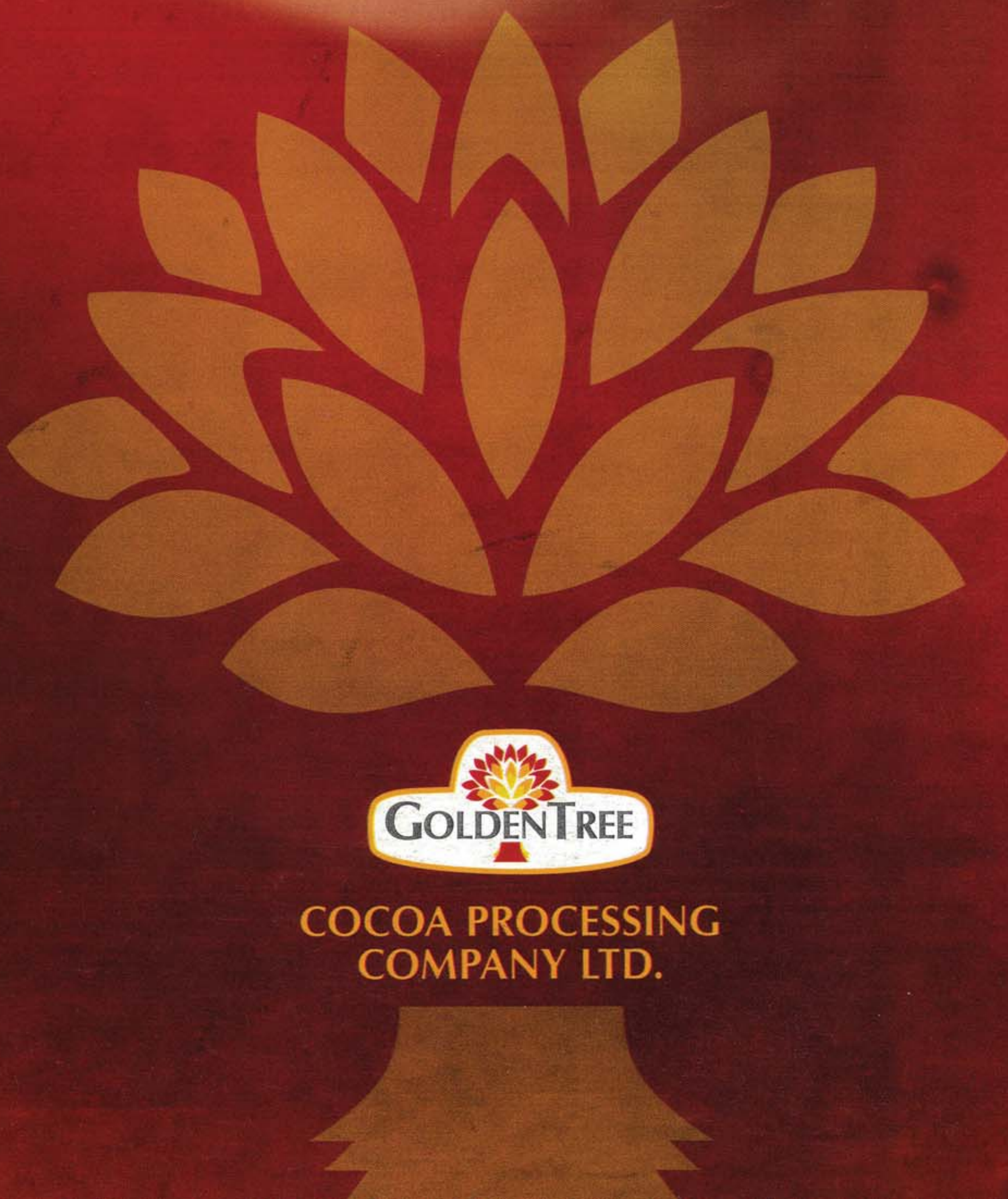
Annual Report & Accounts '08



GOLDEN TREE

COCOA PROCESSING COMPANY LTD.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FREEDOM AND USTIC
GOLDEN TREE
BBLES
COATED WITH CHOCOLAT
PEBBL
PEBBL
PEBBLES

Research

COCOA PROCESSING COMPANY LIMITED
contents


CoffeeChoc
Akuafo Bar
Portem Pride
Dark Milk Chocolate
Kingsbite
Akuafo Bar

HE President of Ghana, John Agyekum Kufour being presented with a hamper of GoldenTree chocolates after the official opening of the GoldenTree Mart - a one-stop chocolate shop located at the Cocoa House, Accra

Guests sampling cocoa drink and cocoa-based pastries at the GoldenTree Mart

COCOA PROCESSING COMPANY LIMITED
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, 31st March 2009 at 10.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive the Financial Statements for the Year ended 30th September 2008 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To re-elect Mr Isaac Osei as a Director.
4. To re-elect Alhaji Dramani Egala as a Director.
5. To re-elect Mr Alex Kobina Braye Bonney as a Director.
6. To appoint KPMG Ghana as Auditors of the Company in place of Darko Sarpong & Co. and to authorise the Directors to negotiate and determine the remuneration of the Auditors for the ensuing year.

Dated the 12th day of December, 2008.

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.

COCOA PROCESSING COMPANY LIMITED
board of directors, officials and registered office

Directors	Nana Obiri Boahen	Chairman	(Resigned on 10th Nov. 2008)
	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	(Died on 29th Nov. 2008)
	Mr. David Coleman	Member	
	Mr. Charles Boakye Nimako	Member	
	Mr. Dramani Egala	Member	
	Mr. Oliver Kwabena Ayivi	Member	
	Mr. Alex Kobina Braye Bonney	Member	(Appointed on 12th Dec. 2008)

Auditors

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

Registered Office

Cocoa Processing Company Limited
Heavy Industrial Area
Private Mail Bag, Tema - Ghana
Airport, Accra

Secretary

Mr. Stephen Ofori-Adjei
Cocoa Processing Company Limited
Heavy Industrial Area
Private Mail Bag, Tema - Ghana

Registrars

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

Bankers

Barclays Bank Ghana Limited
Prudential Bank Limited
Ecobank Ghana Limited
The Trust Bank Ghana Limited
SG-SSB Bank Limited

Country of incorporation

Ghana

Holding Company

None

COCOA PROCESSING COMPANY LIMITED
members of the board of directors

Richard Amarh Tetteh
Managing Director

Hon. Stephen Kwaku Balado Manu MP

Dramani Egala

David Coleman

Hon. Osei Kyei-Mensah-Bonsu MP

Charles Boakye Nimako

Isaac Osei

Oliver Kwabena Ayivi

Alex Kobina Braye Bonney

COCOA PROCESSING COMPANY LIMITED
chairman's statement

Dear shareholders

I welcome you all once again to the 2008 Annual General Meeting of the Cocoa Processing Company Limited.

I am particularly pleased to present to you the Annual Report and Financial Statements of our Company for the year ended 30th September 2008.

THE ECONOMY

The global economy, during the year under review, was characterized by an unprecedented high food prices and rising crude oil prices reaching an all-time high of US$147 per barrel in July 2008. The period also witnessed deep crises in the financial sector of the global economy, with the Developed Economies being the badly affected casualty. This state of affairs led, among others, to a reduction in the purchasing power of consumers in those economies.

Our Company, which is a major exporter to Europe and the Americas was not sparred the effect of the global crisis. As you are, no doubt aware, Cocoa Processing Company Limited exports about 95% of its semi-finished cocoa products to Europe and the Americas as well as to Asia and the Middle East. Dwindling purchasing power of consumers in those economies meant a reduction in demand for our products as well.

The year also saw a change in policy of Ghana Cocoa Board regarding the supply of cocoa beans from credit supply to payment before delivery.

This, coupled with the above global trends, affected our company's operations for the year under review.

UPDATE ON CPC EXPANSION PROGRAMME

Ladies and Gentlemen

In 2003, you gave the Directors the mandate to contract a loan of 22.0 million Euros and GH¢1,675,000 EDIF loan to undertake an expansion of your company. You again approved for us to further contract US$22.0 million as a supplement to the expansion programme. The expansion was aimed at increasing the Company's 1965 installed capacity of 25,000 metric tonnes of cocoa beans per annum to 64,500mt per annum.

The expansion project was done in two phases. The first phase entailed the construction of a new plant to process 30,000mt of cocoa into cocoa liquor while the second phase involved the refurbishment and upgrading of the old cocoa factory to process 34,500mt of semi-finished cocoa products.

You will recall that the first phase was completed and commissioned in the year 2005 and the second phase commenced in 2006.

I am happy to inform you, dear shareholders, that the second phase of the rehabilitation and expansion of the cocoa factory has now been completed and delivered to Management. The practical completion was in June 2008 (ie nine (9) months into the company's financial year).

Your company is now well placed to process 64,500mt of raw cocoa beans per annum and is the most modern state-of-the-art cocoa processing facility in Ghana currently.

COCOA PROCESSING COMPANY LIMITED
chairman's statement cont'd

OPERATIONAL STRATEGY

Due to the volatility of the cocoa market, the Management of our Company took a decision not to enter into a long term sales agreements with any Buyer. The company rather dealt with its customers on a spot-sale contract basis. This strategy was aimed at reducing our company's exposure to the volatility of the international cocoa trade.

RESULTS OF 2008

Ladies and Gentlemen

In the face of very challenging circumstances, our company managed to operate profitably by improving on the previous year's financial performance.

Our company made a gross profit of GH¢ 4,801,218 in 2007/2008 up from the previous year's (2006/2007) GH¢ 3,682,779.

DIVIDEND

Dear Shareholder, your Board of Directors hereby recommends the payment of a dividend of GH¢ 0.0005 per share for the year ended 30 September 2008. This amounts to GH¢ 550,413.

SAFETY, HEALTH AND ENVIRONMENT

As a means of ensuring the safety and health of its employees, our company as usual paid a particular attention to health, safety and environment issues during the year.

The Company collaborated with the Environmental Protection Agency (EPA) to evaluate and re-evaluate its operations.

FIRST TIME ADOPTION OF IFRS

In accordance with the requirements of the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants, Ghana (ICAG), the company has applied the International Financial Reporting Standards (IFRS) in its financial statements for the year ended 30th September 2008.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and on my own behalf, I hereby express a deep appreciation to you, our valued shareholders for your support, patience and encouragement throughout the reporting year. The Board also expresses its heartfelt gratitude to the Management and staff of the Company for their dedication to duty.

CHAIRMAN

COCOA PROCESSING COMPANY LIMITED
key management personnel

From left: Mr. S. Ofori-Adjei (Solicitor Secretary), Mr. Tim Essandoh (Deputy MD, F&A), Mr. Richard Amarh Tetteh (Managing Director), Mr. Charles D. Asante (Deputy MD, Operations)

COCOA PROCESSING COMPANY LIMITED
corporate governance

In line with global trends in ensuring transparency, accurate financial reporting and boosting stakeholders' confidence, the Cocoa Processing Company Limited (CPC) has consistently pursued sound corporate governance policies in order to improve upon its processes and organizational structure.

The Company complies with all statutory requirements and adopts best practices to protect the environment and its employees.

In accordance with the requirements of the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants, Ghana (ICAG), CPC has adopted the International Financial Reporting Standards ('IFRS'). The Company also adopts sound internal controls in order to facilitate transparency of business transaction and reliability of financial statements.

All the "four pillars" of corporate governance - Board of Directors, Internal Audit, External Auditors and Management - as advocated by international legislation and other regulatory bodies like the Sarbanes Oxley Act 2002, Act 404 and the COSO framework are functioning effectively in CPC.

Board of Directors

A Board of Directors comprising competent and experienced professionals from diverse fields of endeavour is responsible for ensuring good corporate governance. It is also concerned with formulating strategies and policies towards the achievement of organizational objectives.

The Company's regulations provide for ten (10) Directors including the Managing Director.

The non-executive directors are independent of management and free from any constraints which could materially interfere with the exercise of their independent judgement and do submit themselves for re-election at Annual General Meetings in accordance with the regulations of the Company.

The Board works through Audit, Nominations, Remuneration, Finance and Marketing, and Technical sub-committees as a way of ensuring effective control and monitoring of the Company's business.

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

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

The Audit Sub-Committee

The Audit Subcommittee's Terms of Reference include among others;

- Reviewing the external auditors' evaluation of the internal control and the accounting systems of the Company.
- Reviewing and discussing the audited accounts with the auditors and requesting further information where necessary from the auditors or management.
- Reviewing the scope and effectiveness of the internal procedures in consultation with the internal and external auditors
- Reviewing and making recommendations to the Board on the conduct of any aspect of the business of the company

The Audit subcommittee is made up of the following members: Mr. Charles Boakye Nimako (Chairman), Mr. David Coleman, Hon. Osei Kyei-Mensah-Bonsu and Alhaji Dramani Egala. The External Auditors, the Managing Director and the Financial Controller as well as the Internal Auditor were invited to attend the meetings of the Subcommittee.

During the financial year, the Committee reviewed and discussed quarterly, half year and annual financial statements and also considered the appointment of new Auditors.

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

COCOA PROCESSING COMPANY LIMITED
corporate governance cont

Internal Controls

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

CPC's overall 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.

In line with its control responsibilities, Management ensures 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.

COCOA PROCESSING COMPANY LIMITED
managing director's review of operations

INTRODUCTION

Dear Shareholder

Our Company, Cocoa Processing Company Limited continued to produce and supply both the domestic and the foreign markets with high quality cocoa and chocolate confectionery products, during the year, in accordance with its objectives.

In spite of the tough global economic crises experienced in 2007/2008, the Company managed to operate profitably and was able, by the grace of God, to complete the second phase of its expansion programme in the third quarter of the reporting year. Our company now operates two modern state-of-the-art cocoa processing factories (Cocoa 1 and Cocoa 2) with a combined throughput capacity of 64,500metric tonnes (mt) of raw cocoa beans per annum.

REVIEW OF OPERATIONS

COCOA FACTORIES 1 & 2

The two cocoa factories processed a total of 21,721metric tonnes of raw cocoa beans into cocoa liquor, cocoa butter, cocoa cake and cocoa powder during the year. This constituted 76.22% of the budgeted production (ie. 28,500 mt) for the year.

CONFECTIONERY FACTORY

The Confectionery factory packed a total of 922.0mt of confectionery products during the year as follows:

PRODUCT VOLUME

1. Chocolate/Couverture - 629.0mt
2. ALLTIME Drinking Chocolate - 127.9mt
3. Pebbles - 61.3mt
4. "ROYALE" Natural Cocoa Powder - 46.5mt
5. VITACO Drinking Chocolate - 28.9mt
4. ChocoDelight (Chocolate spread) - 28.0mt

The 2007/2008 budgeted raw cocoa beans throughput of 28,500mt and also the budgeted 2,050mt of confectionery products could not be achieved by both the Cocoa and Confectionery factories respectively. This was a direct result of the global financial crises and their attendant reduction in demand, mechanical and electrical faults on some critical machines, frequent external power outages and the disruption of production by the various works done as part of the expansion programme.

It must be noted that the Confectionery Factory has not seen any major rehabilitation since it was constructed in the 1960s. Most of the confectionery machinery is therefore obsolete and requires rehabilitation. Some minimal rehabilitation undertaken during the year affected production. The powder production section, for instance, had to stop production for almost ten (10) months for rehabilitation works during the year.

FINANCIAL PERFORMANCE

The Company achieved a turnover of GH¢59,264,796 during the year with a gross profit of GH¢4,801,218. Operational costs increased by 22% over those of the previous year.

The following accounted for the rise of the operational costs:

COCOA PROCESSING COMPANY LIMITED
managing director's review of operations

1. the unprecedented rise in crude oil prices peaking at US$147 per barrel in July 2008 with the attendant increase in the prices of petroleum products domestically
2. the rising cost of some production inputs.

The net profit recorded for the year was GH¢1,273,097 from GH¢647,193 recorded in the previous year (2006/2007).

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
Being a food processing industry, the Company attaches a great deal of importance to Research and Development (R & D). Management therefore engaged in vigorous R & D activities during the year to develop and design smaller, single-use sachets for Royale Natural Cocoa Powder (5g) and Alltime Drinking Chocolate Powder (25g). The new packaging is targeted at the hospitality industry and the general public and will be launched onto the market in the coming year.

Work on the introduction of smaller and softer "Pebbles" and the new 400g Royale sachets is complete and that full-scale production will commence soon.

MARKETING
The Company embarked on aggressive marketing strategies to increase its market share of the cocoa and confectionery trade.

It is gratifying to note that the Ghanaian chocolate confectionery market is expanding greatly as a result of the premium nature of Goldentree products and the increasing public awareness of the health benefits of cocoa consumption. We have therefore positioned ourselves to facilitate greater access by consumers to the Goldentree products.

In line with this, the company has opened a modern chocolate shop, THE GOLDENTREE MART, at the refurbished Cocoa House in Accra, to provide a variety of chocolate products to the general public as well as serve as a one-stop shop for wholesalers.

The "GoldenTree Mart" will also serve as a marketing information centre.

The Company also plans to open a new sales depot in Tamale in addition to the sales depots in Kumasi and Takoradi to ensure the availability of its premium confectionery products to consumers in the northern part of Ghana.

We have also embarked on a diversification of our target markets especially for our cocoa products, to new markets such as Asia, Middle East, Eastern Europe and other African countries.

HUMAN RESOURCE
In accordance with its reputation as a first class employer the company offers opportunity for staff to sharpen their skills and enhance their career through sponsored local and foreign professional training programmes.

COCOA PROCESSING COMPANY LIMITED
managing director's review of operations con't

EXPANSION PROGRAMME

As already indicated, the completion of the second phase of the rehabilitation and expansion programme, has positioned the two cocoa factories to process a total of 64,500mt of cocoa beans per annum. The actual beans throughput capacity of the Company, until the expansion programme, was about 14,000mt per annum. The Confectionery factory also saw some amount of rehabilitation and the installation of new powder packaging machinery during the year.

OUTLOOK FOR 2008/2009

The year 2008/2009 promises to be good for the Company as it positions itself to process 64,500mt of cocoa and generate a projected revenue of US$208 million. The increased capacity calls for bigger markets hence the Company's strategy of diversifying its target markets in Asia, Middle East, Eastern Europe and other African countries. The production and marketing of Confectionery products would receive special attention in the coming year. The Company is looking forward to improving the processing capacity of the Confectionery Factory through rehabilitation and replacement of plant and equipment. This will enable the Company improve on the current chocolate confectionery production capacity of 2,050mt per annum.

CONCLUSION

On behalf of the Board and Management, I wish to register our deep appreciation for your continued confidence and support. We shall continue to work to keep the Company alive and growing for all our stakeholders. We especially thank our distributors/retailers and, indeed, our loyal consumers for their business which has sustained us till now.

RICHARD AMARH TETTEH
MANAGING DIRECTOR

COCOA PROCESSING COMPANY LIMITED
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 30th September 2008.

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 GH¢0.0005 per share amounting to GH¢550,413.00 for the year ended 30th September 2008.

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

Board Changes
The following changes occurred after the end of the financial year:

(a) Nana Obiri Boahen resigned as a Director of the Company and Chairman of the Board of Directors on 10 November 2008.

(b) The death was reported of Mr John Amo Bediako, a Director, on 29th November 2008.

(c) Mr Alex Kobina Braye Bonney was appointed as a Director on 12th December 2008 to fill one of the casual vacancies on the Board.

The Board is in the process of appointing another Director to fill the remaining casual vacancy and also elect a chairman.

Retirement and Re-election of Directors Mr. Isaac Osei and Alhaji Dramani Egala retire from the Board by rotation in accordance with the Regulations of the Company and being eligible offer themselves for re-election.

Mr Alex Kobina Braye Bonney will also, in accordance with the Regulations of the Company, be eligible for re-election.

Auditors
Messrs Darko, Sarpong & Co. have informed the Company that they would resign as Auditors at the end of the annual general meeting to enable them to relocate their registered office and also to reorganise their firm and practice.

KPMG Ghana will be appointed as Auditors of the Company in accordance with Section 134 of the Companies Code, 1963 [Act 179] in place of Messrs Darko, Sarpong & Co.

CHARLES BOAKYE NIMAKO
DIRECTOR

RICHARD AMARH TETTEH
MANAGING DIRECTOR

12TH DECEMBER 2008

COCOA PROCESSING COMPANY LIMITED
new appointment to the board of directors

Profile of Mr. Alex Kobina Braye Bonney

Mr. Alex Kobina Braye Bonney was appointed a Director of the Company on 12 December 2008.

He was educated at Awudome Secondary School, Tsito in the Volta Region and holds Advanced Diploma in Labour Studies at Ghana Labour College and a Certificate in Regulatory Economics from Florida University, USA.

Mr. Bonney has been the Chairman of the Ghana Trades Union Congress since 1992.

He is also a Commissioner of the Public Utilities Regulatory Commission and a Member of the Board of Directors of the Ghana Broadcasting Corporation.

Internationally, Mr. Bonney is a Member of the Administrative Committee of the Trade Union International and a Member of the Steering Committee of the Economic, Social and Cultural Committee of the African Union Commission.

Mr. Bonney is also an expert in Mediation and Conflict Management.

COCOA PROCESSING COMPANY LIMITED
financial highlights

Financials	2008 GH¢	2007 GH¢
Revenue	59,394,197	48,340,123
Operating Profit	5,076,105	813,868
Profit after Tax for the period	1,273,097	647,193
Proposed Dividend	0	0
Net Assets per Share	GH¢0.0763	GH¢0.0278
No. of Shares Outstanding	1,100,826,240	1,100,826,240
Earnings per share	GH¢0.00116	GH¢0.00058

Operations	2008 M/T	2007 M/T
Cocoa Beans Processed	21,721	21,941
Semi finished Products Packed	17,160	17,418
Confectionery Products Packed	922	1,120

COCOA PROCESSING COMPANY LIMITED

statement of directors' responsibilities in relation to the directors' report and the financial statements.

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 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.

COCOA PROCESSING COMPANY LIMITED
Independent Auditors' Report to the Members of Cocoa Processing Limited

We have audited the financial statements set out on pages 20 - 55 and which are an amalgation 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 (as modified by the revaluation of property, plant and equipment), and under the Accounting Policies set out on pages 26 - 32 .

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. 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 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 2008 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.
CHARTERED ACCOUNTANTS
P. O. BOX 9504
ACCRA.

12th December, 2008

COCOA PROCESSING COMPANY LIMITED
statement of financial position as at 30th september 2008

	NOTES	2008 AMOUNTS GH¢	2007 AMOUNTS GH¢
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	6	**140,177,884**	**61,259,485**
Current Assets			
Inventories	7	25,087,057	15,675,235
Trade and Other Receivables	8	17,667,707	24,216,210
Assets held to Maturity	9	1,922,736	1,568,979
Cash and Bank Balance	10	(2,823,549)	(186,185)
		41,853,951	**41,274,239**
Total Assets		**182,031,835**	**102,533,724**
EQUITY AND LIABILITIES			
Stated Capital	13	16,778,215	16,778,215
Income Surplus Account		67,266,966	13,838,516
Redeemable Preference Shares	13	100	100
Total Equity		**84,045,281**	**30,616,831**
Non-Current Liabilities			
Borrowings	12	**85,484,436**	**44,781,342**
Current Liabilities			
Trade and Other Payables	11	**12,502,118**	**27,135,551**
Total Equity and Liabilities		**182,031,835**	**102,533,724**

Approved and authorised for issue by the board on 12th day of December, .2008

Richard Amarh Tetteh
DIRECTOR

Charles Boakye Nimako
DIRECTOR

COCOA PROCESSING COMPANY LIMITED

income statement for the year ended 30th september 2008

	NOTES	2008 AMOUNTS GH¢	2007 AMOUNTS GH¢
Revenue	14	**59,394,197**	**48,340,123**
Turnover	15	59,264,796	48,217,223
Cost of Sales	17	(54,463,578)	(44,534,444)
Gross Profit or (Loss)		**4,801,218**	**3,682,779**
Other Income	16	2,565,466	390,674
Selling & Distribution Costs		(555,418)	(558,639)
Administrative Expenses		(1,566,053)	(1,520,413)
Other Expenses	18	(168,483)	(1,180,533)
Profit/(Loss) from Operations		**5,076,730**	**813,868**
Finance Costs	26	(3,803,633)	(166,675)
Profit before tax		**1,273,097**	**647,193**
Provision for Tax/National Reconstruction Levy	27	0	0
Net Profit for the year	19	**1,273,097**	**647,193**

income surplus account for the year ended 30th september 2008

	NOTES	2008 AMOUNTS GH¢	2007 AMOUNTS GH¢
Balance at 01/10/2007		13,838,516	13,619,600
Profit/(Loss) for the year		1,273,097	647,193
Revaluation Surplus		55,664,409	0
Prior Year Adjustments	20	(3,080,328)	0
Dividend Paid	29	(428,728)	(428,277)
Balance at 30th September 2008		**67,266,966**	**13,838,516**

COCOA PROCESSING COMPANY LIMITED

cashflow statement for the year ended 30th september 2008

	NOTES	2008 AMOUNTS GH¢	2007 AMOUNTS GH¢
OPERATING ACTIVITIES			
Profit before tax		1,273,097	647,193
Adjust for Non-cash Transactions			
Depreciations		1,823,138	737,137
Interest Received		(106,947)	0
Prior Year Adjustments		(3,080,328)	0
Finance Costs		3,803,633	166,675
Changes in Working Capital			
(Increase)/Decrease in Inventories		(9,411,822)	5,933,981
(Increase)/Decrease in Account Receivables		6,548,503	(15,904,265)
Increase/(Decrease) in Account Payables		(14,633,433)	(14,355,848)
Redunduncy Cost		0	(3,080,328)
Net Cash Flows from Operating Activities		**(13,784,159)**	**(25,855,455)**
INVESTING ACTIVITIES			
Interest Received		106,947	0
Purchases of Property, Plant & Equipment		(26,365,035)	(13,674,371)
Proceeds on Disposal of Property, Plant & Equipment		1,290,601	191,741
(Increase)/Decrease in Fixed Deposits		(353,757)	(123,760)
Net Cash Flows Used for Investing Activities		**(25,321,244)**	**(13,606,390)**
FINANCING ACTIVITIES			
Issue of Shares		0	14,361,489
Dividend Paid		(428,728)	(428,277)
Finance Costs		(3,803,633)	(166,675)
Increase/(Decrease) in Medium Term Loans		40,703,094	23,865,842
Net Cash Flow Received from financing Activities		**36,470,733**	**37,632,379**
Net Increase/(Decrease) in Cash and Cash Equivalents		**(2,634,670)**	**(1,829,466)**
Cash and Cash Equivalents at Beginning of Period		(162,566)	1,666,900
Cash and Cash Equivalents at End of Period		**(2,797,236)**	**(162,566)**

COCOA PROCESSING COMPANY LIMITED

statement of changes in equity for the year ended 30th september 2008

	Stated Capital GH¢	Redeemable Preference Shares GH¢	Income Surplus GH¢	Total Attributed to Equity holders GH¢
Balance at 1st October 2007	16,778,215	100	13,838,516	30,616,831
Debt/ Equity conversion	0	0	0	0
Revaluation Surplus	0	0	55,664,409	55,664,409
Prior Year Adjustments	0	0	(3,080,328)	(3,080,328)
Dividend Paid	0	0	(428,728)	(428,728)
Profit for the Year	0	0	1,273,097	1,273,097
Balance at 30th September 2008	**16,778,215**	**100**	**67,266,966**	**84,045,281**

statement of changes in equity for the year ended 30th september 2007

	Stated Capital GH¢	Redeemable Preference Shares GH¢	Income Surplus GH¢	Total Attributed to Equity holders GH¢
Balance at 1st October 2006	2,416,726	100	13,619,600	16,036,426
Debt/ Equity conversion	14,361,489	0	0	14,361,489
Prior Year Adjustments	0	0	0	0
Dividend Paid			(428,277)	(428,277)
Profit for the Year	0	0	647,193	647,193
Balance at 30th September 2007	**16,778,215**	**100**	**13,838,516**	**30,616,831**

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements

1.0 CORPORATE INFORMATION

1.1 Nature of Company
Cocoa Processing Company Limited is a limited liability company incorporated in Ghana on 30th November 1981. The company is domiciled in Ghana only and its shares are publicly traded on the Ghana Stock Exchange (GSE).

The principal activities of the Company are the manufacture of high-quality chocolates, confectionery and semi-finished cocoa products such as cocoa butter, cocoa liquor, cocoa cake and cocoa powder from premium cocoa beans produced in Ghana.

1.2 First time adoption of IFRS
In accordance with the requirements of the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants, Ghana (ICAG), the Company has applied the International Financial Reporting Standards ('IFRS') in its financial statements for the year ended 30 September 2008. The rules for first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. On 1 October 2005, the date of transition, the opening IFRS balance sheet position has been determined in accordance with IFRS 1 which requires IFRS accounting policies to be applied on a retrospective basis with certain exceptions and exemptions contained in that standard.

In line with the requirements of IFRS1, all the disclosures relating to the transition to IFRS is contained in Note 39 on pages 39 to 44 of these financial statements.

1.3 Changes in accounting policies
The accounting policies adopted under IFRS are consistent with those applied under Ghana Accounting Standards in the previous financial years except that the adoption of certain standards and interpretations noted below called for a revision in existing accounting policies. The effects of the revisions of the accounting policies on the Company's financial position as reported under the Ghana Accounting Standards in 2006 are included in Note 33. All other applicable IFRS as adopted gave rise to additional disclosures that have been reflected in these financial statements.

- IFRS 7 Financial Instruments: Disclosure
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement

The principal effects of these changes are as follows:

a. FRS 7 Financial Instruments: Disclosures
The standard is related to disclosure requirements for financial instruments and replaces the disclosure elements of IAS 32 (Financial Instruments: Presentation).

Adoption of the standard has changed the format of disclosure presented as applied under Ghana Accounting Standards. The new disclosures are included throughout the financial statements.

b. IAS 1 Presentation of Financial Statements
This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. This requirement has been met in Note 36.

c. IAS 16 Property and Equipment
The Company has elected to adopt the fair value of property, plant and equipment as deemed cost on the date of transition to

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

IFRS. All necessary adjustments have been effected through the retained earnings or income surplus.

d. IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 required entities to classify financial assets into the following heading:

- Available for sale
- Fair value through profit & loss
- Loans and Receivables
- Held to maturity

On the date of transition the company classified its financial instruments as follows

- Available for sale
- Held to maturity

There was no impairment that affected the carrying values. However, the need to carry loans and receivables at fair value resulted in additional impairment provision of GH¢141,500 on the date of transition.

1.4 Redenomination and comparatives

During the year 2007, the Bank of Ghana which is the central bank of Ghana, redenominated the official currency of Ghana, Cedi [¢] to the New Ghana Cedi [GH¢] at ¢10,000 to GH¢1. All differences resulting from the redenomination are included in operating cost or income. The comparative information for all prior years presented have been restated.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in the preparation of the financial statements are set out below.

2.1 Basis of Preparation

The financial statements have been prepared on a historical cost/revaluation basis, except for Held-for-sale investments and financial assets and financial liabilities held at fair values through profit or loss, that have been measured at fair value.

2.2 Functional and Presentation Currency

The financial statements are presented in Ghana Cedis (GH¢), which is the functional and presentational currency of the Company. All values have been rounded to the nearest Ghana Cedi except when otherwise indicated.

2.3 Statement of Compliance

The financial statements of Cocoa Processing Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.4 Segment Reporting

The Company's operations are organized into two main segments (Cocoa and Confectionery) determined on the basis of products and services nature of the company. Each segment represents a strategic business unit (SBU) that serves different markets and are managed as such.

Cocoa

The Cocoa factory produces semi-finished products for sale on the local and overseas commodity market, which products are used by manufacturers as raw materials.

Confectionery

The confectionery factory produces chocolate and other confectionery products for sale on the local market and other markets in the West African sub region.

Transfer Pricing

Transfer pricing between operating segments are set on an arm's length basis in a manner similar to transactions with third parties at 4% discount. Segment revenue, segment expenses and segment results include transfers between segments. All transfer gains or losses are however eliminated in the consolidated financial statement of the Company. Segment results are presented in Note 5.

2.5 Foreign Currency

Transactions

Foreign currency transactions are translated into the New Ghana Cedis using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the restatements at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the heading 'Other Income or Other Expenses'.

Translation

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statement as part of the reconciliation of cash and cash equivalents at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

2.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost/revaluation less accumulated depreciation

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

and any impairment in value. Depreciation is provided on the depreciable amount of each component on a reducing balance basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the Company would currently obtain from the disposal of an asset in similar age and condition as expected at the end of the useful life of the asset. No depreciation is provided on land.
The current annual depreciation rates for each class of property, plant and equipment are 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%

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Company.

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Residual values, useful lives and methods of depreciation for property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end.

2.7 Intangible Assets

Research and Development Costs

Research costs are expensed 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.

An intangible asset arising from development expenditure on an individual product of the Company is recognised only when it can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during the development.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

Computer Software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

2.8 Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Contingent liabilities and contingent assets are not recognised in the financial statements.

2.9 Employee Benefits
Social Security & Provident Funds. The Company contributes to two staff benefit schemes (the Social Security Fund and the Provident Fund) on behalf of employees. The schemes are not defined benefit and all employer contributions are charged to the income statement as incurred in accordance with the rules of the schemes, and are included under staff costs.

2.10 Non-current Assets Held for Sale
An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated in line with IFRS 5.

2.11 Revenue
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 Health Insurance Levy and other sales related taxes.

Exports sales are recognised 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 recognised when goods are delivered and title is passed.

2.12 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 cocoa beans and other the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Financial Instruments- Initial Recognition and Subsequent Measurement

Date of Recognition
Purchases and sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, which is the date the company commits to purchase or sell the asset.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

Initial Recognition of Financial Instruments
Financial instruments are initially recognised at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Available for Sale Assets
Investments in money market and equity shares, other than those classified as trading securities or at fair value through profit or loss, are classified as available-for-sale and recognised in the balance sheet at their fair value. Available for sale financial assets are measured at fair value on the balance sheet, with gains and losses arising from changes in the fair value of investments recognised directly in equity, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest calculated using the effective interest method is recognised in the income statement; dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payment is established. Purchases and sales of securities and other financial assets are recognised on trade date, being the date that the Company is committed to purchase or sell an asset.

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the income statement in the period in which the impairment is identified. Impairment losses on available for sale equity instruments are not reversed through the income statement. The reversal is made directly through equity.

Held-to-maturity Assets
Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Government of Ghana Securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortised cost using the effective interest method, less impairment losses.

Loans and Receivables
Loans and receivables are accounted for at amortised cost using the effective interest method. Loans and receivables are initially recognised, in the case of staff loans, when cash is advanced to staff and in the case of credit sales when sale is consummated at fair value.

Determination of Fair Value of Financial Instruments
Trading securities and other financial assets at fair value through profit or loss are initially recognised at fair value. Available-for-sale financial assets are initially recognised at fair value inclusive of transaction costs.

The fair value of a financial instrument traded in active markets at the balance sheet date is based on their quoted market price or dealer price without any deduction of transaction costs. Where market prices are not available the Company establishes a fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants.

2.14 Derecognition of Financial Assets and Liabilities
A financial asset or a portion thereof, is derecognised when the Company's rights to cash flows has expired; or when the Company has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

2.15 Impairment of Financial Assets

Framework for Impairing Financial Assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, default or delinquency repayment of carrying amount of the debt, or the fact that the debt is being restructured to reduce the burden on the customer.

Trade & Other Receivable

The company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a category of financial assets with similar risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Available-for-sale Financial Assets

For available-for-sale financial investments, the Company assesses at each balance sheet date whether there is objective evidence that an investment or component of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement- is removed from equity and recognised in income statement. Impairment losses on equity investments are not reversed through the same income statement; increases in fair value after impairment are recognised directly in equity.

2.16 Issued Debt and Equity Financial Instruments

Financial instruments issued by the company are classified as liabilities if they contain an obligation to transfer economic benefits. Financial instruments issued by the company are classified as equity where they confer on the holder a residual interest in the company.

Treasury shares represent issued equity shares repurchased by the company which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity. No profit or loss is recognised on the purchase or sale of treasury shares.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

2.17 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances such as treasury bills and other eligible bills, amounts due from other companies and short-term government securities.

2.18 Dividend

Dividends declared are treated as an appropriation of profit in the year of approval while dividends proposed are disclosed as a note to the financial statements.

Mr. Tetteh distributing GoldenTree chocolate products at an old people's home at Osu, Accra as part of the 2008 national chocolate day celebrations.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

3.0 Significant Accounting Estimates, Assumptions & Judgements

In preparation of the financial statements, the Company makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgment is applied include:

3.1 Impairment of Financial Assets

The Company makes an allowance for unrecoverable trade and other receivables, loans and held-to-maturity investments when there is objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets.

3.2 Impairment of Non-financial Assets

The Company assesses at least at each financial year end whether there is any evidence that non financial assets such as PPE may be impaired. Where indicators of impairment exist, an impairment test is performed. This requires an estimation of the 'value in use' of the asset or the cash-generating units to which the asset belong. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the asset or the cash generating unit and also to select a suitable discount rate in order to calculate the present value of those cash flows.

The Managing Director of CPC, Mr. Richard Amarh Tetteh, giving a goodwill message at the 2008 National Chocolate Day Celebrations.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

4.0 Future Development/Changes in Accounting Policies
4a Standards, Amendments & Interpretations effective in 2007 but not relevant:

Title	Accounting standard	Nature of impending changes	Effective date
IAS 19	Employee benefits – Actuarial gains and losses	IAS 19 prescribes the accounting and disclosure for employee benefits plan.	1 January 2006
IAS 21	Amendments -- The effect of changes in foreign exchange rates	The notion of reporting currency has been replaced with two notions i.e the functional currency and the presentational currency.	Period beginning on or after 1 January 2005
IAS 39	Amendment Cash flow hedge Accounting of forecast intra group transaction. financial instrument	The portion of the gains or loss on the hedging instrument that is determined to be effective hedge shall be recognised directly through the statement of change in equity and the effective portion of the gains or loss on the hedging instrument shall be recognised in profit or loss.	Period beginning on or after 1 January 2006
IFRIC 5 (AC 438)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	This deals with how a contributor should account for interest in a fund and when a contributor has an obligation to make additional contribution	1 January 2006
IFRIC 6 (AC 439)	Liabilities arising from participating in a Specific Market—Waste Electrical and Electronic Equipment	What constitute the obligating event in accordance with paragraph 14(a) of IAS 37 for the recognition of a provision for waste management costs.	1 December 2005

4b Relevant Standards, Amendments & Interpretations that have been issued but not yet effected

Title	Accounting standard	Nature of impending changes	Effective date
IFRIC 7	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies	Financial statement whether based on historical cost approach or current cost approach are useful only if they are expressed in terms of the measuring unit current at the balance sheet date.	1 March 2006

4c Interpretation / Amendments to Existing Standards that are not yet effective and not early adopted

Title	Accounting standard	Nature of impending changes	Date standards is required
IAS 23	Borrowing costs	Borrowing costs include interest on bank overdrafts and borrowings, amortisation of discounts or premiums on borrowings, amortisation of ancillary costs incurred in the arrangement of borrowings, finance charges on finance leases and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs	2009

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

5. Segmental Results

Revenue and profit regarding the company's segments are shown below:

Year ended 30th September 2008	**Cocoa Factory GH¢**	**Confectionery Factory GH¢**	**Company GH¢**
Revenue for reportable segments			
Sales to external customers	54,191,637	5,073,159	59,264,769
Inter segment sales	1,987,123	0	0
	56,178,760	5,073,159	59,264,796
Cost of sales	(50,024,436)	(6,426,265)	(54,463,578)
	6,154,324	(1,353,106)	4,801,218
Other income	1,924,099	641,367	2,565,466
	8,078,423	(711,739)	7,366,684
Expenditure for reportable segments			
Selling and distribution cost	(416,564)	(138,854)	(555,418)
Administrative expenses	(1,174,540)	(391,513)	(1,566,053)
Other costs	(126,362)	(42,121)	(168,483)
Finance costs	(3,803,633)	0	(3,803,633)
Provision for tax	0	0	0
	(5,521,099)	(572,488)	(6,093,587)
Segment profit	**2,557,324**	**(1,284,227)**	**1,273,097**

Year ended 30th September 2007			
Revenue for reportable segments			
Sales to external customers	43,664,082	4,553,141	48,217,223
Inter segment sales	779,430	0	0
	44,443,512	4,553,141	48,217,223
Cost of sales	(41,152,424)	(4,161,451)	(44,534,445)
	3,291,088	391,690	3,682,778
Gross segment profit	319,823	70,851	390,674
Other income	3,610,911	462,541	4,073,452
Expenditure for reportable segments			
Selling and distribution cost	(418,979)	(139,660)	(558,639)
Administrative expenses	(1,141,776)	(378,637)	(1,520,413)
Other costs	(885,400)	(295,133)	(1,180,533)
Finance costs	(166,674)		(166,674)
Provision for tax	0	0	0
	2,612,829	813,430	3,426,259
Segment profit	**998,082**	**(350,889)**	**647,193**

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

6.0 COCOA PROCESSING COMPANY LIMITED, TEMA
SUMMARY OF MOVEMENT OF PROPERTY, PLANT & EQUIPMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2008

DETAILS	CAPITAL WORK IN PROGRESS GH¢	ASSETS HELD FOR SALE GH¢	LEASEHOLD LAND GH¢	BUILDING & ROADWORKS GH¢	STAFF BUNGALOW & FLATS GH¢	PLANT & MACHINERY GH¢	MOTOR VEHICLE GH¢	OFFICE FURNITURE & EQUIPMENT GH¢	BUNGALOW FURNITURE & EQUIPMENT GH¢	LABORATORY EQUIPMENT GH¢	TOTAL GH¢
COST/VALUATION:											
Bal. as at 01/10/2007	33,258,406	1,754,283	0	6,781,474	32,000	22,721,701	1,167,151	411,181	17,158	164,621	66,307,975
Revaluation	0	0	21,131,250	5,579,733	319,569	24,563,009	(342,762)	(167,790)	(1,181)	106,894	51,188,722
Cost/Valuation	33,258,406	1,754,283	21,131,250	12,361,207	351,569	47,284,710	824,389	243,391	15,977	271,515	117,496,697
Additions	15,963,545	0	0	1,450,697	0	8,753,810	32,641	29,929	20,137	114,276	26,365,035
Transfer	(36,936,683)	71,002	0	1,926,663	0	35,010,020	0	0	0	(71,002)	(0)
Disposal	0	(1,607,678)	0	0	0	0	(126,692)	(31,917)	(646)	0	(1,766,933)
Bal. as at 30/09/08	**12,285,268**	**217,607**	**21,131,250**	**15,738,567**	**351,569**	**91,048,540**	**730,338**	**241,403**	**35,468**	**314,789**	**142,094,798**
DEPRECIATION:											
Bal. as at 01/10/2007	0	324,153	0	0	0	0	71,244	24,105	559	48,315	468,376
(Disposal)/Transfer	0	(230,467)	0	0	0	0	(71,244)	(24,015)	(559)	(48,315)	(374,600)
Charge for the Period	0	0	0	145,575	569	1,456,541	144,288	40,230	3,785	32,150	1,823,138
Bal. as at 30/09/08	**0**	**93,686**	**0**	**145,575**	**569**	**1,456,541**	**144,288**	**40,320**	**3,785**	**32,150**	**1,916,914**
NET BOOK VALUE Bal. as at 30/09/08	**12,285,268**	**123,921**	**21,131,250**	**15,592,992**	**351,000**	**89,591,999**	**586,050**	**201,083**	**31,683**	**282,639**	**140,177,884**
NET BOOK VALUE AS AT 30/09/2007	**33,258,406**	**1,430,130**	**0**	**6,372,564**	**28,458**	**19,340,972**	**587,522**	**186,327**	**8,457**	**46,649**	**61,259,485**

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

7. Inventory

	2008	2007
	GH¢	GH¢
Raw Materials	11,310,093	8,004,858
Packaging Material	2,416,061	1,754,498
Finished Goods	7,837,863	2,945,449
Technical Store Parts	3,294,354	2,827,846
Fuel & Lubricant	228,686	142,584
	25,087,057	**15,675,235**

8. Trade and other receivables

(Amounts falling due within one year)

	2008	2007
	GH¢	GH¢
Trade Receivables	11,835,535	5,870,270
Other Receivables	923,650	818,630
Deposits on Letters of Credit, etc.	4,335,016	13,811,410
Prepayments	573,506	3,715,900
	17,667,707	**24,216,210**

Included in other receivables are staff loans which are granted at no interest rate.

9. Assets held to maturity

	2008	2007
	GH¢	GH¢
91- Day Treasury Bills	26,313	23,619
Fixed Deposit - Prudential Bank (a)	705,311	630,251
Fixed Deposit - Prudential USD (a)	1,191,112	915,109
	1,922,736	**1,568,979**

(a) Collateral

These fixed deposits are used as collateral security for bank overdraft and loans.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

10. Cash and bank balances

	2008	2007
	GH¢	GH¢
Bank Balances	(2,961,520)	(251,504)
Cash in Hand	137,971	65,319
	(2,823,549)	**(186,185)**

11. Trade and other payables

	2008	2007
	GH¢	GH¢
Trade Payables	10,615,485	26,358,052
Tax Liabilities	0	0
Other Payables	1,886,633	777,499
Accruals	0	0
	12,502,118	**27,135,551**

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

12. Borrowings

	2008	2007
	GH¢	GH¢
Barclays Bank led Syndicate Euro Loan (a)	17,925,636	35,039,773
Barclays Bank led Syndicate Dollar Loan	22,889,727	0
EDIF Loan (Cedis) (b)	518,289	863,816
COCOBOD Dollar Loan (c)	44,150,784	8,877,753
	85,484,436	**44,781,342**

(a) This represents a balance on a loan facility of twenty-two million Euros (Euros 22 million) from a syndicate of banks led by Barclays Bank of Ghana Limited for expansion of production capacity from 25,000 metric tonnes to 65,000 metric tonnes. The other participating banks were SG-SSB Bank Limited, The Trust bank and ECOBANK Ghana Limited. The loan facility was secured with fixed and floating assets of the company. Disbursement of the loan started in September, 2003 and the facility agreement was formally signed on the 18th February, 2005. The syndicated loan is denominated and repayable in Euros over 5 years in equal monthly instalments after one year moratorium.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

(b) The company also obtained a total loan facility of one million six hundred and seventy five thousand Ghana cedis (GH¢1,675,000) from the Export Development and Investment Fund (EDIF) for building and civil works of phase 1 of the expansion programme. The total facility of Gh¢1,675,000 comprised an initial amount of Gh¢675,000 and a supplementary facility of one million Ghana cedis (GH¢1,000,000). The loan facility was secured with an amount of eight hundred thousand US dollars (USD 800,000) from the company's US dollar fixed deposit with Prudential Bank Limited. The total amount is repayable over 5 years in equal monthly instalments after one year moratorium.

(c) This represents transfer of balance on COCOBOD current account to a medium term loan account.

13. Stated capital

	2008	2007
Authorised shares:		
Ordinary shares of no par value	20,000,000,000	20,000,000,000
Preference shares of no par value	1	1

Issued and paid shares:	**Number Millions**	**Amount GH¢**	**Number Millions**	**Amount GH¢**
Ordinary shares for cash	1,100.8	16,778,215	1,100.8	16,778,215
Preference shares (a)	1	100	1	100

(a) 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 GH¢100.00 (One hundred Ghana cedis).

There are no outstanding shares in Treasury and there is no unpaid liability on any share.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

14. Revenue

(a) Analysis of the company's revenue is as follows:

	2008 GH¢	2007 GH¢
Sale of goods	59,264,796	48,217,223
Sale of shells	12,749	7,835
Sale of sacks, etc.	111,870	107,764
Recipe development fees	3,902	5,210
Sale of tender documents	880	2,091
	59,394,197	**48,340,123**

15. Turnover

Analysis of the company's sales is as follows:

	2008 GH¢	2007 GH¢
(a) Analysis of turnover by product:		
Cocoa butter	46,170,542	25,491,921
Cocoa liquor	1,288,309	14,742,899
Cocoa cake	5,980,001	3,116,178
Cocoa powder	752,785	313,084
Confectionery	5,073,159	4,553,141
	59,264,796	**48,217,223**

(b) Analysis of sales by market segment:

Year end 30 September 2008	**Export Sales** GH¢	**Local Sales** GH¢	**Total** GH¢
Semi-Finished Products	53,625,167	566,470	54,191,637
Confectionery	1,364,780	3,708,379	5,073,159
	54,989,947	**4,274,849**	**59,264,796**
Year end 30 September 2007			
Semi-Finished Products	42,801,859	862,223	43,664,082
Confectionery	1,436,266	3,116,875	4,553,141
	44,238,125	**3,979,098**	**48,217,223**

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

16. Other income

	2008	2007
	GH¢	GH¢
Interest on short-term investments (HTM)[1]	106,613	107,744
Sale of Shells	12,749	7,835
Sale of sacks & others	111,870	107,764
Recipe development fee	3,902	5,210
Sale of tender documents	880	2,091
Profit on disposal of property, plant/equip.	0	23,345
Interest on bank deposits	334	698
Exchange differences	2,329,118	135,987
	2,565,466	**390,674**

17. Cost of goods sold

This comprises of raw materials, packaging materials and conversion costs as follow:

	2008	2007
	GH¢	GH¢
Raw/packaging materials consumed	45,877,422	38,693,861
Production overheads	8,586,156	5,840,583
	54,463,578	**44,534,444**

18. Other expenses

	2008	2007
	GH¢	GH¢
Redundancy cost [a]	0	1,180,533
Loss on Disposal	168,483	0
	168,483	**1,180,533**

[a] Management and the Industrial and Commercial Workers' Union (ICU) concluded negotiation of the severance pay for workers affected by the redundancy exercise on the 16th November, 2006. The total amount involved was GH¢4.26 million which was originally recognised to be amortised over 3 years. The breakdown of the amount is shown below:

[1] HTM = Held to maturity

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

	2008 GH¢	2007 GH¢
End of service benefits paid to retrenched staff	0	3,664,413
Counselling and other miscellaneous expenses	0	390,248
Professional fees charged on counselling	0	39,150
Interest charged on Barclay's loan Dec. 06- Jul 07.	0	167,050
	0	**4,260,861**

19. Profit for the year

Profit for the year has been arrived at after charging/ (crediting) the following:

	Notes	2008 GH¢	2007 GH¢
Depreciation of tangible fixed assets	6	1,823,138	737,137
Impairments losses	20	0	0
Research and development		2,216	710
Environmental and sanitation	21	127,303	174,490
Audit fees and expenses	22	8,410	6,600
Directors' and key management personnel's emoluments	23	206,992	176,143
National Reconstruction Levy	24	0	0
Staff costs	25	1,690,762	1,541,154

20. Prior Year Adjustment

	2008 GH¢	2007 GH¢
Staff Redundancy Cost (Balance)	**3,080,328**	**0**

21. 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.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

22. Audit fees and expenses

	2008 GH¢	2007 GH¢
Statutory audit	7,700	6,200
Others	710	400
	8,410	**6,600**

23. Directors emoluments

The aggregate remuneration of directors & other key management personnel during the year is as follows:

	2008 GH¢	2007 GH¢
Salaries & Other Benefits	189,031	162,939
Bonuses	0	0
Employers contribution to post retirement fund	17,961	13,204
Others	0	0
	206,992	**176,143**

Key management personnel of the company consists of the Managing Director and the Deputy Managing Directors.

24. National Reconstruction Levy

In accordance with the National Reconstruction Levy Act, 2001 (Act 597) all companies other than those in the banking and insurance sectors are required to pay a levy of 2.5% of their profit before tax towards national reconstruction. The law has been repealed effective January 2006.

25. Staff costs

Aggregate remuneration	2008 GH¢	2007 GH¢
Wages and salaries	1,425,418	1,299,289
Social security costs	178,177	162,411
Other pensions	87,167	79,454
	1,690,762	**1,541,154**

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

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

Employee categories	2008 Number	2007 Number
Junior Staff	212	218
Senior staff	55	57
	267	**275**

26. Finance cost

	2008 GH¢	2007 GH¢
Interest on bank overdrafts	550,813	8,439
Interest on Loans	3,252,819	158,236
	3,803,632	**166,675**

27. 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.

28. Earnings per share

The calculation of the basic earnings per share of the company is based on earnings after tax and the weighted average number of ordinary shares outstanding during the year.

	2008	2007
Net Profit attributable to equity shareholders **GH¢**	1,273,097	647,193
Weighted average number of ordinary shares outstanding during the year	1,100,826,240	1,100,826,240
Basic earnings per share **GH¢**	0.00116	0.00058

There are no potential dilutive ordinary shares in issue.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

29. Dividend

	2008 GH¢	2007 GH¢
Dividends proposed and paid on ordinary shares:		
Dividend for 2006. ¢0.0004	0	428,277
Dividend for 2007 ¢0.0004)	428,728	0
Total dividend paid	**428,728**	**428,277**

Proposed for approval at Annual General Meeting: Equity dividend not recognised as liability as at 30th September 2008 (GH¢0.0005)	**550,413**	

30. Cash and cash equivalents

	2008 GH¢	2007 GH¢
Bank Balances	(2,961,520)	(251,504)
Cash in Hand	137,971	65,319
Treasury bills	26,313	23,619
	(2,797,236)	**(162,566)**

31. Related party transaction/disclosures
Compensation to key management of the Company

	2008 GH¢	2007 GH¢
Directors and key management personnel's emoluments	206,992	176,143
	206,992	**176,143**

Lending to qualified staff of the Company currently attracts no interest.

32. Events after the balance sheet date
There was no major event after the balance sheet date that materially changed the Company's position.

33. Maturity profile of financial liabilities
The table below shows summary of the remaining maturities of the company's financial liabilities.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

Year end 30 September 2008

Descriptions	**Total**	**0-3 Months**	**3-6 Months**	**6-12 Months**	**Over 12 Months**
	GH¢	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Trade and other payables	12,502,118	250,055	625,137	11,626,926	0
Bank loans (medium term)	85,484,436	3,086,381	3,086,381	6,172,762	73,138,912
	97,986,554	3,336,436	3,711,518	17,799,688	73,138,912

Year end 30 September 2007

Descriptions	**Total**	**0-3 Months**	**3-6 Months**	**6-12 Months**	**Over 12 Months**
	GH¢	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Trade and other payables	27,135,571	603,003	1,507,508	25,025,060	0
Bank loans (medium term)	44,781,342	0	537,376	806,064	43,437,902
	71,916,913	603,003	2,044,884	25,831,124	43,437,902

34. Analysis of financial assets and liabilities by measurement basis

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Notes 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by class of financial instrument to which they are assigned, and therefore by the measurement basis:

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

Year end 30 September 2008

Descriptions	**Held to maturity securities**	**Loans and receivables**	**Financial assets & liabilities at amortised cost**	**Total**
ASSETS	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Accounts receivable & prepayment	0	17,667,707	0	17,667,707
Assets held to maturity	1,922,736	0	0	1,922,736
Cash and bank balances	0	0	(2,823,549)	(2,823,549)
Total financial assets	1,922,736	17,667,707	(2,823,549)	16,766,894
Total non-financial assets	0	0	0	165,264,941
LIABILITIES	0	0	0	182,031,835
Loss on Disposal				
Trade and other payable	0	0	12,502,118	12,502,118
Bank loans (medium term)	0	0	85,484,436	85,484,436
Total financial liabilities	0	0	97,986,554	97,986,554
Total non-financial liabilities	0	0	0	84,045,281
Total liabilities and shareholders fund	0	0	0	182,031,835

There were no significant differences between the fair values and the carrying values of assets and liabilities as of the year end 30 September 2008

Year end 30 September 2007

ASSETS				
Accounts receivable & prepayment	0	24,216,210	0	24,216,210
Assets held to maturity	1,568,979	0	0	1,568,979
Cash and bank balances	0	0	(186,185)	(186,185)
Total financial assets	1,568,979	24,257,493	(186,185)	25,599,004
Total non-financial assets	0	0	0	76,934,720
	0	0	0	102,553,724
LIABILITIES				
Trade and other payable	0	0	27,135,551	27,135,551
Bank loans (medium term)	0	0	44,781,342	44,781,342
Total financial liabilities	0	0	71,916,893	71,916,893
Total non-financial liabilities	0	0	0	30,616,831
Total liabilities and shareholders fund	0	0	0	102,533,724

There were no significant differences between the fair values and the carrying values of assets and liabilities as of the year end 30 September 2007

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

35. Foreign currency exposure

The table below shows summary of the company's exposure to foreign currency rate risk as of 30 September

Year end 30 September 2008 **Descriptions** **Assets**	**US$** **GH¢**	**EURO** **GH¢**	**Total** **GH¢**
Assets held to maturity (Fixed deposits)	1,191,112	0	1,191,112
Liabilities			
Bank loans (Medium term)	(67,040,511)	(17,925,636)	(84,966,147)
Net balance sheet position	**(65,849,399)**	**(17,925,636)**	**(83,775,035)**

Year end 30 September 2007 **Descriptions** **Assets**	**US$** **GH¢**	**EURO** **GH¢**	**Total** **GH¢**
Assets held to maturity (Fixed deposits)	915,109	0	915,109
Liabilities			
Bank loans (Medium term)	(8,877,753)	(35,039,773)	(43,917,526)
Net balance sheet position	**(7,962,644)**	**(35,039,773)**	**(43,002,417)**

36 Capital

The Company's capital includes preference shares and equity attributable to ordinary shareholders.

{a} Capital Management

The main objectives of the Company's capital management are to ensure that it maintains a strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value. The Company manages its capital structure and, makes adjustment to it in the light of changes in the economic conditions and the risk characteristics of its activities. In other to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes from the years ended 30 September 2007 and 2006.

The Company monitors its capital using the gearing ratio, which is net debt, divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 25% and 60%. In calculating gearing, the Company include in net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

{b} Gearing:

	2008 GH¢	2007 GH¢
Interest bearing loans & borrowings	85,484,436	44,781,342
Trade & other payables	3,959,851	3,014,583
Less cash and short term deposits	(4,335,016)	(13,811,410)
Net debt	**85,109,271**	**33,984,515**
Preference shares	100	100
Equity	16,778,215	16,778,215
Other surplus	67,266,966	13,838,516
Total capital	**84,045,281**	**30,616,831**
Capital and net debt	**169,154,552**	**64,601,346**
Gearing	**50%**	**53%**

37 Financial Instruments/ Risk management

Financial risk management policies and objectives

The Company's principal financial liabilities comprise bank loans and overdrafts, trade payables, and borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The main financial assets of the Company include trade receivables and cash and short-term deposits, which arise directly from the company's operations. Therefore the main risks arising from the Company's financial instruments are Credit risk, liquidity risk, and market risks.

- **Credit risk:** This is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.
- **Liquidity risk:** the risk that the Company is unable to meet the payment of its obligations when they fall due.
- **Market risk:** This is the risk that the company's operations will fluctuate significantly due changes in currency and interest rate.

The Board establishes the overall governance framework for managing the various financial instrument risks that are associated with the operations of the Company. The various policy frameworks, objectives and management are summarised below.

Credit Risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 8.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, held to maturity investments and loans, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using a

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

recurring management reporting approach. This approach considers the maturity of both its financial investments and financial assets (e.g. held to maturity and accounts receivables) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and other borrowings. The Company's policy is that not more than 40% of borrowings should mature in the next 12 month period. 38% of the Company's debt will mature in less than one year at 30 September 2008 (2007: 35%) based on the carrying value of borrowings reflected in the financial statements, excluding discontinued operations.

Note 33 summarises the maturity profile of the Company's financial liabilities as at 30 September 2008 based on contractual undiscounted payments.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Company's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest.

Foreign currency risk

The Company foreign currency exposures are purely transactional which arise from the Company's sales or purchases. Approximately 50% of the Company's sales are denominated in currencies other than the Ghana Cedi (GH¢), whilst almost 95% of costs are denominated in the company's functional currency. Note 35 shows the company's foreign currency exposure as of balance sheet date.

38. Financial assets/ liabilities whose terms have been renegotiated

There were no financial assets /liabilities whose terms have been renegotiated as at 30 September 2008. 2007; Nil

39. Transition to IFRS

Cocoa processing Company Limited reported under the Ghana Accounting Standards (Ghana GAAP) in its previous published financial statements for the year ended 30 September 2007. The following are the significant effects of applying IFRS1;

Note 39.1 shows summary of policy implication and changes as a result of adopting IFRS

Note 39.2 is analysis showing a reconciliation of net assets and profits as reported under the Ghana GAAP as at 30 September 2006 to the revised net assets and profits reported under IFRS in these financial statements.

Note 39.3 presents a reconciliation of Net Assets under Ghana GAAP to IFRS at the transition date for the Company 1 January 2005.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

39.1 Transition to IFRS: Significant differences between the Company's Ghana GAAP accounting policies applied in its 2006 financial statements and IFRS accounting policies

No.	Ghana National Accounting Standards	IFRS
(a)	**Basis of accounting**	
	The Company prepares their financial statements under the historical cost convention as modified by the revaluation of fixed assets.	Under IFRS, the Company prepares their financial statements under historical cost basis, except for investment properties, available-for-sale investments, financial assets and financial liabilities held at fair values through profit or loss, that have been measured at fair value. IFRS also requires the disclosure of functional currency and presentational currency. This is disclosed in a note in the Financial statements as Ghana Cedis (GH¢) and to the effect that all values are rounded to the nearest GH¢ except when otherwise indicated.
(b)	**Investments**	
	Investments are held for purposes of both trading and investments. Investments are included in the balance sheet at the lower of cost and net realisable value. Gains and losses on the sale of investment securities are shown separately in other operating income or expenses where applicable. Securities with a fixed redemption date which are purchased with the intention of being held to maturity are stated at amortised cost. The premium or discount is amortised over the period to redemption and disclosed separately in interest income.	The Company's treatment under IFRS is similar to those under Ghana GAAP except that Government securities have been reclassified into Held to maturity categories of financial instruments in line with IAS 39. There was no impact on the financial position of the Company as a result of the adoption of IFRS.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

No.	Ghana National Accounting Standards	IFRS
	premium or discount is amortised over the period to redemption and disclosed separately in interest income.	
(c)	**Borrowings and loans** Borrowings and loans are stated in the balance sheet at the amount of principal. The interest amount or expense is based on the contractual interest rate	Under IFRS borrowings and loans are stated in the balance sheet at amortised cost which is the amount at which the loans are measured at initial recognition, less principal repayment and plus or minus any unamortized original premium or discount using the effective interest rate. The loans are analysed between the total amount outstanding and impairment loss in a note to the financial statements
(d)	**Financial instruments: financial assets** Loans are measured at cost less provisions for bad and doubtful debts. Debt securities and equity shares intended for use on a continuing basis in the Company's activities are classified as investment securities and are stated at cost less provision for any permanent diminution in value. Other debt securities and equity, shares are carried at fair value.	Under IAS 39, financial assets are classified into held-to -maturity; available-for-sale; held-for-trading; designated as at fair value through profit or loss; and loans and receivables. Financial assets classified as held-to-maturity or as loans and receivables are carried at amortised cost. Other financial assets are measured at fair value. Changes in the fair value of available-for-sale financial assets are reported in a separate component of shareholders' equity. Changes in the fair value of financial assets held-for-trading or designated as at fair value are taken to profit or loss. Financial assets can be classified as held-to-maturity only if they have a fixed maturity and the reporting entity has the positive intention and ability to hold to maturity. Trading financial assets are held for the purpose of selling in the near term. IFRS allows any financial asset to be designated as at fair value through profit or loss on initial recognition.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

No.	Ghana National Accounting Standards	IFRS
		Unquoted debt financial assets that are not classified as held-to-maturity, held-for-trading or designated as at fair value through profit or loss are categorised as loans and receivables. All other financial assets are classified as available-for-sale.
(e)	**Fixed Assets** These are stated at cost or valuation less accumulated depreciation. Depreciation is computed using the reducing balance method so as to write off the cost or valuation over the estimated useful lives at specified rates.	There is only one criterion for recognising PPE item. IFRS1 Requires the use of deemed cost during transition and componentization of PPE items for depreciation purposes. Other treatments under IAS 16 are similar to the Ghana GAAP, except that carrying values are reduced by impairment.
(f)	**Segmental reporting** The company never provided segmental information which was optional under Ghana GAAP.	This has become a requirement for listed companies reporting on the IFRS. The Company has identified two segments - Cocoa and confectionery as reporting segments. The segment results are presented in Note 5
(g)	**Dividend** Dividend proposed is treated as an appropriation of profit and any unpaid portion is accrued in the financial statements.	Under IFRS, dividends declared are treated as an appropriation of profit in the year of approval while dividends proposed are disclosed as a note to the financial statements.

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

39.2 Reconciliation of Profit previously reported under Ghana Accounting Standards to that reported under IFRS as at 31 September 2006

GNAS Headings	Notes	GNAS Balance	Adjust-ments	IFRS Balance	Proposed IFRS Headings
		GH¢	GH¢	GH¢	
Turnover		**29,043,600**		**29,043,600**	Turnover
Cost of Goods Sold		**26,072,400**		**26,072,400**	Cost of Goods Sold
Gross Profit		**2,971,200**		**2,971,200**	Gross Profit
Selling & Distribution Cost		(700,600)		(700,600)	Selling & Distribution Cost
Impairment Loss		0		0	Impairment Loss
Administrative Expenses		(1,697,000)		(1,697,000)	Administrative Expenses
Other Operating Income		134,100	800	134,900	Other Operating Income
Profit from operations		**707,700**			No longer required
Investment Income		81,000	(800)	81,000	Investment Income
Profit on Ordinary Activities Before Int. & tax		**788,700**		**788,700**	Profit or Loss before tax
Finance Cost/ Gain		26,600		26,600	Finance Cost/ Gain
Profit on ordinary. Activities before tax		**815,300**		**815,300**	-
Provision for tax/ NRL		(20,400)		(20,400)	Provision for tax/NRL
Profit after tax		**794,900**		**794,900**	Profit after tax

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

39.3 Reconciliation of net assets as reported under the Ghana GAAP as at 30 September 2006 to the revised net assets and profits reported under IFRS in these financial statements.

GNAS Headings	Notes	GNAS Balance GH¢	Adjust-ments GH¢	IFRS Balance GH¢	Proposed IFRS Headings
Fixed Assets					**Non Current Assets**
Tangible Assets		48,430,300		48,430,300	Property, plant & equipment
Current Assets					Current assets
Stocks	a	22,510,000	(858,500)	21,651,500	Inventory
Accounts receivable & prepayment	b	5,414,400	(141,500)	5,272,900	Trade & other receivables
Investment		1,444,600		1,444,600	Assets held to maturity
Cash and bank balance		1,643,900		1,643,900	Cash and bank balance
		31,012,900	**(1,000,000)**	**30,012,900**	
Accounts payable		41,491,400		41,491,400	Trade & other payables
Proposed dividend	c	344,600	(344,600)	0	-
		41,836,000	**(344,600)**	**41,491,400**	
Net Current Assets		**(10,823,100)**	**(655,400)**	**(11,478,500)**	Net current assets
Bank Loans		(20,915,500)		(20,915,500)	Bank loans
Total assets less current liabilities		**16,691,700**	**(655,400)**	**16,036,300**	Total assets
Capital and reserves					Capital and reserves
Stated Capital		2,416,700		2,416,700	Stated capital
Preference shares		100		100	Redeemable preference shares
Capital surplus	d	7,930,500	(7,930,500)		-
Income Surplus		6,344,500	7,275,100	13,619,600	Income surplus
Total capital and reserves		**16,691,700**	**(655,400)**	**16,036,300**	Total liability

COCOA PROCESSING COMPANY LIMITED
notes to the financial statements cont.

Notes

(a) The adjustment relates to obsolete packing material which had been carried as stock in the financial statement.

(b) This was an adjustment passed to write off doubtful debts of the company which had been outstanding for some years.

(c) A reversal of accrual for proposed dividend for year 2006 to be consistent with IFRS

(d) An entry to write off the balance on capital surplus account to income surplus account.

40. Reconciliation of opening balance sheet as at 1 October, 2005

	GNAS Bal 1 Oct 2005	Re classifications	IFRS Bal 1 Oct 2005
	GH¢	**GH¢**	**GH¢**
Fixed Assets			
Tangible Assets	41,154,500		41,154,500
Current Assets			
Stocks	10,169,200		10,169,200
Accounts receivable & prepayment	10,307,600		10,307,600
Investment	1,359,900		1,359,900
Cash and Bank Balance	3,411,500		3,411,500
	25,248,200		**25,248,200**
Amount Falling Due Within 1 Year			
Accounts Payable	26,753,400		26,753,400
Proposed Dividend	258,400	(258,400)	0
Net Current Assets	**(1,763,600)**		**(1,505,200)**
Bank Loans	(23,149,500)		(23,149,500)
Total Assets Less liabilities	**16,241,400**	**258,400**	**16,499,800**
Capital and Reserves			
Stated Capital	2,416,700		2,416,700
Redeemable Preference Shares	100		100
Capital surplus	7,930,400	(7,930,400)	0
Income Surplus	5,894,200	8,188,800	14,083,000
Total Equity	**16,241,400**	**258,400**	**16,499,800**

COCOA PROCESSING COMPANY LIMITED
twenty largest shareholders

41. TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Holdings	Percentage
1.	Government of Ghana	532,554,100	48.378
2.	Ghana Cocoa Board (COCOBOD)	239,351,240	21.743
3.	SSNIT	206,754,000	18.782
4.	Ashanti Goldfields Company Limited Employees PR	3,200,000	0.291
5.	State Insurance Company	3,200,000	0.291
6.	Galtere International Fund	2,020,535	0.184
7.	Donewell Insurance Company Limited	1,920,000	0.174
8.	Ghana Reinsurance	1,600,000	0.145
9.	Agricultural Development Fund	1,600,000	0.145
10.	FABL Trading Account	1,004,219	0.091
11.	Osei Isaac Mr.	1,000,000	0.091
12.	Mensah Baah Mr.	960,000	0.087
13.	Boohene Edward Henaku Mr.	800,000	0.073
14.	Ghana Libyan Arab Holding Co.	800,000	0.073
15.	Badu Collins K. Mr.	780,000	0.071
16.	Tetteh Richard Mr.	552,000	0.050
17.	NTHC / CPC Suspense A/C	503,722	0.046
18.	Acre Consolidated Limited	500,000	0.045
19.	Teachers' Fund	500,000	0.045
20.	Insurance Compensation Fund	480,000	0.044
		1,000,079,816	**90.848**

COCOA PROCESSING COMPANY LIMITED
directors holding as at 30/09/2008

42 DIRECTORS HOLDING AS AT 30/09/2008

No.	Name of Shareholders	Holdings	Percentage
1.	Osei Isaac Mr.	1,000,000	0.0908
2.	Richard Amarh Tetteh Mr.	552,000	0.0501
3.	David Coleman Mr.	65,000	0.0059
4.	Kyei-Mensah-Bonsu Osei Hon.	19,000	0.0017
5.	Manu Stephen Kwaku Balado Hon.	15,000	0.0014
6.	Ayivi Oliver Kwabena Mr.	7,330	0.0007
		1,658,330	**0.15**

One of the new, state-of-the-art butter presses installed at the newly refurbished and upgraded Cocoa factory

COCOA PROCESSING COMPANY LIMITED
shareholding distribution as at 30/09/2008

CATEGORY OF HOLDING	NO. OF SHAREHOLDERS	TOTAL HOLDING	PERCENTAGE HOLDING (%)
1 to 1,000	**27,946**	12,937,779	1.18
1,001 to 5,000	**18,720**	41,796,467	3.80
5,001 to 10,000	**1,651**	12,760,320	1.16
over 10,000	**871**	1,033,331,674	93.87
TOTALS	**49,188**	**1,100,826,240**	**100.00**

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, 31st March 2009 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 Isaac Osei as a Director		
4.	To re-elect Alhaji Dramani Egala as a Director		
5.	To re-elect Mr Alex Kobina Braye Bonney as a Director		
6.	To appoint KPMG Ghana as Auditors of the Company in place of Darko Sarpong & Co. and to Authorise the Directors to negotiate and determine the remuneration of the Auditors for the ensuing year.		

Signed this .... day of .... 2009.

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.

COCOA PROCESSING COMPANY LIMITED
2008 annual report

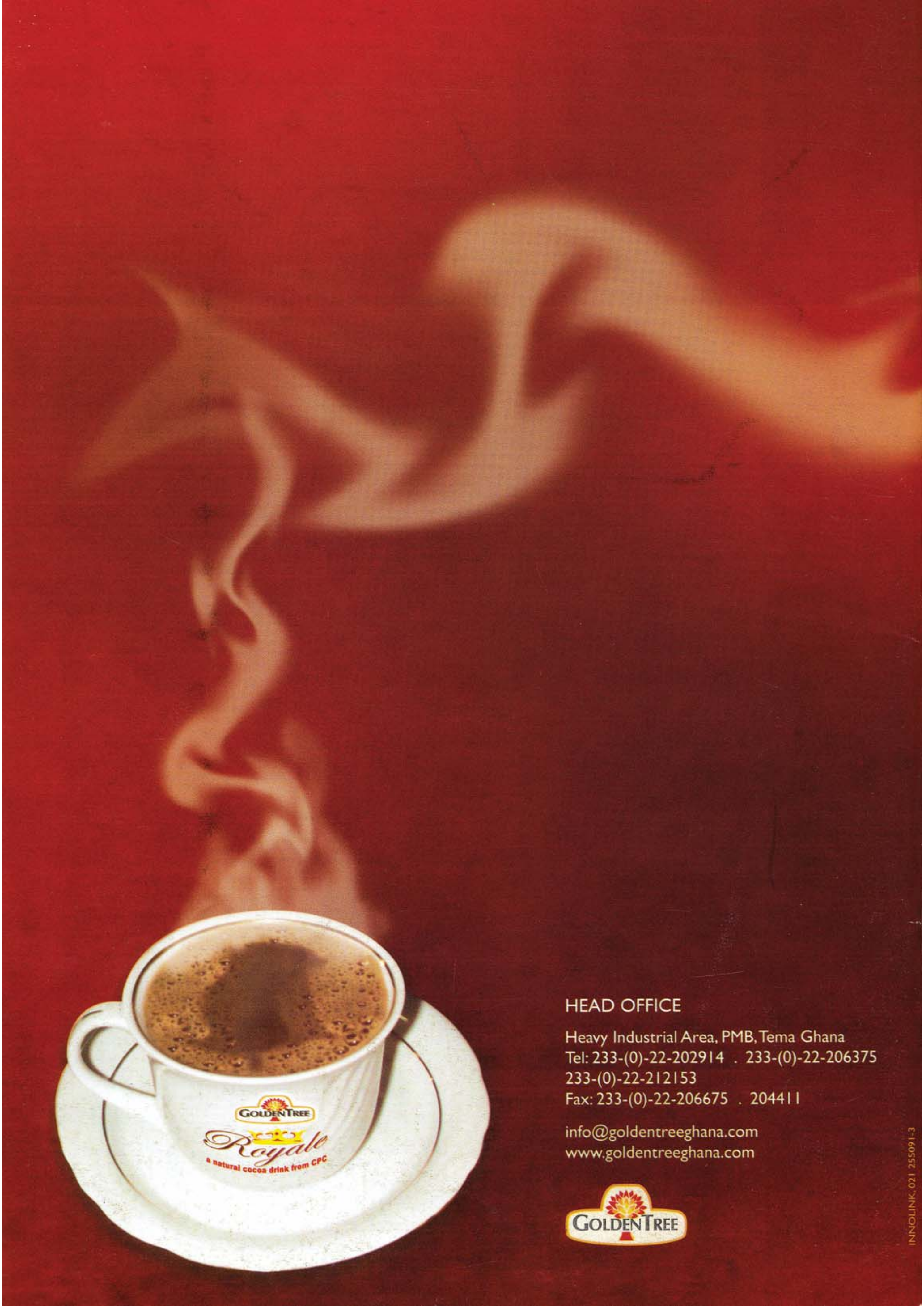
SECOND FOLD HERE

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
Royale
TURAL COCOA POWDER
2 MUGS A DAY
FOR A HEALTHY LIFE


GOLDEN TREE
Royale
a natural cocoa drink from CPC
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Heavy Industrial Area, PMB, Tema Ghana
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233-(0)-22-212153
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