



Annual Report CLYDESTONE 2009



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CLYDESTONE

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Clydestone (Ghana) Limited will be held at the Conference Hall, Ghana International Trade Fair, Accra on Friday 25th June 2010 at 10. 00 a.m. to transact the following business:

1. To receive and adopt the reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2009
2. To re-elect a Directors
3. To approve the remuneration of the Directors
4. To authorize the Auditors to remain in office
5. To authorize the Directors to fix the remuneration of the Auditors

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

Dated this 2nd Day of June 2010

BY ORDER OF THE BOARD

THE SECRETARY

COMPANY PROFILE

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

Established in June 1989, Clydestone has introduced and deployed cutting edge solutions in the area of Payment Systems, Remittance Processing, Transaction Switching, Local Area Networking, Automated Teller Machines sales, support and outsourcing.

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

Clydestone was the first Information Communication and technology to list on the Ghana Stock Exchange. Clydestone become a public limited liability company on August 2003. It was officially listed on the Ghana Stock Exchange on May 19, 2004 after a successful public floatation of 10,600,000 ordinary shares of no par value at GH¢0.05 per share. We trade under the symbol CLYD.

The Activities of Clydestone Include:

- Image based documentation processing payment solutions
- Systems integration
- Network design, installation and technical support
- Computer and communication technology consultancy
- Point of sales terminal supply and support
- Project management, training and consultancy

Strengths and Profit Drivers of Clydestone:

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

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

OUR CORE VALUES

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

CUSTOMERS

We will meet in every possible way the requirements and expectations of our customers.

EMPLOYEES

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

PROCESSES

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

IMPROVEMENTS

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

CORPORATE CITIZENSHIP

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

OUR MISSION

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

OUR VISION

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

THE OUTLOOK OF CLYDESTONE

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

CORPORATE GOVERNANCE

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

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

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

Non – Executive Directors

Mr. George Prah
Prof. Edwin Ellis Badu
Nana Benyin Hutchful
Mr. Robert Alloh

Executive Director

Mr. Paul Tse Jacquaye

BOARD OF DIRECTORS, OFFICERS, AND REGISTERED OFFICE

BOARD OF DIRECTORS

George Prah
Paul Tse Jacquaye
Prof Edwin Ellis Badu
Nana Benyin Hutchful
Mr. Robert Alloh

SECRETARY

Abena Sakyibea Boadu

REGISTERED OFFICE

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

AUDITORS

Voscon Chartered Accountants
No. C806/4, Boundry Road
Tudu, Accra
P. O. Box A476, La, Accra

SOLICITORS

Alloh and Partners
C543/7 Olympic Close
Bonamtey Chambers
Kpehe, Accra
P. O. Box NT 478
Newtown, Accra

BANKERS

Ecobank Ghana Limited
Fidelity Bank Limited
Ezi Savings and Loans Limited

REGISTRARS

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

BOARD OF DIRECTORS

Mr. George Prah



Nana Benyin Hutchful



Prof. Ellis Badu



Mr. Robert Alloh



Mr. Paul Jacquaye



CHAIRMAN'S STATEMENT

Introduction

Fellow Shareholders, welcome to our 2009 Annual general meeting. The year under review saw a lot of new activities to position your company for profitability in the years to come.

The year 2009 saw the global economy slowly recovering from the financial crisis which negatively affected most banks and the stock markets worldwide. Ghana's economy recorded a GDP growth rate of 4.7% for 2009. This was against the backdrop of a 7.3% growth rate recorded in 2008. The country's foreign reserves improved during the year as commodity prices such as cocoa and gold increased significantly.

Inflation was 15.97% declining from 18.31% recorded in December 2008. The discount rate on 91-day Treasury Bills decreased from 23.22% in 2008 to 21.33% in 2009. The Bank of Ghana's prime rate for December 2009 was 18% whilst base rate of banks ranged between 25% and 32%. On currency market, the value of the cedi in relation to the major currencies, Ghanaian currency depreciated. Against the US dollar it declined by 15.7%, 17.4% against the Euro and 21.1% against the Pound Sterling.

This year saw completion of our integration with China Union Pay which was achieved in December 2009. CUP has now been launched in Ghana and efforts to integrate with other Regional switches are underway. Our efforts to launch a local Interbank Switching Network was pursued vigorously and I am happy to report that the Bank of Ghana and the Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) has given approval for Clydestone G-switch to switch local transactions amongst G-switch member banks. Settlement of all G-switch transactions will be effected by GhIPSS.

The G-switch brand has been registered and we intend to incorporate G-switch as a Limited Liability company which will be wholly owned by Clydestone.

2009 Performance Review

Group turnover increased to GHc 2,093,084 as against GHc 1,452,599 recorded in 2008. The company made a small profit after tax of GHc 10,623 as against losses in the last 2 years of GHc 178,693 and GHc 265,770; however Group earning recorded a small loss of GHc 11,384 as against a loss of GHc 198,348 in 2008 and GHc 303,238 in 2007. This was attributed to the CCC project undertaken by with Banks and the sale of e-zwich ATMs to GhIPSS.

Our subsidiary RGPL have recommenced its case with the Electricity Company of Ghana and we hope to bring the case to finality in 2010.

Business report on our various areas of operation is as follows:

Financial Document Processing:

We ended our support of the Bank of Ghana automated clearing house after 14 years of service to the Bank with the introduction of Code Line Clearing and Truncation system. We sincerely thank the Bank of Ghana (BOG) for their custom and we shall endeavour to strengthen our business relationship with the BOG gained over the years to introduce innovative new services in the Financial Services sector with their support. This is evident in our CUP and G-switch initiatives.

We are happy to report that we successfully completed projects with 12 banks who signed up for our ClydeAIDPS solution for CCC. We are in the process of supporting and upgrading the Banks for additional service for the introduction of the Automated Clearing House being undertaken by GHPSS.

Automated Teller Machines:

The GHPSS ordered 20 GRG H22 e-zwich ATMs. Deployment has commenced throughout the country in all major regional capitals.

The ATMs have been deployed at more that 10 Banks who will be able to use the GRG brand and we hope to secure further business from these banks as they experience the robustness and quality of the GRG ATMs.

Transaction Switching:

We continued to offer switching services to Fidelity Bank, Ezi Savings and Loans and Transol. This year saw the introduction of G-switch.

G-switch, established by Clydestone, is an Electronic Payment Platform providing Transaction Switching Third Party Processing and EFT hosting services to Banks, Independent Service Organizations (ISO's) and Micro Finance Institutions (MFI's). G-switch operates a secure, real-time, regulatory compliant processing platform located in Accra – Ghana that utilizes state-of the- art technology. G-switch operates a local Interbank

switch under its brand name G-switch. Settlement of all G-switch local transactions is through the Ghana Interbank Payment and Settlement Systems Company (GHPSS). G-switch is certified with China Union Pay (CUP), the Chinese Bankcard Association and is a Global Acquiring Partner for CUP.

G-Switch offers the following services:

- Card Issuing, Processing and Management
- Card Procurement and Personalization
- Card Hosting and Authorisation
- ATM Acquiring
- POS Acquiring
- Interbank Switching and Settlement
- China Union Pay Global Partner
- Micro Finance Services on Demand
- Mobile Banking

Our services are tailored to offer our customers a unique one stop solution for all their card program's and transaction processing needs. Our 24/7 call centre ensures that we provide the best support at all times to our valued clients.

We are seeking your mandate today to incorporate G-switch. We believe the introduction of G-switch into the Ghanaian market by Clydestone, once again heralds our motto Innovate Develop and Support.

Innovate: To introduce new things, ideas, or ways of doing something

Develop: To think or produce a new idea, product, etc and make it successful

Support: To give or be ready to give help to

Our People

We added to our staff numbers in 2009. This was to ensure that we have adequate human resources to undertake our new endeavour's. Please join me to welcome our new employees to the Clydestone family. 2010 will see the addition of new personnel as we grow our business aggressively especially in the transaction switching arena.

BOARD OF DIRECTORS

The Board at this meeting shall be seeking your mandate to re- appoint our retiring directors in the persons of Nana Benyin Hutchful and Professor Ellis Badu.

Outlook

Last year we promised to bring the company back into profitability and we have achieved this with Clydestone, albeit though the Group recorded a small loss compared to the previous years. Although 2009 has been slow we are confident that our untiring efforts will be rewarded in the coming years in order that we may once more start paying dividend to our members.

Conclusion

My sincerely gratitude goes to all our numerous clients for their continuing support and business. I also thank the Board, Management and Staff for their support in 2009.

Thank you.



George Prah
Chairman

FINANCIAL HIGHLIGHTS

CONSOLIDATED PROFIT AND LOSS			
	GH¢ 2009	GH¢ 2008	% Changes
TURNOVER	2,093,084	1,452,599	44%
COST OF OPERATIONS	-1,033,477	-726,402	42%
GENERAL & ADMIN EXP	-1,101,078	-952,018	16%
OTHER INCOME	39,839	35,098	14%
PROFIT/(LOSS) BEFORE TAXATION	-1,632	-190,723	-99%
TAXATION	-9,752	-7,625	28%
PROFIT/(LOSS) AFTER TAXATION	-11,384	-198,348	-94%
ATTRIBUTABLE TO:			
EQUITY HOLDERS	-7,819	-195,164	-96%
MINORITY INTEREST	-3,565	-3,184	12%

REPORT OF THE DIRECTORS

CLYDESTONE (GHANA) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 2009

The Directors in submitting to the Shareholders the financial statements of the company for the year ended December 31, 2009 reports as follows:

	GH¢
The Company recorded a net loss before taxation of	-1,632
From which is added taxation of	-9,752
Giving a net loss after taxation of	-11,384
Deducted minority interest in subsidiary	-3,565
Leaving a balance transferred to income surplus account of	-7,819

The director to retire by rotation in accordance with the regulations of the company is Mr. Nana Benhin Hutchful who being eligible, offer himself for election.


AUDITORS

In accordance with the section 134 of the Companies Code, 1963 Voscon Chartered Accountants have agreed to continue in office as the company auditors. A resolution to authorised the directors to determine their remuneration will be proposed at the Annual General meeting.

NATURE OF BUSINESS

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

BY ORDER OF THE BOARD


DIRECTOR


DIRECTOR

SUMMARY OF THE AUDIT COMMITTEE REPORT FOR 2009

Membership of the Audit Committee of the Board

The audit committee of the Board is made up of three non-executive directors. The committee is chaired by Professor Ellis Badu. The other members of the committee are Mr. George Prah and Nana Benyin Hutchful. In attendance are the Financial Controller and Internal Auditor.

The duties and scope of the Audit committee Meetings include (but not limited to):

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

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

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

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

Leading the production of an annual report for the Board of Directors, which should include, the committee's advice on the effectiveness of the company's risk management, control and governance processes, and significant matters arising from the work of the internal and external Auditors.

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

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

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

The Committee met four times in 2009.

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the consolidated financial statements of Clydestone Ghana Limited and its subsidiary set out on pages 15 to 33 as at December 31, 2009.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Ghana Companies Code, 1963 (Act 179). Our responsibility is to express an independent opinion on these financial statements based on our audit.

BASIS OF OPINION

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

OPINION

In our opinion, proper books of account have been kept by the Company and its subsidiary and the consolidated financial statements which are in agreement therewith, present fairly in all material respects, the financial position of Clydestone Ghana Limited and its subsidiary as at December 31, 2009 and the results of their operations and cashflows for the year then ended in conformity in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Code, 1963, (Act 179).

REPORT ON OTHER LEGAL REQUIREMENTS

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. The balance sheet and income statement are in agreement with the books of accounts



CHARTERED ACCOUNTANTS

March, 2010

CLYDESTONE (GHANA) LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2009

	NOTES	COMPANY 2009 GH¢	GROUP 2009 GH¢	COMPANY 2008 GH¢	GROUP 2008 GH¢
NON CURRENT ASSETS					
Property, plant and equipment	4	487,071	520,049	339,608	388,433
Investment	5	178,493	-	178,493	-
CURRENT ASSETS		<u>665,564</u>	<u>520,049</u>	<u>518,101</u>	<u>388,433</u>
Inventories	6	254,574	254,574	90,199	90,199
Trade accounts receivable		597,910	669,268	442,057	492,935
Other accounts receivable	7	89,127	402,214	81,416	306,892
Cash and bank balances	8	120,441	123,522	51,447	65,069
		<u>1,062,052</u>	<u>1,449,578</u>	<u>665,119</u>	<u>955,095</u>
CURRENT LIABILITIES					
Bank Overdraft	9	454,407	454,845	394,448	397,563
Trade accounts payable		180,253	353,604	48,262	148,786
Other accounts payable	10	519,096	631,937	512,159	602,635
Taxation	11	(190,357)	(156,034)	(104,912)	(79,564)
Deffered Tax	12	(2,179)	(2,359)	-	-
Due to subsidiary company		66,519	-	68,919	-
Short Term Loan	13	424,910	424,910	-	-
Dividend payable	14	34,158	34,158	34,158	34,158
		<u>1,486,807</u>	<u>1,741,061</u>	<u>953,034</u>	<u>1,103,578</u>
Net Current Assets		<u>(424,755)</u>	<u>(291,483)</u>	<u>(287,915)</u>	<u>(148,483)</u>
Total assets less current liabilities		<u>240,809</u>	<u>228,566</u>	<u>230,186</u>	<u>239,950</u>
REPRESENTED BY					
Stated Capital	15	554,850	554,850	554,850	554,850
Capital Surplus	16	140,955	213,037	140,955	213,037
Income Surplus		(454,996)	(566,101)	(465,619)	(558,282)
Minority Interest	17	-	26,780	-	30,345
Total shareholders Funds		<u>240,809</u>	<u>228,566</u>	<u>230,186</u>	<u>239,950</u>



DIRECTOR



DIRECTOR

The accompanying notes on pages 21 to 33 from an integral part of these financial statements.

CLYDESTONE (GHANA) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

	NOTES	COMPANY 2009 GH¢	GROUP 2009 GH¢	COMPANY 2008 GH¢	GROUP 2008 GH¢
TURNOVER	1(b)	2,040,438	2,093,084	1,389,436	1,452,599
COST OF OPERATIONS		<u>(1,007,131)</u>	<u>(1,033,477)</u>	<u>(699,608)</u>	<u>(726,402)</u>
GROSS OPERATING PROFIT		<u>1,033,307</u>	<u>1,059,607</u>	<u>689,828</u>	<u>726,197</u>
General & Administration Expenses	18	<u>(1,023,400)</u>	<u>(1,101,078)</u>	<u>(873,121)</u>	<u>(952,018)</u>
Operating Loss		9,907	(41,471)	(183,293)	(225,821)
Other Income	19	<u>918</u>	<u>39,839</u>	<u>4,600</u>	<u>35,098</u>
Loss Before Taxation		10,825	(1,632)	(178,693)	(190,723)
Taxation					
Corporate	20	<u>(202)</u>	<u>(9,752)</u>	<u>-</u>	<u>(7,625)</u>
Loss After Taxation		<u>10,623</u>	<u>(11,384)</u>	<u>(178,693)</u>	<u>(198,348)</u>
Attributable to:					
Equity holders		10,623	(7,819)	(178,693)	(195,164)
Minority Interest		<u>-</u>	<u>(3,565)</u>	<u>-</u>	<u>(3,184)</u>

The accompanying notes on pages 21 to 33 from an integral part of these financial statements.

CLYDESTONE (GHANA) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2009

	COMPANY 2009 GH¢	GROUP 2009 GH¢	COMPANY 2008 GH¢	GROUP 2008 GH¢
CASH FLOW FROM OPERATING ACTIVITIES				
Loss Before Taxation	10,825	(1,632)	(178,693)	(190,723)
Reconciliation of Profit to net Cash Flow from operating activities				
Adjustment for Non - Cash Items:				
Net interest expense	153,636	113,797	119,624	89,126
Depreciation	93,310	109,157	97,992	117,358
Net book value of write offs	-	-	(14,776)	(14,776)
Profit on Disposal	-	-	(4,600)	(4,600)
	<u>257,771</u>	<u>221,322</u>	<u>19,547</u>	<u>(3,615)</u>
Changes in current assets and liabilities				
Inventories	(164,376)	(164,375)	(32,898)	(32,898)
Trade accounts receivable	(155,851)	(176,333)	79,340	109,294
Other accounts receivable	(7,712)	(95,322)	(14,838)	(227,169)
Trade accounts payable	131,991	204,818	(255,412)	(245,069)
Other accounts payable	6,937	29,302	248,071	269,990
Due from subsidiary company	(2,400)	-	4,057	-
	<u>(191,411)</u>	<u>(201,910)</u>	<u>(28,320)</u>	<u>(125,852)</u>
Tax paid				
Corporate	<u>(87,826)</u>	<u>(88,581)</u>	<u>(76,507)</u>	<u>(77,341)</u>
	<u>(279,237)</u>	<u>(290,491)</u>	<u>(48,187)</u>	<u>(203,193)</u>
Net cash used in operating activities	<u>(21,446)</u>	<u>(69,169)</u>	<u>(28,640)</u>	<u>(206,808)</u>

CASH FLOW FROM INVESTING ACTIVITIES

Capital expenditure	(240,773)	(240,773)	(93,786)	(94,836)
Proceeds from sale of fixed assets			4,600	4,600
Interest income	-	-	-	182,208
Investment	-	-	-	30,498

Net cash used in investing activities	(240,773)	(240,773)	(89,186)	122,470
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CASH FLOW FROM FINANCING ACTIVITIES

Interest expense	(153,636)	(153,636)	(119,624)	(119,624)
Short term Loan	424,910	424,910	(19,404)	(19,404)
Net cash used in financing activities	271,274	271,274	(139,028)	(139,028)

INCREASE IN CASH AND CASH EQUIVALENTS	9,035	1,171	(256,854)	(223,366)
CASH AND CASH EQUIVALENTS				

At beginning of year	(343,001)	(332,494)	(86,147)	(109,128)
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At end of year	(333,966)	(331,323)	(343,001)	(332,494)
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Cash and bank balances	120,441	123,522	51,447	65,069
Bank overdraft	(454,407)	(454,845)	(394,448)	(397,563)
	(333,966)	(331,323)	(343,001)	(332,494)

COMPANY**CLYDESTONE GHANA LIMITED****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009**

	STATED CAPITAL GH¢	CAPITAL SURPLUS GH¢	INCOME SURPLUS GH¢	TOTAL GH¢
Balance as at January,1	554,850	140,955	(465,619)	230,186
Total recognised income and expenditure			10,623	10,623
Balance as at December 31	554,850	140,955	(454,996)	240,809

GROUP**CLYDESTONE GHANA LIMITED****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009**

	STATED CAPITAL GH¢	CAPITAL SURPLUS GH¢	INCOME SURPLUS GH¢	MINORITY INTEREST GH¢	TOTAL GH¢
Balance as at January,1	554,850	213,037	(558,282)	30,345	239,950
Total recognised income and expenditure			(7,819)	(3,565)	(11,384)
Balance as at December 31	554,850	213,037	(566,101)	26,780	228,566

CLYDESTONE GHANA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 1 NATURE OF BUSINESS

Clydestone Ghana Limited was incorporated in June 1989 with the following objectives as amended on December 12, 2002:

- q Payment Systems
- q System Integration
- q Outsourcing
- q Networking
- q Computer and Communication Technology
- q Consultancy

The company commenced business in July, 1989 and was listed on the Ghana Stock Exchange in March 2004.

NOTE 2 BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the company for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS). As adopted by the Institute of Chartered Accountants, Ghana effective by December 31, 2007. The standards comprise IFRS 1 to 9 and International Accounting Standards (IAS) 1 to 40 and amendments, revisions as well as interpretations of these standards as applicable as at December 31, 2009.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of the significant accounting policies adopted in the presentation of these consolidated financial statements. The policies set out below have been consistently applied to all years presented.

a Group accounting

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

Minority interests represent the portion of profit and loss and net assets that is not held by the group and are presented separately in the consolidated income statement and within equity, separately from the parent's shareholders' equity. Acquisitions of minority interest are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognized in good will. When the group has significant influence in an entity, the entity is considered as an associate and the investment in an associate is accounted for using the equity method of accounting.

b Income recognition

Sales comprise the invoiced value of goods and services and are measured at the fair value of the consideration received or receivable.

c Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less subsequent depreciation and impairment.

Depreciation is provided on a straight line basis at annual rates estimated to write-off values over their useful economic lives.

The annual rates used for this purpose are:

Motor Vehicle

20.0%

Computers & Accessories	30.0%
Office Furniture and Fittings	7.5%
Office Equipment	20.0%

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the Income Statement

d Foreign currency translation

- i. Transactions in foreign currencies are converted at market rates at the dates of such transactions. Exchange differences realised are . accounted for through the Income statement.
- ii. Assets and liabilities, which are denominated in other currencies, . are translated into the reporting currency at the period end rates of exchange. are treated through the profit and loss account. Exchange differences arising through the profit and loss account.

e Trade and other accounts receivable

Trade accounts receivable are recognized initially at fair value and subsequently at amortised cost less any provision for impairment. Specific provisions for doubtful debts are made for receivables of which recovery is doubtful. Other receivables are stated at their cost less impairment losses.

f Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call, with banks and bank overdraft.

g Provisions

Provisions are recognized when a legal or constructive obligation as a result of past transactions exist at the balance sheet date and when the amount of the obligation can be reliably estimated.

h Income Tax

Income tax comprises current tax and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

(ii) Deferred Income Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

i) **Impairment of Assets**

Assets that have indefinite useful lives and are not subject to amortization are tested annually for impairment. Assets that are subject to amortization or for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

j) **Post Balance sheet Events**

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

k) **Segment Reporting**

A segment is a distinguishable component of the company that is engaged either providing products or services (business segments) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are from those of other segments.

The identification of operating segments on internal reports that are regularly reviewed by the company's chief operating decision maker in order to allocate resources to the segment and assess its performance.

l) Determination of Fair Value

The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for future similar financial instruments.

m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. It did not have an impact on the company.

NOTE 4a - FIXED ASSETS - COMPANY

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
COST	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
At 1.1.09	68,520	76,630	196,710	114,761	5,971	1,611	186,965	651,168
Additions		580	-	64,413	-	5,549	170,231	240,773
Disposal	-	-	-	-	-	-	-	-
At 31.12.09	68,520	77,210	196,710	179,174	5,971	7,160	357,196	891,941
DEPRECIATION								
At 1.1.09	14,397	33,918	173,203	86,196	3,303	543	-	311,560
Charge for the year	4,646	15,336	23,507	47,618	1,194	1,009	-	93,310
Disposal	-	-	-	-	-	-	-	-
At 31.12.09	19,043	49,254	196,710	133,814	4,497	1,552	-	404,870
NET BOOK VALUE								
At 31.12.09	49,477	27,956	-	45,360	1,474	5,608	357,196	487,071
At 31.12.08	54,123	42,712	23,507	28,565	2,668	1,068	186,965	339,608

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

NOTE 4b - FIXED ASSETS - GROUP

	FURNITURE & FIXTURES	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTERS	WORKSHOP EQUIPMENT	STORAGE CONTAINER	WORK IN PROGRESS	TOTAL
COST	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
At 01.01.09	72,775	83,017	214,300	273,235	5,971	1,611	186,965	837,874
Additions		580		64,413	-	5,549	170,231	240,773
At 31.12.09	72,775	83,597	214,300	337,648	5,971	7,160	357,196	1,078,647

DEPRECIATION

At 01.01.09	18,652	40,305	190,793	195,845	3,303	543	-	449,441
Charge for the year	4,646	15,336	23,507	63,465	1,194	1,009	-	109,157
Disposal	-	-	-	-	-	-	-	-
At 31.12.09	23,298	55,641	214,300	259,310	4,497	1,552	-	558,598

NET BOOK VALUE

At 31.12.09	49,477	27,956	-	78,338	1,474	5,608	357,196	520,049
At 31.12.08	54,123	42,712	23,507	77,390	2,668	1,068	186,965	388,433

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

NOTE 5 - INVESTMENT**The company**

This represents investment in subsidiary

NOTE 6 - INVENTORIES

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
AT M Parts	46,105	46,105	-	-
Network materials	123,053	123,053	13,525	13,525
ATMS	46,092	46,092	46,092	46,092
DP	<u>39,324</u>	<u>39,324</u>	<u>30,582</u>	<u>30,582</u>
	<u>254,574</u>	<u>254,574</u>	<u>90,199</u>	<u>90,199</u>

NOTE 7 - OTHER ACCOUNTS RECEIVABLE

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Amount due from officers	9,702	16,702	4,641	11,141
Payment in advance	<u>79,425</u>	<u>385,512</u>	<u>76,775</u>	<u>295,751</u>
	<u>89,127</u>	<u>402,214</u>	<u>81,416</u>	<u>306,892</u>

NOTE 8 - CASH AND BANK BALANCES

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Cash on hand	281	434	815	855
Cash at bank	<u>120,160</u>	<u>123,088</u>	<u>50,632</u>	<u>64,214</u>
	<u>120,441</u>	<u>123,522</u>	<u>51,447</u>	<u>65,069</u>

NOTE 9- BANK OVERDRAFT

This is in respect of an overdrawn balances with local financial institutions.

NOTE 10 - OTHER ACCOUNTS PAYABLE

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GHC	GHC	GHC	GHC
Accrued liabilities	453,189	471,430	275,938	293,355
Other payables	65,907	160,507	236,221	309,280
	<u>519,096</u>	<u>631,937</u>	<u>512,159</u>	<u>602,635</u>

NOTE 11 (a) - TAXATION - COMPANY

<u>YA</u>	Balance 1/1/09	Payments/ Tax Credits	Income Statement	Balance 31/12/09
	GHC	GHC	GHC	GHC
2003	(3,891)	-	-	(3,891)
2004	(18,174)	-	-	(18,174)
2005	16,261	-	-	16,261
2006	(7,993)	(20,100)	-	(28,093)
2007	(21,078)	-	-	(21,078)
2008	(70,037)	-	-	(70,037)
2009	-	(67,726)	2,381	(65,345)
	<u>(104,912)</u>	<u>(87,826)</u>	<u>2,381</u>	<u>(190,357)</u>

NOTE 11 (b) - TAXATION - GROUP

<u>YA</u>	Balance 1/1/09	Payments/ Tax Credits	INCOME Statement	Balance 31/12/09
	GHC	GHC	GHC	GHC
2003	(16,868)	-	-	(16,868)
2004	(14,785)	-	-	(14,785)
2005	36,156	-	-	36,156
2006	(5,530)	(20,100)	-	(25,630)
2007	(15,291)	-	-	(15,291)
2008	(63,246)	-	-	(63,246)
2009	-	(68,481)	12,111	(56,370)
	<u>(79,564)</u>	<u>(88,581)</u>	<u>12,111</u>	<u>(156,034)</u>

The current tax liability charged at 22% is subject to agreement with the Internal Revenue Service.

NOTE 12 - DEFERRED TAX

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
The balance is derived as Follows				
balance as at January 1,	-	-	-	-
Applied to current year	(2,179)	(2,359)	-	-
	<u>(2,179)</u>	<u>(2,359)</u>	<u>-</u>	<u>-</u>
balances as at December 31,	(2,179)	(2,359)	-	-

NOTE 13- SHORT TERM LOAN

This is a facility with a local financial institution.

NOTE 14 - DIVIDEND PAYABLE

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Balance at January1,	34,158	34,158	34,158	34,158
Dividend declared	-	-	-	-
	<u>34,158</u>	<u>34,158</u>	<u>34,158</u>	<u>34,158</u>
Dividend paid	-	-	-	-
Balance at December 31,	<u>34,158</u>	<u>34,158</u>	<u>34,158</u>	<u>34,158</u>

NOTE 15 - STATED CAPITAL

	NUMBER	2009 AMOUNT	NUMBER	2008 AMOUNT
	'000	GH¢	'000	GH¢
Authorised No. of Shares of no par value:-	<u>100,000</u>	-	<u>100,000</u>	-
Issued for cash	<u>34,000</u>	<u>554,850</u>	<u>34,000</u>	<u>554,850</u>

NOTE 16 - CAPITAL SURPLUS

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Opening balance	140,955	213,037	140,955	213,037
Movement during the year	-	-	-	-
Less Minority interest	-	-	-	-
Closing Balance	<u>140,955</u>	<u>213,037</u>	<u>140,955</u>	<u>213,037</u>

NOTE 17 - MINORITY INTEREST

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Share of net asset of				
Subsidiary at January 1,	-	30,345	-	33,529
Share of loss of subsidiary	-	(3,565)	-	(3,184)
	<u>-</u>	<u>26,780</u>	<u>-</u>	<u>30,345</u>

NOTE 18 - GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses include:

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Interest and financial charges	166,365	168,137	144,372	145,392
Directors remuneration	68,983	94,998	46,735	72,750
Auditors remuneration	7,000	8,200	7,000	8,900
Depreciation	93,310	93,310	97,992	117,358

NOTE 19 - OTHER INCOME

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Investment income	-	39,839	4,600	30,498
Profit on disposal of asset	<u>918</u>	<u>-</u>	<u>-</u>	<u>4,600</u>
	<u>918</u>	<u>39,839</u>	<u>4,600</u>	<u>35,098</u>

NOTE 20 - INCOME TAX EXPENSE

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Current Tax	(2,381)	(12,111)	-	-
Deferred Tax	2,179	2,359	-	-
Charge to Income Statement	<u>(202)</u>	<u>(9,752)</u>	<u>-</u>	<u>-</u>

NOTE 21 - RELATED PARTY TRANSACTIONS

	COMPANY	GROUP	COMPANY	GROUP
	2009	2009	2008	2008
	GH¢	GH¢	GH¢	GH¢
Ezi Savings and Loans Limited	-	-	100,000	100,000
Receivable from related party				
Transaction Solutions Ghana Limited	140,912	140,912	78,748	78,748
Payable to related party				
Ezi Savings and Loans Limited	454,845	454,845	312,435	312,435

NOTE 22 - FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

financial assets and liabilities are a reasonable approximation of their Fair values as they are short term in nature.

	Fair Value		Carrying Amount	
	2009	2008	2009	2008
COMPANY	GH¢	GH¢	GH¢	GH¢
<u>Financial Assetss</u>				
Trade accounts receivable	597,910	442,057	597,910	442,057
Other accounts receivable	89,127	81,416	89,127	81,416
Cash and bank balances	120,441	51,447	120,441	51,447
Inventories	254,574	90,199	254,574	90,199
<u>Financial Liabilities</u>				
Trade accounts payable	180,253	48,262	180,253	48,262

Other accounts payable	519,096	512,159	519,096	512,159
Bank overdraft	454,407	394,448	454,407	394,448
Due to subsidiary	66,519	68,919	66,519	68,919

	Fair Value		Carrying Amount	
	2009	2008	2009	2008
GROUP	GH¢	GH¢	GH¢	GH¢
<u>Financial Assets</u>				
Trade accounts receivable	669,268	492,935	669,268	492,935
Other accounts receivable	402,214	306,892	402,214	306,892
Cash and bank balances	123,522	65,069	123,522	65,069
Inventories	254,574	90,199	254,574	90,199
<u>Financial Liabilities</u>				
Trade accounts payable	353,604	148,786	353,604	148,786
Other accounts payable	631,937	602,635	631,937	602,635
Bank overdraft	454,845	397,563	454,845	397,563

NOTE 23 - SEGMENTAL REPORTING

The company operates only in Ghana and the key business being undertaken relates to payment and system integration networking and computer/communication technology and debt collection. These categories are managed by a single management team. Reporting the financial segments along these categories will involve subjective allocation of cost which will not give useful information for decision making purposes.

Segmental reporting has therefore not been adopted in there presentation of these financial statements.

NOTE 24 - CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no outstanding contingent liabilities or capital commitments at December 31, 2009.

Clydestone Shareholding Distribution 31st December 2009

Category of Holdings	No.of Shareholding	Total	Percentage
Less than 1,000	1,733	912,060	2.68
1,000 to 5, 000	877	2,311,564	6.8
5,000 to 10,000	182	1,570,838	4.62
10,001 to 20,000	51	869,571	2.56
20,001 to 30,000	22	601,800	1.77
30,001 to 40,000	6	211,669	0.62
40,001 to 50,000	2	88,090	0.26
over 50,000	25	27,430,408	80.69
	2,898	33,996,000	100

CLYDESTONE TOP 20 AS @ 31/12/2009

NAME OF SHAREHOLDER	POSITION OWNED
1. JACQUAYE TSE PAUL	20,389,500
2. NTHC SECURITIES LIMITED	579,000
3. STAR LIFE ASSURANCE LTD.	532,000
4. AKOTO-BAMFO EDMUND	412,000
5. MAWUENYEGA DANNY MR.	412,000
6. VANGUARD ASSURANCE CO. LTD.	212,000
7. ECOBANK STOCKBROKERS LIMITED	187,263
8. STAR ASSURANCE COMPANY LIMITED	141,824
9. HUTCHFUL NANA	135,000
10. AKOSAH-BEMPAH KWAKU	125,000
11. CDH ASSET MANAGEMENT LTD.	112,280
12. CATHOLIC ARCHDIOCESE OF CAPE COAST	110,000
13. ISAKA NICHOLAS GBANA MR	110,000
14. GOGO BENJAMIN AKUETE	105,000
15. HOLDEN CHRISTOPHER MARK MR	100,000
16. DADZIE SAMUEL	82,608
17. AKOSAH-BEMPAH OPHELIA	70,700
18. COBBINAH PHILIP	70,000
19. CDH-AM/LIPTIN VENTURES	70,000
21. CDH SECURITIES LTD	60,000

CLYDESTONE (GHANA) LIMITED

Form of Proxy

I/WE

(Block Capitals)
of

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

Or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us at the Annual General Meeting to be held at the Conference Centre, Ghana Trade Fair, Accra on Friday 28th May, 2010 at 10.00 am and at every adjournment thereof.

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

RESOLUTION	FOR	AGAINST
1. To receive the accounts		
2. To re – elect Prof. Ellis Badu as a Director		
3. To re – elect Nana Benyin Hutchful		
4. To approve Directors fees		
5. To authorise Directors to fix Auditors fees		

Signed this _____ day of _____ 2010 _____

Shareholder's signature

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

Notes:

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

RESOLUTIONS TO RE-ELECT THE RETIRING DIRECTORS

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

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

Nana Benyin Hutchful and Professor Ellis Badu are due to retire but are offering themselves for re-election. They are therefore recommended to the members for re-election.

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

The Registrar
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