COCOA PROCESSING COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS
30 SEPTEMBER 2017

COCOA PROCESSING COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS

INDEX

COCOA PROCESSING COMPANY LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Nana Agyenim Boateng (*Managing*) Dr (Mrs) RoseEmma Entsua-Mensah Samuel Arkhurst Nana Kojo Toku Dr Yao Asamoa Dr. Stephen Kwabena Opuni Aloko Francis Mahdi Mr. Stephen Yeboah Mr. Bennet Akantoa
REGISTERED OFFICE	Cocoa Processing Company Limited Heavy Industrial Area Private Mail Bag Tema
SOLICITOR/ SECRETARY	Ekow Rhule Cocoa Processing Company Limited Heavy Industrial Area Private Mail Bag Tema
AUDITOR	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra
BANKERS	Barclays Bank (Ghana) Limited Ecobank Ghana Limited GCB Bank Limited Prudential Bank Limited SG-SSB Bank Limited
REGISTRAR	NTHC Limited Martco House P O Box 9563 Airport Accra

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED

The Directors present their report and the financial statements of the Company for the year ended 30 September 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements that give a true and fair view of Cocoa Processing Company Limited, comprising the statement of financial position at 30 September 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). In addition, the Directors are responsible for the preparation of the Report of Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

GOING CONCERN CONSIDERATION AND STATE OF AFFAIRS OF THE COMPANY

The Company reported a loss of US$7.4 million (2016: US$9.1 million) for the year and at 30 September 2017, the Company's total liabilities exceeded its total assets by US$28.4 million (2016: US$21.5 million).

A substantial part of the Company's liabilities are due to the majority shareholder, Ghana Cocoa Board (COCOBOD), and a syndicate of banks. The Company has defaulted in the payment of the interest on COCOBOD loan. In addition, the Company is unable to make adequate payments towards the syndicated bank loan. The Company's inability to comply with the terms of the loan agreements has resulted in renegotiation of the COCOBOD and syndicated loans.

COCOBOD has undertaken to provide the Company with continuous supply of cocoa beans to meet its operational demand and will not call for repayments of amounts due it in a manner that would jeopardise the operations of the Company.

From 2012, the supply of cocoa beans has however significantly reduced. Cocoa beans purchased in 2015 was approximately 5,800 MT compared to budgeted amount of 20,000 MT. As a result, the Company has been producing below capacity and unable to cover its operational costs.

The Company plans to enter into a collateral management agreement with Cocoa Marketing Company (CMC) for the purchase of cocoa beans. Under the arrangement, CMC would issue the Company with a letter of guarantee to supply 23,000MT of cocoa beans yearly (main and light crop with the light crop proportion larger than the main crop).

The Company is soliciting letters of guarantees from certain financial institutions to support its working capital needs and invest in infrastructure and machinery. The Company intends to use part of the funds it will receive to build a 5MW ECT Cocoa shell based steam power co-generation plant and its corresponding accessories. The steam boiler plant shall be designed to use cocoa shells, saw dust, firewood, shell cake, rice husk as fuel and shall have steam generation capacity of 25TPH at 67kg/cm2 pressure and steam temperature of 490 Degree Celsius.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED (CONT'D)

GOING CONCERN CONSIDERATION AND STATE OF AFFAIRS OF THE COMPANY (CONT'D)

The plant will significantly reduce the cost of electricity, diesel and LPG which currently approximates US$450,000 per month.

In addition, the Company plans to purchase additional Chocomaster (moulding plant), three new wrapping machines, drinking chocolate plant and also rehabilitate the milling section accessories and installation. These equipment are intended to increase chocolate production and the project will take a year to complete.

The Company intends to increase its revenue by:

- Introducing hand crafted-chocolates and customised chocolates (own label chocolate bars).
- Introducing Nutty chocolates (non-coated dragees)
- Establishing tolling arrangement with relevant parties.
- Improving visibility to increase local consumption of Goldentree confectionery products.
- Rebranding of Alltime instant drinking chocolate and the introduction of another instant drinking chocolate to be known as Goldentree instant drinking chocolate.

The Company has also constructed six (6) depth bore-holes to reduce the cost of water by about US$168,000 – US$220,000 per annum.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However in the event that the Company does not achieve these conditions, a material uncertainty exist which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

FINANCIAL STATEMENTS AND DIVIDEND

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

The Directors cannot recommend the payment of a dividend whilst there remains a deficit balance on the retained earnings (Income Surplus) account.

NATURE OF BUSINESS

Cocoa Processing Company Limited was incorporated in Ghana on 30 November 1981 as a limited liability Company. The Company is domiciled in Ghana and its shares are publicly traded on the Ghana Stock Exchange (GSE). The principal activities of the Company are the manufacture of high-quality chocolates, confectionery and semi-finished cocoa products such as cocoa butter, cocoa liquor, cocoa cake and cocoa powder from premium cocoa beans grown in Ghana.

The Company has not filed its annual returns with the Registrar General and Ghana Stock Exchange (GSA). The financial statements were also not published as required under GSA rules. The non-submission and publication of the Company's financial statements resulted in a suspension of trading of its shares on the GSA with effect from 29 August 2017.

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED (CONT'D)

HOLDING COMPANY

The Company is 57.73% owned by Ghana Cocoa Board, a Company incorporated in Ghana.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors on 10 December 2018 and were signed on their behalf by:

DIRECTOR

DIRECTOR

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Cocoa Processing Company Limited ("the Company"), which comprise the statement of financial position at 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 46.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion

Note 28 to the financial statements indicates that the Company incurred a loss after taxation of US$7.4 million for the year ended 30 September 2017 (2016: US$9.1 million), at that date its total liabilities exceeded its total assets by US$28.4 million (2016: US$21.5 million). The Company continues to incur losses after year end.

As indicated in note 28, COCOBOD, the majority shareholder has undertaken to supply cocoa beans to the Company on a continued basis to meet its operational demand. However, the cocoa beans supplied has significantly reduced from 25,000 MT to 1,500 MT in 2017. As a result, the Company has been producing below capacity and unable to cover its operational costs. The note further states that the Company intends to enter into a collateral management agreement with COCOBOD and Cocoa Marketing Company (CMC) for the purchase of cocoa beans, however, management has not provided evidence of progress made to secure the agreement with CMC. In addition, the note states that management is soliciting letter of guarantees from certain financial institutions to support its working capital needs and investment in infrastructure and machinery, however, management has not provided us with evidence of the progress of these discussions with the financial institutions or whether the receipt of funding is likely. Furthermore, management has indicated that it plans to increase its revenue streams. With the exception of the tolling arrangement with relevant parties, we have not obtained sufficient appropriate audit evidence with regards to agreements signed or discussions held with prospective suppliers.

Management provided a ten-year cash flow forecast from 2017 financial year with projected profit from 2019 onwards, the cash flow forecast is based on the assumption that COCOBOD and CMC will supply 2,000MT of cocoa beans on a monthly basis. However, actual cocoa beans received by the Company as at July 2018 is approximately 6,200MT compared to the forecast of 24,000 for the year. The Company does not have a formal agreement in place for the constant supply of appropriate quantity of cocoa beans or an agreement with any related or other party committing funding for the foreseeable future. Consequently, we were unable to confirm or dispel whether the use of the going concern assumption in the preparation of the financial statements is appropriate.

The Company has not complied with International Financial Reporting Standard IAS 36, *Impairment of Assets*, which requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. Where any such indication exists, the entity is required to estimate the recoverable amount of the asset.

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

COCOA PROCESSING COMPANY LIMITED (CONT'D)

Basis for Disclaimer of Opinion (cont'd)

As the Company's plant and machinery were idle during most part of the year, the entity should have assessed if these assets were impaired. Note 6 to the financial statements indicates that the necessary information to assess impairment were not readily available. In this circumstance, we were unable to determine whether any material adjustments might have been necessary to plant and machinery, deferred tax liability, net loss and retained earnings.

Our opinion in the prior year was modified in respect of the same matters.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the 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 misstatement, whether due to fraud or error.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Report on Other Legal and Regulatory Requirements

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

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Kwasi Sarpong (ICAG/P/1369).

KPMG

FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

10 December, 2018

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2017

	Note	2017 US$	2016 US$
Assets			
Property, plant and equipment	6	112,017,815	115,260,010
Non-current assets		112,017,815	115,260,010
Inventories	7	5,459,807	5,503,578
Trade and other receivables	8	4,707,088	3,877,384
Cash and cash equivalents	9(a)	1,032,097	1,338,012
Current assets		11,198,992	10,718,974
Total assets		123,216,807	125,978,984
Equity			
Share capital	13(a,b)	26,071,630	26,071,630
Translation reserve	13(c)	(20,070,388)	(20,070,388)
Revaluation reserve	13(d)	44,862,994	46,570,764
Retained earnings	13(e)	(79,272,304)	(74,118,355)
Total equity		(28,408,068)	(21,546,349)
Borrowings	11(b)	48,185,853	48,188,369
Employee benefit obligations	12(b)	1,296,702	1,570,334
Deferred Tax Liability	5(d)	13,739,611	15,176,016
Non-current liabilities		63,222,166	64,934,719
Bank overdraft	9(b)	1,195,863	1,275,707
Trade and other payables	10	73,565,889	69,277,572
Borrowings	11(a)	13,640,957	12,037,335
Current liabilities		88,402,709	82,590,614
Total liabilities		151,624,875	147,525,333
Total equity and liabilities		123,216,807	125,978,984

DIRECTOR **DIRECTOR**

The notes on pages 13 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 US$	2016 US$
Revenue	14	14,782,866	13,361,260
Cost of sales	15	(15,157,927)	(15,075,466)
Gross Loss		(375,061)	(1,714,206)
Other income	16	297,863	531,041
Selling and distribution costs	30	(888,627)	(317,708)
General and administrative expenses	29	(4,126,345)	(5,525,573)
Operating loss		(5,092,170)	(7,026,446)
Finance income	20	32,633	33,029
Finance cost	21	(3,879,677)	(3,941,521)
Loss before tax	17	(8,939,214)	(10,934,938)
Income tax expense	5(a)	1,555,455	1,827,890
Loss		(7,383,759)	(9,107,048)
Other comprehensive income			
Other items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains /(loss)		641,090	(61,407)
Related tax on defined benefit plan		(119,050)	11,985
Other comprehensive income		522,040	(49,422)
Total comprehensive income		(6,861,719)	(9,156,470)
Earnings per share			
Basic earnings per share	22	(0.004)	(0.004)
Diluted earnings per share	22	(0.004)	(0.004)

The notes on pages 13 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share Capital US$	Revaluation Reserve US$	Translation Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 October 2016	26,071,630	46,570,764	(20,070,388)	(74,118,355)	(21,546,349)
Total comprehensive income					
Loss	-	-	-	(7,383,759)	(7,383,759)
Other comprehensive income					
Defined benefit plan actuarial gain net of tax	-	-	-	522,040	522,040
Total comprehensive income	-	-	-	(6,861,719)	(6,861,719)
Transfer within equity					
Revaluation reserve transferred	-	(1,707,770)	-	1,707,770	-
Balance at 30 September 2017	26,071,630	44,862,994	(20,070,388)	(79,272,304)	(28,408,068)

The notes on pages 13 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONT'D)

	Share Capital US$	Revaluation Reserve US$	Translation Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 October 2015	26,071,630	48,354,660	(20,070,388)	(66,745,781)	(12,389,879)
Total comprehensive income					
Loss	-	-	-	(9,107,048)	(9,107,048)
Other comprehensive income					
Defined benefit plan actuarial gain net of tax	-	-	-	(49,422)	(49,422)
Total comprehensive income	-	-	-	(9,156,470)	(9,156,470)
Transfer within equity					
Revaluation reserve transferred	-	(1,783,896)	-	1,783,896	-
Balance at 30 September 2016	26,071,630	46,570,764	(20,070,388)	(74,118,355)	(21,546,349)

The notes on pages 13 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities			
Loss		(7,383,759)	(9,107,048)
Adjustments for:			
Depreciation	6	3,964,763	4,163,758
Loss on disposal of property, plant and equipment	6.1	-	4,805
Finance cost	21	3,879,677	3,941,521
Finance income	20	(32,633)	(33,029)
Employee benefit obligations	12	459,228	453,034
Employee benefit paid	12	(91,770)	(131,142)
Impairment of trade receivables	8	27,331	11,376
Income tax credit/(expense)	5(a)	(1,555,455)	(1,827,890)
Effect of movement in exchange rates on cash held		(27,714)	(7,719)
		(760,332)	(2,532,334)
Changes in:			
Inventories	7	43,771	2,163,954
Trade and other receivables	8	(857,035)	3,495,246
Trade and other payables	10	4,288,317	(244,729)
Net cash from operating activities		2,714,721	2,882,137
Cash flows from investing activities			
Interest received	20	32,633	33,029
Purchase of property, plant and equipment	6	(722,568)	(111,709)
Proceeds from disposal of property, plant and equipment	6.1	-	6,645
Net cash used in investing activities		(689,935)	(72,035)
Cash flows used in financing activities			
Interest paid		(2,264,773)	(2,339,826)
Repayment of borrowings		(13,798)	(573,790)
Net cash used in financing activities		(2,278,571)	(2,913,616)
Net decrease in cash and cash equivalents		(253,785)	(103,514)
Cash and cash equivalent at 1 October		62,305	158,100
Effect of movement in exchange rates on cash held		27,714	7,719
Cash and cash equivalents at 30 September	9	(163,766)	62,305

The notes on pages 13 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. REPORTING ENTITY

Cocoa Processing Company Limited is a Company registered and domiciled in Ghana. The financial statements at and for the year ended 30 September 2017 relates to the individual financial statements of the Company.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 1963 (Act 179).

b. Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Property, plant and equipment, measured at revalued amounts
- Defined benefit obligations measured at the present value of the future benefit to employees.

c. Functional and presentation currency

The financial statements are presented in US Dollar (US$) which is the Company's functional currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest US Dollar.

d. Use of estimates and judgement

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

e. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 September 2017 is included in the following notes:

- Note 6 - Determination of revalued amounts for property, plant and equipment
- Note 12 – Measurement of defined benefit obligations: Key actuarial assumptions

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(i) Measurement of fair values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under operating expenses or other income depending on whether it is a net loss or gain.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(b) Financial instruments

The Company classifies non-derivative financial assets into the loans and other receivables category and classifies non–derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date which is the date the Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(i) Non-derivative financial assets and liabilities – recognition and derecognition (cont'd)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire:

(ii) Non-derivative financial assets – measurement

Loans and receivables comprise cash and bank balances and trade and other receivables.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

(iii) Non-derivative financial liabilities – measurement

Non–derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Short term payables with no stated interest and date are measured at the original invoice amount if the effect of the discount is immaterial.

Other financial liabilities comprise trade and other payables, borrowing and bank overdraft

(iv) Offsetting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by accounting standards, or for gains and losses arising from a company of similar transactions.

(v) Share capital (Stated capital)

Ordinary Shares

Proceeds from issue of ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

(vi) Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

(c) Impairment

(i) Financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company considers evidence of impairment for these assets at both individual and collective level. All individually significant financial assets are assessed for impairment on an individual basis. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test can also be performed on a single asset when the fair value less cost to sell can be reliably determined.

All impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(d) Leases

(i) Determining whether an arrangement contains a lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

(ii) Leased assets

Assets held under other leases are classified under operating leases and are recognised in the Company's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost. They are carried at revalued amounts less subsequent depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss, as incurred.

(iii) Spare parts

Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories. However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

(iv) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(v) Depreciation

Items of property, plant and equipment are depreciated from the date they are installed and ready for use, or in respect of self-constructed assets, from the date assets is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the reducing balance basis over their estimated useful lives. Depreciation is generally recognised in profit or loss unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

• Land, Buildings and Road Works	-	50 years
• Staff Bungalows and Flats	-	50 years
• Plant and Machinery	-	20 years
• Motor Vehicles	-	4 years
• Laboratory Equipment	-	5 years
• Office Furniture and Equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Any gain or loss of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in profit or loss.

(vi) Revaluation gain/loss

Increases in the carrying amount of land and buildings arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to profit or loss.

The surplus on revaluation is transferred to retained earnings on use of the relevant revalued assets.

(f) Inventories

All inventories with the exception of finished goods are initially recognised at the lower of cost and net realisable value. Finished goods are initially recognised at the total cost of raw materials consumed and production overheads. Inventories are measured at the lower of cost or net realisable value.

The cost of inventories is based on the first-in-first-out principle for raw materials and weighted average principle for all other inventories and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Inventories are recognised in profit or loss when goods are sold or there is a write down of inventories.

(g) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in periods during which services are rendered by employees.

(a) Social Security Contribution

Under a national pension scheme, the Company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Company's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

(b) Provident Fund

The Company has a provident fund scheme for staff to which the Company contributes 10% and 8% of the basic salaries of junior and senior staff respectively. Obligations under the plan are limited to the relevant contributions, which are charged to profit or loss as and when they fall due.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities of the Company arising from defined benefit obligations and related current service costs are determined on an actuarial basis using the projected unit of credit method.

The Company uses this method to determine the present value of defined benefit obligations, related current service costs and, where applicable, past service costs. Actuarial gains and losses, which arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what actually occurred, are recognised immediately in other comprehensive income.

The Company determines the net interest expense on the net defined benefits liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of VAT, returns, discounts, and other similar deductions.

No revenue is recognised if recovery of the consideration is not considered probable or the revenue and associated costs cannot be measured reliably.

Revenue - Sale of goods

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement in the goods, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably. Transfer of risks and rewards occur when the goods are delivered to the customer.

(i) Finance income and finance costs

Finance income comprises interest income on funds invested or held in bank accounts. Interest income is recognised in profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(j) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any related Company. All operating segments operating results are reviewed regularly by the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available. Segment results that are reported to the Audit Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(k) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(l) Income tax

(i) Current tax

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

Income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the income tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same entity or different taxable entities where there is an intention to settle on a net basis.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(ii) Deferred tax (cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.

m. New Standards and Interpretations issued and not yet effective

A number of new standards and amendment to standards are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 15	*Revenue from contracts with customers*	1 January 2018
IFRS 9	*Financial Instruments*	1 January 2018
IFRS 16	*Leases*	1 January 2019
IFRIC 22	*Foreign Currency Transactions and Advance Considerations*	1 January 2018
IFRIC 23	*Uncertainty over Income Tax Treatments*	1 January 2019

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services.*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have an impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company has not yet quantified the impact on its reported revenue, deferred revenue, trade and other receivables, and inventories, therefore the impact is not known.

The Company is currently in the process of performing a more detailed assessment of the impact of this standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement*.

This standard may have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application. Early adoption is permitted.

The Company has not yet quantified the impact on its accounting for trade receivables and other receivable that are measured at amortised cost.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 16. The transitional requirements are different for lessees and lessors.

The Company is yet to start an initial assessment of the potential impact on its financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 *The Effects of Changes in Foreign Exchange Rates* is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies for annual reporting periods beginning on or after 1 January 2018.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

IFRIC 23 Uncertainty over Income Tax Treatments (cont'd)

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

4. OPERATING SEGMENT

(a) Segment results, assets and liabilities

Year ended 30 September 2017

	Cocoa Factory US$	Confectionery Factory US$	Total US$
Sales to external customers	9,320,667	5,462,199	14,782,866
Gross (loss)/profit	(334,905)	(40,156)	(375,061)
Other income	223,397	74,466	297,863
Selling and distribution costs	(666,470)	(222,157)	(888,627)
Administrative costs	(3,094,759)	(1,031,586)	(4,126,345)
Operating loss	(3,872,737)	(1,219,433)	(5,092,170)
Finance costs	(2,909,758)	(969,919)	(3,879,677)
Finance income	24,475	8,158	32,633
Depreciation	(2,973,572)	(991,191)	(3,964,763)
Loss before tax	(6,758,020)	(2,181,194)	(8,939,214)
Reportable segment assets	92,412,605	30,804,202	123,216,806
Additions to PPE	626,435	15,576	722,568
Reportable segment liabilities	113,718,656	37,906,219	151,624,875

Year ended 30 September 2016

	Cocoa Factory US$	Confectionery Factory US$	Total US$
Sales to external customers	7,786,247	5,575,013	13,361,260
Gross (loss)/profit	(2,479,232)	765,026	(1,714,206)
Other income	525,012	6,029	531,041
Selling and distribution costs	(278,619)	(39,089)	(317,708)
Administrative costs	(4,445,907)	(1,079,666)	(5,525,573)
Operating loss	(6,678,745)	(347,701)	(7,026,446)
Finance costs	(3,024,996)	(916,525)	(3,941,521)
Finance income	24,772	8,257	33,029
Depreciation	(3,448,490)	(715,268)	(4,163,758)
Loss before tax	(10,159,811)	(1,255,968)	(11,415,779)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(a) **Segment results, assets and liabilities (cont'd)**

	Cocoa Factory US$	Confectionery Factory US$	Total US$
Reportable segment assets	108,280,677	17,698,307	125,978,984
Additions to PPE	96,133	15,576	111,709
Reportable segment liabilities	136,755,984	10,769,349	147,525,333

(b) **Analysis of Revenue by product**

	2017 US$	2016 US$
Cocoa butter	501,127	3,178,978
Cocoa liquor	-	16,216
Cocoa cake	317,727	200,073
Cocoa powder	687,334	1,408,627
Confectionery	5,462,198	5,585,366
Tolling	7,814,580	2,972,000
	14,782,966	13,361,260

(c) **Analysis of Revenue by market segment**

	Export Sales US$	Local Sales US$	Total US$
Year ended 30 September 2017			
Semi-finished products	1,113,677	392,511	1,506,188
Confectionery	578,880	4,883,318	5,462,198
Tolling	7,814,580	-	7,814,580
	9,507,137	5,275,829	14,782,966
Year ended 30 September 2016			
Semi-finished products	3,879,933	923,962	4,803,895
Confectionery	467,221	5,118,144	5,585,365
Tolling	2,972,000	-	2,972,000
	7,319,154	6,042,106	13,361,260

5. TAXATION

(a) **Income tax expense**

	2017 US$	2016 US$
Deferred tax credit	(1,555,455)	(1,827,890)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(b) **Reconciliation of effective tax rate**

	2017 US$	2016 US$
Loss before taxation	(8,939,214)	(10,934,938)
Income tax using the domestic tax rate (25%)	(2,234,804)	(2,733,735)
Non-deductible expenses	183,215	16,371
Tax incentive	496,134	889,474
	(1,555,455)	(1,827,890)
Effective tax rate	(17%)	(17%)

(c) **Current tax**

The Company was registered with the Ghana Free Zones Board on 28 July 2004 and was granted tax exemption for ten (10) years under the Free Zones Act (1995) section 28(1) from that date. The Company's tax exemption expired in June 2014.

No provision has been made for current tax as the Company's operational results adjusted for tax purposes results in a nil chargeable income.

The above tax position is, however, subject to agreement with the tax authorities.

(d) **Deferred tax**

	2017 US$	2016 US$
Balance at 1 October	15,176,016	17,015,891
(Release)/charge for the year	(1,555,455)	(1,827,890)
Deferred tax on actuarial gain in OCI	119,050	(11,985)
Balance at 30 September	13,739,611	15,176,016

(e) **Movement in deferred tax balances**

2017	Net at 1/10 US$	Recognised in profit or loss US$	Recognised in equity US$	Net at 30/9 US$	Deferred tax assets US$	Deferred tax liabilities US$
Property, plant and equipment	19,951,121	(739,671)	-	19,211,450	-	19,211,450
Employee benefits	(306,482)	65,684	-	(240,798)	(240,798)	-
Provision for bad debts	(48,959)	(2,700)	-	(51,659)	(51,659)	-
Tax losses	(4,435,554)	(878,768)	-	(5,314,322)	(5,314,322)	-
Accumulated deferred tax on actuarial gain in equity	15,890	-	119,050	134,940	-	134,940
Net tax liabilities/(assets)	15,176,016	(1,555,455)	119,050	13,739,611	(5,606,779)	19,346,390

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(e) **Movement in deferred tax balances (cont'd)**

2016	Net at 1/10 US$	Recognised in profit or loss US$	Recognised in equity US$	Net at 30/9 US$	Deferred tax assets US$	Deferred tax liabilities US$
Property, plant and equipment	17,236,943	2,714,178	-	19,951,121	-	19,951,121
Employee benefits	(207,138)	(99,344)	-	(306,482)	(306,482)	-
Provision for bad debts	(41,789)	(7,170)	-	(48,959)	(48,959)	-
Tax losses	-	(4,435,554)	-	(4,435,554)	(4,435,554)	
Accumulated deferred tax on actuarial gain in equity	27,875	-	(11,985)	15,890	-	15,890
Net tax liabilities/(assets)	17,015,891	(1,827,890)	(11,985)	15,176,016	(4,790,995)	19,967,011

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. PROPERTY, PLANT & EQUIPMENT

2017	Capital Work-In Progress US$	Land, Buildings & Road Works US$	Staff Bungalow and Flats US$	Plant and Machinery US$	Motor Vehicles US$	Office Furniture & Equipment US$	Laboratory Equipment US$	Total US$
Gross value								
At 1/10/16	163,576	47,268,536	562,150	80,039,178	345,423	253,722	164,899	128,797,484
Additions	608,585	-	-	72,691	-	41,292	-	722,568
Transfer	(193,459)	-	-	193,459	-	-	-	-
At 30/9/17	578,702	47,268,536	562,150	80,305,328	345,423	295,014	164,899	129,520,052
Comprising								
Cost of asset revalued	578,702	5,786,191	78,701	38,886,035	447,672	510,685	78,949	46,366,935
Revaluation surplus	-	41,482,345	483,449	41,419,293	(102,249)	(215,671)	85,950	83,153,117
At 30/9/17	578,702	47,268,536	562,150	80,305,328	345,423	295,014	164,899	129,520,052
Accumulated depreciation								
At 1/10/16	-	1,817,996	33,059	11,298,131	199,698	107,844	80,746	13,537,474
Charge for the year	-	424,760	10,602	3,443,586	36,485	32,456	16,874	3,964,763
Disposals	-	-	-	-	-	-	-	-
At 30/9/17	-	2,242,756	43,661	14,741,717	236,183	140,300	97,620	17,502,237
Carrying amounts								
At 30/9/17	578,702	45,025,780	518,489	65,563,611	109,240	154,714	67,279	112,017,815

Property, plant and equipment were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values at 30 September 2013 and were incorporated into the books of the Company on that date. The Company's property, plant and equipment have been used as security for loans from syndicate of banks led by Barclays Bank of Ghana Limited and overdrafts from Prudential Bank Limited.

There is an indication that the plant and machinery may be impaired as a significant portion of these assets have been idle for a number of years. The necessary information to assess impairment are not readily available to determine impairment amount if any.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. PROPERTY, PLANT & EQUIPMENT (CONT'D)

2016	Capital Work-In Progress US$	Land, Buildings & Road Works US$	Staff Bungalow and Flats US$	Plant and Machinery US$	Motor Vehicles US$	Office Furniture & Equipment US$	Laboratory Equipment US$	Total US$
Gross value								
At 1/10/15	82,333	47,268,536	562,150	80,038,616	369,849	224,374	164,343	128,710,201
Additions	81,243	-	-	562	-	29,348	556	111,709
Disposals	-	-	-	-	(24,426)	-	-	(24,426)
At 30/9/16	163,576	47,268,536	562,150	80,039,178	345,423	253,722	164,899	128,797,484
Comprising								
Cost of asset revalued	163,576	5,786,191	78,701	38,619,885	447,672	469,393	78,949	45,644,367
Revaluation surplus	-	41,482,345	483,449	41,419,293	(102,249)	(215,671)	85,950	83,153,117
At 30/9/16	163,576	47,268,536	562,150	80,039,178	345,423	253,722	164,899	128,797,484
Accumulated depreciation								
At 1/10/15	-	1,390,780	22,261	7,678,569	161,809	73,976	59,297	9,386,692
Charge for the year	-	427,216	10,798	3,619,562	50,865	33,868	21,449	4,163,758
Disposals	-	-	-	-	(12,976)	-	-	(12,976)
At 30/9/16	-	1,817,996	33,059	11,298,131	199,698	107,844	80,746	13,537,474
Carrying amounts								
At 30/9/16	163,576	45,450,540	529,091	68,741,047	145,725	145,878	84,153	115,260,010

Property, plant and equipment were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values at 30 September 2013 and were incorporated into the books of the Company on that date. The Company's property, plant and equipment have been used as security for loans from syndicate of banks led by Barclays Bank of Ghana Limited and overdrafts from Prudential Bank Limited.

6.1 Disposal of property, plant and equipment

	2017 US$	2016 US$
Gross value	-	24,426
Less: Accumulated depreciation	-	12,976
Net carrying value	-	11,450
Sale proceeds	-	(6,645)
Loss on disposal	-	4,805

7. INVENTORIES

	2017	2016
Raw materials	831,727	316,394
Packaging materials	2,183,931	2,308,086
Finished goods	1,267,414	1,646,683
Technical store parts	1,105,653	1,175,728
Fuel and lubricants	71,082	56,687
	5,459,807	5,503,578

The write down of inventories to net realisable value amounted to US$45,500 (2016: US$31,228).

8. TRADE AND OTHER RECEIVABLES

	2017 US$	2016 US$
Trade receivables	1,851,833	1,460,852
Staff debtors	665,343	327,244
Deposits on letter of credits	524,028	484,642
Prepayments	122,085	146,264
Other receivables	197,511	137,809
Fixed deposit investments	1,346,288	1,320,573
	4,707,088	3,877,384

The maximum amount due from staff during the year was US$665,343 (2016: US$573,627).

The fixed deposit, at an interest rate of 2%, has been used as collateral for bank overdraft with Prudential Bank Limited. The Company is restricted from withdrawing from the fixed deposit investments assigned to the bank as security until the overdraft facility is paid off.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. CASH AND CASH EQUIVALENTS

(a)

	2017 US$	2016 US$
Cash at Bank	987,131	1,290,651
Cash in hand	10,147	13,719
91-day treasury bills	34,819	33,642
Cash and cash equivalents in the statement of financial position	1,032,097	1,338,012
Bank overdraft	(1,195,863)	(1,275,707)
Cash and cash equivalents in the statement of cash flows	(163,766)	62,305

(b) **Bank Overdraft**

The Company has an approved overdraft facility of US$1.36 million (2016: US$1.52 million) with Prudential Bank Limited.

	2017 US$	2016 US$
Prudential Bank Limited (GH¢ based facility)	1,195,863	1,275,707

In April 2017, Prudential Bank Limited renewed an overdraft facility of US$1.36 million (GH¢6 million) to supplement the Company's working capital for a period of twelve months. Interest is charged at 30% per annum.

The facility is secured with the Company's fixed deposit with cumulative balances of US$1,346,288 at 30 September 2017 (2016: US$1,320,573).

10. TRADE AND OTHER PAYABLES

	2017 US$	2016 US$
Trade payables	58,028,985	55,877,335
Other payables	15,536,904	13,400,237
	73,565,889	69,277,572

11. BORROWINGS

		2017	2016
(i)	Barclays Bank of Ghana Limited led Syndicate US Dollar Loan	9,310,502	9,310,503
(ii)	Barclays Bank of Ghana Limited led Syndicate US Dollar Loan	10,887,517	10,887,517
(iii)	Ghana Cocoa Board Dollar Loan	41,628,791	40,027,684
		61,826,810	60,225,704

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. BORROWINGS (CONT'D)

		2017 US$	2016 US$
(a)	Short-term portion of borrowings	13,640,957	12,037,335
(b)	Long term borrowings	48,185,853	48,188,369

Included in Cocobod Dollar Loan is accrued interest of US$9,606,644 (2016: US$8,005,537) and also included in the Syndicated loans is accrued interest of nil (2016: US$587).

i. This represents the balance on a twenty-two million Euro (Euro 22 million) loan facility from a syndicate of banks led by Barclays Bank of Ghana Limited for expansion of production capacity from 25,000 metric tonnes to 65,000 metric tonnes. The other participating banks are SG-SSB Bank Limited and Ecobank Ghana Limited. The loan facility is secured with fixed and floating charges over the assets of the Company. The syndicated loan is denominated and repayable in Euros over 5 years in equal quarterly instalments after one year moratorium. Interest on the facility is charged at EURIBOR plus 2.5% per annum. The loan was converted to US dollars based facility during the 2014 financial year of the Company. The loan will mature in March 2020 and the interest rate has been revised to the aggregate of the prevailing 6 month USD Libor rate plus a margin of 9.19%.

ii. This represents the outstanding balance on another loan facility of twenty-two million US Dollars (US$22 million) from the syndicate of banks in (i) above led by Barclays Bank of Ghana Limited for expansion of production capacity. The loan facility is secured by an assignment of export contracts and receivables amounting to a maximum of eighty percent (80%) of all receivables and fixed and floating charges over the assets of the Company stamped to cover the overall exposure as well as debentures over the debt service reserve account of the Company. Although disbursement of the loan started in September 2003, the facility agreement was formally signed on 18 February 2005. The syndicated loan is denominated and repayable in US Dollars over 5 years in equal quarterly instalments after one year moratorium. Interest on the facility is charged at LIBOR plus 3.32% per annum. The maturity date was revised to March 2020 and the interest rate has been revised to the aggregate of the prevailing 6 month USD Libor rate plus a margin of 9.19%.

iii. This represents balances on COCOBOD's current account which has been converted into a medium term loan. The amount of US$32,022,146.42 is to be repaid in ten (10) years from September 2011 with five (5) years moratorium on the principal at an interest rate of 5% per annum during the moratorium period. The principal will be repaid in equal instalments at an interest rate of Libor plus 2. Interest accrued as at 30 September 2017 was US$9,606,644 (2016: US$8,005,537).

12. EMPLOYEE BENEFIT OBLIGATIONS

Defined Benefit Plan

End of Service Benefit

The Company has an end of service benefit scheme for staff which started on 1 January 2006. There is a two year qualifying period. The plan is not funded and individual staff account balances do not bear interest.

The defined benefit plans expose the Company to actuarial risks, such as longevity and interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(a) *Employee benefit obligations recognised in the statement of financial position*

	2017 US$	2016 US$
Pension funds: defined benefit plan	1,296,702	1,570,334

(b) *Movement in net defined benefit liabilities*

	2017	2016
Balance at 1 October	1,570,334	1,187,035
Included in profit or loss		
Current service costs	212,764	266,252
Interest costs	246,464	186,782
	459,228	453,034
Included in OCI		
Actuarial (gain)/loss	(641,090)	61,407
Other		
Benefits paid	(91,770)	(131,142)
Balance at 30 September	1,296,702	1,570,334

(c) *Actuarial assumption*

The following were the principal actuarial assumptions at the reporting date.

	2017 %	2016 %
Discount rate	17.75	24.8
Expected rate of salary increase	10.00	16.1

(d) *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

30 September 2017	Defined benefit obligations	
	Increase US$	Decrease US$
Discount rate (1% movement)	32,160	202,268
Salary inflation (1% movement)	208,516	25,837
30 September 2016		
Discount rate (1% movement)	(89,368)	100,210
Salary inflation (1% movement)	107,174	(96,415)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

13. SHARE CAPITAL (STATED CAPITAL) AND RESERVES

(a) Authorised shares

	2017	2016
Ordinary shares of no par value	20,000,000,000	20,000,000,000
Preference share of no par value	1	1

Issued and fully paid

	Number 'm	Amount US$	Number 'm	Amount US$
Ordinary shares for cash	2,038	26,071,559	2,038	26,071,559

(b) Preference shares

	Number		Number	
	1	71	1	71
		26,071,630		26,071,630

The Government of Ghana holds the special rights redeemable preference share of no par value (the Golden Chocolate Share). The Golden Share is non-voting but the holder is entitled to receive notices of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden share has a preferential right to return of capital, the value of which will be US$71 (Seventy-one US Dollars).

There are no outstanding shares in treasury and there is no unpaid liability on any share. The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

(c) Translation reserve

This represents the cumulative exchange difference resulting from the translation of assets and liabilities into the presentation currency in 2012 when the Company changed its policy to use the US Dollar as its presentation currency.

(d) Revaluation reserve

This represents the unrealised appreciation on the value of property, plant and machinery, following a revaluation exercise carried out at 30 September 2013. The revaluation surplus is recorded in equity as it is a non-distributable reserve. The movement on the revaluation reserve results from transfer made to the retained earnings account in respect of portions of the revalued components of the relevant assets which were used during the year and deemed realised from use.

(e) Retained earnings (Income surplus account)

This represents the residual of cumulative annual profits/losses and realised portions of revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. REVENUE

	2017 US$	2016 US$
Sale of goods		
Gross Local Sales	8,314,702	10,026,826
Less: Duties and Taxes	(3,038,872)	(3,984,719)
	5,275,830	6,042,107
Add: Export Sales	1,692,557	4,347,153
Tolling	7,814,579	2,972,000
	14,782,966	13,361,260

Tolling revenue represents fees charged on cocoa beans processed on behalf of third parties.

15. COST OF SALES

This comprises raw materials, packaging materials and production costs as follows:

	2017 US$	2016 US$
Raw/Packaging materials consumed	4,921,031	7,742,429
Production overheads	10,236,896	7,333,037
	15,157,927	15,075,466

16. OTHER INCOME

Sale of sacks & others	6,288	9,685
Sale of rejected items	98,305	5,719
Provision no longer required	-	136,106
Retail revenue	19,557	8,711
Exchange gain	173,713	370,820
	297,863	531,041

17. LOSS BEFORE TAX

Loss before tax is after charging the following:

	Note		
Depreciation of property, plant and equipment	7	3,964,763	4,163,758
Auditor's remuneration	30	37,000	37,000
Directors' remuneration	20	70,571	90,621
Exchange gain		173,713	370,820

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DIRECTORS' REMUNERATION

	2017 US$	2016 US$
Executive directors' remuneration	-	64,153
Directors' fees and allowances	70,571	26,468
	70,571	90,621

19. PERSONNEL COSTS

	2017 US$	2016 US$
Wages and salaries	2,125,453	1,902,545
Social security costs	195,225	196,248
Provident fund contributions	108,390	112,237
Employee benefit obligation	459,228	453,034
Other costs	1,524,394	1,828,241
	4,412,690	4,492,305

Other costs include canteen, transportation, medical expenses etc.

Employee Categories

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

	2017 Number	2016 Number
Junior Staff	194	192
Senior Staff	63	53
Management Staff	15	15
	272	260

20. FINANCE INCOME

	2017 US$	2016 US$
Financial asset – amortised cost		
Interest received	32,633	33,029

21. FINANCE COSTS

Financial liabilities – Amortised cost		
Interest expense	3,879,677	3,941,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 September 2017 was based on the loss attributable to ordinary shareholders of US$7,383,759 (2016: US$9,107,048) and a weighted average number of ordinary shares outstanding of 2,038,074,176 (2016: 2,038,074,176).

There were no potential dilutive ordinary shares. This is calculated as follows:

Loss attributable to ordinary shareholders (basic and diluted)

	2017 US$	2016 US$
Loss for the year attributable to the owners of the Company	7,383,759	9,107,048

Weighted average number of ordinary shares (basic and diluted)

	2017 Number	2016 Number
Issued ordinary shares at beginning	2,038,074,176	2,038,074,176
Effect of conversion of debt to equity	-	-
Weighted average number of ordinary shares at 30 September	2,038,074,176	2,038,074,176
Basic earnings per share	(0.004)	(0.005)
Diluted earnings per share	(0.004)	(0.005)

23. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

The Company purchases raw cocoa beans from Cocoa Marketing Company Limited, a Subsidiary of Ghana Cocoa Board. Ghana Cocoa Board is the ultimate parent of Cocoa Processing Company Limited. The purchases from Cocoa Marketing Company Limited are on the same terms and conditions as those entered into by other companies.

The value of transactions between the Company and its related entities during the year was as follows:

	2017 US$	2016 US$
Purchases from Cocoa Marketing Company Limited	2,526,862	3,135,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(b) Balances

Balances due to related Company were as follows:

Ghana Cocoa Board

	2017 US$	2016 US$
- Borrowings	32,022,147	32,022,147
- Accrued interest	9,606,644	8,005,537
	41,628,791	40,027,684
- Trade payables	56,199,746	54,139,871
	97,828,537	94,167,555

(c) Transactions with key management personnel

Key management compensation

In addition to their salaries, the Company also contributes to a post-employment defined benefit plan to its executive officers. The plan was started on 1 January 2006 and has a 2 year qualifying period.

In accordance with the terms of the plan, the executive officers retire at age 60 and are entitled to receive a lump sum payment based on the following criteria:

- Exceeding 2 years but not exceeding 5 years' service – 8 months' salary for every 5 years of service
- Exceeding 5 years but not exceeding 10 years' service – 9½ months' salary for every 5 years of service
- Exceeding 10 years but not exceeding 15 years' service – 11 months' salary for every 5 years of service
- Exceeding 15 years – 12½ months' salary for every 5 years of service

Key management personnel compensation comprised of the following.

	2017 US$	2016 US$
Short term employee benefits	82,960	75,277
Other long term benefits	77,637	66,090
	160,597	141,367

Non-executive Directors' compensation comprised the following:

Directors' fees and allowances	70,571	26,468

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL RISK MANAGEMENT

Financial Instrument – Fair Values and Risk Management

(a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value
2017	Loans and Receivables US$	Other Financial Liabilities US$	Total US$	Level 3 US$
Financial assets not measured at fair value				
Trade and other receivables	4,585,003	-	4,585,003	
Cash and cash equivalents	1,032,097	-	1,032,097	
	5,617,100	-	5,617,100	
Financial liabilities not measured at fair value				
Trade and other payables	-	60,287,245	60,287,245	60,287,245
Bank overdraft	-	1,195,863	1,195,863	
Borrowings	-	61,826,810	61,826,810	
	-	123,309,918	123,309,918	
2016				
Financial assets not measured at fair value				
Trade and other receivables	3,254,068	-	3,254,068	
Cash and cash equivalents	1,338,012	-	1,338,012	
	4,592,080	-	4,592,080	
Financial liabilities not measured at fair value				
Trade and other payables	-	56,631,473	56,631,473	56,631,473
Bank overdraft	-	1,275,707	1,275,707	
Borrowings	-	60,225,704	60,225,704	
	-	118,132,884	118,132,884	

(b) **Risk management**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit Committee gains assurances on the effectiveness of internal control and risk management from summary information relating to the management of identified risks; detailed reviews of the effectiveness of management of selected key risks; results of management's self assessment processes over internal control; and independent work carried out by the Audit and Risk function, which provide the audit committee and management with results of procedures carried out on key risks, including extent of compliance with standards set on governance; and assurances over the quality of the Company's internal control.

The Company also has a control, compliance and ethics function in place, which monitors compliance with internal procedures and processes and assesses the effectiveness of internal controls.

The Company's risk management policies are established to identify and analyse risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training, standards and procedures, the Company aims to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivable from customers.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The marketing department has established a credit policy under which new customers are assessed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amounts owed, as well as using landed properties as collateral and bank guarantees.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk for trade and other receivables at the reporting date was:

	2017 US$	2016 US$
Key distributors	1,813,981	1,459,442
Individuals and companies	37,852	137,809
Employees	665,343	327,244
	2,517,176	1,924,495

Impairment losses

The aging of trade receivables at the reporting date was:

2017	Gross Amount US$	Allowance for impairment US$
Not past due (0–30 days)	1,414,077	5,809
Past due but not impaired (30 to 90 days)	425,043	1,746
Past due but not impaired (90-1year)	21,654	1,386
Individually impaired	269,244	269,244
	2,130,018	278,185
2016		
Not past due (0–30 days)	882,579	3,511
Past due but not impaired (30 to 90 days)	558,141	2,021
Past due but not impaired (90-1year)	17,115	103
Individually impaired	253,871	245,219
	1,711,706	250,854

The Company does not hold collateral on these balances.

Impairment movement

	2017 US$	2016 US$
Balance at 1 October	250,854	239,478
Impairment loss recognised	27,331	11,376
	278,185	250,854

Impairment movement (cont'd)

The movement in impairment allowance in respect of trade receivables during the year was as follow:

Impairment losses have been recognised for specific customers whose debts are considered impaired. Based on historical default rates, no additional impairment losses are considered necessary in respect of trade receivables.

No impairment loss was recognised for financial assets other than trade receivables.

Cash and bank balances

The Company held cash and cash equivalent of US$1,021,950 at 30 September 2017 (2016: US$1,324,293) which represents its maximum exposure. The bank balances are held with banks that are regulated by the Central Bank.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Company's approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis. The Company however has a net liability position. Measures have been put in place as disclosed in note 28 to manage this position.

The following are contractual maturities of financial liabilities:

Year ended 30 September 2017

			Contractual cash flows		
	Carrying amount US$	Total US$	6mths or less US$	6-12mths US$	1-5years US$
Non-derivative financial liability					
Trade and other payables	60,287,245	60,287,245	60,287,245	-	-
Bank overdraft	1,195,863	1,195,863	597,931	597,932	-
Cocobod dollar loan	41,628,791	41,628,791	4,803,322	4,803,322	32,022,147
Bank Loans	20,198,019	20,198,019	2,070,840	2,070,841	16,056,338
Balance at 30 September 2017	123,309,918	123,309,918	67,759,338	7,472,095	48,078,485

30 September 2016

	Carrying amount US$	Total US$	6mths or less US$	6-12mths US$	1-5years US$
Non-derivative financial liability					
Trade and other payables	56,631,473	56,631,473	56,631,473	-	-
Bank overdraft	1,275,707	1,275,707	637,853	637,854	-
Cocobod dollar loan	40,027,684	40,027,684	4,002,769	4,002,768	32,022,147
Bank Loans	20,198,020	20,198,020	2,015,899	2,015,899	16,166,222
Balance at 30 September 2016	118,132,884	118,132,884	63,287,994	6,656,521	48,188,369

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Company is exposed to currency risk on sales, purchases and borrowing that are denominated in a currency other than the functional currency of the Company, the US Dollar. The Company has no policy on its exposure to foreign currency risk relating to its financial assets and financial liabilities. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Included in the statement of financial position are the following amounts denominated in currencies other than the functional currency of the Company.

Year ended 30 September 2017

	2017	2016
Assets		
Trade and other receivables		
GH¢	1,374,243	6,830,818
Bank balances		
GH¢	1,078,022	656,306
Euro	16,947	21,388
Liabilities		
Trade and other Payables		
GH¢	(7,847,593)	(18,734,805)
Bank loans and overdraft		
GH¢	(5,259,406)	(5,034,324)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date	
	2017	2016	2017	2016
GH¢	4.2400	3.8387	4.3980	3.9463
Euro	1.1031	0.9024	1.1907	0.8935

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of US$ against all other currencies on the Company's profit or loss. This sensitivity analysis indicates the potential impact in profit or loss based upon the foreign currency exposures recorded at 30 September and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the closing exchange rate and the average exchange rate per currency recognised in the course of the respective financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Sensitivity analysis on currency risks (cont'd)

A strengthening/weakening of the US Dollar by the rates shown in the table, against the following currencies at 30 September would have increased/ (decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 30 September	2017			2016		
In US$	% Change	Profit or loss impact: Strengthening	Profit or loss impact: Weakening	% Change	Profit or loss impact: Strengthening	Profit or loss impact: Weakening
GH¢	±3.74%	1,745,703	(1,745,703)	±2.80%	112,462	(112,462)
Euro	±7.94%	(1,602)	1,602	±3.76%	(935)	935

Interest rate risk

The Company has no policy of apportioning its exposure to interest rates between fixed rate and variable rate. At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was as follows.

	Nominal amount 2017 US$	2016 US$
Fixed rate instruments		
Bank Overdraft	1,195,863	1,275,707
COCOBOD Loan	32,022,147	32,022,147
	33,218,010	33,297,854
Variable rate instruments		
Barclays Bank led Syndicate Dollar Loan	20,198,020	20,198,020

Fair value sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

As of 30 September	2017			2016		
	% Change	Profit and Loss impact: US$'000	Equity US$'000	% Change	Profit and Loss impact: US$'000	Equity US$'000
Syndicated Loans	±2%	±371,479	±371,479	±2%	±410,966	±410,966

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consist of equity. The Board of Directors monitors return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The Board monitors capital using an adjusted net debt to equity ratio, which is the adjusted net debt divided by the adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing loans and borrowings) unaccrued proposed dividends less cash and cash equivalents. Adjusted equity comprise all components of equity less unaccrued proposed dividends.

The adjusted net debt to equity ratio at the end of the reporting period was a follows:

	2017 US$	2016 US$
Total liabilities	151,624,875	147,525,333
Cash and cash equivalents	(1,032,097)	(1,338,012)
Net debt	150,592,778	146,187,321
Total equity	(28,408,068)	(21,546,349)
Net debt to adjusted equity ratio at 30 September	(5.30)	(6.78)

25. CONTINGENT LIABILITIES

There were no contingent liabilities as at the year-end (2016: Nil).

26. CAPITAL COMMITMENTS

There were no capital commitments at year end (2016: Nil).

27. GOING CONCERN CONSIDERATION

The Company reported a loss of US$7.4 million (2016: US$9.1 million) for the year and at 30 September 2017, the Company's total liabilities exceeded its total assets by US$28.4 million (2016: US$21.5 million).

A substantial part of the Company's liabilities are due to the majority shareholder, Ghana Cocoa Board (COCOBOD), and a syndicate of banks. The Company has defaulted in the payment of the interest on COCOBOD loan. In addition, the Company is unable to make adequate payments towards the syndicated bank loan. The Company's inability to comply with the terms of the loan agreements has resulted in renegotiation of the COCOBOD and syndicated loans.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. GOING CONCERN CONSIDERATION (CONT'D)

COCOBOD has undertaken to provide the Company with continuous supply of cocoa beans to meet its operational demand and will not demand for repayments of amounts due it in a manner that would jeopardise the operations of the Company.

The supply of cocoa beans has however reduced significantly from 2012 financial year. Cocoa beans purchased in 2017 was approximately 1,500 MT compared to budgeted amount of 20,000 MT. As a result, the Company has been producing below capacity and not able to cover its operational costs.

The Directors have assessed the situation and have put in place measures to turn around the Company and make it profitable in the near future. These measures include:

i. Cost cutting measures - The company intends to build a 5MW ECT Cocoa shell based steam power co-generation plant and its corresponding accessories. The Steam Boiler Plant shall be designed to use cocoa Shells, Saw dust, Firewood, Shell cake, Rice husk as fuel and shall have steam generation capacity of 25TPH at 67kg/cm2 pressure and steam temperature of 490 Degree Celsius. The plant will significantly reduce the cost of electricity, diesel and LPG which currently approximates US$450,000 (GH¢2m) per month.

   The Company has also constructed six (6) depth bore-holes to reduce the cost on water by about US$168,000 – US$220,000 per annum.

ii. Loans from financial institutions to help with the Company's working capital: The Company is soliciting letters of guarantees from financial institutions to support its working capital needs.

iii Collateral management agreement: There are also plans to enter into a collateral management agreement with Cocoa Marketing Company (CMC) for the purchase of cocoa beans. Under the arrangement, CMC would issue the Company with a letter of guarantee to supply the Company with 23,000MT of cocoa beans (main and light crop for every cocoa season with the light crop proportion larger than the main crop).

iii. Investment in infrastructure and machinery – The Company plans to purchase additional Chocomaster (moulding plant), three new wrapping machines, drinking chocolate plant and also rehabilitate the milling section accessories and installation. These equipment are intended to increase chocolate production and the project will take a year to complete.

iv. Expanding revenue base - The Company intends to expand its revenue earning base and has identified the following areas to achieve that:

   - Introduction of hand crafted-chocolates and customised chocolates (own label chocolate bars).
   - Introduction of Nutty chocolates (non-coated dragees)
   - Tolling arrangement with relevant parties.
   - Improving visibility to increase local consumption of Goldentree confectionery products.
   - Rebranding of Alltime instant drinking chocolate and the introduction of another instant drinking chocolate to be known as Goldentree instant drinking chocolate.

v. Improving effectiveness and efficiency of operations - The Directors have in the short and medium term put in place measures to improve the effectiveness and efficiency of the Company's operations by reviewing and improving the Performance Management System (PMS).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. GOING CONCERN CONSIDERATION (CONT'D)

These matters and other conditions create a material uncertainty on the Company's ability to operate as a going concern in the foreseeable future.

In the absence of any other applicable reporting standard, the financial statements have accordingly been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds arising from the normal course of business will be available to finance future operations of the Company and that the settlement of liabilities will occur in the ordinary course of business.

28. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 US$	2016 US$
Staff cost	2,869,661	3,295,897
Depreciation	43,057	1,181,933
Auditor's remuneration	37,000	37,000
Directors' remuneration	70,571	90,621
Insurance	18,094	8,545
Rent & security	108,810	114,259
Professional/consultancy costs	49,756	8,326
Bank charges	30,366	52,397
AGM expenses	14,236	29,392
Office related expenses	115,396	111,756
Water and electricity	592,547	430,537
Other costs	176,851	164,910
	4,126,345	5,525,573

29. SELLING AND DISTRIBUTION EXPENSES

	2017	2016
Staff cost	236,731	-
Wharfage handling charges	4,103	23,207
Hiring of forklift trucks	6,347	16,739
Depot expenses	51,409	2,396
Bad debt expense	204,331	11,376
Vehicle running costs	89,993	6,792
Trade samples and promotions	220,298	151,998
Advertising expenses	13,969	24,783
Other costs	24,961	10,855
Depreciation vehicles	36,485	50,865
Commissions	-	18,697
	888,627	317,708

Appendix I

SHAREHOLDING DISTRIBUTION AT 30 SEPTEMBER 2017

	No. of Shareholders	No. of Shares	% Holdings
1 – 1,000	28,100	12,876,891	0.55
1,001 – 5,000	18,439	41,159,318	1.76
5,001 – 10,000	1,608	12,401,194	0.54
Over 10,001	909	1,971,636,773	97.15
	49,056	2,038,074,176	100

TWENTY LARGEST SHAREHOLDERS

		No. of Shares	% Holdings
1.	Ghana Cocoa Board	1,176,599,176	57.73
2.	Government of Ghana c/o Ministry of Finance	532,554,110	26.13
3.	Social Security & National Insurance Trust	206,754,000	10.14
4.	Badu Collins K	3,181,000	0.16
5.	SIC Life Company Limited	2,240,000	0.11
6.	Donewell Life Company Limited	1,920,000	0.09
7.	Ghana Reinsurance Company Limited – General Business	1,600,000	0.08
8.	Agricultural Development Bank	1,600,000	0.08
9.	Osei Isaac	1,583,900	0.08
10.	Baah Matthew Mensah	960,000	0.05
11.	Badu Collins Kwabena	876,900	0.04
12.	Otchere-Boateng Lordina Justina	800,000	0.04
13.	Ghana Libyan Arab Holding Company	800,000	0.04
14.	Beaudoin Patrick	800,000	0.04
15.	E.H.Boohene Foundation	800,000	0.04
16.	Tetteh Richard Amarh	552,000	0.03
17.	Adjei Seth Adjete	550,000	0.03
18.	Teachers' Fund	500,000	0.02
19.	Hyde Joel Emmanuel	500,000	0.02
20.	Insurance Compensation Fund	480,000	0.02
		1,935,651,086	94.97
Others		102,423,100	5.03
		2,038,074,186	100.00

DIRECTORS' SHAREHOLDING AT 30 SEPTEMBER 2017

	No. of shares
Emma. Mama Entsua-Mensah	100,000
Aloko Francis Mahdi	70,408