Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Report and Financial Statements
31 December 2009

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Report and financial statements 2009

Content	**Page**

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Directors, officials and registered office

Directors:	Elkin Pianim	- Executive Chairman
	P.K. Das	- Managing Director
	S.K Anatsui	
	Comfort Yamoah	
	Patrick Ata	
	W. Ajomale	- (Resigned 29/3/2009)
	Samira Ibrahim Abu	
	Francis Andoh	- (Appointed 6/10/2009)
Secretary and registered office:	Boateng Offei & Co 113 3rd Industrial Link Heavy Industrial Area Tema	
Auditors:	Deloitte & Touche Chartered Accountants 4 Liberation Road P. O. Box GP 453 Accra	
Bankers:	Amalgamated Bank Limited SG-SSB Limited National Investment Bank Limited Standard Chartered Bank Ghana Limited Cal Bank Limited	

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Executive Chairman's Report

On behalf of the Board of Directors and Management of African Champion Industries Limited, I am pleased to welcome you to the Annual General Meeting of your Company.

Company Performance

In 2009 your Company suffered from the same combination of factors that have resulted in losses in the past few years, being high fixed costs, low output capacity, production outages, and lack of pricing power due to poor product positioning. The result of these factors can be seen in the attached Financial Statements in detail, but in summary:

	2009	2008	% Change
Turnover	3,948,012	3,008,861	31%
Gross Profit	852,458	143,782	486%
Cashflow From Operations	-56,629	-335,593	-83%
Earnings	-458,358	-671,949	32%
EBDIT	-57,734	-335,601	83%
Output (cartons)	335,921	319,805	5%

The improvement over 2008 notwithstanding, we believe that performance fell short of what was achievable, and we have made substantive changes to the management team, who have taken the necessary steps of reducing fixed costs through layoffs, cutting variable costs through more stringent controls, ensuring maximum equipment availability and output through better planning and proactive maintenance, and renegotiating our agreements with our Unions to permit staffing reductions going forward.

The Chairman's Address in prior years has always attributed company losses to factors outside the control of Management, such as power cuts, erratic availability of inputs, increases in energy costs, competition from illegally imported products, et cetera. This is largely true, but not particularly relevant. What is relevant is that even if Management does everything right, with its current equipment the return on capital employed in the Company will be far below the risk-free rate of return achievable with T-bills:

The estimated value of Company property assets alone is approximately GHS10MM, if Company assets were sold off and proceeds used to pay off existing net indebtedness of GHS1.5MM and the net proceeds returned to shareholders, at the current T-bill rate of 16% per annum shareholders could expect annual earnings of GHS1.4MM on their T-bill holdings. With absolutely NO risk. By contrast, Management estimates that with aggressive pricing, maximum achievable cost cuts, significant staffing reductions, maximum achievable equipment availability, and our existing capital structure, earnings from the tissue business with our existing equipment are unlikely to exceed GHS50,000 per annum, a return on net Company assets of 0.5%.

Executive Chairman's Report

The obvious question is why the business should not be liquidated and liquidation proceeds returned to shareholders, as with this cash in hand, shareholders could do far better for themselves than Management can by running this business. As significant shareholders, this is a question that Management have asked ourselves. And the answer is that with new equipment, we could meet the excess demand in the local market and the region, produce a higher quality product at a competitive price with higher margins, and earn exceptional risk-adjusted returns for our shareholders.

We have thus identified new equipment of higher capacity and superior efficiency, the estimated installed cost of this plant will be US$4 million. Plans to raise the funding for this equipment acquisition are at an advanced stage and are the topic of resolutions to be placed before shareholders.

Directors
There were 2 changes to our Director lineup during the year under review:

Wole Ajomale	(Resigned March, 2009)
Francis Andoh	(Appointed November, 2009)

In accordance with the regulations of the company Mrs. Comfort Yamoah and Mr. Seth Anatsui retire at the Annual General Meeting.

Mrs. Comfort Yamoah, being eligible offers herself for re-appointment. Mr. Anatsui, after a long and distinguished career at the Company, is retiring to pursue other interests, but shall continue to place his considerable skills at the disposal of our Company.

Future Prospects

Adamus Gold Royalty Receivable

The Royalty Agreement that the Company has with Adamus Resources over its Teleku Bokazo concession is expected to generate cash inflows for the Company in 2013, when gold production is scheduled to commence.

Per Adamus's presentations to investors, the area covered by this royalty agreement is expected to contain up to 9,100 recoverable ounces of gold, so at current prices this royalty agreement should yield your Company in excess of US$10 million over the lifetime of the concession.

Adamus is also expected to make an initial payment to the Company of $250,000, payable when its financing plans are in place, which is anticipated to be by Q3 of 2010.

Executive Chairman's Report

Kyomatsu

Judgment has been delivered in favour of ACI since July 2006. Judgment also has been delivered on the two counterclaims in favour of Kyomatsu and George Shaw. On the overall Balance of the respective judgments, Kyomatsu, Messrs. Lai and Shaw are to pay ACI US$640,000. Management does not expect that this sum is collectible.

On the counterclaim in favour of Mr. Shaw, ACI is to pay US$2.5 million for the loss of his properties allegedly put up as guarantee for the transaction. However, ACI has appealed against this aspect of the judgment and has obtained a stay of execution pending the outcome of its appeal at the Court of Appeal. Management is confident that this ruling will be reversed.

Operations

As discussed above, Management have implemented steps to contain costs and maximize equipment availability, electricity supply permitting, this will enable the Company to be cashflow positive going forward, and the new collective bargaining agreement reached with our Unions will enable the Company to rationalize staffing, which will be done on an ongoing basis, further improving financial results.

In order for the Company to achieve the full economic potential of its tissue business, it is necessary to invest in a new production line. A new line has been identified, the estimated cost of this plant will be $3 million, and plans to raise this funding are at an advanced stage.

This new line will transform the economics of the tissue business, Management estimates that after this line is installed annual earnings should exceed GHS2MM.

Pending Acquisitions

The Extraordinary Resolutions passed in 2008 enabling the Company to invest in other entities have cleared the way for the Company to invest in sectors of the economy that will benefit from impending growth driven by oil production, sectors such as consumer goods, financial services, oil services, construction, and mechanical and electrical engineering.

The Company has a number of acquisition candidates that it is considering, which shall be presented to Shareholders for their approval.

Executive Chairman's Report

Strategic Alliances

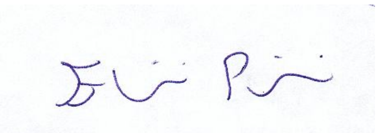
The Company is contemplating entering into a strategic relationship with Serengeti Capital, under which Serengeti Capital would provide it certain corporate strategy and capital procurement services. Management believes that this relationship is central to fulfilling the Company’s development goals, and in the interest of transparency, Management desires to present this arrangement to shareholders for an in-principal approval before formalizing the contemplated arrangement with Serengeti.

Conclusion

Ladies and Gentlemen,

On behalf of the Board I wish to thank our colleagues at the Company for their loyalty and hard work during the year.

I also sincerely wish to thank our shareholders, my fellow directors, our business partners, our social partners the PMSU and ICU, and our customers, for their unflinching support during the year. Thank you all, and I hope to count on your continued support in the upcoming year.



Elkin Kwesi Safo Pianim
EXECUTIVE CHAIRMAN

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Directors' report

The directors present their report and audited financial statements for the year ended 31 December, 2009.

Principal activities
The principal activity of the company is manufacturing of toilet roll and other related paper products.

Results and dividend

The Balance sheet has been signed by two directors indicating the board's approval of the financial statements.

	GH¢
The company recorded a net loss after taxation of	**(458,358)**
To which must be added a deficit brought forward on the income surplus account at 1 January of	**(2,009,456)**

Leaving a deficit to be carried forward on income surplus account at 31 December of	**(2,467,814)**
	=============

The directors do not propose dividend for the year ended 31 December 2009.

Auditors
In accordance with section 134(5) of the Companies Code, 1963 (Act 179) the Board of Directors recommend that the auditors, Messrs Deloitte & Touche remain in office as auditors of the company.

By order of the Board

....

Director **Director**

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Statement of directors' responsibilities

The directors are responsible for the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for that year. 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 the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is

  inappropriate to presume that the Company will continue in business

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

The above statement, should be read in conjunction with the statement of the auditors responsibilities set out on pages 5 and 6 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors, in relation to the financial statements.

Deloitte.

Deloitte & Touche
Ibex Court, 4 Liberation Road
Dr. Ako Adjei Interchange
P.O. Box GP 453
Accra
Ghana

Tel: +233 (0) 21 775 355, 770559
Fax: +233 (0) 21 775 480
Email: administrator@deloitte-gh.com
www.deloitte.com

Independent auditors' report

To the shareholders of Africa Champion Industries Limited

(Formerly Super Paper Products Company Limited)

We have audited the financial statements of Africa Champion Industries Limited on pages 7 to 36, which comprise the balance sheet as at 31 December, 2009, and the income statement, statement of changes in equity, and cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code, 1963 (Act 179). 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.

Auditors' 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 as to 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 control 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 control. 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, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code, 1963 (Act 179). The financial statements give a true and fair view of the financial position of the company as at 31 December 2009, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with the International Financial Reporting Standards.

Deloitte.

Deloitte & Touche
Ibex Court, 4 Liberation Road
Dr. Ako Adjei Interchange
P.O. Box GP 453
Accra
Ghana

Tel: +233 (0) 21 775 355, 770559
Fax: +233 (0) 21 775 480
Email: administrator@deloitte-gh.com
www.deloitte.com

Independent auditors' report

To the shareholders of Africa Champion Industries Limited

(Formerly Super Paper Products Company Limited)

Independent auditors' report

To the shareholders of Africa Champion Industries Limited

(Formerly Super Paper Products Company Limited)

Report on other legal requirements

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion proper books of accounts have been kept by the company so far as appears from our examination of those books; and

iii. the balance sheet and income statement of the company are in agreement with the books of accounts.

Deloitte & Touche

Chartered Accountants
Accra, Ghana

31st March, 2010

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Income statement
For the year ended 31 December 2009

	Notes	**2009** **GH¢**	2,008 GH¢
Sale of goods		**3,948,012**	3,008,861
Revenue		**3,948,012**	3,008,861
Cost of sales	5	**-3,105,554**	-2,865,079
Gross profit		**842,458**	143,782
Other income	6.1	**19,844**	431,744
Selling and distribution costs	6.2	**-105,769**	-109,005
Administrative expenses	6.3	**(988,938)**	(986,212)
Operating (loss)/profit		**(232,405)**	-519,691
Finance costs	6.4	**(224,849)**	(152,258)
(Loss)/profit before tax		**-457,254**	-671,949
Income tax expense	7	**(1,104)**	-
(Loss)/profit for the year		**-458,358**	-671,949
Earnings per share	8	**-**	-

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Balance sheet
As at 31 December 2009

Assets	Notes	2009 GH¢	2008 GH¢
Non-current assets			
Property, plant and equipment	9	**6,974,408**	7,104,180
		6,974,408	7,104,180
Current assets			
Inventories	10	**328,773**	329,078
Trade and other receivables	11	**1,475,271**	1,017,612
Income tax asset	7	**2,265**	2,394
Cash and short-term deposits	12	**7,088**	61,986
		1,813,397	1,411,070
Total assets		**8,787,805**	8,515,250
Equity and liabilities			
Equity attributable to equity holders			
Stated capital	13a	**464,639**	464,639
Other capital reserves	13b	**7,057,950**	7,057,950
Income surplus		**(2,009,456)**	(1,551,098)
Total equity		**5,513,133**	5,971,491
Current liabilities			
Trade and other payables	14a	**2,934,377**	2,210,778
Bank overdraft	15	**340,295**	332,981
Total Liabilities		**3,274,672**	2,543,759
Total equity and liabilities		**8,787,805**	8,515,250

Director **Director**

The notes on pages 11 to 36 from an integral part of these accounts.

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Statement of changes in equity

For the year ended 31 December 2009

	Issued capital (Note 13a) GH¢	Income surplus GH¢	Other capital reserves GH¢	**Total GH¢**
Balance at 1 January 2009	464,639	(1,551,098)	7,057,950	**5,971,491**
Total recognised income and expense	-	(458,358)	-	**(458,358)**
Revaluation surplus	-	-	-	**-**
Release of accumulated depreciation	-	-	-	**-**
Share issue	-	-	-	-
Balance at 31 December 2009	464,639	(2,009,456)	7,057,950	**5,513,133**

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Cash flow statement

For the year ended 31 December 2009

	2009	2,008
Operating activities	**GH¢**	GH¢
Operating (loss)/profit before tax	**(457,254)**	(671,949)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and impairment of property, plant and equipment	**175,776**	184,098
Gain on disposal	**-**	(1,072)
Working capital adjustments:		
Decrease/(increase) in trade and other receivables and prepayments	**-457,659**	(711,016)
Decrease (increase) in inventories	**305**	82,401
Increase/(decrease) in trade and other payables	**723,599**	702,378
Income tax paid	**(975)**	(1,966)
Net cash flows from operating activities	**(16,208)**	(417,126)
Investing activities		
Proceeds from sale of asset	**-**	2,000
Purchase of property, plant and equipment	**(46,004)**	(72,132)
Net cash flows used in investing activities	**-46,004**	-70,132
Financing activities		
Bank overdraft	**7,314**	160,647
Proceed from right issue	**-**	375,439
Net cash flows used in financing activities	**7,314**	536,086
Net (decrease)/increase in cash and cash equivalents	**(54,898)**	48,828
Cash and cash equivalents at 1 January	**61,986**	13,158
Cash and cash equivalents at 31 December	**7,088**	61,986

Notes to the financial statements

For the year ended 31 December 2009

1. Reporting entity

Africa Champion Industries Limited is a limited liability company incorporated and domiciled in Ghana whose shares are publicly traded. The registered office is located at 113 3rd Industrial Link, Heavy Industrial Area, Tema.

2.0 Basis of preparation

The financial statements have been prepared on a historical cost basis, except land and buildings, that have been measured at fair value. The financial statements are presented in Ghana Cedis except when otherwise indicated. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Africa Champion Industries Limited is provided in notes 20 and 21 to the financial statements.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These are Africa Champion Industries Limited's first set of financial statements prepared in accordance with IFRS and IFRS 1 has been applied. In accordance with the transitional requirements of these standards, Africa Champion Industries Limited has provided full comparative information.

2.2 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the financial statements

For the year ended 31 December 2009

2.3 Standards, amendments and interpretations effective in 2009

The Company has adopted the following new standards, amendments and interpretations as at 1 January 2009.

- IFRS 7 Financial Instruments: Disclosures. The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, are reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. Estimated fair value is the amount at which an instrument could be exchanged in a current transaction between willing parties other than enforced or liquidation sale.

- IFRS 8 Operating Segments. This standard requires disclosure of information about the Company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. IFRS 8 replaces IAS 14 Segment Reporting upon effective date.

- IAS 1 (Revised 2007) Presentation of Financial Statements. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income, which presents income and expense items recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Compay has elected to present comprehensive income in one single statement and it has not provided a restated comparative set of financial position for the earliest comparative period, as it has not adopted any new accounting policies retrospectively, or has a retrospective restatement, or retrospectively reclassified items in the financial statements.

- IAS 23 Borrowing Costs. The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. During the year, there were no borrowings for the acquisition of capital assets.

Notes to the consolidated financial statements

For the year ended 31 December, 2009- continued

- IAS 32, Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation -These amendments to IAS 32 and IAS 1 were issued in February 2008 and became effective for financial years beginning on or after 1 January 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfill a number of specified features. The adoption of these standards had no material impact on the financial position or the performance of the Company.

- IFRS 2, Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective from 1 January 2009). The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. This amendment had no material impact on the financial position or performance of the Company.

- IFRIC 13, Customer Loyalty Programmes, which was issue in June 2007 and effective for accounting periods beginning 1 July 2008. This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to award credits and deferred. This is then recognized as revenue over the period that the award credits are redeemed. IFRIC 13 had no material impact on the financial position or performance of the Company.

- IFRIC 15 Agreement for the Construction of Real Estate IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after 1 January 2009. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. This standard has no material effect on the Company's financial statements.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation. IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the Company the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. This standard has no material impact on the Company's financial statements.

Notes to the financial statements

For the year ended 31 December 2009

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal the Company classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Company analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the statement of financial position.

- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". This did not result in any change in the financial position of the Company.

- IAS 18 Revenue: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk

- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Company.

- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. This amendment has no impact on the Company.

- IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the financial statements of the Company.

- IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Company either has the right to access the goods or has received the service. This amendment has no impact on the Company because, Africa Champion Industries Limited was adhering to this principle even before its enactment.

- Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

  - IFRS 2 Share-based Payment
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 8 Accounting Policies, Change in Accounting Estimates and Error
  - IAS 10 Events after the Reporting Period
  - IAS 19 Employee Benefits
  - IAS 27 Consolidated and Separate Financial Statements
  - IAS 28 Investments in Associates
  - IAS 31 Interest in Joint Ventures
  - IAS 34 Interim Financial Reporting
  - IAS 38 Intangible Assets
  - IAS 40 Investment Properties
  - IAS 39 Financial Instruments: Recognition and Measurement
  - IFRIC 9 Reassessment of Embedded Derivatives
  - IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Amendments to published standards and interpretations issued but not yet effective
1st January, 2009.

The Company has chosen not to early adopt the following standards, amendments and interpretations to existing standards that were issued, but not yet effective, for accounting periods beginning on 1 January 2009. The Comapny expects that adoption of these standards, amendments and interpretations is expected not to have any significant impact on the Company's financial statements in the period of initial application but additional disclosures will be required.

- IFRS 2 Share-based Payment (Revised): The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for Company cash-settled share-based payment transactions and is effective for the periods beginning on or after 1 January 2010.

- IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements (effective I July 2009)-The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests. The change in accounting policy had no material impact on the earnings per share.

- IAS 24 Related Party Disclosure (Revised): The revised Standard was issued in November 2009 and shall be applied retrospectively for annual periods beginning on or after 1 January 2011. The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. This Standard shall be applied in: identifying related party relationships and transactions; identifying outstanding balances, including commitments, between an entity and its related parties; identifying the circumstances in which disclosure of the items in (a) and (b) is required; and determining the disclosures to be made about those items. This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of a parent, venturer or investor presented in accordance with IAS 27 Consolidated and Separate Financial Statements. This Standard also applies to individual financial statements.

- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items - These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. As per management assessment the amendment has no impact on the financial position or performance of the Company has the Company has not entered into such edges.

Africa Champion Industries Limited

Notes to the consolidated financial statements

For the year ended 31 December, 2009- continued

- IFRIC 9 Reassessment of Embedded Derivatives and IAS Financial 39 Instruments: Recognition and Measurement: This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

- IFRIC 9 Reassessment of Embedded Derivatives and IAS Financial 39 Instruments: Recognition and Measurement: This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 17-Distribution of Non-Cash Assets to Owners-effective for periods beginning on or after 1 July 2009-This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. This standard has not effect on the Company's financial statements.

- IFRIC 18-Transfers of Assets from Customers effective for periods beginning on or after 1 July 2009-This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets. This interpretation only applies to such assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. This standard has not effect on the Company's financial statements.

- IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements.

- IFRIC 12, which becomes mandatory for the Africa Champion Industries Limited 2009 financial statements, is not expected to have any effect on the financial statements.

- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, becomes mandatory for the The Africa Champion Industries Limited 2009 financial statements.

Notes to the consolidated financial statements

For the year ended 31 December, 2009- continued

2.4 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised.

2.4 Summary of significant accounting policies - continued

Foreign currency translation

The company’s financial statements are presented in Ghana Cedis, which is the company's functional currency. That is the currency of the primary economic environment in which Africa Champion Industries Limited operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

Financial liabilities

Initial recognition
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The company’s financial liabilities include trade and other payables and bank overdraft.

Impairment of financial assets
The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the financial statements

For the year ended 31 December 2009

2.4 Summary of significant accounting policies - continued

Financial instruments - continued

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Property, plant and equipment
Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated using reducing balance method:
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in the income statement in the year the asset is derecognised.

Notes to the financial statements

For the year ended 31 December 2009

2.4 Summary of significant accounting policies - continued

Depreciation is calculated using reducing balance method: - continued

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

The details are as follows:

Building	2%
Plant & machinery	5%
Furniture, fittings & equipment	10%
Computers	50%
Motor vehicles	20%

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2008, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.4 Summary of significant accounting policies - continued

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The company capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. The company continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009.

Cash and short-term deposits
Cash and short-term deposits in the balance sheet comprise cash at banks and on hand.

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a first in, first out basis.

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Cost of inventories include the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the financial statements

For the year ended 31 December 2009

2.4 Summary of significant accounting policies - continued

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the financial statements

For the year ended 31 December 2009

3. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Segment information

For management purposes, the company is organised into business units based on their products and services, for reporting purposes however, this is not relevant.

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Notes to the financial statements

For the year ended 31 December 2009

5. Cost of sales	**2009**	2008
This includes:	**GH¢**	GH¢
Purchases	**701,785**	566,416
Factory wages	**1,193,255**	973,235
Other production expenses	**1,048,775**	1,079,489
Depreciation	**161,286**	164,193
Movement in stock	**453**	81,746
	3,105,554	2,865,079

6. Other income/expenses and adjustments

6.1 Other income	**2009**	2008
	GH¢	GH¢
Exchange gain	**3,282**	2,137
Profit on disposal	**-**	1,072
Others	**16,562**	428,535
	19,844	431,744

6.2 Selling and distribution costs	**2009**	2008
This includes:	**GH¢**	GH¢
Advertising	**14,202**	14,259
Selling expenses	**91,567**	94,746
	105,769	**109,005**

6.3 Administrative expenses	**2009**	2008
This includes:	**GH¢**	GH¢
Directors' emoluments - Non Executive	**8,866**	9,708
Directors' emoluments - Executive	**61,176**	66,138
Salaries and wages	**456,543**	374,227
Audit fees	**10,000**	8,000
Consultancy services	**22,078**	29,990
Depreciation	**14,489**	19,905

Africa Champion Industries Limited
(Formerly Super Paper Products Company Limited)

Notes to the financial statements

For the year ended 31 December 2009

6.4 Finance cost

	2009 GH¢	2008 GH¢
Bank interest and charges	**224,849**	152,258

7. Income tax

	At 1 Jan. GH¢	Payment during the year GH¢	Charge for the year GH¢	**At 31 Dec. GH¢**
Corporate tax				
2003 - 2004	109	-	-	**109**
2006	(999)	-	-	**(999)**
2007	(1,093)	-	-	**(1,093)**
2008	(1,966)	-	-	**(1,966)**
2009	-	(975)	1,104	**129**
	(3,949)	(975)	1,104	**(3,820)**
National reconstruction levy				
2004	1,555	-	-	**1,555**
	(2,394)	(975)	1,104	**(2,265)**

A reconciliation between tax expense and accounting profit for the years ended 31 December 2009 and 2008 is as follows:

	2009 GH¢	2008 GH¢
Accounting profit/(loss)	**(457,254)**	(671,949)
Taxable item/Adjusted tax profit	**-**	(1,072)
Add depreciation	**175,776**	184,098
	(281,478)	(488,923)
Capital allowance	**109,648**	**-**
Chargeable income	**(171,830)**	(488,923)
Tax thereon 25%	**Nil**	Nil
Rent income tax GH¢13,800 at 8%	**1,104**	-

Notes to the financial statements

For the year ended 31 December 2009

8. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2009 GH¢	2008 GH¢
Net profit attributable to equity holders	**-**	-
Number of ordinary shares for basic earnings per share	**32,440,000**	32,440,000
Earnings per share	**-**	-

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the financial statements

For the year ended 31 December 2009

9. Property, plant & equipment

Cost/valuation	At 1 Jan GH¢	Additions/ revaluation GH¢	Transfers GH¢	**At 31 Dec GH¢**
Buildings	5,037,025	-	-	**5,037,025**
Leasehold land	808,500	-	-	**808,500**
Plant and equipment	1,488,549	24,463	33,897	**1,546,909**
Office furniture & equipment	45,887	3,296	-	**49,183**
Computer and accessories	49,593	16,714	-	**66,307**
Motor vehicles	13,270	-	-	**13,270**
Work in progress	88,213	1,531	(33,897)	**55,847**
	7,531,037	46,004	-	**7,577,041**

Depreciation	At 1 Jan GH¢	Charge for the year GH¢	Transfer GH¢	**At 31 Dec GH¢**
Buildings	100,268	98,263	-	**198,531**
Plant and equipment	266,404	62,933	-	**329,337**
Office furniture and equipment	18,266	3,003	-	**21,269**
Computer and accessories	34,052	10,497	-	**44,549**
Motor vehicles	7,867	1,080	-	**8,947**
	426,857	175,776	-	**602,633**
Net book value				
At 31 December, 2009				**6,974,408**
At 31 December, 2008				7,104,180

Impairment of property, plant and equipment

There was no material impairment loss.

Revaluation of buildings, land and equipment

Fair value is determined by reference to market based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the revaluation was 24 May 2008.

Notes to the financial statements

For the year ended 31 December 2009

10. Inventories	**2009**	2008
	GH¢	GH¢
Raw materials (at cost)	**144,068**	121,070
Work in progress (at cost)	**-**	31,734
Finished goods (at cost or net realisable value)	**716**	4,180
Spare parts & fuel (at cost or net realisable value)	**175,919**	164,172
Stationery (at cost or net realisable value)	**8,070**	7,922
Total inventories at the lower of cost and net realisable value	**328,773**	329,078

The amount of write-down of inventories recognised as an expense is in cost of sales.

11. Trade and other receivables (current)	**2009**	2008
	GH¢	GH¢
Trade receivables	**1,234,568**	493,410
Other receivables	**149,492**	510,679
Prepayments	**2,485**	6,325
Related parties	**88,726**	7,198
	1,475,271	1,017,612

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

12. Cash and short-term deposits	**2009**	2008
	GH¢	GH¢
Cash at banks and on hand	**7,088**	61,986
	7,088	61,986

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

Notes to the financial statements

For the year ended 31 December 2009

13. Issued capital and other capital reserves

13a. Issued capital

	2009	2008
	000	000
Number of shares:		
Authorised shares : Ordinary shares of no par value	**100,000**	100,000
Issued ordinary shares:		
Issue for cash and fully paid	**18,070**	18,070
Issue for consideration other than cash	**14,370**	14,370
	32,440	32,440

	2009	2008
	GH¢	GH¢
Ordinary shares issued and fully paid		
Issued for cash and fully paid	**438,613**	438,613
Issue for consideration other than cash	**26,026**	26,026
	464,639	464,639

13b. Other capital reserves

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Notes to the financial statements

For the year ended 31 December 2009

14a. Trade and other payables (current)

	2009	2008
	GH¢	GH¢
Trade payables	**546,408**	411,052
Advance payment from customers	**46,108**	45,864
Statutory deductions	**1,121,849**	861,368
Accruals	**33,019**	32,930
Other payables	**267,813**	154,842
Related parties	**919,180**	704,722
	2,934,377	2,210,778

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on day terms. Other payables are non-interest bearing and have an average term of six months. For terms and conditions relating to related parties, refer to Note 14b.

14b. Related party disclosures

The related party balance is due to officers of the company.

Terms and conditions of transactions with related parties
Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2009, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2008: GH¢Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the financial statements

For the year ended 31 December 2009

15. Other financial assets and financial liabilities

Bank overdrafts

The company has an approved credit facility of GH¢300,000 with Amalgamated Bank Limited, to finance working capital and importation of raw materials. The facility expires on 26 May 2010.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the company's financial instruments, IFRS 7.26 that are carried in the financial statements.

	Carrying amount		**Fair value**	
	2009	2008	**2009**	2008
	GH¢	GH¢	**GH¢**	GH¢
Financial assets				
Cash and short-term deposits	**7,088**	61,986	**7,088**	61,986
Trade and other receivables	**1,475,271**	1,017,612	**1,475,271**	1,017,612
Financial liabilities				
Trade and other payables	**2,934,377**	2,210,778	**2,934,377**	2,210,778

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

16. Commitments and contingencies

Capital commitments

At 31 December 2009, the company had commitments of GH¢Nil (2008: GH¢Nil).

Notes to the financial statements

For the year ended 31 December 2009

17. Financial risk management objectives and policies

The company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has trade and other receivables, and cash and short-term deposits that result directly from its operations.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. Management ensures that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and company risk appetite.

The management reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to interest rate risk as it has no long-term debt obligations. Other financial liabilities are interest free.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense are denominated in a different currency from the company's functional currency).

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Africa Champion Industries Limited

(Formerly Super Paper Products Company Limited)

Notes to the financial statements

For the year ended 31 December 2009

17. Financial risk management objectives and policies - continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk related to financial instruments and cash deposits: credit risk from balances with banks and financial institutions is managed by management in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by management with the approval of the company's Board of Directors and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Capital management

Capital includes equity attributable to the equity holders.

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

Notes to the financial statements

For the year ended 31 December 2009

18. Events after the balance sheet date

The directors are not aware of any event since the end of the financial year, not otherwise dealt with in the financial statement, that would affect the operations of the Company or the results of those operations.

19. Disclosures for a first-time adopter of IFRS

For all periods up to and including the year ended 31 December 2008, the company prepared its financial statements in accordance with the local generally accepted accounting practice, Ghana Accounting Standards (GAS). The financial statements, for the year ended 31 December 2009, are the first the company has prepared in accordance with International Financial Reporting Standards (IFRS).

Accordingly, the company has prepared financial statements which comply with IFRS applicable for periods beginning on or after 1 January 2009 as described in the accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 January 2008, the company’s date of transition to IFRS. This note explains the principal adjustments made by the company in restating its GAS balance sheet as at 1 January and its previous published Local GAAP financial statement for the year ended 31 December 2008.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2009 year end retrospectively. The company has applied the following exemptions:

Certain items of property, plant and equipment carried in the balance sheet were prepared in accordance with local GAAP on the basis of valuations performed in 2004. The company has elected to regard those fair values as deemed cost at the date of the revaluation.

Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2008.

The company has applied the transitional provision in IFRIC 4 determining whether an arrangement contains a lease and has assessed all arrangements as at the date of transition.

Notes to the financial statements

For the year ended 31 December 2009

20. Details of the 20 largest shareholders as at 31st December 2009

	Name of shareholder	Holdings	% Holding
1.	Mr & Mrs Abu Kareem & Samirah Abu	4,445,809	13.70
2.	Zeitlin	3,995,916	12.32
3.	SAS ITF Nominee RPG 72	3,678,230	11.34
4.	Yamoah	2,726,230	8.40
5.	Brempong	2,161,089	6.66
6.	Pianim Elkin ITF Cornelia	1,896,355	5.85
7.	Atlantic International	1,700,163	5.24
8.	De Anda	1,504,920	4.64
9.	Strategic Initiatives Ltd	1,294,405	3.99
10.	Harex Asset Management	1,241,401	3.83
11.	Hayes	830,155	2.56
12.	Oridun Special Opportunities	577,612	1.78
13.	Pianim	450,009	1.39
14.	Boahen	343,452	1.06
15.	Essiam	340,631	1.05
16.	Resource Africa Ltd	304,068	0.94
17.	Baah	284,141	0.88
18.	Shere-MI	282,668	0.87
19.	W. Ajomale	279,674	0.86
20.	Li-fen	227,200	0.70
	Reported total	28,564,128	88.05
	Not reported	3,875,872	11.95
		32,440,000	100