

**Independent Auditor's report
to the members of
Mega African Capital Limited**

Report on the audited financial statements

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Mega African Capital Limited as at 31 December, 2017, and of its financial performance and the cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the accompanying financial statements of the Mega African Capital Limited for the year ended 31 December, 2017.

The financial statements comprise:

- statement of profit or loss and other comprehensive income for the year then ended;
- statement of financial position as at 31 December, 2017;
- statement of changes in equity for the year ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further, described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company within the meaning International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants. We have fulfilled our other ethical responsibilities with the IESBA Code.

**Independent Auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole.

Valuations of financial instruments

The Company's disclosures about its equity financial instruments are included in note 20 of the financial statements. The Company's investments in equity financial instruments at market value represent 52.10% of the total amount of its investment portfolio. The market values of unlisted equity financial instruments represents 83.49% of the total equity financial instruments. Because the valuation of the Company's unlisted financial instruments (83.49% of the equity instruments) is not based on quoted prices in active markets, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant to our audit. The Company has determined it is necessary to use an entity-developed model to value these instruments, due to their unique structure and terms. We challenged management's rationale for using an entity-developed model, and discussed this with those charged with governance, and we concluded the use of such model was appropriate. Our audit procedures also included, among others, testing management's controls related to the development and calibration of the model and confirming that management had determined it was not necessary to make any adjustments to the output of the model to reflect the assumptions that market place participants would use in similar circumstances.

Other information

The Directors are responsible for the other information. The other information comprises the report of directors and any other information like Corporate Social Responsibility report, Corporate Governance report etc, which are expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

**Independent Auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information published with the financial statements to identify areas of material inconsistency between the unaudited information and the audited financial statements and obvious misstatements of fact to other information.

Inconsistency is when other information contradicts information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statements.

Misstatement of fact is when other information that is unrelated to matters appearing in the audited financial statements is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing audited financial statements.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this regard.

When we read the other information like Managing Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs), and in manner required by the Companies Act, 1963, (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Going concern

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

**Independent Auditor's report
to the members of
Mega African Capital Limited (Continued)**

Report on the audited financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from the fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

**Independent Auditor's report
to the members of
Mega African Capital Limited (Continued)**

Auditor's responsibilities for the audit of the financial statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

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

1. 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;
2. in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
3. the statement of financial position and statement of profit or loss and other comprehensive income of the Company are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel K. D. Abbey (ICAG/P/1167)**.

Signed by:

For and on behalf of:
UHY Voscon (ICAG/F/2018/086)
Chartered Accountants
No. C806/4, Boundary Road, Tudu, Accra
P.O. Box LA 476,
La -Accra

Date:

MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of profit or loss and other comprehensive income		for the year ended 31 December	
	Note	2017	2016
Revenue			
Investment and operating income	3.1	872,582	855,721
Gain/loss on investment at market value	3.2	<u>8,701,176</u>	<u>4,809,386</u>
Total revenue		<u>9,573,758</u>	<u>5,665,107</u>
Expenses			
Administrative, legal and professional fees	4	<u>(1,143,607)</u>	<u>(1,379,149)</u>
Operating profit before finance costs and tax		8,430,151	4,285,958
Finance cost		<u>(7,327,708)</u>	<u>(5,986,622)</u>
Profit before tax		1,102,443	(1,700,664)
Corporate tax credit/expense		-	-
Profit/(loss) for the year		1,102,443	(1,700,664)
Other comprehensive income		-	-
Total comprehensive income		<u>1,102,443</u>	<u>(1,700,664)</u>

Notes 1 to 24 form an integral part of these financial statements.

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of financial position		as at 31 December	
Assets	Note	2017	2016
Non-current assets			
Investment assets			
Financial assets at fair value through profit or loss	6.1	54,329,881	56,015,668
Investment property	6.3	<u>14,591,585</u>	<u>13,834,605</u>
Total investment assets		<u>68,921,466</u>	<u>69,850,273</u>
Property, plant and equipment	7.1	<u>72,443</u>	<u>103,933</u>
Total non-current assets		<u>68,993,909</u>	<u>69,954,206</u>
Current assets			
Financial assets at fair value through profit or loss	6.2	38,022,791	35,518,642
Trade and other accounts receivable	8	547,467	117,411
Cash and cash equivalents	9	<u>1,713,928</u>	<u>229,451</u>
Total current assets		<u>40,284,186</u>	<u>35,865,504</u>
Total assets		<u>109,278,095</u>	<u>105,819,710</u>
Equity and liabilities			
Equity			
Stated capital	13	22,356,482	22,356,483
Retained earnings		<u>32,492,557</u>	<u>31,390,113</u>
Total equity		<u>54,849,039</u>	<u>53,746,596</u>
Current liabilities			
Accounts payable and accruals	10	912,466	3,335,190
Current taxation	11	(41,530)	(41,530)
Contract borrowings	12	<u>53,558,120</u>	<u>48,779,454</u>
Total current liabilities		<u>54,429,056</u>	<u>52,073,114</u>
Total equity & liabilities		<u>109,278,095</u>	<u>105,819,710</u>

Notes 1 to 24 form an integral part of these financial statements.

Name of Director: EUGENE ANISON
 Signature: [Signature]
 Date: 04/04/2018

Name of Director: CHRISTINE DOWUOMA-HA
 Signature: [Signature]
 Date: 04/04/2018

**MEGA AFRICAN CAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017**

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of changes in equity

	Stated capital	Retained earnings	Total equity
For the year end 31 December, 2017			
Balance as at 1 January	22,356,482	31,390,114	53,746,596
Net profit for the year	-	<u>1,102,443</u>	<u>1,102,443</u>
Balance as at 31 December	<u>22,356,482</u>	<u>32,492,557</u>	<u>54,849,039</u>

	Stated capital	Retained earnings	Total equity
For the year ended 31 December, 2016			
Balance as at 1 January	21,156,483	33,673,292	54,829,775
Net profit for the year	-	(1,700,664)	(1,700,664)
Dividend paid	-	(582,515)	(582,515)
Right shares issued during year	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Balance as at 31 December, 2016	<u>22,356,483</u>	<u>31,390,113</u>	<u>53,746,596</u>

Notes 1 to 24 form an integral part of these financial statements

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

Statement of cash flow	for the year ended 31 December		
	Note	2017	2016
Cash flow from operations after changes in working capital	15	(1,713,544)	(8,785,068)
Tax paid		-	-
Cash flow from operating activities		<u>(1,713,544)</u>	<u>(8,785,068)</u>
Cash flow from investing activities:			
Additions to investment property		(5,300)	-
Purchase of financial assets		(2,504,152)	(3,449,684)
Purchase of investment property		(756,980)	-
Sale/ (purchase) of financial assets		<u>1,685,787</u>	<u>506,664</u>
Net cash flow used in investing activities		<u>(1,580,645)</u>	<u>(2,943,020)</u>
Net cash flow from financing activities:			
Capital contributions received from shareholders		-	1,200,000
Dividend paid		-	(582,515)
Contract borrowings		<u>4,778,666</u>	<u>10,894,806</u>
Net cash flow from financing activities		<u>4,778,666</u>	<u>11,512,291</u>
Net increase/ (decrease) in cash and cash equivalents		1,484,477	(215,799)
Cash & cash equivalents at beginning of the year		<u>229,451</u>	<u>445,248</u>
at end of the year		<u>1,713,928</u>	<u>229,451</u>

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