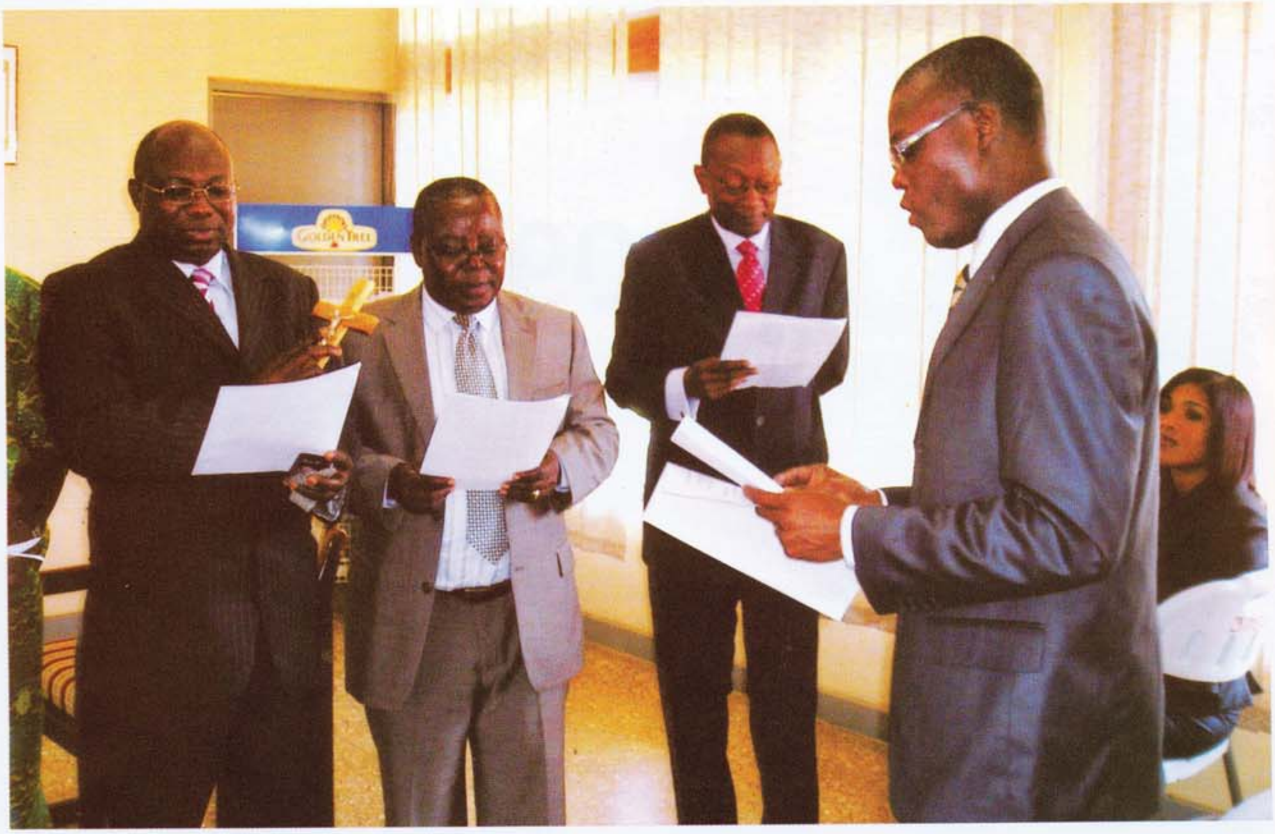

GOLDEN TREE

# Cocoa Processing Company Limited

# 2009 Annual Report & Accounts

# 2009
annual report
& accounts

# COCOA PROCESSING COMPANY LIMITED




The Managing Director, Mr. Tetteh taking the oath of office together with Messrs Nana Odur o Owusu and Anthony Fofie both members of the Board

CPC Local Union Executives together with officials of the Industrial and Commercial Workers' Union (ICU) Regional Secretariat

# COCOA PROCESSING COMPANY LIMITED
## contents

The Managing Director, Mr. R.A. Tetteh at an Executive Committee meeting with his Deputy Managing Directors and the Solicitor Secretary

The Barclays Bank MD, together with DMD (Ops)-Mr. Asante and the Production Manager (Cocoa) - Mr. Alex Dwamena, at the factory


The Managing Director of Barclays Bank (Gh) being briefed on operations at CPC's ultra-modern processing plant.

The Managing Director signing a collective agreement with Mr. Morgan Ayawine of the ICU

# 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 Accra International Conference Centre on Wednesday, 24 March 2010 at 09.00 am to transact the following business:

1. To receive the Financial Statements for the Year ended 30th September, 2009 and the Reports of the Directors and Auditors thereon.
2. To authorise the Directors to fix the remuneration of the Auditors.
3. To amend by ordinary resolution Regulation 84 of the Regulations of the Company.
4. To elect Hon. Jacob S. Arthur as a Director.
5 To elect Prof. Joshua Abor as a Director.
6. To elect Dr (Mrs.) RoseEmma Mamaa Entsua-Mensah as a Director.
7. To elect Mr Samuel D. Arkhurst as a Director.
8. To elect Nana Kojo Toku as a Director.
9. To elect Dr Yao Asamoa as a Director.
10. To elect Mr John Kofi Mensah as a Director.
11. To elect Mr Anthony Fofie as a Director.
12. To elect Nana Oduro Owusu as a Director.
13. To elect Brigadier-General (Retired) Charles H. Mankatah as a Director.
14. To elect Mr Darlington Afari-Dwamena as a Director.
15. To amend the Regulations of the Company by deleting Regulations 23, 24, 25 and 50 in their entirety and inserting new Regulations to permit conversion and/or issuance of shares in electronic book entry form in compliance with the requirements of the Ghana Stock Exchange.

Dated the 16th day of December 2009.

**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.

# corporate information

**Board of Directors**

| | | | |
|---|---|---|---|
| Hon. Jacob S. Arthur | – | Chairman | (Appointed 22/10/09) |
| Richard Amarh Tetteh | – | Managing | (Appointed 22/10/09) |
| Professor Joshua Abor | | | (Appointed 22/10/09) |
| Dr. Rose Emma Entsua-Mensah | | | (Appointed 22/10/09) |
| Samuel D. Arkhurst | | | (Appointed 22/10/09) |
| Nana Kojo Toku | | | (Appointed 22/10/09) |
| Dr Yao Asamoa | | | (Appointed 22/10/09) |
| John Kofi Mensah | | | (Appointed 22/10/09) |
| Tony Fofie | | | (Appointed 22/10/09) |
| Nana Oduro Owusu | | | (Appointed 22/10/09) |
| Brig-Gen (Rtd) Charles H Mankatah | | | (Appointed 22/10/09) |
| Darlington Afari-Dwanena | | | (Appointed 22/10/09) |

**Registered Office**

Cocoa Processing Company Limited
Heavy Industrial
Private Mail Bag
Tema, Ghana.

**Solicitor/Secretary**

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

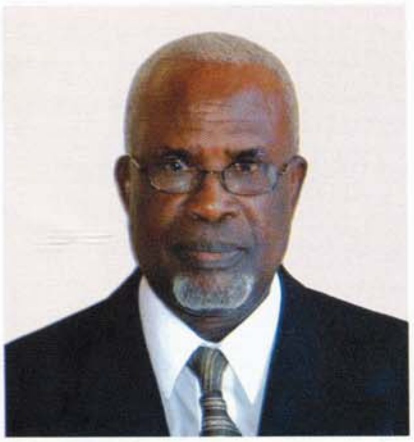
**Auditors**

KPMG
Chartered Accountants
13 Yiyiwa Drive
Abelenkpe
P. O. Box GP 242
Accra

**Bankers**

Barclays Bank (Ghana) Limited
Ecobank Ghana Limited
Prudential Bank Limited
SG-SSB Bank Limited
The Trust Bank Ghana limited

## COCOA PROCESSING COMPANY LIMITED
# members of the board of directors


Hon. Jacob S. Arthur


Mr. Richard Amarh Tetteh


Prof. Joshua Abor


Dr. (Mrs.) RoseEmma Mamaa Entsua-Mensah


Brigadier-Gen (Rtd.) Charles Harrison Mankatah


Mr. Anthony Fofie


Mr. John Kofi Mensah


Nana Oduro Owusu


Mr. Darlington Afari-Dwamena

## COCOA PROCESSING COMPANY LIMITED
## members of the board of directors cont'd

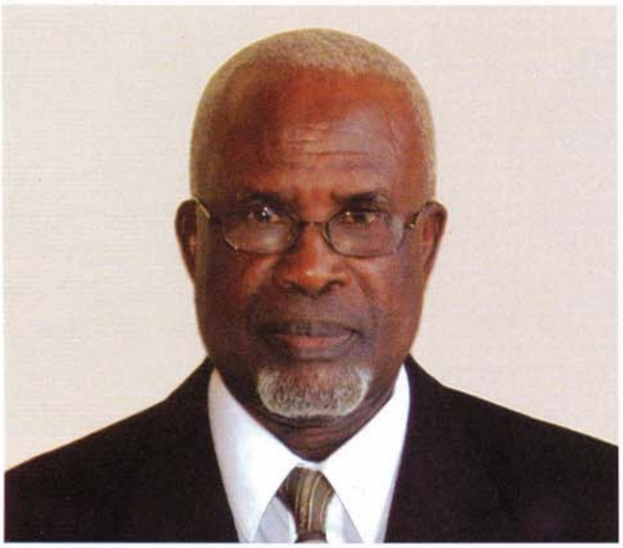
Dr. Yao Asamoa

Nana Kojo Toku

Mr. Samuel D. Arkhurst

The new Board at its first sitting

# chairman's statement



Hon J.S. Arthur-Chairman

*Dear shareholders*

I welcome you all to this year's 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 2009.

Your new Board, as presently constituted, was inaugurated by the Minister of Finance and Economic Planning on October 22, 2009, i.e. a month after the end of financial year being reported on. The Board was therefore not in office when the financial transactions and operations which formed the basis of the financial reports under review, took place.

The Board, however, since its inauguration in October 2009 has held several meetings to discuss and take decisions affecting the operations of the Company based on information provided by Management, the External Auditors, and our own appreciation of the operational difficulties faced by the Company.

You, our cherished Shareholders have strongly supported the Company in the past. As a new Board, we will need your continued total support to overcome the challenges facing the Company.

## THE ECONOMY

The global financial crisis that erupted in September 2008 (and which followed more than a year of financial turmoil) had a negative impact on the operations of the company during the reporting year (October 2008 and September 2009). The crisis was characterized by an abrupt fall in economic activity in both high-income and developing countries. The situation led to a broad liquidation of investments, substantial loss in wealth worldwide, a tightening of lending conditions, and a widespread increase in uncertainty. The high cost of borrowing and tighter credit conditions, coupled with the increase in uncertainty which has characterized the crisis, caused firms to cut back on investment expenditure and households to postpone purchases and consumption of capital and "luxury" items.

The crisis caused severe growth threats to the Ghanaian economy. The global price declines and weak export impacted negatively on the country's export sector. This, coupled with decline in remittances arising out of worsening incidence of lay-offs in the advanced economies, no doubt, had negative wealth effects on households and ipso facto, purchasing power.

As part of the survival strategy, many cocoa processing factories around the world closed down

in order to minimize their losses. Your company had its fair share in the export decline.
The above constitutes the external environment within which your company operated.

**OPERATIONAL BOTTLENECKS**

In addition to the external challenges described above, your company faced a number of internal challenges which impacted negatively on its operations and consequently the performance of the Company in the reporting year. As reported to you last year, the rehabilitation and the upgrading of the old factory which constituted the second phase of the expansion programme, was completed in the 3rd quarter of 2008.

This factory, together with the new plant commissioned in 2005, has the capacity to process 64,500mt of raw cocoa beans per annum and a monthly throughput capacity of 5,000mt when the complementary machinery for presses and the cake handling unit have been installed. The challenge was how to raise adequate working capital to fund about 5,400mt of cocoa required every month for the factories to operate at full capacity. With no clear signal of support from the banks, Management had to mop up every internally generated resource to be able to make some minimum purchases (in most cases less than 2,000mt per month). Indeed, five (5) months of the year passed without the Company engaged in any processing due to the absence of cocoa beans.

This obviously affected your company's over all performance during the year.

Ladies and gentlemen, out of a production target of 58,050mt, your company, as a result of the above scenario, could only process 14,178.319mt of beans. This constitutes only 24.4% of the targeted throughput for the year.

**2008 RESULTS RESTATED**

As you will notice from the Financial Statements, the 2008 figures have been restated in accordance with requirements of the International Financial Reporting Standards (IFRS). The restated figures have been shown as comparative figures against the 2009 results.

**RESULTS OF 2009**

Your Company generated an amount of GH¢45,541,422 in revenue as compared with the restated figure of GH¢59,264,796 in 2008 and a loss of GH¢16,947,591 for the year ended 30th September 2009, as compared with the restated loss of GH¢11,829,188 in 2008.

**DIVIDEND**

In view of the operational losses resulting from the challenges faced, your Directors are unable to recommend any dividend for the year 2008/2009.

**AMENDMENT OF GHANA STOCK EXCHANGE REGULATIONS**

As you are aware, operations of the GSE Securities Depository Company Limited began on 14 November 2008 with the voluntary deposit by investors of share certificates for immobilization. This is in accordance with Section 12(2) of the Central Securities Depository Act, 2007 (Act 733), and is only the first of various steps to be taken in the Ghana Stock Exchange's quest to make the transition from the use of paper share certificates to electronic book entry securities.

Section 12(1)(a) and (b) of the Act also provides as follows:

12(1)An issuer of securities to the public may

(a) issue a security in uncertificated or dematerialized form where it is authorised in its regulations and authorized by a resolution of its board of directors,
(b) convert a certificated security into an uncertificated security where it is authorized in its regulations and by a resolution of its board of directors.

In pursuance of this, the Council of the Exchange has decided that, as the next step, all listed companies are to amend their Company Regulations at their next Annual General Meeting to allow for the issue of and/or conversion to dematerialized securities. The Exchange's Council also decided that with effect from January 2009, all new or additional securities being listed should be electronic securities that have been admitted into the GSE Securities Depository.

The amendment of the Regulations of listed companies in compliance of the Exchange's request will enhance the rate at which securities are placed in the depository, make for more efficient and less cumbersome keeping of shareholding records, and ultimately improve liquidity in the capital market. The Board is therefore recommending that Members support the proposed amendment. We encourage all shareholders to contact a stockbroker with their share certificates and have their certificates placed in the GSE Securities Depository.

**SAFETY, HEALTH AND ENVIRONMENT**

Your company remained committed to ensuring the safety and health of its employees.

The operations of the company were therefore subjected to regular evaluation and re-evaluation by the Environmental Protection Agency (EPA).

**BOARD CHANGES**

Mr. Isaac Osei resigned as a Director of the Company with effect from January 1, 2009. Mr. Osei was representing the Ghana Cocoa Board (COCOBOD). He resigned as Chief Executive of COCOBOD.

The Office of the President issued a statement on January 28, 2009 directing inter alia the withdrawal of all government nominees on the Board of Directors of companies in which the government had shares.

The government nominees on the Board (as at January 28, 2009) were:

1. Hon. Osei Kyei-Mensah-Bonsu MP
2. Hon. Stephen Kwaku Balado Manu MP
3. Mr. David Coleman

Alhaji Dramani Egala resigned as a Director of the Company with effect from September 7, 2009. Alhaji was representing the Ghana Cocoa Board. He retired as the Managing Director of Cocoa Marketing Company (Ghana) Limited, a subsidiary company of COCOBOD.

1. Mr. Charles B. Nimako, the SSNIT Representative, was replaced by Brigadier-General (Retired) Charles H. Mankatah.

2. Mr. Oliver Kwabena Ayivi, the Workers' Representative, was replaced by Mr. Darlington Afari-Dwamena.

Government and other nominees were appointed to fill other casual vacancies on the Board on October 22, 2009.

The Board of Directors as at October 22, 2009 is as follows:

1 Honourable Jacob S. Arthur (Chairman)
2 Mr. Richard A. Tetteh (Managing)
3. Professor Joshua Abor
4. Dr. (Mrs.) RoseEmma Mamaa Entsua-Mensah
5. Mr. Samuel D. Arkhurst
6. Nana Kojo Toku
7. Dr. Yao Asamoa
8. Mr. John Kofi Mensah
9. Mr. Anthony Fofie
10. Nana Oduro Owusu
11. Brigadier-Gen. (Rtd.) Charles H. Mankatah
12. Mr. Darlington Afari-Dwamena

As you will notice from the above the full membership of the Board is now twelve (12) instead of ten (10). A resolution to amend the Company's Regulations to give effect to this change will be tabled at this meeting.

**FUTURE OUTLOOK**

*Ladies and gentlemen*

The Board and Management of your company have taken concrete steps to reverse the trend experienced this year.

We have already taken delivery and commenced the installation of the complementary machinery for the hydraulic presses and the cocoa cake handling unit in the second factory (i.e. Cocoa II). These additions to the existing machinery will indeed facilitate the rapid achievement of the programmed plant utilization of 5,000mt of cocoa per month throughput.

We have also made all arrangements for accessing the West Africa Gas supply when it comes on stream, in order to reduce our fuel cost.

Management is in talks with the Electricity Company of Ghana for the allocation of dedicated power supply to the factory. This will insulate us from the periodic interruptions in power supply.

We are also vigorously sourcing some capital funding to upgrade the Confectionery Factory to enable it realize its programmed output to meet the growing demand for Goldentree products in Ghana and in the West Africa sub-region.

These and other interventions will, no doubt, enhance the profitability of your company.

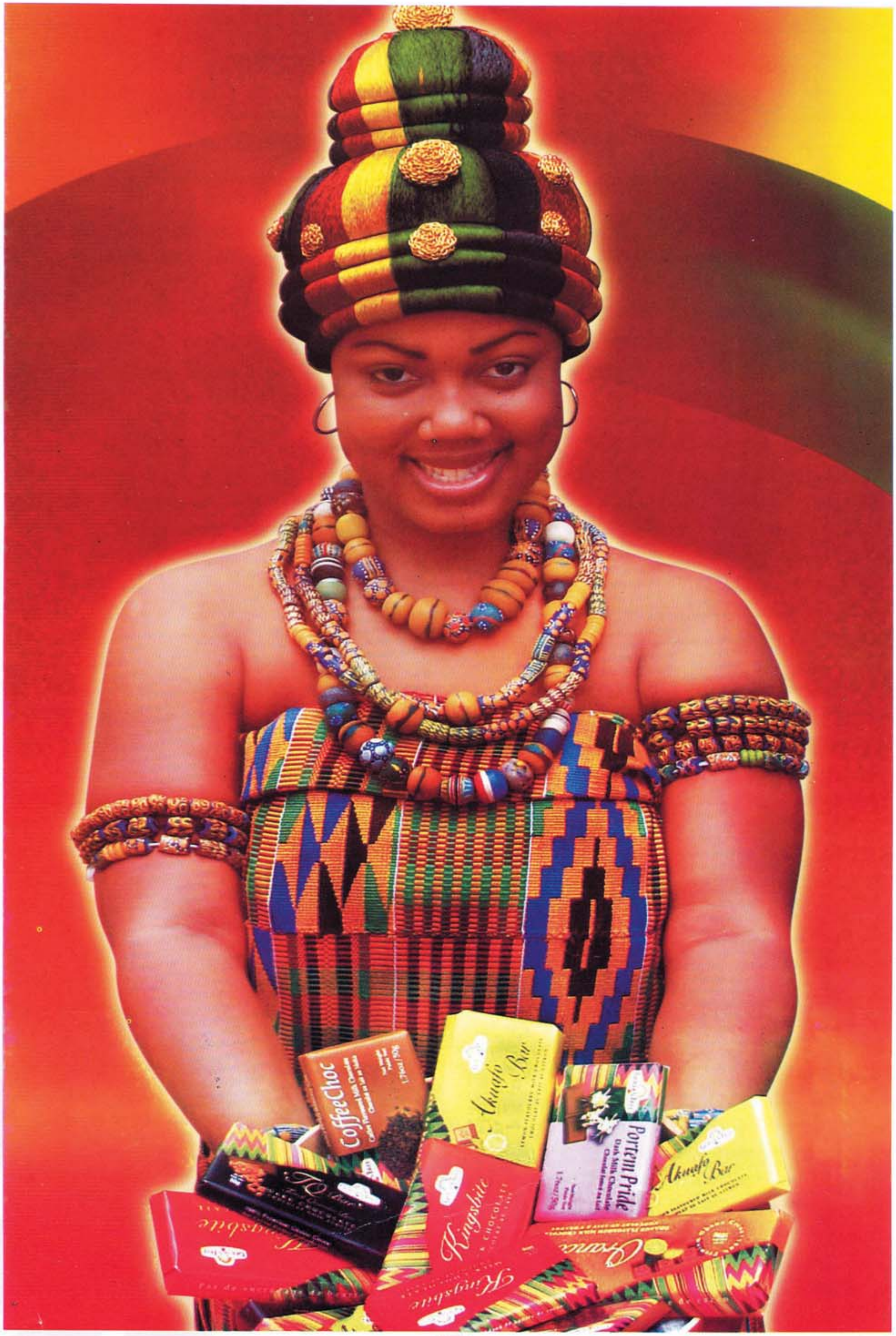
**ACKNOWLEDGEMENT**

I wish to express, on behalf of the Board of Directors and on my own behalf, a sincere gratitude to you, our dear shareholders for your goodwill and support and to the Management and staff for their dedication to duty during this difficult year.

As the new Board and Management confront the daunting task of turning your Company around, your continued support, encouragement and prayers will be needed more than ever.

*Thank you.*

Chairman


CoffeeChoc
Akuafo Bar
Portem Pride
Dark Milk Chocolate
Akuafo Bar
Kingsbite
Kingsbite

The Cocoa Processing Company Limited (CPC) attaches great importance to good corporate governance as a means of sustaining the long term viability of its business.

In the conduct of its business therefore, CPC endeavours to comply with all statutory requirements and adopts best practices to protect the environment and its employees.

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

## BOARD OF DIRECTORS

The responsibility of good corporate governance resides in the Board of Directors and the Management team.

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

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

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

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

## THE AUDIT SUB-COMMITTEE

The membership of the Audit Subcommittee is as follows: Prof. Joshua Abor (Chairman), Dr Yao Asamoa, Mr. J. K. Mensah, Mr Tony Fofie, Brig.-Gen. (Rtd) Charles H. Mankatah and Mr Darlington Afari-Dwamena.

The External Auditors, Managing Director, Deputy Managing Director (Finance and Administration) and Internal Auditor were invited to attend meetings of the committee.

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

During the financial year, the Committee reviewed and discussed quarterly, half-year and annual financial statements particularly the balance sheet, profit/loss account and cash flow statements with management and external auditors. The committee also reviewed and discussed internal audit reports with management and the internal auditors.

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

## INTERNAL CONTROLS

The Company has in place a system of manage-

The myriad of challenges mentioned earlier which cumulated in the five months of inactivity at the two cocoa factories resulted in our Company's reduced turnover of GH¢45,541,422 during the 2008/2009 financial year and the attendant loss of GH¢16,947,591.

**TREASURY MANAGEMENT**

Our treasury policy aims at reducing or eliminating completely any financial risks and ensuring the availability of sufficient liquidity to meet all foreseeable needs.

Management therefore operated in strict accordance with set objectives approved by the Board, and regularly evaluated the systemic risks.

**RESEARCH AND DEVELOPMENT**

Research and development constitutes the backbone of the Company's operations as a food processing industry. Management therefore saw to the completion of a number of new product development projects including the successful development of sugar-free chocolates and the identification of sources of natural sweetners for these chocolates. This particular project was implemented through the Africa Knowledge Transfer Partnership (AKTP) which was a collaborative programme involving the Cocoa Processing Company Limited, the Food Science Department of the University of Ghana, Legon and the British Council.

The sugar - free chocolate was launched in February 2010 and is targeted at diabetics and people who for health reasons do not consume raw sugar.

Also to be launched soon are 5gm individual sachets of Royale Natural Cocoa powder, 25gm ALLTIME drinking chocolate and 5gm and 10gm chocolates.

**MARKETING**

The Company adopted aggressive marketing strategies to market its semi - finished cocoa products and finished Confectionery products. Unfortunately, the unpredictable commodities market, reeking under the effects of the global financial crisis hampered our efforts at achieving rewarding results. It is our hope that the market for the semi-finished products would pick up in the ensuing year.

**HUMAN RESOURCE**

As a first-class and equal - opportunity employer in the country, our Company attaches great importance to the development and nurturing of its human resource through skills and personal development programmes.

Considerable investment of time was put in consensus building between management and all categories of staff. This promoted and ensured industrial peace during the year.

**OUTLOOK FOR 2009/2010**

In addressing some of the challenges of the 2008/2009 financial year, management concluded a raw cocoa beans purchase arrangement with COCOBOD and raw beans supply to our Company. has been quite regular since the arrangement began in July 2009.

Management is also far advanced in its negotiations with the Electricity Company of Ghana for the provision of a dedicated medium tension 11kv supply line to our Company. Included in the total measures to curtail the intermittent interruptions and improve the quality of power supply to our plant, management has also taken further measures to have the switch gear installed in 1965 which receives the medium tension power into the plant, replaced with a new and modern one.

An increase in our Company's water reservoir capacity from 80,000 cubic feet to 200,000 cubic feet is being considered by management to minimize the frequent interruptions of water supply to the plant.

One of the operational bottlenecks which had to do with butter filtration was resolved in December 2009.

Complementary machinery and accessories which would make the second cocoa factory fully flexible in the production of cocoa liquor, cocoa butter and cocoa cake/powder were received in February 2010 and are being installed. On commissioning of both cocoa butter and powder production lines in May this year our company would be positioned to achieve the programmed throughput of about 5,000mt per month.

Our relationship with the syndicate of banks led by Barclays Bank which had been sticky in the recent past has been improving steadily since quarterly installment payments re-commenced in December 2009 with an amount of USD1.80 million.

Barring any unforeseen circumstances therefore, management can confidently say that the 2009/2010 financial year would show more interesting results.

**CONCLUSION**

The Management hereby expresses its appreciation to the Board of Directors, Shareholders, Distributors/Retailers and our loyal consumers for their support and encouragement throughout the year.

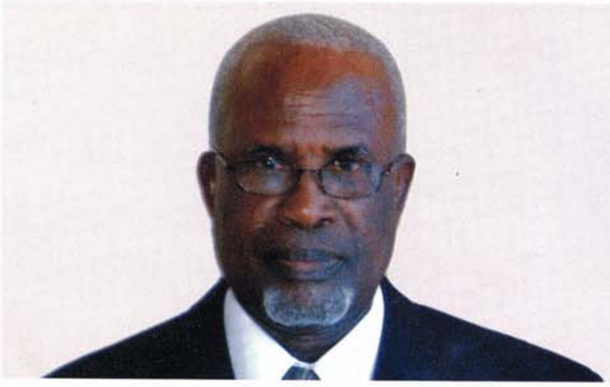
RICHARD AMARH TETTEH
**MANAGING DIRECTOR**

# COCOA PROCESSING COMPANY LIMITED
## financial highlights - 2009

| **FINANCIALS** | **2009** | **RESTATED 2008** |
|---|---|---|
| | **GH¢** | **GH¢** |
| TURNOVER | 45,541,422 | 59,264,796 |
| LOSS FROM OPERATIONS | (14,147,005) | (8,165,079) |
| LOSS AFTER TAX FOR THE PERIOD | (16,947,591) | (11,968,712) |
| TOTAL ASSETS | 197,059,573 | 176,018,858 |
| NET ASSET PER SHARE | 0.0228 | 0.0513 |
| NO. OF SHARES RANKING FOR DIVIDEND | 1,100,826,240 | 1,100,826,240 |
| EARNINGS PER SHARE | (0.0154) | (0.0109) |

| **OPERATIONS** | **2009** | **2008** |
|---|---|---|
| | **MT** | **MT** |
| COCOA BEANS PROCESSED | 14,178 | 21,721 |
| SEMI-FINISHED PRODUCTS PACKED | 11,578 | 17,160 |
| CONFECTIONERY PRODUCTS PACKED | 1,147 | 922 |


GOLDEN TREE
NATURAL COCOA POWDER
For Healthy Living
...freedom in independence
GOLDEN TREE
Royale
NATURAL COCOA POWDER



**HONOURABLE JACOB S. ARTHUR**

Hon. Arthur is a Professional Accountant, a Chartered Secretary and a Consultant. He was a Member of Parliament for 8 years and a Regional Minister. He is the Managing Partner of Messrs Jacob Arthur and Partners (Chartered Accountants, Auditors and Consultants). His previous working experience includes Deputy Finance Officer, University of Ghana, Chief Accountant, Council for Scientific and Industrial Research, Senior Assistant Finance Officer, University of Sierra Leone, Vice President for Finance and Associate Professor in Accounting, Babcock University, Nigeria, Senior Lecturer, GIMPA

Hon. Arthur is a Fellow, Association of Chartered Certified Accountants (UK), Member, Institute of Chartered Accountants (Ghana), Associate Member, Institute of Chartered Secretaries and Administrators (UK) and Corporation of Secretaries (UK).

Hon. Arthur is the Chairman of the Board of Directors of the Company.

**PROF. JOSHUA ABOR**

Prof. Abor is a Professional Accountant, an Associate Professor and Head, Department of Banking and Finance, University of Ghana Business School. Prof. Abor was a Consultant, IMF Institute and Research Department, International Monetary Fund, Washington DC, USA, and Local Consultant, Italian Cooperation, Ghana Private Sector Development Fund. He was also Director, Finance and Administration, The Unicorn Group, Accra. He has performed consultancy assignments, been a key facilitator for training programmes and seminars and has a number of professional and academic publications to his credit. He has also served on a number of university boards and committees.

Prof. Abor holds a Ph.D (with major in Finance) from University of Stellenbosch Business School, University of Stellenbosch, Cape Town, South Africa and MBA in Finance and B.Sc. Administration (Accounting option) from the University of Ghana Business School. He is also a Fellow, Association of Chartered Certified Accountants (UK).

Prof. Abor is the Chairman, Board Audit Subcommittee and a Member of the Board Remuneration and Finance & Marketing Subcommittees.

**DR. (MRS) ROSEEMMA MAMAA ENTSUA-MENSAH**

Dr. Entsua-Mensah is a Research Scientist and Deputy Director-General, Council for Scientific and Industrial Research and a former Head of Fishery Division, Water Research Institute (CSIR). She was also an Associate Professor, Department of Fisheries and Aquatic Sciences, University of Cape Coast and a Visiting Scholar, University of Tennessee, Knoxville, USA. Dr. Entsua-Mensah has contributed significantly to knowledge on the ecology and traditional management of Ghanaian lagoons and documenting fish species, aquatic resouce management, science policy and project management. In academia, she has applied her expertise in teaching, assessment of publications, theses and reports for a number of university departments and research organisations and in the review of scientific papers for several local and international journals. She has also consulted for the World Bank and the Food and Agriculture Organisation.

Dr. Entsua-Mensah holds a Ph.D in Fishery Science from the University of Ghana and M.Sc in Zoology, Aquatic Biology and B.Sc Honours in Zoology and Diploma in Education from University of Cape Coast and Post Graduate Certificate in Business Administration from GIMPA.

Dr. Entsua-Mensah is the Chairman of the Board Remuneration Subcommittee, a Member of the Board Nomination Subcommittee and represents the Board on the Cocoa Processing Company Limited Endowment Fund.

**MR SAMUEL DANQUAH ARKHURST**

Mr. Arkhurst is a Civil Servant,Principal Economist and Head of Public Expenditure Monitoring Unit, Ministry of Finance and Economic Planning.

Mr. Arkhurst holds M.A. (Economic Policy Management) and B.A. (Hons) Economics with Geography and Resource Development from the University of Ghana and Certificat d'Etudes de Francais Pratique 1 Niveau A2 du Conseil de l'Europe from the Association of language Testers in Europe/Alliance Francaise, Ghana.

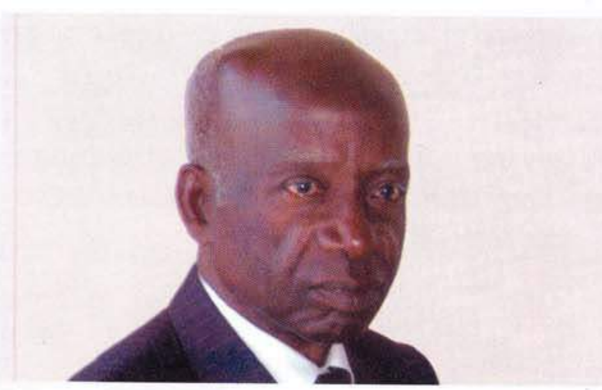
Mr. Arkhurst is a Member of the Board Remuneration, Nomination and Finance and Marketing Subcommittees.

**NANA KOJO TOKU**

Nana Toku is a Private Businessman, Civil Contractor and Managing Director of Nana Kojo Toku Construction Limited. He is also the Akyeamehene of the Apinto Divisional Council, Awudua. Nana worked with the State Construction Corporation, Bank of Credit (Nigeria) and Tarkwa Goldfields Limited before establishing and managing his own construction firm.

Nana holds the City and Guilds of London Certificate.

Nana is a Member of the Board Remuneration, Nomination and Technical Subcommittees.



**DR YAO ASAMOA**

Dr. Asamoa is a Business Executive and a Director of Administration and Customer Relations at Polytex Industries Limited in Accra. He has over 34 years practical experience in Food Processing, Industrial Packaging and Administration with special emphasis on cocoa processing and plastics. He served in various capacities as the General Manager, Factory Manager and Quality Assurance Manager at the Cocoa Processing Company Limited (Portem) Tema, Taksi and Wamco, Takoradi respectively as well as the Quality Control Manager, Pea Schkolade, Hamburg, Germany.

Dr Asamoa is a Member of the Board of Directors of Polytex Industries Limited. He is also the Chairman of the Board Technical Subcommittee, a Member of the Board Audit Subcommittee and the representative of the Board on the Company's Procurement Tender Committee.

**MR. JOHN KOFI MENSAH**

Mr. Mensah has over 20 years experience in banking. He is the Deputy Managing Director, uniBank Ghana Limited. and has worked at International Commercial Bank Limited, Securities Discount House and the Bank for Housing and Construction.

Mr. Mensah holds Masters in Banking and Finance for Development from the Giodano Dell Amore Foundation (Finafrica), Milan, Italy and B.A (Economics and Statistics) from the University of Ghana.

Mr. Mensah is a Member of the Board of Directors of uniBank Ghana Limited and Enyan Denkyira Rural Bank, Technical Director on the Board of uniCredit Ghana Limited, a leading microfinance company, and a Member of the Finance Committee of the Chartered Institute of Bankers (Ghana). He is also the Chairman of the Board Finance and Marketing Subcommittee and a Member of the Board Audit Subcommittee and represents the Board on the Company's Procurement Tender Committee.

**MR. ANTHONY FOFIE**

Mr. Fofie is the Chief Executive, Ghana Cocoa Board and represents Ghana Cocoa Board on the Board of Directors. He has worked with Ghana Cocoa Board since 1974. Until his appointment as Chief Executive, he was the Deputy Chief Executive in charge of Agronomy and Quality Control.

Mr. Fofie holds Executive Masters Degree in Business Administration from GIMPA, M.Sc (Agricultural Extension) from University of Reading (UK), Certificate (Rural Development Projects) from University of Bradford (UK) and B.Sc (Hons) Agriculture from University of Science and Technology, Kumasi.

Mr. Fofie is a Member of the Board of Directors of Ghana Cocoa Board, Tema Chemicals Limited and the International Cocoa Verification Board (ICVB). He also serves on the Management Committees of Cocoa Research Institute, Quality Control Division (COCOBOD) and Seed Production Unit (COCOBOD). He is also a Member of the Board Audit, Remuneration and Nomination Subcommittees.

**NANA ODURO OWUSU**

Nana Oduro is the Acting Managing Director, Cocoa Marketing Company (Ghana) Limited since April 2009. He represents Ghana Cocoa Board on the Board of Directors. He has worked with Cocoa Marketing Company (Ghana) Limited since 1982 and was the Manager, Cocoa Marketing Company (UK) Limited in London from 1997 to 2002.

Nana Oduro holds M.Sc (Economics and Social Studies in Food Policy and Commodity Trade) from the University of Wales, Swansea and B.A. (Hons) Economics from the University of Ghana.

Nana Oduro is a Member of the Governing Council, Federation of Cocoa Commerce (UK), Board of Directors, Cocoa Marketing Company (Ghana) Limited, Cocoa Marketing Company (UK) Limited and Ghana Shippers Council. He is also a Member of the Board Finance and Marketing and Technical Subcommittees and represents the Board on the Board of Trustees of the Cocoa Processing Company Limited Endowment Fund.

**BRIGADIER-GENERAL (RETIRED) CHARLES HARRISON MANKATAH**

General Mankatah is a former Chief Executive Officer, Kofi Annan International Peacekeeping Centre, Accra and the representative of the Social Security and National Trust (SSNIT) on the Board. He is a retired professional military officer with over 30 years of experience in training, education and operations. He held high-level command and staff appointments within Ghana and in service abroad on United Nations missions.

General Mankatah is a graduate of the Ghana Military Academy and attended Intelligence Officers Course at the Directorate of Defence Intelligence, Accra, Public and Non-Public Accounting Course at the Ghana Military School, Armour Officer Advanced Course at the US Army Armour School and the Senior Command and Staff Course at the Ghana Armed Forces Command and Staff College.

General Mankatah is the Chairman of the Board Nomination Subcommittee and Member of the Audit and Remuneration Subcommittees.

**MR. DARLINGTON AFARI-DWAMENA**

Mr Afari-Dwamena is a Senior Machine Operator in the Confectionery Factory of the Cocoa Processing Company Limited and the representative of the unionised workers on the Board of Directors. He has worked with the Company for the past twenty years and is the Chairman of the Local Union of the Industrial and Commercial Workers Union.

Mr Afari-Dwamena holds the Motor Vehicle Technician Part 1 Certificate, City and Guilds of London Motor Vehicle Mechanic Certificate and a Diploma in Auto Mechanics.

Mr Afari-Dwamena is a Member of the Board Audit, Finance and Marketing and Technical Subcommittees.

A group photograph of the new Board together with the Board Secretary (Mr. S. Ofori-Adjei)

Hon. Fiifi Kwetey, Deputy Minister of Finance & Economic Planning swearing-in the new Board of Directors


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

## COCOA PROCESSING COMPANY LIMITED

# report of the directors to the members of Cocoa Processing Company Limited

The Directors present their report and the financial statements of the company for the year ended 30 September 2009.

### Director's Responsibility Statement

The company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 30 September 2009, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the note to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

The Directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

### Financial Statements and Dividend

The results for the year are as set out in the attached financial statements.

The Directors do not recommend the payment of a dividend to the shareholders.

The Directors consider the state of the company's affairs to be satisfactory.

### Nature of Business

Cocoa Processing Company Limited is a limited liability company incorporated in Ghana on 30 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.

### Approval of financial statements

The financial statements of the company were approved by the Board of Directors on 16th December, 2009 and were signed on its behalf by:

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DIRECTOR

---------------------------

DIRECTOR

## COCOA PROCESSING COMPANY LIMITED

## independent auditor's report to the members of Cocoa Processing Company Limited cont'd

We have audited the accompanying financial statements of Cocoa Processing Company Limited, which comprise the statement of financial position at 30 September 2009, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 72.

**Directors' Responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cocoa Processing Company Limited at 30 September 2009, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) of Ghana.

**Report on Other Legal and Regulatory Requirements**

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) of Ghana.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been

## COCOA PROCESSING COMPANY LIMITED

# independent auditor's report to the members of Cocoa Processing Company Limited cont'd

kept, and the statement of financial position, statement of comprehensive income and the statement of changes in equity are in agreement with the books of account.

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE
ABELENKPE
P.O. BOX GP 242
ACCRA

16 December, 2009

## COCOA PROCESSING COMPANY LIMITED

# statement of financial position at 30 september 2009

| Assets | Note | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| ***Non-Current Assets*** | | | |
| Property, plant and equipment | 5 | **137,695,487** | **140,053,963** |
| *Current Assets* | | | |
| Inventories | 6 | 33,950,277 | 15,114,229 |
| Trade and Other Receivables | 7 | 22,314,412 | 17,667,707 |
| Short Term Investment | 8a | 2,345,966 | 1,922,736 |
| Cash and Cash Equivalents | 8b | 629,510 | 1,136,302 |
| Non-current assets held for sale | 17 | 123,921 | 123,921 |
| **Total current assets** | | **59,364,086** | **35,964,895** |
| **Total assets** | | **197,059,573** | **176,018,858** |
| **Equity** | | | |
| Stated Capital | 12 | 16,778,315 | 16,778,315 |
| Income Surplus Account | | (19,137,255) | (1,639,252) |
| Other Reserves | 18 | 27,460,853 | 41,306,350 |
| **Total equity** | | **25,101,913** | **56,445,413** |
| **Non-Current Liabilities** | | | |
| Borrowings | 10 | 124,621,104 | 102,311,137 |
| Employee Benefit Obligations | 11 | 1,091,589 | 800,339 |
| **Total non-current liabilities** | | **125,712,693** | **103,111,476** |
| Bank Overdraft | 8c | 5,856,514 | 3,959,851 |
| Trade and Other Payables | 9 | 40,388,453 | 12,502,118 |
| **Total current liabilities** | | **46,244,967** | **16,461,969** |
| **Total liabilities** | | **171,957,660** | **119,573,445** |
| **Total Equity and Liabilities** | | **197,059,573** | **176,018,858** |

Hon. Jacob S. Arthur
**DIRECTOR**

Richard Armah Tetteh
**DIRECTOR**

# COCOA PROCESSING COMPANY LIMITED
## statement of comprehensive income
for the year ended 30 september 2009

| | Note | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| Turnover | 14 | 45,541,422 | 59,264,796 |
| Cost of Sales | 16 | (53,390,388) | (61,876,004) |
| **Gross loss** | | **(7,848,966)** | **(2,611,208)** |
| Other Income | 15 | 261,108 | 236,348 |
| Selling and Distribution Costs | | (1,038,808) | (555,418) |
| General and Administrative expenses | | (5,520,339) | (5,234,801) |
| **Loss from Operations** | | **(14,147,005)** | **(8,165,079)** |
| Finance Cost | 25 | (2,800,586) | (3,803,633) |
| **Loss before tax** | | **(16,947,591)** | **(11,968,712)** |
| Taxation | | - | - |
| **Loss after Tax** | | **(16,947,591)** | **(11,968,712)** |
| **Other Comprehensive Income** | | | |
| Defined benefit plan actuarial gains | | 251,798 | 139,524 |
| Revaluation of property, plant and equipment | | - | 55,664,409 |
| Foreign currency translation difference | | (14,097,295) | (14,497,583) |
| **Other comprehensive income for the year** | | **(13,845,497)** | **41,306,350** |
| **Total comprehensive income for the year** | | **(30,793,088)** | **29,337,638** |
| **Earnings per share** | | | |
| Net (loss)/profit attributable to equity shareholders | | (16,947,591) | (11,968,712) |
| Basic earnings per share | | (0.0154) | (0.0109) |
| Diluted earnings per share | | (0.0154) | (0.0109) |

# COCOA PROCESSING COMPANY LIMITED

## statement of changes in equity for the year ended 30 september 2009

| | Stated Capital | Income Surplus | Revaluation Reserve | Actuarial Gains | Translational Difference | Total Attributable to Equity Holders |
|---|---|---|---|---|---|---|
| Balance at 1 October 2007 | 16,778,315 | 13,838,516 | - | - | - | 30,616,831 |
| Loss for the year | - | (11,968,712) | - | - | - | (11,968,712) |
| Prior Year Adjustments | - | (3,080,328) | - | - | - | (3,080,328) |
| Dividend Paid | - | (428,728) | - | - | - | (428,728) |
| **Other Comprehensive Income** | | | | | | |
| Defined benefit plan actuarial gains | - | - | - | 139,524 | - | 139,524 |
| Revaluation of property, plant and equipment | - | - | 55,664,409 | - | - | 55,664,409 |
| Foreign currency translation difference | - | | - | - | (14,497,583) | (14,497,583) |
| **Balance at 30 September 2008 (Restated)** | **16,778,315** | **(1,639,252)** | **55,664,409** | **139,524** | **(14,497,583)** | **56,445,413** |
| Balance at 1 October 2008 | 16,778,315 | (1,639,252) | 55,664,409 | 139,524 | (14,497,583) | 56,445,413 |
| Loss for the year | - | (16,947,591) | - | - | - | (16,947,591) |
| Dividend Paid | - | (550,412) | - | - | - | (550,413) |
| **Other Comprehensive Income** | | | | | | |
| Defined benefit plan actuarial gains | - | - | - | 251,798 | - | 251,798 |
| Foreign currency translation difference | - | - | - | - | (14,097,295) | (14,097,295) |
| **Balance at 30 September 2009** | **16,778,315** | **(19,137,255)** | **55,664,409** | **391,322** | **(28,594,878)** | **25,101,913** |

## COCOA PROCESSING COMPANY LIMITED

## statement of cash flow for the year ended 30 september 2009

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before taxation | (16,947,591) | (11,968,712) |
| *Adjustments for:* | | |
| Depreciation charges | 4,480,530 | 1,823,138 |
| Loss on disposal of property, plant and equipment | 23,810 | - |
| Prior Year Adjustments | - | (3,080,328) |
| Revaluation Adjustment | (45,310) | - |
| Net Interest charges | 2,602,090 | 3,696,686 |
| Employee benefit obligation | 291,249 | 800,339 |
| Unrealised actuarial gains/(losses) | 251,798 | 139,524 |
| Translational difference | (14,097,295) | (14,497,583) |
| | (23,440,719) | (23,086,936) |
| Increase in Inventories | (18,836,048) | 561,006 |
| Increase in Account Receivables | (4,646,705) | 6,548,503 |
| Decrease in Account Payables | 27,886,336 | (14,633,433) |
| **Net cash flow used in operating activities** | **(19,037,136)** | **(30,610,860)** |
| **Cash flows from investing activities** | | |
| Interest received | 198,496 | 106,947 |
| Purchase of property, plant and equipment | (2,111,292) | (26,365,035) |
| Proceeds from disposal of property, plant and equipment | 10,739 | 1,290,601 |
| **Net cash flow used in investing activities** | **(1,902,057)** | **(24,967,487)** |
| **Cash flows used in financing activities** | | |
| Dividend Paid | (550,413) | (428,728) |
| Interest Paid | (2,800,586) | (3,803,272) |
| Proceeds from borrowing | 22,309,967 | 57,529,795 |
| **Net cash flow from financing activities** | **18,958,968** | **53,297,795** |
| **Decrease in cash and cash equivalents** | **(1,980,225)** | **(2,280,552)** |

## COCOA PROCESSING COMPANY LIMITED

## cash flow statement for the year ended 30 september 2009 (cont'd)

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| **Analysis of changes in cash and cash equivalents during the year** | | |
| Balance at 1 October | (900,813) | 1,379,739 |
| Increase in cash and cash equivalents | (1,980,225) | (2,280,552) |
| | ------------- | ------------- |
| Balance at 30 September | (2,881,038) | (900,813) |
| | ======== | ======== |
| **Analysis of balances of cash and cash and cash equivalents** | | |
| Short Term Investment | 2,345,966 | 1,922,736 |
| Cash and Bank balances | 629,510 | 1,136,302 |
| Bank overdraft | (5,856,514) | (3,959,851) |
| | -------------- | ------------- |
| | (2,881,038) | (900,813) |
| | ======== | ======= |

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 1.1 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.

### 1.2 Functional and Presentation Currency

The Financial statements are presented in Ghana Cedis (GH¢), however the US Dollar (US$) is the functional currency of the Company. All values have been rounded to the nearest Ghana Cedi except when otherwise indicated.

### 1.3 Statement of Compliance

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

### 1.4 Segment Reporting

The Company's operations are organised 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 financial statement of the Company. Segment results are presented in Note 4.

### 1.5 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 statement of financial position date. 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.

Foreign exchange differences arising translation from the functional currency to the presentation currency are recognised directly in a separate component of equity.

**1.6 Property, Plant and Equipment**
Property, plant and equipment are stated at cost/ revaluation less accumulated depreciation 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.

**1.7 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.

***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.

**1.8 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.

**1.9 Employee Benefits**

***Defined contribution plans***

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when they are due.

***Defined benefit plans***

The company's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service cost. The discount rate is the yield at the reporting date on a long-dated instrument on the Ghana market. The calculation is performed using the projected unit credit method. Changes in the fair value of the plan liability are recognised in the income statement.

***Termination benefits***

Termination benefits are recognised as an expense when the company is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before the normal retirement date.

***Short Term Benefits***

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**1.10 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.

**1.11 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.

**1.12 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 inventories to their present location and condition. Cost is calculated using the FIFO method for raw material issues and weighted average method for all other inventory. 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.

**1.13 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 settlement date.

***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.

***Held-to-maturity Assets***

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates. Instruments 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***

The fair value of a financial instrument traded in active markets at the statement of financial position 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.

### 1.14 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 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.

### 1.15 Impairment of Financial Assets

***Framework for Impairing Financial Assets***

At each statement of financial position 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.

### 1.16 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.

### 1.17 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.

**1.18 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.

## 2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS & JUDGMENTS

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:

### 2.1 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.

### 2.2 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 property, plant and equipment 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.

## 3. FUTURE DEVELOPMENTS/CHANGES IN ACCOUNTING POLICIES

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 September 2009, and have not been applied in preparing these financial statements.

- IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, requires the disclosure of segment information based on the internal reports regularly reviewed by the company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. This becomes effective for the 2010 financial statements, this standard is however not applicable to the company.

- Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the company's 2010 financial statements and will constitute a change in accounting policy for the company.

In accordance with the transitional provisions the company will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements:

Puttable Financial Instruments and Obligations Arising on liquidation will become mandatory for the 30 September 2010 financial statements. This amendment requires certain puttable instruments that meet the definition of a financial liability to be classified as equity if and only if they meet the required conditions. It is not expected to have any impact on the financial statements.

- IFRS 2 amendment Share based payment: vesting conditions and cancellations will become mandatory for the 30 September 2010 financial statements and applies retrospectively. The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and "non-vesting conditions". Vesting conditions are now limited to service conditions (as defined in the current IFRS 2) and performance conditions. Non-vesting conditions are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment are non-vesting conditions. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no "true-up" for differences between expected and actual outcomes. These changes will have no impact on the company's financial statements.

- IFRS 3 Business Combinations will become mandatory for the 30 September 2010 financial statements. This standard requires all future transaction costs relating to business combinations to be expensed and contingent purchase consideration recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree must be recognised in profit and loss. It is not expected to have any impact on the company's financial statements.

**New standards and interpretations adopted**

- Revised IAS 1 Presentation of Financial Statements requires an entity to present both a statement of comprehensive income and a statement of changes in equity as part of a complete set of financial statements. An entity presents either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or an income statement and a separate statement of comprehensive income.

The company has early adopted the revised standard.

## 4. SEGMENTAL RESULTS

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

| | Cocoa Factory GH¢ | Confectionery Factory GH¢ | Company GH¢ |
|---|---|---|---|
| **Year ended 30 September 2009** | | | |
| **Revenue for reportable segments** | | | |
| Sales to external customers | 39,060,037 | 6,481,384 | 45,541,421 |
| Inter segment sales | 1,133,078 | - | - |
| | 40,193,115 | 6,481,384 | 45,541,421 |
| Cost of sales | (46,335,945) | (7,054,443) | (53,390,388) |
| Inter segment cost of sales | | (1,133,078) | - |
| | (6,142,830) | (1,706,136) | (7,848,966) |
| Other income | 195,831 | 65,277 | 261,108 |
| | (5,946,999) | (1,640,859) | (7,587,858) |
| **Expenditure for reportable segments** | | | |
| Selling and distribution cost | (779,106) | (259,702) | (1,038,808) |
| Administrative expenses | (4,140,255) | (1,380,084) | (5,520,339) |
| Other costs | 0 | 0 | 0 |
| Finance costs | (2,800,586) | - | (2,800,586) |
| Provision for tax | - | - | - |
| | (7,719,946) | (1,639,786) | (9,359,733) |
| **Segment profit/(Loss)** | (13,666,946) | (3,280,645) | 16,947,591 |

**Year ended 30 September 2008 (Restated)**

| | Cocoa Factory GH¢ | Confectionery Factory GH¢ | Company GH¢ |
|---|---|---|---|
| **Revenue for reportable segments** | | | |
| Sales to external customers | 54,191,637 | 5,073,159 | 59,264,796 |
| Inter segment sales | 1,987,123 | - | - |
| | 56,178,760 | 5,073,159 | 59,264,796 |
| Cost of sales | (58,076,962) | (5,786,164) | (61,876,004) |
| | (1,898,202) | (713,005) | (2,611,208) |
| Other income | 177,261 | 59,087 | 236,348 |
| | (1,720,941) | (653,918) | 2,374,860 |
| **Expenditure for reportable segments** | | | |
| Selling and distribution cost | (416,564) | (138,854) | (555,418) |
| Administrative expenses | (3,799,738) | (1,266,578) | (5,063,318) |
| Other costs | (126,362) | (42,121) | (168,483) |
| Finance costs | (3,803,633) | - | (3,803,633) |
| Provision for tax | - | - | - |
| | (8,146,297) | (1,447,554) | (9,454,328) |
| Segment profit | (9,867,238) | (2,101,472) | (11,968,712) |

## PROPERTY, PLANT & EQUIPMENT - 2009

| | CAPITAL WORK IN PROGRESS | LEASEHOLD LAND | BUILDING & ROADWORK | STAFF BUNGALOW & FLATS | PLANT & MACHINERY | MOTOR VEHICLES | OFFICE FURNITURE & EQUIPMENT | BUNGALOW FURNITURE & EQUIPMENT | LAB. EQUIPMENT | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
| **Cost/Valuation** | | | | | | | | | | |
| At 01/10/2008 | 10,346,828 | 17,797,041 | 13,255,246 | 296,096 | 76,682,381 | 615,101 | 203,313 | 29,872 | 265,120 | 119,490,998 |
| Additions | 1502,162 | - | - | - | 202,783 | 173,083 | 40,557 | 26,141 | - | 1,944,726 |
| Disposals | - | - | - | - | - | (37,389) | - | - | - | (37,389) |
| Revaluation adjustment | - | - | - | 25,791 | - | 15,944 | - | - | - | 41,735 |
| Effect of mov't in | | | | | | | | | | |
| Exchange rates | 2,067,100 | 3,334,210 | 2,483,321 | 57,682 | 14,383,527 | 128,225 | 41,564 | 7,835 | 49,669 | 22,553,133 |
| At 30/09/2009 | 13,916,090 | 21,131,250 | 15,738,567 | 379,569 | 91,268,691 | 894,965 | 285,434 | 63,848 | 314,789 | 143,993,203 |
| **Accumulated Depreciation** | | | | | | | | | | |
| At 01/10/2008 | - | - | 122,605 | 479 | 1,226,720 | 121,521 | 33,958 | 3,188 | 27,077 | 1,535,548 |
| Release on disposal | - | - | - | - | - | (5,089) | - | - | - | (5,089) |
| Charge for the year | - | - | 262,653 | 6,384 | 3,261,281 | 150,445 | 38,329 | 6,866 | 47,609 | 3,773,566 |
| Effect of mov't in | | | | | | | | | | |
| Exchange rates | - | - | 72,177 | 1,286 | 840,810 | 49,999 | 13,543 | 1,883 | 13,992 | 993,690 |
| At 30/09/2009 | - | - | 457,435 | 8,149 | 5,328,811 | 316,876 | 85,830 | 11,937 | 88,678 | 6,297,716 |
| NBV AT 30/09/2009 | 13,916,090 | 21,131,250 | 15,281,132 | 371,420 | 85,939,880 | 578,089 | 199,604 | 51,911 | 226,111 | 137,695,487 |

## PROPERTY, PLANT & EQUIPMENT - 2008 (RESTATED)

| | CAPITAL WORK IN PROGRESS GH¢ | LEASEHOLD LAND GH¢ | BUILDING & ROADWORK GH¢ | STAFF BUNGALOW & FLATS GH¢ | PLANT & MACHINERY GH¢ | MOTOR VEHICLES GH¢ | OFFICE FURNITURE & EQUIPMENT GH¢ | BUNGALOW FURNITURE & EQUIPMENT GH¢ | LAB. EQUIPMENT GH¢ | TOTAL GH¢ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost/Valuation** | | | | | | | | | | |
| At 01/10/2007 | 33,258,406 | - | 6,781,474 | 32,000 | 22,721,701 | 1,167,151 | 411,181 | 17,158 | 164,621 | 64,553,692 |
| Revaluation | - | 21,131,250 | 5,579,733 | 319,569 | 24,563,009 | (342,762) | (167,790) | (1,181) | 106,894 | 51,188,722 |
| | 33,258,406 | 21,131,250 | 12,361,207 | 351,569 | 47,284,710 | 824,389 | 243,391 | 15,977 | 271,515 | 115,742,414 |
| Additions | 15,963,545 | - | 1,450,697 | - | 8,753,810 | 32,641 | 29,929 | 20,137 | 114,276 | 26,365,035 |
| Transfer | (36,936,683) | - | 1,926,663 | - | 35,010,020 | - | - | - | (71,002) | (71,002) |
| Disposal | - | - | - | - | - | (126,692) | (31,917) | (646) | - | (159,255) |
| At 30/09/08 | 12,285,268 | 21,131,250 | 15,738,567 | 351,569 | 91,048,540 | 730,338 | 241,403 | 35,468 | 314,789 | 141,877,192 |
| **Depreciation:** | | | | | | | | | | |
| At 01/10/07 | - | - | - | - | - | 71,244 | 24,105 | 559 | 48,315 | 144,223 |
| (Disposal)/ Transfer | - | - | - | - | - | (71,244) | (24,015) | (559) | (48,315) | (144,223) |
| Charge for the year | - | - | 145,575 | 569 | 1,456,541 | 144,288 | 40,230 | 3,785 | 32,150 | 1,823,138 |
| At 30/09/08 | - | - | 145,575 | 569 | 1,456,541 | 144,288 | 40,320 | 3,785 | 32,150 | 1,823,138 |
| NBV AT 30/09/08 | 12,285,268 | 21,131,250 | 15,592,992 | 351,000 | 89,591,999 | 586,050 | 201,083 | 31,683 | 282,639 | 140,053,964 |
| NBV AT 30/09/2007 | 33,258,406 | - | 6,372,564 | 28,458 | 19,340,972 | 587,522 | 186,327 | 8,457 | 46,649 | 61,259,485 |

Leasehold Land and Buildings were professionally revalued by Valuation and Investment Associates , a firm of valuers. The assets were valued on the basis of current Open Market Capital and Forces Sales Values.

The company's overdraft facility is secured over three (3) machinery installed at the factory at Tema with a total value of GH¢2,303,000.00.

## 6. INVENTORY

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Raw Materials | 15,148,745 | 1,337,265 |
| Packaging Material | 3,508,029 | 2,416,061 |
| Finished Goods | 12,734,764 | 7,837,863 |
| Technical Store Parts | 2,422,522 | 3,294,354 |
| Fuel and Lubricant | 136,257 | 228,686 |
| | 33,950,277 | 15,114,229 |

## 7. TRADE AND OTHER RECEIVABLES

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Trade Receivables | 13,207,646 | 11,835,535 |
| Staff Debtors | 576,271 | 923,650 |
| Deposits on Letter of Credits etc | 5,649,664 | 4,335,016 |
| Prepayments | 2,853,911 | 573,506 |
| Other Receivables | 26,920 | - |
| | 22,314,412 | 17,667,707 |

Included in staff debtors are staff are staff loans which are granted at no interest rate. The maximum amount due from staff during the year was GH¢923,650.

## 8. CASH AND CASH EQUIVALENTS

### (a) Short Term Investment

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| 91-day Treasury Bills | 33,203 | 26,313 |
| Fixed Deposit – Prudential Bank | 2,312,763 | 1,896,423 |
| | 2,345,966 | 1,922,736 |

These fixed deposits have been used as collateral security for bank overdraft and loans at the year end.

## 8. CASH AND CASH EQUIVALENTS (CONT'D)

### (b) Cash and bank balance

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Cash at bank | 599,650 | 998,331 |
| Cash in Hand | 29,860 | 137,971 |
| | 629,510 | 1,136,302 |

### (c) Bank overdraft

The company had overdraft facilities totalling GH¢5,856,514 (September 2008: GH¢3,959,851) with its bankers at the year-end which had been fully utilised.

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Prudential Bank (Cedi) | 4,769,936 | 3,959,851 |
| Prudential Bank (USD) | 1,086,578 | - |
| | 5,856,514 | 3,959,851 |

In December 2006, Prudential Bank Limited, granted the company an overdraft facility of GH¢2,000,000 to supplement the company's working capital. Approval for the renewal of this facility was granted in June 2008. The overdraft is to be repaid within a period of 12 months from the date of completion of legal documentation to support the facility. Interest shall be charged at the bank's base rate minus 3.0% or such other rates as may be determined by the bank from time to time. The facility is secured with the following assignments.

i. The company's fixed deposit number 004FXDL073340040004 with a balance of GH¢ 848,499.00 at year end.
ii. General charge over three (3) machinery installed at the factory at Tema with a total value of GH¢2,303,000.00.

## 9. TRADE AND OTHER PAYABLES

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Trade Payables | 35,851,133 | 10,615,485 |
| EDIF Loan Payable (Note 10c) | 179,242 | - |
| Other Payables | 4,358,078 | 1,886,633 |
| | 40,388,453 | 12,502,118 |

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

## 10. BORROWINGS

| | Note | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| Barclays Bank led Syndicate Euro Loan | (a) | 30,396,795 | 24,479,127 |
| Barclays Bank led Syndicate Dollar Loan | (b) | 31,823,845 | 26,584,011 |
| EDIF Loan (Cedis) | (c) | - | 518,289 |
| COCOBOD Dollar Loan | (d) | 62,400,464 | 50,729,710 |
| | | 124,621,104 | 102,311,137 |

(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 are SG-SSB Bank Limited, The Trust bank and ECOBANK Ghana Limited. The loan facility is 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 18 February, 2005. The syndicated loan is denominated and repayable in Euros over 5 years in equal monthly instalments after one year moratorium. Interest on the facility is charged at EURIBOR plus 2.5% per annum.

(b) This represents the outstanding balance on an additional loan facility of twenty-two million US Dollars (US$ 22 million) from the syndicate of banks in (a) above led by Barclays Bank of Ghana Limited for expansion of production capacity. The loan facility is secured on an assignment of export contracts and receivables amounting to a maximum of eighty percent (80%) of all receivables and fixed and floating charge over the assets of the company stamped to cover the overall exposure as well as debenture over the debt service reserve account of the company. Disbursement of the loan started in September, 2003 and the facility agreement was formally signed on the 18 February, 2005. The syndicated loan is denominated and repayable in US Dollars over 5 years in equal quarterly instalments after one year moratorium. Interest on the facility is charged at LIBOR plus 3.32% per annum.

(c) 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 (US$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 commencing on 5th December 2002. Interest is chargeable at fifteen per centum (15%) per annum.

(d) This represents transfer of balance on COCOBOD current account to a medium term loan account. The terms of the loan had not yet been agreed upon at the year-end

## 11. EMPLOYEE BENEFIT OBLIGATIONS

### Post-employment and long-term benefit plan

The company has, apart from the legally required social security scheme, an independent pension plan.

### Employee benefit obligations recognised in the statement of financial position

| | 2009<br>GH¢ | 2008<br>GH¢ |
|---|---|---|
| Pension funds: defined benefit plan | 1,091,588 | 800,339 |
| | ======= | ====== |

**Reconciliation of assets and employee benefit obligations recognised in the statement of financial position**

| | 2009 GH¢ | 2008 GH¢ |
|---|---|---|
| **Defined benefit pension plan** | | |
| Present value of funded obligation | - | - |
| Fair value of planned assets | - | - |
| | ------------ | --------- |
| Excess of liabilities/(assets) of funded obligations | - | - |
| Present value of unfunded obligations | 1,091,588 | 800,399 |
| Net unrecognised actuarial (losses)/gains | - | - |
| Unrecognised assets | - | - |
| | ------------- | ---------- |
| **Net employee benefit obligations recognised in the statement of financial position** | **1,091,588** | **800,339** |
| | ======= | ====== |

**Movements of defined benefits obligations, net**

| | 2009 GH¢ | 2008 GH¢ |
|---|---|---|
| Balance at 1 September | 800,339 | 509,089 |
| Employer's contributions | 543,047 | 430,774 |
| Actuarial gains recognised | (251,798) | (139,524) |
| | ------------ | ---------- |
| Balance at 31 August | 1,091,588 | 800,339 |
| | ======== | ======= |

**Movements in the present value of defined benefit obligations**

| | | |
|---|---|---|
| Unfunded defined benefit obligations as of September 1 | 800,339 | 509,089 |
| Current service cost | 398,986 | 339,138 |
| Past service cost | - | - |
| Interest expenses | 144,061 | 91,636 |
| Recognised actuarial losses/(gains) | (251,798) | (139,524) |
| | ----------- | ---------- |
| **Total present value of defined benefits obligations as of 30 September** | 1,091,588 | 800,339 |
| | ======= | ====== |

**Expenses recognised in the income statement**

| | 2009 GH¢ | 2008 GH¢ |
|---|---|---|
| Current service cost | 398,986 | 339,138 |
| Interest expenses | 144,061 | 91,636 |
| Expected return on plan assets | - | - |
| Net actuarial losses/(gain) recognised in the year | - | - |
| Past service cost | - | - |
| Employees' contributions | - | - |
| **Total defined benefit expenses** | 543,047 | 430,774 |

**Principal actuarial assumptions used**

| | 2009 % | 2008 % |
|---|---|---|
| Discount rate | 18 | 18 |
| Expected rate of salary increase | 15 | 15 |

The assumptions are assessed on a yearly basis and valuation of the plan is carried out accordingly.

Net actuarial losses not recognised at the statement of financial position date was Nil (2008: Nil).

## 12. STATED CAPITAL (SHARE CAPITAL)

**Authorised Shares:**

| | 2009 | 2008 |
|---|---|---|
| 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 'm | Amount GH¢ | Number 'm | 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 |
| | | 16,778,315 | | 16,778,315 |

(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.

## 13. REVENUE

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

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Sale of Goods (Note 14) | 45,541,422 | 59,264,796 |
| Sales of Shells | 2,048 | 12,749 |
| Sale of Sacks, etc | 60,299 | 111,870 |
| Recipe Development Fees | - | 3,902 |
| Sale of Tender Documents | 265 | 880 |
| Interest on short term investment | 197,561 | 106,613 |
| Interest on bank deposit | 934 | 334 |
| | 45,802,529 | 59,501,144 |

## 14. TURNOVER

(a) Analysis by product:

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Cocoa Butter | 26,408,437 | 46,170,542 |
| Cocoa Liquor | 3,302,062 | 1,288,309 |
| Cocoa Cake | 8,188,018 | 5,980,001 |
| Cocoa Powder | 1,146,351 | 752,785 |
| Confectionery | 6,496,554 | 5,073,159 |
| | 45,541,422 | 59,264,796 |

(b) Analysis by market segment:

| | Export Sales GH¢ | Local Sales GH¢ | Total GH¢ |
|---|---|---|---|
| **Year end 30 September 2009** | | | |
| Semi-finished Products | 38,078,845 | 981,192 | 39,060,037 |
| Confectionery | 1,151,662 | 5,329,722 | 6,481,384 |
| | 39,230,507 | 6,310,914 | 45,541,421 |
| **Year end 30 September 2008 (Restated)** | | | |
| 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 |

## 15. OTHER INCOME

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Interest on Short term investments | 197,562 | 106,613 |
| Sale of Shells | 2,048 | 12,749 |
| Sale of sacks & others | 60,299 | 111,870 |
| Recipe development fee | - | 3,902 |
| Sale of tender documents | 265 | 880 |
| Interest on bank deposits | 934 | 334 |
| | 261,108 | 236,348 |

## 16. COST OF GOODS SOLD

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

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Raw/Packaging Materials Consumed | 44,374,479 | 53,289,848 |
| Production Overheads | 9,015,909 | 8,586,156 |
| | 53,390,388 | 61,876,004 |

**17. Non-current assets held for sale**

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| | 123,921 | 123,921 |
| | ====== | ====== |

This represents old furniture and fittings which has been retired from the fixed assets register to be sold.

**18. OTHER RESERVES**

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Revaluation Reserve | 55,664,409 | 55,664,409 |
| Actuarial Gains | 391,322 | 139,524 |
| Translational Difference | (28,594,878) | (14,497,583) |
| | -------------- | -------------- |
| | 27,460,853 | 41,306,350 |
| | ========= | ========= |

**19. LOSS FOR THE YEAR**

Loss for the year has been arrived at after charging the following:

| | Notes | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| Depreciation of property, plant and equipment | 6 | 4,480,530 | 1,823,138 |
| Research and development | | 11,593 | 2,216 |
| Environmental expenses | 22 | 148,911 | 127,303 |
| Audit fees and expenses | 23 | 20,000 | 8,410 |
| Directors' and key management personnel's emoluments | 24 | 260,104 | 239,143 |
| Staff costs | 25 | 5,627,008 | 1,722,913 |
| | | ======== | ======== |

**20. PRIOR YEAR ADJUSTMENT**

| | | |
|---|---|---|
| Staff redundancy cost (balance) | - | 3,080,328 |
| | ===== | ======== |

### 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.

### 22. AUDIT FEES

| | 2009<br>GH¢ | Restated<br>2008<br>GH¢ |
|---|---|---|
| Statutory Audit | 20,000 | 7,700 |
| Others | - | 710 |
| | -------- | ------- |
| | 20,000 | 8,410 |
| | ===== | ==== |

### 23. DIRECTORS' EMOLUMENTS

| | | |
|---|---|---|
| Salaries & other benefits | 203,018 | 189,031 |
| Social Security Cost | 19,723 | 17,962 |
| Other Pension Cost | 37,363 | 32,150 |
| | ---------- | --------- |
| | 260,104 | 239,143 |
| | ====== | ====== |

Key management personnel of the company consist of the Managing Director, the two Deputy Managing Directors and the Solicitor Secretary.

### 24. STAFF COSTS

*Aggregate Remuneration*

| | 2009<br>GH¢ | Restated<br>2008<br>GH¢ |
|---|---|---|
| Wages and salaries | 2,402,352 | 1,425,418 |
| Social security costs | 300,294 | 178,177 |
| Other pensions | 676,290 | 119,318 |
| | ------------ | ------------ |
| | 3,378,936 | 1,722,913 |
| | ======== | ======== |

*Employee Categories*

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

| | 2009 Number | 2008 Number |
|---|---|---|
| Junior staff | 214 | 212 |
| Senior staff | 67 | 55 |
| | ----- | ----- |
| | 281 | 267 |
| | === | === |

### 25. FINANCE COSTS

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Interest on bank overdrafts | 1,037,629 | 550,813 |
| Interest on loans | 1,762,957 | 3,252,819 |
| | ------------ | ------------ |
| | 2,800,586 | 3,803,632 |
| | ======== | ======== |

### 26. TAXATION

No provision is made for company tax as the company has been accepted and given the Free Zone Manufacturing status with effect from 28 July 2004. Free zone companies are exempt from corporate income tax for the first ten years of acquiring free zone status.

### 27. DIVIDEND

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Dividends paid on ordinary shares: | | |
| Dividend for 2008. ¢0.0004 | 550,413 | - |
| Dividend for 2007 ¢0.0004) | - | 428,728 |
| | ---------- | ---------- |
| Total dividend paid | 550,413 | 428,728 |
| | ====== | ====== |
| Proposed for approval at Annual General Meeting: | | |
| Equity dividend not recognised as liability | - | 550,413 |
| | ====== | ====== |

## 28. CASH AND CASH EQUIVALENTS

| | 2009 | Restated 2008 |
|---|---|---|
| | GH¢ | GH¢ |
| Cash at Bank | 599,650 | 998,331 |
| Cash in hand | 29,860 | 137,971 |
| 91-day Treasury bills | 33,203 | 26,313 |
| Fixed deposits | 2,312,763 | 1,896,423 |
| Bank Overdraft | (5,856,514) | (3,959,851) |
| | (2,881,038) | (900,813) |

## 29. RELATED PARTIES

**Compensation to key management of the Company**

| | 2009 | 2008 |
|---|---|---|
| | GH¢ | GH¢ |
| Directors and key management personnel's emoluments | 260,104 | 239,142 |

## 30. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There was no major event after the statement of financial position date that materially changed the Company's position.

## 31. MATURITY PROFILE OF FINANCIAL LIABILITIES

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

**Year end 30 September 2009**

| Descriptions | Total GH¢ | 0-3 Months GH¢ | 3-6 Months GH¢ | 6-12 Months GH¢ | Over 12 Months GH¢ |
|---|---|---|---|---|---|
| Bank overdraft | 5,856,514 | 5,856,514 | - | - | - |
| Trade and other payables | 40,388,454 | 6,058,268 | 10,097,113 | 24,233,073 | - |
| Employee benefit obligation | 1,091,589 | - | - | - | 1,091,589 |
| Bank loans (medium term) | 62,220,460 | 3,086,381 | 3,086,381 | 6,172,762 | 49,875,116 |
| Other loans | 60,400,464 | - | - | - | 60,400,464 |
| | 169,957,481 | 15,001,163 | 13,183,494 | 30,405,834 | 111,367,169 |

**Year end 30 September 2008**

| | GH¢ | GH¢ | GH¢ | GH¢ | GH¢ |
|---|---|---|---|---|---|
| Bank overdraft | 3,959,851 | 3,959,851 | - | - | - |
| Trade and other payables | 12,502,118 | 250,055 | 625,137 | 11,626,926 | - |
| Employee benefit obligation | 800,339 | - | - | - | 800,339 |
| Bank loans (medium term) | 51,063,128 | 3,086,381 | 3,086,381 | 6,172,762 | 38,717,604 |
| Other loans | 51,248,009 | - | - | - | 51,248,009 |
| | 119,573,445 | 7296,287 | 3,711,518 | 17,799,688 | 90,765,952 |

## 32. 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 statement of financial position by class of financial instrument to which they are assigned, and therefore by the measurement basis:

**Year end 30 September 2009**

| Descriptions<br><br>**Assets** | **Held to maturity securities GH¢** | **Loans and receivables GH¢** | **Other Financial Liabilities GH¢** | **Total GH¢** |
|---|---|---|---|---|
| Trade and Other Receivables | | 13,810,836 | | 13,810,836 |
| Short Term Investments | 2,345,966 | - | | 2,345,966 |
| Cash and bank balances | - | 629,510 | - | 629,510 |
| **Total financial assets** | 2,345,966 | 14,440,346 | - | 16,786,312 |
| **Liabilities** | | | | |
| Trade and other payable | - | - | 41,480,042 | 41,480,042 |
| Bank Overdraft | | | 5,856,514 | 5,856,514 |
| Term loans | - | - | 102,311,137 | 102,311,137 |
| Total financial liabilities | - | - | 149,647,693 | 149,647,693 |

There were no significant differences between the fair values and the carrying values of assets and liabilities as of the year end 30 September 2009.

Year end 30 September 2008

| **Assets** | | **Held to maturity securities GH¢** | **Loans and receivables GH¢** | **Other Financial Liabilities GH¢** | **Total GH¢** |
|---|---|---|---|---|---|
| Trade and other receivables | | | 12,759,185 | - | 12,759,185 |
| Assets held to maturity | | 1,922,736 | - | - | 1,922,736 |
| Cash and bank balances | | - | 1,136,302 | - | 1,136,302 |
| **Total financial assets** | | 1,922,736 | 13,895,487 | - | 15,818,223 |
| **Liabilities** | | | | | |
| Trade and other payable | - | - | 12,502,118 | 12,502,118 | |
| Bank overdraft | | 3,959,851 | 3,959,851 | | |
| Term loans - | - | 102,311,137 | 102,311,137 | | |
| **Total financial liabilities** | - | - | 118,773,106 | 118,773,106 | |

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

## 33. 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 2009**

| **Descriptions** | **US$** | **Euro** |
|---|---|---|
| Assets held to maturity (fixed deposits) | 1,045,902 | - |
| Trade receivables | 9,230,899 | - |
| **Liabilities** | | |
| Bank loans (medium term) | (22,731,317) | (14,270,796) |
| Other loans | (44,571,760) | - |
| Net statement of financial position | (57,026,276) | (14,270,796) |

**Year end 30 September 2008**

| | | |
|---|---|---|
| Assets held to maturity (fixed deposits) | 1,010,188 | - |
| **Liabilities** | | |
| Bank loans (medium term) | (22,731,318) | (14,270,796) |
| Other loans | (44,905,364) | - |
| Net statement of financial position | (66,626,494) | (14,270,796) |

The following significant exchange rates applied during the year:

| | **Average Rate** | | **Reporting Date** | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Cedis | | | | |
| Euro 1 | 2.13 | 1.56 | 1.89 | 1.68 |
| USD 1 | 1.10 | 1.02 | 1.4 | 1.18 |

**Sensitivity analysis**

A 20% strengthening of the cedi against the following currencies at 30 September would have increased equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

*Effect in cedis*

| | Profit or loss GH¢ |
|---|---|
| **30 September 2009** | |
| Euro | 6,079,359 |
| **30 September 2008** | |
| Euro | 4,794,987 |

A 20% weakening of the cedi against the above currencies at 30 September would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**34. 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 other 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.

**(b) Gearing:**

| | 2009 GH¢ | Restated 2008 GH¢ |
|---|---|---|
| Interest bearing loans & borrowings | 130,477,618 | 106,270,988 |
| Trade & other payables | 40,388,453 | 12,502,118 |
| Less cash and short term deposits | (2,975,476) | (3,059,038) |
| **Net debt** | **167,890,595** | **115,714,068** |
| Preference shares | 100 | 100 |
| Equity | 16,778,215 | 16,778,215 |
| Other surplus | 8,323,598 | 39,667,098 |
| **Total capital** | **25,101,913** | **56,445,413** |
| **Capital and net debt** | **192,992,508** | **172,159,481** |
| **Gearing** | **87%** | **67%** |

## 35. 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 to 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.

## 36. FINANCIAL INSTRUMENTS/ RISK MANAGEMENT (CONT'D)

### *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 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 statement of financial position date.

### 36. FINANCIAL ASSETS/LIABILITIES WHOSE TERMS HAVE BEEN RENEGOTIATED

There were no financial assets /liabilities whose terms have been renegotiated as at 30 September 2009. 2008; Nil.

### 37. TWENTY LARGEST SHAREHOLDERS

| No. | Shareholder's Name | No. of Shares | Percentage Holdings (%) |
|---|---|---|---|
| 1. | Government of Ghana | 532,554,100 | 48.38 |
| 2. | Ghana Cocoa Board (COCOBOD) | 239,351,240 | 21.74 |
| 3. | Social Security & National Insurance Trust | 206,754,000 | 18.78 |
| 4. | State Insurance Company Limited | 3,200,000 | 0.29 |
| 5. | Ashanti Goldfields Company Limited Employees | 3,200,000 | 0.29 |
| 6. | Galtere International Fund | 2,020,535 | 0.18 |
| 7. | Isaac Osei | 2,000,000 | 0.18 |
| 8. | Donewell Life Company Ltd. | 1,920,000 | 0.17 |
| 9. | Ghana Reinsurance Company Limited | 1,600,000 | 0.15 |
| 10. | Agricultural Development Company | 1,600,000 | 0.15 |
| 11. | Mensah Baah Matthew | 960,000 | 0.09 |
| 12. | Boohene Edward Henaku | 800,000 | 0.07 |
| 13. | Ghana Libyan Arab Holding Co. | 800,000 | 0.07 |
| 14. | Badu Collins | 780,000 | 0.07 |
| 15. | Tetteh Richard Amarh | 552,000 | 0.05 |
| 16. | NTHC / CPC Suspense a/c | 507,882 | 0.04 |
| 17. | Acre Consolidated Limited | 500,000 | 0.05 |
| 18. | Teachers' Fund | 500,000 | 0.05 |
| 19. | Insurance Compensation Fund | 480,000 | 0.04 |
| 20. | New Juaben Municipal Teachers Credit Union | 400,000 | 0.04 |
| | | **1,000,479,757** | **90.88** |

### 38. DIRECTORS' SHAREHOLDING AS AT 30 SEPTEMBER 2009

| | |
|---|---|
| RICHARD AMARH TETTEH | 552,000 |
| | ====== |

### 39. RESTATEMENT OF 2008 COMPARATIVES

The 2008 comparative figures were restated for the following reasons;

**(i) Prior year adjustments**

Cost of sales for 2008 was restated to correct goods in transit erroneously recorded amounting to GH¢9,972,828. The corresponding stock balance was also restated. Secondly, end of service benefit amounting to GH¢800,339, which was omitted in 2008 was reinstated. This resulted in reduction to profit and opening income surplus balance by GH¢59,793.

**(ii) Change of functional currency**

The company changed its functional currency from the Ghana Cedi to the US Dollar for the following reasons:

(a) the company prices its products and receives settlement in US Dollars and significant expenses/costs are also denominated in US Dollars.

(b) The change will result in the financial statement providing reliable and more relevant information about the effects of transactions on the company's financial position, financial performance and cash flows.

(ii) Certain items were reclassified to make them consistent with 2009 presentations

The effect of the prior year adjustments and change in functional currency listed above have been presented in the statements below and explained in the notes set out below:

**STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2008**

| | Note | Reported 2008 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | - | 140,177,884 | 140,177,884 |
| **Current Assets** | | | |
| Inventories | a | 25,087,057 | 15,114,229 |
| Trade and Other Receivables | | 17,667,707 | 17,667,707 |
| Short Term Investment | | 1,922,736 | 1,922,736 |
| Cash and Cash Equivalents | b | (2,823,549) | 1,136,302 |
| **Total current assets** | | **41,853,951** | **35,840,974** |
| **Total assets** | | **182,031,835** | **176,018,858** |

| | Note | Reported 2008 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| **Equity** | | | |
| Stated Capital | d | 16,778,215 | 16,778,315 |
| Income Surplus Account | c | 67,266,966 | (1,639,252) |
| Other Reserves | c | - | 41,306,350 |
| Redeemable Preference Shares | d | 100 | - |
| **Total equity** | | **84,045,281** | **56,445,413** |
| **Non-Current Liabilities** | | | |
| Borrowings | e | 85,484,436 | 102,311,137 |
| Employee Benefit Obligations | f | - | 800,339 |
| Total non-current liabilities | | 85,484,436 | 103,111,476 |
| Bank Overdraft | b | - | 3,959,851 |
| Trade and Other Payables | | 12,502,118 | 12,502,118 |
| **Total current liabilities** | | **12,502,118** | **16,461,969** |
| **Total liabilities** | | **97,986,554** | **119,573,445** |
| **Total Equity and Liabilities** | | **182,031,835** | **176,018,858** |

## 40. RESTATEMENT OF 2008 COMPARATIVES (CONT'D)

### INCOME STATEMENT
### FOR THE YEAR ENDED 30 SEPTEMBER 2008

| | | Reported 2008 GH¢ | Restated 2008 GH¢ |
|---|---|---|---|
| Turnover | | 59,264,796 | 59,264,796 |
| Cost of Sales a,g | | (54,463,578) | (61,876,004) |
| **Gross Profit/( Loss)** | | 4,801,218 | (2,611,208) |
| Other Incomeh | | 2,565,466 | 236,348 |
| Selling and Distribution Costs | | (555,418) | (555,418) |
| General and Administrative expenses | i,f | (1,566,053) | (5,234,801) |
| Other Expenses | i | (168,483) | - |
| **Profit/(Loss) from Operations** | | **5,076,730** | **(8,165,079)** |
| Finance Cost | | (3,803,633) | (3,803,633) |
| **Profit/(Loss) Before Tax** | | **1,273,097** | **(11,968,712)** |
| Taxation | | - | - |
| **Profit/(Loss) After Tax** | | **1,273,097** | **(11,968,712)** |

### EARNINGS PER SHARE

| | Reported 2008 | Restated 2008 |
|---|---|---|
| Net Profit attributable to equity shareholders **GH¢** | 1,273,097 | (11,968,712) |
| 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 | (0.01087) |

### 41. RESTATEMENT OF 2008 COMPARATIVES (CONT'D)

(a) Goods in transit amounting to GH¢9,972,828 was adjusted in the books of the company. The corresponding cost of material used in cost of sales was also restated;

(b) The cash and cash equivalent balance was netted off in the reported financials. This was reclassified to reflect the company's cash standing with regards to cash balances and overdraft position at the end of the year;

(c) The income surplus was summed up with other non-distributable reserves such as revaluation reserve. This was reclassified to disclose the income surplus separately;

(d) The redeemable preference shares of GH¢100 was classified as part of the stated capital;

(e) A difference of GH¢16,826,701 resulted from the revaluation of foreign denominated loan balances using 2008 year end rates. The corresponding entry was recognised in equity;

(f) The end of service liability amounting to GH¢800,339 was not accrued for in the reported financial statements. The corresponding expenditure was recorded under General and Admin expenses;

(g) Indirect labour amounting to GH¢2,560,402 was reclassified from cost of sales to General and Admin expenses;

(i) Other expenses of GH¢168,483, which consist of loss on disposal of property, plant and equipment was reclassified to General and Admin expenses.

## 42. Future Development/Changes in Accounting Policies

*a Relevant Standards, Amendments & Interpretations that have been issued but not yet effected*

| Title | Accounting standard | Nature of impending changes | Effective date |
|---|---|---|---|
| IFRS 3 | Business Combinations | This standard requires all future transaction costs relating to business combinations to be expensed and contingent purchase consideration recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree must be recognised in profit and loss.<br><br>It is not expected to have any impact on the company's financial statements | 1 July 2009 |
| IAS 27 | Consolidated and Separate Financial Statements | This amendment relates primarily, to accounting for non-controlling interest and the loss of control of a subsidiary:<br><br>a. Acquisitions of additional non-controlling equity interests after a business combination are accounted for as equity transactions. Disposals of equity interests while retaining control are accounted for as equity transactions.<br><br>b Transactions giving rise to a loss of control, through sale or otherwise, will result in a gain or loss being recognised in profit or loss. The gain or loss includes a remeasurement to fair value of any retained equity interest in the investee. The amendments to IAS 27 also require that losses (including negative "other comprehensive income" as detailed in the revised IAS 1 have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. All these amendments have to be applied prospectively.<br><br>This standard is not expected to have any impact on the company's financial statements. | 1 July 2009 |

## 43. Future Development/Changes in Accounting Policies (cont'd)

| Title | Accounting standard | Nature of impending changes | Effective date |
|---|---|---|---|
| IAS 39 | Financial instruments: Recognition and Measurement | The amendment relates to Eligible Hedged Items. It clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation. | 1 July 2009 |
| IFRIC 17 | Distributions of non-cash assets to owners | This interpretation applies to non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners.<br><br>The interpretation clarifies that:<br>a. a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity<br><br>b. an entity should measure the dividend payable at the fair value of the net assets to be distributed.<br><br>c. an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. | 1 July 2009 |
| IFRS 5 | Non-current assets held for sale and discontinued operations | Improvement to IFRSs<br>This follows amendments to IFRS 3, IAS 27 and IFRIC 17. | 1 July 2009 |

## b *Interpretation / Amendments to Existing Standards that are not yet effective and not early adopted*

| | |
|---|---|
| IFRS 1 | Additional exemptions for first time adopters |
| IFRS 2 | Group cash settled shared based payments |
| IAS 32 | Financial instruments: presentation – Classification of rights issues |
| IAS 24 | Related parties disclosure for government related entities and definition of related parties |
| IFRS 9 | Financial instruments |

A group photograph of Management and the Executive Members of the Local Union and PMSU

A group photograph of a selection of Engineering staff who were given an award for their ingenuity

# COCOA PROCESSING COMPANY LIMITED
## form of pr oxy

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 Accra International Conference Centre, Accra on Wednesday, 24 March 2010 at 09.00 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 authorise the Directors to fix the remuneration of the Auditors. | | |
| 3. To amend by ordinary resolution Regulation 84 of the Regulations of the Company. | | |
| 4. To elect Hon. Jacob S. Arthur as a Director | | |
| 5. To elect Prof. Joshua Abor as a Director | | |
| 6. To elect Dr. RoseEmma Mamaa Entsua-Mensah as a Director | | |
| 7. To elect Mr Samuel D. Arkhurst as a Director | | |
| 8. To elect Nana Kojo Toku as a Director | | |
| 9. To elect Dr. Yao Asamoa as a Director | | |
| 10. To elect Mr John Kofi Mensah as a Director | | |
| 11. To elect Mr Anthony Fofie as a Director | | |
| 12. To elect Nana Oduro Owusu as a Director | | |
| 13. To elect Brig-Gen. (Rtd.) Charles H. Mankatah as a Director | | |
| 14. To elect Mr Darlington Afari-Dwamena as a Director | | |
| 15. To amend the Regulations of the Company by deleting Regulations 23, 24, 25 and 50 in their entirety and inserting new Regulations to permit conversion and/or issuance of shares in electronic book entry form in in compliance with the requirements of the Ghana Stock Exchange | | |

Signed this .......... day of .................... 2010.

Shareholder's Signature ........................................................

# COCOA PROCESSING COMPANY LIMITED
## form of proxy

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

**NOTES:**

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your vote if you cannot personally attend.

2. Provision has been made on the form for the Chairman of the meeting to act as your proxy but, if you wish, you may insert in the blank space marked (*) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

3. In the case of joint holders, each joint holder should sign.

4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.

5. Please sign the above proxy form and send it so as to reach the address shown overleaf not less than 48 hours before the appointed time of the meeting.

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

SECOND FOLD HERE

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

THIRD FOLD HERE

FIRST FOLD HERE

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Heavy Industrial Area, PMB, Tema Ghana
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