



PATERSON ZOCHONIS

GHANA LIMITED

ANNUAL REPORT

2002



**ANNUAL REPORTS AND FINANCIAL STATEMENTS
31ST MAY, 2002**

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BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE

DIRECTORS:

Paul Michael Boyce (Chairman and Managing Director)
Felix Stephen Quachey
Philip William Davies
Kwabena Pepera
Panagiotis Giouras

SECRETARY:

Accra Nominees Limited
Mobil House
Liberia Road
P.O. Box 242
Accra

REGISTERED OFFICE:

15 Kwame Nkrumah Avenue
P.O. Box 62
Accra, Ghana

AUDITORS:

Deloitte & Touche
Chartered Accountants
4 Liberation Road
P.O. Box 453
Accra

SOLICITORS:

Kudjawu & Co.
Texaco House
Derby Avenue
P.O. Box 294
Accra

BANKERS:

Standard Chartered Bank (Ghana) Limited
Barclays Bank of Ghana Limited
Ecobank (Ghana) Limited
Ghana Commercial Bank Limited
Stanbic Bank Ghana Limited

REGISTRARS:

Merchant Bank (Ghana) Limited
57 Examination Loop
North Ridge
P.O. Box 401
Accra

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of Paterson Zochonis Ghana Limited, will be held at the British Council Hall, Accra on Friday, November 29, 2002 at 3.00 pm to transact the following business of the Company.

AGENDA

1. To receive and consider the audited financial statements for the year ended 31st May, 2002 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend
3. To re-elect Directors
4. To fix Directors' fees
5. To authorise the Directors to negotiate and determine the remuneration of the Auditors for the ensuing year.

By Order of the Board
Accra Nominees Limited
Secretaries

Accra, October 10, 2002

Note: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him and such proxy need not be a member of the Company. A proxy form is attached. Executed forms of proxy should be deposited at the office of the Registrars, Merchant Bank (Ghana) Limited, 57 Examination Loop, North Ridge, P. O. Box 401, Accra not less than 48 hours prior to the time of the meeting.

SALIENT FEATURES AND FINANCIAL CALENDAR

| | 2002 ¢'000 | 2001 ¢'000 |
|-------------------------------------|---------------|---------------|
| TURNOVER | 99,974,625 | 82,250,227 |
| PROFIT AFTER TAXATION | 12,356,244 | 11,966,464 |
| EARNINGS PER ORDINARY SHARE | 441.29 | 427.37 |
| DIVIDENDS PER ORDINARY SHARE | ¢57.75 | ¢55.00 |

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RESULTS

Results for the year Announced

Report and financial statements Circulated 21 days prior to AGM

DIVIDENDS

Ordinary dividends:

Final Proposed ¢57.75 per share
Payable

OPERATING AND FINANCIAL REVIEW

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Group's financial instruments, other than derivatives, comprise significant amount of cash and liquid resources, associated company loans, various items, such as trade debtors, trade creditors, associated company current accounts etc., that arise directly from its operations.

No derivative transactions were entered into by the Group.

Interest rate risk

The Group now finances its operations by retained earnings and other instruments arising from its own operations. The associated company loans do not attract interest and therefore the Group was not exposed to interest rate risk.

Foreign Currency risk

The Group has no overseas subsidiaries and export sales were not significant. Foreign currency exposure is not an issue.

REPORT OF THE DIRECTORS

The Directors have the pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31 May, 2002.

The Group

The Group comprises a parent company and one wholly - owned subsidiary, both incorporated in Ghana:

| Name | Status | Nature of Business |
|---|--------------------|---|
| Paterson Zochonis Ghana Limited | Holding Company | Distribution and selling of soaps, cosmetics and pharmaceuticals. |
| Paterson Zochonis Industries (Ghana) Limited. | Subsidiary Company | Manufacture of soaps, cosmetics and pharmaceuticals. |

Holding Company

The Holding Company is a subsidiary of Paterson Zochonis PLC, a Company incorporated in the United Kingdom.

Principal Activities

The Group is engaged in business to manufacture as well as purchase, distribute and sell soaps, cosmetics, and pharmaceutical products for export and local consumption.

There was no change in the nature of the Group's business during the year under review.

Group results

The profit for the year ended 31 May 2002 after taxation was ¢12.4 billion against a profit after tax of ¢12 billion in 2001.

DIVIDENDS

The Directors recommend a dividend of ¢57.75 (2001 ¢55) per share for the year under consideration, amounting to ¢1,617 million.

REPORT OF THE DIRECTORS (CONT'D)

Directors and their interests

The present membership of the Board is set out below. All directors served throughout the year. The directors' interests in the ordinary shares of the Company at 31 May 2002 were:

| | 2002 | 2001 |
|---|-------|--------|
| P.M. Boyce (Chairman and managing Director) | - | - |
| F.S. Quachey | 5,100 | 30,350 |
| P.W. Davies | - | - |
| Kwabena Pepera | - | - |
| Panagiotis Giouras | - | - |

In accordance with the regulations of the Company, Kwabena Pepera and Panagiotis Giouras will retire at the Annual General Meeting and being eligible, offer themselves for re-election.

Directors' Interest

The Directors have no material interest in contracts entered into by the Company.

Auditors

In accordance with Section 134 (5) of the Companies Code, the Auditors, Messrs. Deloitte & Touche, continue in office as Auditors of the Company.

ON BEHALF OF THE BOARD



DIRECTOR



DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period. In preparing those financial statements, the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent

State whether applicable accounting standards have been followed

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

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

The above statement, should be read in conjunction with the statement of the auditors' responsibilities on page 9.

AUDITORS' REPORT TO THE MEMBERS OF PATERSON ZOCHONIS GHANA LIMITED

We have audited the financial statements on pages 10 to 23 which have been prepared under the accounting policies set out on page 13 to 14.

Respective Responsibilities of Directors and Auditors

As described on page 8 above the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

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

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

Opinion

In our opinion, proper books have been kept and the accounts which are in agreement therewith comply with the companies Code, 1963. (Act 179) and give a true and fair view of the state of affairs of the Company as at 31 May 2002 and of the Profit and Cash Flow for the year then ended.

Deloitte & Touche
CHARTERED ACCOUNTANTS

ACCRA: 26 September, 2002

CONSOLIDATE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY, 2002

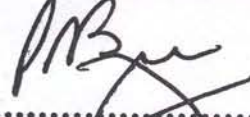
| | Note | The Group | | The Company | |
|--|------|-------------------|---------------|-------------------|---------------|
| | | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| SALES | | 99,974,625 | 82,250,227 | 98,825,639 | 81,027,785 |
| Cost of Sales | | (60,222,373) | (44,784,923) | (84,145,126) | (68,729,795) |
| GROSS PROFIT | | 39,752,252 | 37,465,304 | 14,680,513 | 12,297,990 |
| Other Income | 2 | 678,986 | 304,200 | 592,631 | 176,755 |
| | | 40,431,238 | 37,769,504 | 15,273,144 | 12,474,745 |
| General, administrative and selling expenses | | (23,441,911) | (22,374,350) | (13,470,378) | (9,390,767) |
| Profit on ordinary Activities before interest | | 16,989,327 | 15,395,154 | 1,802,766 | 3,083,978 |
| Net interest receivable and similar income | | 2,049,729 | 2,696,433 | 204,230 | 273,808 |
| Profit before tax | 3 | 19,039,056 | 18,091,587 | 2,006,996 | 3,357,786 |
| Taxation and levies | 4 | (6,682,812) | (6,125,123) | (663,410) | (896,007) |
| PROFIT after taxation transferred to Income Surplus Account | | 12,356,244 | 11,966,464 | 1,343,586 | 2,461,779 |

INCOME SURPLUS ACCOUNT FOR THE YEAR ENDED 31 MAY, 2002

| | Note | 2002 | | 2001 | |
|---|------|-------------------|-------------|------------------|-------------|
| | | ¢'000 | ¢'000 | ¢'000 | ¢'000 |
| At 1 June | | 18,846,288 | 8,419,824 | 3,841,383 | 2,919,604 |
| Transferred from Profit/ Loss account | | 12,356,244 | 11,966,464 | 1,343,586 | 2,461,779 |
| | | 31,202,532 | 20,386,288 | 5,184,969 | 5,381,383 |
| Adjustments on discontinued business | 5 | 373,977 | - | 223,267 | |
| Proposed Dividend, ¢57.75 per share (2001 ¢55) | | (1,617,000) | (1,540,000) | (1,617,000) | (1,540,000) |
| At 31 May | | 29,959,509 | 18,846,288 | 3,791,236 | 3,841,383 |

**CONSOLIDATED BALANCE SHEET
AS AT 31 MAY, 2002**

| | Note | The Group | | The Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 6 | 29,837,413 | 29,493,280 | 8,279,593 | 8,652,743 |
| Investments | 7 | 19 | 19 | 855 | 1,797 |
| | | <u>29,837,432</u> | <u>29,493,299</u> | <u>8,280,448</u> | <u>8,654,540</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 41,767,157 | 30,815,073 | 2,516,626 | 1,437,556 |
| Debtors | 9 | 5,806,913 | 3,371,765 | 4,124,710 | 3,006,448 |
| Cash in transit | | 2,148,782 | 577,608 | - | - |
| Cash and Bank | | 11,420,256 | 15,015,461 | 11,396,859 | 14,965,472 |
| | | <u>61,143,108</u> | <u>49,779,907</u> | <u>18,038,195</u> | <u>19,409,476</u> |
| CREDITORS: amounts falling due within one year | 10 | (30,149,980) | (28,523,849) | (3,636,962) | (5,319,561) |
| NET CURRENT ASSETS | | <u>30,993,128</u> | <u>21,256,058</u> | <u>14,401,233</u> | <u>14,089,915</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>60,830,560</u> | <u>50,749,358</u> | <u>22,681,681</u> | <u>22,744,455</u> |
| PROVISION FOR LIABILITIES | 12 | (4,038,169) | (4,696,135) | (213,387) | (226,014) |
| NET ASSETS | | <u>56,792,391</u> | <u>46,053,223</u> | <u>22,468,294</u> | <u>22,518,441</u> |
| CAPITAL AND SURPLUS | | | | | |
| Stated Capital | 13 | 11,600,000 | 11,600,000 | 11,600,000 | 11,600,000 |
| Capital Surplus | | 15,232,882 | 15,606,935 | 7,077,058 | 7,077,058 |
| Income Surplus | | 29,959,509 | 18,846,288 | 3,791,236 | 3,841,383 |
| SHAREHOLDERS' FUNDS | | <u>56,792,391</u> | <u>46,053,223</u> | <u>22,468,294</u> | <u>22,518,441</u> |


.....
DIRECTOR


.....
DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY, 2002

| | Note | The Group | | The Company | |
|---|------|--------------------|-------------------|--------------------|-------------------|
| | | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Net Cash inflow from | | | | | |
| Operating Activities | 20 | 7,340,542 | 9,109,839 | (715,873) | 9,819,276 |
| Return on Investments and servicing of finance | | | | | |
| Net interest received | | 2,049,729 | 2,696,433 | 204,230 | 273,808 |
| Dividend paid | | (1,540,000) | (294,000) | (1,540,000) | (294,000) |
| Taxation and levies | | | | | |
| Tax and levies paid | | (6,629,959) | (427,436) | (1,130,253) | (279,882) |
| Capital expenditure and financing activities | | | | | |
| Purchase of fixed assets | | (3,249,343) | (1,578,772) | (387,660) | (598,711) |
| Proceeds from sale of fixed assets | | 5,000 | 31,906 | - | 1,000 |
| Disposal of investments in Tema Thread Limited | | | - | 943 | - |
| Increase in cash and cash equivalents | | (2,024,031) | 9,537,970 | (3,568,613) | 8,921,491 |
| Cash and Bank at 1 June: | | | | | |
| Cash in transit | | 577,608 | - | - | - |
| Cash and bank balance | | 15,015,461 | 6,055,099 | 14,965,472 | 6,043,981 |
| | | 13,569,038 | 15,593,069 | 11,396,859 | 14,965,472 |
| Cash and Bank at 31 May: | | | | | |
| Cash in transit | | 2,148,782 | 577,608 | - | - |
| Cash and bank balance | | 11,420,256 | 15,015,461 | 11,396,859 | 14,965,472 |
| | | 13,569,038 | 15,593,069 | 11,396,859 | 14,965,472 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group financial statements.

(a) Basis of Accounting

These financial statements have been prepared under the historical cost accounting rules as modified by the revaluation of leasehold land and buildings.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and PZ Industries Ghana Limited.

(c) Tangible fixed assets

Depreciation is provided for on a straight line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The rates generally in use are as follows:

| | |
|--------------------------------|-----------------|
| Leasehold land and buildings | Period of lease |
| Plant, machinery and equipment | From 10% to 20% |
| Motor Vehicles | 25% |

(d) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and a share of production overheads appropriate to the relevant state of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

(e) Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

(f) Foreign Exchange

Transactions denominated in foreign currencies are retranslated into cedis at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

(g) Sales

Sales represent the value of goods invoiced to customers net of returns, trade discounts and value added tax.

(h) Deferred Taxation

Provision is made in the profit and loss account for income tax charge or relief deferred by reason of timing differences between capital allowances granted and the corresponding depreciation charges based on original cost of fixed assets.

No provision is made in the profit and loss account for the potential liabilities to capital gains tax on the unrealised capital surplus on revaluation of fixed assets, if these were sold at their book value. The potential liabilities to capital gains tax is charged to capital surplus and shown as deferred tax.

(i) Extraordinary Items

Material items of income and expenditure which do not fall within the normal activities of the company and are unlikely to recur regularly are dealt with as extraordinary items.

(j) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. In the consolidated accounts shares in group undertakings are adjusted to the amounts of the net assets shown in the individual subsidiaries.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)**

| 2: OTHER INCOME | The Group | | The Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2002 | 2001 | 2002 | 2001 |
| | ¢'000 | ¢'000 | ¢'000 | ¢'000 |
| Insurance commission | - | 19,000 | - | 19,000 |
| Profit on Sale of Assets | 5,000 | 28,526 | - | - |
| Rental income | 423,227 | 252,607 | 341,872 | 153,688 |
| Directors' fees | - | 4,000 | - | 4,000 |
| Exchange gain | 218,748 | - | 218,748 | - |
| Sundry Income | 32,011 | 67 | 32,011 | 67 |
| | <u>678,986</u> | <u>304,200</u> | <u>592,631</u> | <u>176,755</u> |

3: OPERATING PROFIT

| Operating profit is after charging: | The Group | | The Company | |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | ¢'000 | ¢'000 | ¢'000 | ¢'000 |
| Directors Remuneration | 409,831 | 285,422 | 106,749 | 78,491 |
| Auditors Remuneration | 84,000 | 70,000 | 54,600 | 45,500 |
| Donations | 2,811 | 783 | 2,811 | 783 |
| Depreciation | 2,764,304 | 2,763,216 | 619,903 | 619,903 |
| Net Interest (income) | (2,119,307) | (2,696,433) | (273,808) | (273,808) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

4: TAXATION AND LEVIES

| | At 1 June 01 | Payments | P & L Charge | At 31 May 02 |
|--|--------------|----------|--------------|--------------|
| | ¢'000 | ¢'000 | ¢'000 | ¢'000 |

| | | | | |
|----------------------------|------------------|--------------------|----------------|----------------|
| (a) The Company | | | | |
| Reconstruction levy | | | | |
| 2002 | - | (7,156) | 50,174 | 43,018 |
| 2001 | 81,295 | (81,295) | - | - |
| Corporation tax | | | | |
| 2002 | - | (85,875) | 711,864 | 625,989 |
| 2001 | 907,185 | (903,872) | (3,313) | - |
| 2000 | 106,807 | - | (106,807) | - |
| 1999 | 27,936 | (52,055) | 24,119 | - |
| | <u>1,123,223</u> | <u>(1,130,253)</u> | <u>676,037</u> | <u>669,007</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

4: TAXATION AND LEVIES

| (b) The Group | At 1 June 01 ¢'000 | Payments ¢'000 | P & L Charge ¢'000 | At 31 May 02 ¢'000 |
|----------------------------|-----------------------|--------------------|-----------------------|-----------------------|
| Reconstruction levy | | | | |
| 2002 | - | (96,687) | 475,975 | 379,288 |
| 2001 | 451,290 | (451,290) | - | - |
| Corporation tax | | | | |
| 2002 | - | (1,249,781) | 6,612,011 | 5,362,230 |
| 2001 | 4,444,666 | (4,780,146) | 335,480 | - |
| 2000 | 107,503 | - | (106,807) | 696 |
| 1999 | 30,403 | (52,055) | 24,119 | 2,467 |
| 1998 | (706) | - | - | (706) |
| 1997 | 5,378 | - | - | 5,378 |
| 1996 and prior | (132,153) | - | - | (132,153) |
| | <u>4,906,381</u> | <u>(6,629,959)</u> | <u>7,340,778</u> | <u>5,617,200</u> |

All liabilities are subject to the agreement of the Income Tax authorities.

The tax charge to the profit & Loss Account comprises:

| | The Group | | The Company | |
|-----------------------------|------------------|------------------|----------------|----------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Tax charge as above | 7,340,778 | 5,091,329 | 676,037 | 1,010,875 |
| Deferred Taxation (Note 12) | (657,966) | 1,033,794 | (12,627) | (114,868) |
| | <u>6,682,812</u> | <u>6,125,123</u> | <u>663,410</u> | <u>896,007</u> |

5: EXTRA-ORDINARY INCOME

The dissolution of Tema Thread Company Limited, a once 100% owned subsidiary, was completed during the period, with the final filing of the relevant papers and the following adjustments:

| | The Group | | The Company | |
|---|----------------|---------------|----------------|---------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Stated Capital of Tema Thread Limited | | | 400 | |
| Prior year Capital Surplus balance | 374,519 | - | - | - |
| Consolidation adjustment balance | (542) | - | - | - |
| Income Surplus Account balance | - | - | 223,809 | - |
| Total Shareholder's Funds | <u>373,977</u> | - | <u>224,209</u> | - |
| Balance on investments | - | - | (942) | - |
| Profit on discontinued business | <u>373,977</u> | - | <u>223,267</u> | - |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

| 6: TANGIBLE ASSETS | L'hold Land & Buildings ¢'000 | Plant, Machn. & Equipment ¢'000 | Motor Vehicles ¢'000 | Assets under Construction ¢'000 | Total ¢'000 |
|---------------------------------|-------------------------------------|---------------------------------------|----------------------------|---------------------------------------|----------------|
| (a) The Company | | | | | |
| At 1 June 2001 | 8,738,992 | 389,191 | 918,351 | - | 10,046,534 |
| Additions | - | 68,848 | 318,813 | - | 387,661 |
| Disposals | - | (2,987) | - | - | (2,987) |
| At 31 May 2002 | 8,738,992 | 455,052 | 1,237,164 | - | 10,431,208 |
| Comprising: | | | | | |
| Original Cost of Assets | | | | | |
| Revalued | 17,745 | - | - | - | 17,745 |
| Surplus on Revaluations: | | | | | |
| 1989 Valuation | 675,906 | - | - | - | 675,906 |
| 1994 Valuation | 2,549,378 | - | - | - | 2,549,378 |
| 1999 Valuation | 5,495,963 | - | - | - | 5,495,963 |
| Assets at Cost | 8,738,992 | - | - | - | 8,738,992 |
| | - | 455,052 | 1,237,164 | - | 1,692,216 |
| At 31 May 2002 | 8,738,992 | 455,052 | 1,237,164 | - | 10,431,208 |
| Depreciation: | | | | | |
| At 1 June 2001 | 917,750 | 183,222 | 292,819 | - | 1,393,791 |
| Charge for the year | 411,570 | 77,938 | 271,303 | - | 760,811 |
| Disposals | - | (2,987) | - | - | (2,987) |
| | 1,329,320 | 258,173 | 564,122 | - | 2,151,615 |
| Net Book Value: | | | | | |
| At 31 May 2002 | 7,409,672 | 196,879 | 673,042 | - | 8,279,593 |
| At 1 June 2001 | 7,821,242 | 205,969 | 625,532 | - | 8,652,743 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

| 6: TANGIBLE ASSETS | L'hold Land & Buildings ¢'000 | Plant, Machn. & Equipment ¢'000 | Motor Vehicles ¢'000 | Assets under Construction ¢'000 | Total ¢'000 |
|--------------------------------|-------------------------------------|---------------------------------------|----------------------------|---------------------------------------|-------------------|
| Gross Value | | | | | |
| At 1 June 2001 | 19,058,334 | 18,109,316 | 1,180,256 | - | 38,347,906 |
| Additions | 268,640 | 2,170,549 | 318,813 | 2,781,621 | 5,539,623 |
| Disposals | - | (2,987) | (4,700) | (2,290,279) | (2,297,966) |
| | <u>19,326,974</u> | <u>20,276,878</u> | <u>1,494,369</u> | <u>491,342</u> | <u>41,589,563</u> |
| Comprising: | | | | | |
| Original Cost of Assets | | | | | |
| Revalued | 2,312,450 | - | - | - | 2,312,450 |
| Surplus on Revaluation: | | | | | |
| 1989 Valuation | 779,239 | - | - | - | 779,239 |
| 1994 Valuation | 4,696,728 | - | - | - | 4,696,728 |
| 1999 Valuation | 11,269,917 | - | - | - | 11,269,917 |
| | <u>19,058,334</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,058,334</u> |
| Assets at Cost | <u>268,640</u> | <u>20,276,878</u> | <u>1,494,369</u> | <u>491,342</u> | <u>22,531,229</u> |
| At 31 May 2002 | <u>19,326,974</u> | <u>20,276,878</u> | <u>1,494,369</u> | <u>491,342</u> | <u>41,589,563</u> |
| Aggregate Depreciation: | | | | | |
| At 1 June 2001 | 1,643,124 | 6,810,608 | 400,894 | - | 8,854,626 |
| Charge for the year | 778,661 | 1,809,016 | 317,534 | - | 2,905,211 |
| Disposals | - | (2,987) | (4,700) | - | (7,687) |
| | <u>2,421,785</u> | <u>8,616,637</u> | <u>713,728</u> | <u>-</u> | <u>11,752,150</u> |
| Net Book Value: | | | | | |
| At 31 May 2002 | <u>16,905,189</u> | <u>11,660,241</u> | <u>780,641</u> | <u>491,342</u> | <u>29,837,413</u> |
| At 1 June 2001 | <u>17,415,210</u> | <u>11,298,708</u> | <u>779,362</u> | <u>-</u> | <u>29,493,280</u> |

7: INVESTMENTS HELD AS FIXED ASSETS

| | The Group | | The Company | |
|---|-----------|-----------|-------------|--------------|
| | 2002 | 2001 | 2002 | 2001 |
| | ¢'000 | ¢'000 | ¢'000 | ¢'000 |
| Trade (100% subsidiaries): | | | | |
| Tema Thread Co, Ltd (400,000 shares) | - | - | - | 942 |
| PZ Industries (Gh) Ltd (250,000 shares) | - | - | 836 | 836 |
| | - | - | 836 | 1,778 |
| Others: | | | | |
| Ghana Breweries Ltd | 19 | 19 | 19 | 19 |
| | <u>19</u> | <u>19</u> | <u>855</u> | <u>1,797</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

| 8: STOCKS | The Group | | The Company | |
|--|-------------------|-------------------|------------------|------------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Raw & Packing Materials | 17,256,744 | 15,747,876 | - | - |
| Engineering spares | 1,254,288 | | | |
| Finished Goods | 10,893,081 | 6,586,466 | 2,516,626 | 1,437,556 |
| Work in Progress | 8,739,220 | 3,015,447 | - | - |
| Goods in Transit | 3,623,824 | 5,465,284 | - | - |
| | <u>41,767,157</u> | <u>30,815,073</u> | <u>2,516,626</u> | <u>1,437,556</u> |
| 9: DEBTORS | The Group | | The Company | |
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Trade Debtors | 3,909,522 | 2,941,249 | 3,909,522 | 2,940,650 |
| Staff Debtors | 131,109 | 58,779 | 110,462 | 45,355 |
| Sundry Debtors | 1,721,103 | 333,753 | 81,772 | 2,186 |
| Prepayments and accrued income | 45,179 | 37,984 | 22,954 | 18,257 |
| | <u>5,806,913</u> | <u>3,371,765</u> | <u>4,124,710</u> | <u>3,006,448</u> |
| 10: CREDITORS: amounts falling due within one year | The Group | | The Company | |
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Trade Creditors | 1,658,293 | 1,094,179 | 105,275 | 38,976 |
| Accruals and deferred income | 407,911 | 1,720,066 | 406,654 | 1,565,952 |
| Sundry Creditors | 808,241 | 59,995 | 385,773 | 60,075 |
| Amounts owed to associated companies | 20,041,336 | 19,203,228 | 453,253 | 991,335 |
| Taxation and levies (Note 4) | 5,617,200 | 4,906,381 | 669,007 | 1,123,223 |
| Dividends (Note 11) | 1,617,000 | 1,540,000 | 1,617,000 | 1,540,000 |
| | <u>30,149,981</u> | <u>28,523,849</u> | <u>3,636,962</u> | <u>5,319,561</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

11. DIVIDENDS

| | The Group | | The Company | |
|-----------------------------------|--------------------|------------------|--------------------|------------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| At 1 June | 1,540,000 | 294,000 | 1,540,000 | 294,000 |
| Paid during the year | <u>(1,540,000)</u> | <u>(294,000)</u> | <u>(1,540,000)</u> | <u>(294,000)</u> |
| | - | - | - | - |
| Proposed for year ended 31 May | <u>1,617,000</u> | <u>1,540,000</u> | <u>1,617,000</u> | <u>1,540,000</u> |
| At 31 May | <u>1,617,000</u> | <u>1,540,000</u> | <u>1,617,000</u> | <u>1,540,000</u> |

12. PROVISION FOR LIABILITIES AND CHARGES

| | Note | The Group | | The Company | |
|--|------|--------------------|--------------------|------------------|------------------|
| | | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Deferred Taxation | | | | | |
| (a) Deferred Capital Gains Tax Liability on revaluation | | | | | |
| At 31 May | | <u>(857,288)</u> | <u>(857,288)</u> | <u>(439,988)</u> | <u>(439,988)</u> |
| (b) Deferred Tax Relief on other timing differences | | | | | |
| At 1 June | | (3,838,847) | (2,805,053) | 213,974 | 99,106 |
| (Charge) /credit to Profit and Loss Account | 4 | 657,966 | (1,033,794) | 12,627 | 114,868 |
| At 31 May | | <u>(3,180,881)</u> | <u>(3,838,847)</u> | <u>226,601</u> | <u>213,974</u> |
| TOTAL | | <u>(4,038,169)</u> | <u>(4,696,135)</u> | <u>(213,387)</u> | <u>(226,014)</u> |

13. STATED CAPITAL

| | No. of Shares | | Proceeds | |
|-----------------------------------|---------------|---------------|-------------------|-------------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| AUTHORISED: | 30,000 | 30,000 | | |
| Ordinary Shares | <u>30,000</u> | <u>30,000</u> | | |
| ISSUED: | | | | |
| For cash | 2,733 | 2,733 | 455,070 | 455,070 |
| For consideration other than cash | 25,267 | 25,267 | 9,149,377 | 9,149,377 |
| Transfer from Capital Reserve | - | - | 1,995,553 | 1,995,553 |
| | <u>28,000</u> | <u>28,000</u> | <u>11,600,000</u> | <u>11,600,000</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

14: EARNINGS PER ORDINARY SHARE

The Group basic earnings per share was calculated by dividing the earnings attributable to ordinary shareholders by the number of ordinary shares as at 31 May 2002.

| | 2002 | 2001 |
|---------------------------------------|------------|------------|
| Profit after tax for the year (¢'000) | 12,356,244 | 11,966.464 |
| Total Net Assets (¢'000) | 56,792,391 | 46,053,223 |
| Number of shares as at 31 May | 28,000 | 28,000 |
| Earnings per share (¢) | 441.29 | 427.37 |
| Dividends per share(¢) | 57.75 | 55.00 |
| Net Assets per share(¢) | 2,028.30 | 1,644.76 |

15. NUMBER OF SHAREHOLDERS

The number and distribution of Ordinary Shareholders with equal voting rights as at 31 May 2002 was as shown below:

| <u>Holdings</u> | <u>No. of Holders</u> | <u>Total Holding</u> | <u>% Holdings</u> |
|------------------|-------------------------|------------------------------|-----------------------|
| 1 – 1,000 | 1028 | 284,099 | 1 |
| 1,001 – 5,000 | 270 | 677,229 | 2 |
| 5,001 – 10,000 | 31 | 211,680 | 1 |
| 10,001 and above | 38 | 26,826,992 | 96 |
| | ----- 1,367 ----- | ----- 28,000,000 ----- | ----- 100 ----- |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

16: DETAILS OF 20 LARGEST SHAREHOLDERS AT 31 MAY, 2002

| <u>Name of Shareholder</u> | <u>No. of Shares Held</u> | <u>Percentage (%) Holding</u> |
|---------------------------------|---------------------------|-------------------------------|
| Paterson Zochonis PLC, U.K. | 25,267,001 | 90.24 |
| African Tiger Mutual Fund Ltd. | 875,000 | 3.13 |
| Epack Investment Fund Ltd | 144,376 | 0.52 |
| Dr. Emmanuel E. Sackey | 29,000 | 0.10 |
| Alhassan Iddrisu | 25,930 | 0.09 |
| Ghanaian Ent. Dev Commission | 25,450 | 0.09 |
| Joseph Buachie | 24,080 | 0.09 |
| Edward T. Dodoo | 23,800 | 0.09 |
| Albert Kofi Acheampong | 22,970 | 0.08 |
| Crusader Insurance Co. Gh. Ltd. | 20,800 | 0.07 |
| Francis Kwasi Gyembibi | 20,710 | 0.07 |
| Equity Focus | 20,000 | 0.07 |
| Strategic African Securities | 16,795 | 0.06 |
| Paterson Zochonis Prov. Fund | 16,750 | 0.06 |
| Timothy Aye Kusi | 16,450 | 0.06 |
| Emmanuel A. Clement | 15,430 | 0.06 |
| Mrs. Georgina Badu | 15,020 | 0.05 |
| D.C. Amoako | 14,500 | 0.05 |
| J.G.A. Renner | 14,000 | 0.05 |
| M.F. Fattal | 13,920 | 0.05 |
| Reported totals | 26,621,982 | 95.03 |
| Not reported | 1,378,018 | 4.97 |
| | 28,000,000 | 100.00 |

17. EXCHANGE CONTROL

All remittances from Ghana are subject to the approval of the exchange control authorities.

18. CAPITAL COMMITMENTS

Commitments for Capital Expenditure outstanding at 31 May 2002 amounted to c̄NIL (2001 c̄NIL)

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 May 2002 (2001 c̄NIL).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY, 2002 (CONT'D)

20. RECONCILIATION OF COMPANY OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2002 ¢'000 | 2001 ¢'000 | 2002 ¢'000 | 2001 ¢'000 |
| Operating profit | 16,989,327 | 15,395,154 | 1,802,766 | 3,083,978 |
| Depreciation charges | 2,905,212 | 2,763,216 | 760,812 | 619,903 |
| Profit on sale of fixed assets | (5,000) | (28,526) | - | - |
| Adjustments on dissolution of Tema Thread Limited | (373,977) | - | 223,267 | - |
| Increase in stocks | (10,440,280) | (10,359,177) | (1,079,070) | (338,007) |
| (Increase)/decrease in Debtors | (2,144,125) | 4,688,145 | (1,118,262) | 5,488,689 |
| Increase/(decrease) in creditors | 409,385 | (3,348,973) | (1,305,386) | 964,714 |
| Net cash inflow/(outflow) from operating activities | 7,340,542 | 9,109,839 | (715,873) | 9,819,277 |

PROXY FORM

PATERSON ZOCHONIS GHANA LIMITED

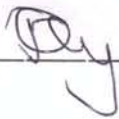
Nº 0642

Annual General Meeting to be held at 3.00 p.m. on 29th November 2002 at the British Council Hall Accra.

I/We* JUSTINA ADDO being a member/members of PATERSON ZOCHONIS GHANA LIMITED hereby appoint

**
of failing him, PAUL M. BOYCE or failing him, PHILIP W. DAVIES or failing him, FELIX S. QUACHEY as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th November 2002

Dated the 15TH day of NOVEMBER 2002

Shareholder's Signature 

| RESOLUTION | FOR | AGAINST |
|---|-----|---------|
| 1. To adopt the reports and audited financial statements | | |
| 2. (a) To re-appoint Mr. Kwabena Pepera as a Director. | X | |
| (b) To re-appoint Mr Panagiotis Giouras | X | |
| 3. To Fix Directors' fees. | | |
| 4. To authorise the Directors to negotiate and determine the Auditors' remuneration | X | |
| Please indicate an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion. | | |

{Before [posting the form, please tear off this part and retain it]}

PATERSON ZOCHONIS GHANA LIMITED

Nº 0642

ADMISSION FORM

ANNUAL GENERAL MEETING TO BE HELD AT 3.00 P.M. ON 29TH NOVEMBER 2002 AT THE BRITISH COUNCIL HALL, ACCRA

IF YOU ARE UNABLE TO ATTEND THIS MEETING

A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you to exercise your right to vote, in case you can not personally attend the Meeting.

Following the normal practice, the names of there Directors of the Company have been entered on the Form to ensure that someone will be at the Meeting to act as your proxy, but if you may insert in the blank space on the Form (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 one of the Directors.

Please sign the above Proxy Form and post it so as to reach the address on the front not later that 3.00 p.m. on 29th November 2002.

If executed by a Body Corporate, the Proxy Form should be sealed with the Common Seal

IMPORTANT (a) The name of the shareholder must be written in **BLOCK CAPITALS** on the Proxy Form where marked*

(b) This admission Form must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting

(c) Shareholders or their proxies are requested to sign the Admission Form before attending the meeting

Signature of Person Attending

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Queen Jane Preparatory Sch

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