Impact Vouchers in 2007 and we started production in the last quarter of 2007. We expect this new line of business to add to our revenue growth in 2008.

OUR PEOPLE

We added to our staff numbers in 2007. This was to ensure that we had adequate human resources to undertake the new projects and to ensure we provide the highest level of customer service to our numerous clients. Please join me in welcoming our new staff members to the Clydestone family. Training and Development of our staff continued in 2007 to equip them with the requisite skills to deliver in all of our current and new business operational areas.

OUTLOOK

Although the results for 2007 were not encouraging, the future for Clydestone is bright. We expect that the investments made in 2007 will bear fruit in 2008 and the ensuing years. Please be assured of the dedication and commitment of the Board, Management and staff to turn the fortunes of the company around.

CONCLUSION

My sincere gratitude goes to our numerous clients for continuing to patronise our services and to you our shareholders for keeping faith with us over the years. My promise to you is to deliver a better performance in 2008 with the help and support of my fellow Directors, Management and Staff.

Thank you.



Paul Jacquaye
CHIEF EXECUTIVE OFFICER

Financial Highlights

CONSOLIDATED PROFIT AND LOSS

	GH¢ 2007	GH¢ 2006	% Changes
TURNOVER	1,091,518	2,104,683	-48%
COST OF OPERATIONS	(684,693)	(1,264,861)	-46%
GROSS PROFIT	406,825	839,821	-52%
GENERAL & ADMIN EXP	(740,410)	(708,897)	4%
OTHER INCOME	29,191	22,556	29%
LOSS BEFORE TAXATION	(304,394)	153,480	-298%
TAXATION	(6,270)	(77,495)	-92%
LOSS AFTER TAXATION	(310,664)	75,985	-509%
MINORITY INTEREST	7,426	16,316	-54%
LOSS FOR THE YEAR	(303,238)	92,301	-429%
EARNING PER SHARE	0	0.0027,15	-100%

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 principles:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognize and manage risk
8. Encourage enhanced performance
9. Recognize 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 2007**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 at the Audit Committee Meetings include (but not limited to):

Advising the Board on the adequacy and effectiveness of the Company's systems of Internal Control regarding operational and financial systems.

Advise the Board on the appointment, reappointment, dismissal and remuneration of the External Auditors, the Internal Audit Officers and the Chief Financial Officer.

Advise the Board on the scope and objectives of the work of the External and Internal Auditors.

Monitoring, within an agreed timescale, the implementation of agreed recommendations relating to internal and external audit reports.

Leading the production of 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.

Ensuring that all allegations of fraud and irregularity are properly dealt with.

The activities of the Audit Committee include 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 four times in 2007.

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 28 as at December 31, 2007.

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

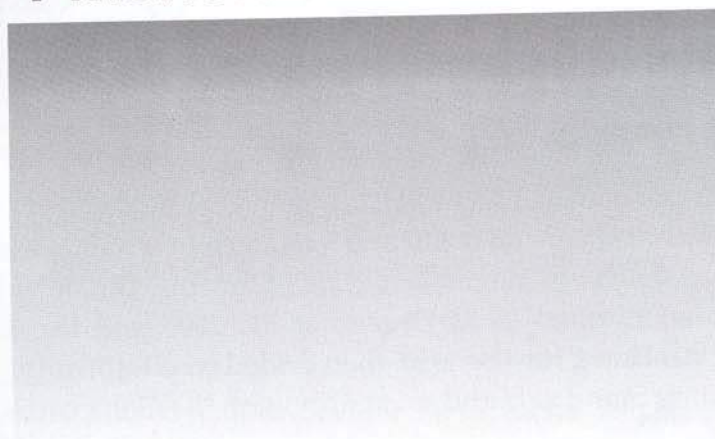
In our opinion, proper books of account have been kept by the Company and the accompanying balance sheet and profit and loss account which are in agreement therewith, present fairly in all material respects, the financial position of Clydestone (Ghana) Limited as at December 31, 2007 and the results of its operations and cash flows for the year then ended in conformity with Ghana National Accounting Standards and to comply with the Companies Code, 1963 (Act 179).

CHARTERED ACCOUNTANTS
ACCRA

28th March, 2008



Financial Statements



BALANCE SHEET AS AT DECEMBER 31, 2007

	NOTES	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
DEFERRED EXPENDITURE	2	159,012	159,012	131,865	131,865
FIXED ASSETS	3	343,814	410,954	228,355	320,742
INVESTMENT	4	178,493	182,208	178,493	208,901
CURRENT ASSETS					
Inventories	5	57,301	57,301	125,412	125,412
Trade accounts receivable		521,397	602,229	763,514	833,964
Other accounts receivable	6	66,579	79,723	82,425	84,711
Due from subsidiary company		-	-	1,206	-
Cash and bank balances	7	29,811	44,041	20,284	75,911
		675,088	783,294	992,841	1,119,998
CURRENT LIABILITIES					
Bank Overdraft	8	115,958	153,169	-	-
Trade accounts payable		303,674	393,855	227,639	311,807
Other accounts payable	9	264,089	332,642	343,928	422,627
Taxation	10	(28,405)	(9,848)	(13,777)	(1,007)
Due to subsidiary company		64,862	-	-	-
Short Term Loan	11	19,404	19,404	-	-
Dividend payable	12	34,158	34,158	125,327	125,327
		773,740	923,380	683,117	858,754
Net Current Assets		(98,652)	(140,086)	309,724	261,244
Net Assets		582,667	612,088	848,437	922,752
REPRESENTED BY					
Stated Capital	13	554,850	554,850	554,850	554,850
Capital Surplus	14	140,955	213,037	140,955	213,037
Income Surplus		(113,138)	(189,328)	152,632	113,910
Minority Interest	15	-	33,529	-	40,955
		582,667	612,088	848,437	922,752

DIRECTOR


DIRECTOR

The accompanying notes on pages 22 to 28 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2007

	NOTES	COMPANY 2007	GROUP 2007	COMPANY 2006	GROUP 2006
			GH¢	GH¢	GH¢
TURNOVER	1(b)	1,043,743	1,091,518	2,026,261	2,104,683
COST OF OPERATIONS		<u>(661,983)</u>	<u>(684,693)</u>	<u>(1,244,245)</u>	<u>(1,264,862)</u>
GROSS OPERATING PROFIT		<u>381,760</u>	<u>406,825</u>	<u>782,016</u>	<u>839,821</u>
General & Administration Expenses	16	<u>(647,530)</u>	<u>(740,410)</u>	<u>(535,587)</u>	<u>(708,897)</u>
Operating Loss		(265,770)	(333,585)	246,429	130,924
Other Income	17	<u>-</u>	<u>29,191</u>	<u>2,764</u>	<u>22,556</u>
Loss Before Taxation		(265,770)	(304,394)	249,193	153,480
Taxation					
Corporate	10	<u>-</u>	<u>(6,270)</u>	<u>(72,492)</u>	<u>(77,495)</u>
Loss After Taxation		(265,770)	(310,664)	176,701	75,985
Minority Interest		<u>-</u>	<u>7,426</u>	<u>-</u>	<u>16,316</u>
Loss for the year		<u>(265,770)</u>	<u>(303,238)</u>	<u>176,701</u>	<u>92,301</u>

INCOME SURPLUS ACCOUNT

January 1		152,632	113,910	77,931	123,609
Loss for the year		(265,770)	(303,238)	176,701	92,301
Proposed dividend	12	<u>-</u>	<u>-</u>	<u>(102,000)</u>	<u>(102,000)</u>
December 31		<u>(113,138)</u>	<u>(189,328)</u>	<u>152,632</u>	<u>113,910</u>

The Accompanying Notes on pages 22 to 28 form an integral part of these Financial Statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
CASH FLOW FROM OPERATING ACTIVITIES				
Loss Before Taxation	(265,770)	(304,394)	249,193	153,480
Reconciliation of Profit to net Cash Flow from operating activities				
Adjustment for Non - Cash Items:				
Depreciation	89,785	110,567	56,219	85,064
Amortisation of deferred expenditure	12,826	12,827	12,774	12,775
Profit on Disposal	-	(4,330)	-	221
	<u>(163,159)</u>	<u>(185,330)</u>	<u>318,186</u>	<u>251,540</u>
Changes in current assets and liabilities				
Inventories	68,111	68,111	15,330	15,331
Trade accounts receivable	242,117	231,735	(28,768)	43,910
Other accounts receivable	15,846	4,988	(64,473)	(11,298)
Trade accounts payable	76,035	82,049	(137,279)	(162,800)
Other accounts payable	(79,839)	(89,986)	182,096	226,381
Due from subsidiary company	66,068	-	(1,075)	-
	<u>388,338</u>	<u>296,897</u>	<u>(34,169)</u>	<u>111,524</u>
Tax paid				
Corporate	<u>(14,628)</u>	<u>(15,111)</u>	<u>(80,465)</u>	<u>(83,005)</u>
	<u>373,710</u>	<u>281,786</u>	<u>(114,634)</u>	<u>28,519</u>
Net cash provided by operating activities	<u>210,551</u>	<u>96,456</u>	<u>203,552</u>	<u>280,059</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Fixed assets purchased	(205,243)	(205,593)	(124,453)	(124,453)
Deferred Expenditure	(39,974)	(39,974)	(88,429)	(88,429)
Proceeds from sale of assets	-	9,144	-	14,371
Investment	-	26,693	-	(119,195)
	<u>(245,217)</u>	<u>(209,730)</u>	<u>(212,882)</u>	<u>(317,706)</u>
Net cash used in investing activities	<u>(245,217)</u>	<u>(209,730)</u>	<u>(212,882)</u>	<u>(317,706)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid-members	(91,169)	(91,169)	(91,989)	(91,989)
Bank overdraft	115,958	153,169	-	-
Short term Loan	19,404	19,404	-	-
Net cash provided by financing activities	<u>44,193</u>	<u>81,404</u>	<u>(91,989)</u>	<u>(91,989)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>9,527</u>	<u>(31,870)</u>	<u>(101,319)</u>	<u>(129,636)</u>
CASH AND BANK BALANCES				
At the beginning of year:-				
Cash and Bank	<u>20,284</u>	<u>75,911</u>	<u>121,603</u>	<u>205,547</u>
At the end of year:-				
Cash and Bank	<u>29,811</u>	<u>44,041</u>	<u>20,284</u>	<u>75,911</u>

The accompanying notes on pages 22 to 28 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 goods 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.

NOTE 2 -DEFERRED EXPENDITURE

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
(a) Flotation costs				
Balance at 1/1/07	28,913	28,912	41,687	41,686
Movement during the year	-	-	-	-
Less Amortisation	(12,827)	(12,827)	(12,774)	(12,774)
Balance at 31/12/07	<u>16,086</u>	<u>16,085</u>	<u>28,913</u>	<u>28,912</u>
(b) Deferred Nigeria office Expenses				
Balance at 1/1/07	142,926	102,953	102,952	102,953
Movement during the year	-	39,974	-	-
Balance at 31/12/07	<u>142,926</u>	<u>142,927</u>	<u>102,952</u>	<u>102,953</u>
Total	<u>159,012</u>	<u>159,012</u>	<u>131,865</u>	<u>131,865</u>

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

The company has established a subsidiary in Nigeria called clydestone Nigeria Limited.

NOTE 3a - FIXED ASSETS - COMPANY

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
COST/VALUATION								
At 1.1.07	50,200	43,517	172,747	39,436	2,251	1,611	54,593	364,355
Additions	4,961	43,590	23,963	53,460	3,720	-	75,550	205,244
At 31.12.07	55,161	87,107	196,710	92,896	5,971	1,611	130,143	569,599
DEPRECIATION								
At 1.1.07	5,121	11,244	94,519	23,899	915	302	-	136,000
Charge for the year	4,137	17,122	39,342	27,869	1,194	121	-	89,785
At 31.12.07	9,258	28,366	133,861	51,768	2,109	423	-	225,785
NET BOOK VALUE								
At 31.12.07	45,903	58,741	62,849	41,128	3,862	1,188	130,143	343,814
At 31.12.06	45,079	32,273	78,228	15,537	1,336	1,309	54,593	228,355

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

NOTE 3b - FIXED ASSETS - Group

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
COST/VALUATION								
At 01.01.07	56,122	62,964	190,337	196,509	2,251	1,611	54,593	564,387
Additions	4,961	43,590	23,963	53,810	3,720	-	75,550	205,594
Disposal	(1,666)	(13,060)	-	-	-	-	-	(14,726)
At 31.12.07	59,417	93,494	214,300	250,319	5,971	1,611	130,143	755,255
DEPRECIATION								
At 01.01.07	10,375	25,021	105,073	101,959	915	302	-	243,645
Charge for the year	4,344	18,437	42,860	43,611	1,194	121	-	110,567
Disposal	(1,206)	(8,705)	-	-	-	-	-	(9,911)
At 31.12.07	13,513	34,753	147,933	145,570	2,109	423	-	344,301
NET BOOK VALUE								
At 31.12.07	45,904	58,741	66,367	104,749	3,862	1,188	130,143	410,954
At 31.12.06	45,747	37,943	85,264	94,550	1,336	1,309	54,593	320,742

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

NOTE 4 - INVESTMENT

The company

This represents investment in subsidiary

The Group

This represents fixed deposit with local financial institutions.

NOTE 5 - INVENTORIES

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
Hardware spare parts	9,846	9,846	59,600	59,600
Network materials	15,339	15,339	23,189	23,189
Consumables	32,116	32,116	3,500	3,500
Terminals	-	-	39,123	39,123
Balance December 31,	<u>57,301</u>	<u>57,301</u>	<u>125,412</u>	<u>125,412</u>

NOTE 6 - OTHER ACCOUNTS RECEIVABLE

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
Amount due from officers	18,449	22,449	18,740	19,878
Payment in advance	6,663	6,663	24,747	20,224
Insurance	4,299	4,299	-	4,524
Others	<u>37,168</u>	<u>46,312</u>	<u>38,938</u>	<u>40,085</u>
	<u>66,579</u>	<u>79,723</u>	<u>82,425</u>	<u>84,711</u>

NOTE 7 - CASH AND BANK BALANCES

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
Cash on hand	364	479	146	222
Cash at bank	<u>29,447</u>	<u>43,562</u>	<u>20,138</u>	<u>75,689</u>
	<u>29,811</u>	<u>44,041</u>	<u>20,284</u>	<u>75,911</u>

NOTE 8- BANK OVERDRAFT

This is in respect of an overdrawn balance with a local financial institution.

NOTE 9 - OTHER ACCOUNTS PAYABLE

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
Accrued liabilities	121,317	152,037	288,049	297,952
Other payables	<u>142,772</u>	<u>180,605</u>	<u>55,879</u>	<u>124,675</u>
	<u>264,089</u>	<u>332,642</u>	<u>343,928</u>	<u>422,627</u>

NOTE 10 (a) - TAXATION - COMPANY

YA	Balance 1/1/07 GH¢	Payments/ Tax Credits GH¢	Profit & Loss Account GH¢	Balance 31/12/07 GH¢
2003	(3,891)	-	-	(3,891)
2004	(18,174)	-	-	(18,174)
2005	16,261	-	-	16,261
2006	(7,973)	-	-	(7,973)
2007	-	(14,628)	-	(14,628)
	<u>(13,777)</u>	<u>(14,628)</u>	<u>-</u>	<u>(28,405)</u>

NOTE 10 (b) - TAXATION - GROUP

YA	Balance 1/1/07 GH¢	Payments/ Tax Credits GH¢	Profit & Loss Account GH¢	Balance 31/12/07 GH¢
2003	(16,868)	-	-	(16,868)
2004	(14,785)	-	-	(14,785)
2005	36,156	-	-	36,156
2006	(5,510)	-	-	(5,510)
2007	-	(15,111)	6,270	(8,841)
	<u>(1,007)</u>	<u>(15,111)</u>	<u>6,270</u>	<u>(9,848)</u>

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

NOTE 11 - SHORT TERM LOAN

This is a facility with a local financial institution.

NOTE 12 - DIVIDEND PAYABLE

	COMPANY 2007 GH¢	GROUP 2007 GH¢	COMPANY 2006 GH¢	GROUP 2006 GH¢
Balance at January 1,	125,327	125,327	115,316	115,316
Proposed dividend	-	-	102,000	102,000
	<u>125,327</u>	<u>125,327</u>	<u>217,316</u>	<u>217,316</u>
Dividend paid	(91,169)	(91,169)	(91,989)	(91,989)
Balance at December 31,	<u>34,158</u>	<u>34,158</u>	<u>125,327</u>	<u>125,327</u>

NOTE 13 - STATED CAPITAL

	2007 NUMBER '000	2007 AMOUNT GH¢	2006 NUMBER '000	2006 AMOUNT GH¢
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>554,850</u>	<u>34,000</u>	<u>554,850</u>

NOTE 14 - CAPITAL SURPLUS

	COMPANY	GROUP	COMPANY	GROUP
	2007	2007	2006	2006
	GH¢	GH¢	GH¢	GH¢
Opening balance	140,955	213,037	140,955	213,037
Movement during the year	-	-	-	-
Less Minority interest	-	-	-	-
Closing Balance	<u>140,955</u>	<u>213,037</u>	<u>140,955</u>	<u>213,037</u>

NOTE 15 - MINORITY INTEREST

	COMPANY	GROUP	COMPANY	GROUP
	2007	2007	2006	2006
	GH¢	GH¢	GH¢	GH¢
Share of net asset of	-	40,955	-	57,271
Subsidiary at January 1,	-	(7,426)	-	(16,316)
Share of loss subsidiary	<u>-</u>	<u>33,529</u>	<u>-</u>	<u>40,955</u>

NOTE 16 - GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses include:

	COMPANY	GROUP	COMPANY	GROUP
	2007	2007	2006	2006
	GH¢	GH¢	GH¢	GH¢
Interest and financial charges	24,150	24,916	25,832	29,193
Directors emoluments	52,510	78,525	48,782	86,887
Auditors remuneration	4,700	6,600	4,600	6,440
Depreciation	89,785	110,567	56,219	85,064
Terminal benefits	-	-	-	444,959

NOTE 17 - OTHER INCOME

	COMPANY	GROUP	COMPANY	GROUP
	2007	2007	2006	2006
	GH¢	GH¢	GH¢	GH¢
Investment income	-	24,861	-	20,239
Interest income	-	-	226	-
Profit on disposal of asset	-	4,330	-	(221)
Other	<u>-</u>	<u>-</u>	<u>2,538</u>	<u>2,538</u>
	<u>-</u>	<u>29,191</u>	<u>2,764</u>	<u>22,556</u>

NOTE 18 - CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no outstanding contingent liabilities or capital commitments at December 31, 2007.

NOTE 19 - REDENOMINATION OF CURRENCY/COMPARATIVE FIGURES

On July 1, 2007 the existing Ghana Cedi was redenominated at a rate of One (1) New Ghana Cedi to ten thousand (10,000) of the old one. The transactions from January to June have been converted into the new Ghana Cedi which is the Currency being reported. Accordingly, the 2006 comparatives have been converted into the new Ghana cedi to ensure uniformity in Currency Value reporting.

Shareholding Distribution 31st December 2007

CLYDESTONE GHANA LIMITED SHAREHOLDING DISTRIBUTION AS AT 31ST DEC. 2007

Category of Holdings	No. of Shareholders	Holders %	No. of Shares	Percentage Holding
1 to 1,000	2,039	57.55	1,096,142	3.22
1,001 to 5,000	1,099	31.02	2,893,296	8.51
5,001 to 10,000	245	6.92	2,103,419	6.19
Over 10,000	160	4.52	27,907,143	82.08
	3,543	100.00	34,000,000	100.00

DIRECTORS' SHAREHOLDING AS AT 31ST DECEMBER, 2007

Name of Director	No. of Shares
George Prah	50,000
Paul Jacquaye	20,389,500
Kwabena Duffour	25,000
Nana Benyin Hutchful	135,000
	20,599,500

TOP 20 SHAREHOLDERS AS 7TH MARCH, 2008

	Name	No. of Shares	Percentage (%)
1	JACQUAYE TSE PAUL	20,389,500	59.97
2	BBGN/NTHC HORIZON FUND	648,000	1.91
3	NTHC SECURITIES LIMITED	579,000	1.70
4	STAR LIFE ASSURANCE LTD.	532,000	1.57
5	MAWUENYEGA DANNY MR.	412,000	1.21
6	AKOTO- BAMFO EDMUND MR.	412,000	1.21
7	VANGUARD ASSURANCE CO. LTD.	212,000	0.62
8	ECOBANK STOCKBROKERS LIMITED	187,263	0.55
9	STAR ASSURANCE COMPANY LIMITED	141,824	0.42
10	HUTCHFUL NANA	135,000	0.40
11	AKOSAH-BEMPAH KWAKU	125,000	0.37
12	CDH ASSET MANAGEMENT LTD.	112,280	0.33
13	CATHOLIC ARCHDIOCESE OF CAPE COAST	110,000	0.32
14	ISAKA NICHOLAS GBANA MR	110,000	0.32
15	GOGO BENJAMIN MR	105,000	0.31
16	HOLDEN CHRISTOPHER MARK MR	100,000	0.29
17	AKOSAH-BEMPAH OPHELIA	70,700	0.21
18	CDH-AM/LIPTIN VENTURES	70,000	0.21
19	COBBINAH PHILIP	70,000	0.21
20	CDH SECURITES LTD.	62,420	0.18

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 Room of the Ghana International Trade Fair, Accra on Friday 23rd May 2005 at 10.00am 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 re – elect Mr. Edmund Arnong as a Director		
3. To re – elect Nana Benyin Hutchful as a Director		
4. To approve Directors fees		
5. To authorise Directors to fix Auditors fees		

Signed this _____ day of _____ 2008

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 leaf not later than 48 hours before the meeting.
6. The Proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.

CLYDESTONE

The Registrar
NTHC Limited
2nd Floor, Martco House
Adabraka
Mokai Mensah Link
P. O. Box KA 9563
Airport, Accra
Ghana

RESOLUTIONS TO RE-ELECT THE RETIRING DIRECTORS

Section 298 (a) of the Companies Code requires that one third of the directors for the time being shall retire from office at every annual general meeting.

Section 298 (d) however allows a retiring director to be eligible for re-election .

Messrs **Edmund Arnong** and **Nana Benyin Hutchful** are due to retire but are offering themselves for re-election. They are therefore recommended to the members for re-election.

1. RESOLVED THAT **Mr. Edmund Arnong** being due to retire under the provisions of the Companies Code and there being no nomination to fill the vacancy created by his retirement offered himself for re-election be and is hereby re-elected as a director of Clydestone Ghana Ltd.

2. RESOLVED THAT **Nana Benyin Hutchful** being due to retire under the provisions of the Companies Code and there being no nomination to fill the vacancy created by his retirement offered himself for re-election be and is hereby re-elected as a director of Clydestone Ghana Ltd.

2007

ANNUAL REPORT

CLYDESTONE (GHANA) LIMITED

7th Floor Ridge Towers, Accra. P. O. Box CT 1003 Accra Ghana

Tel: +233 21 660755 Fax: +233 21 668232 Email: info@clydestone.com

website: www.clydestone.com