



PRESS RELEASE

PR. No 129/2017

**MEGA AFRICAN CAPITAL LIMITED (MAC)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 2016**

MAC has released its audited Financial Statements for the year ended December 31, 2016 as per the attached.

Issued in Accra, this 12th
day of April, 2017

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, MAC
4. CSD Registrars, (Registrars for MAC shares)
5. Central Securities Depository
6. SEC
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:

**General Manager/Head of Listings, GSE on 0302 669908, 669914,
669935.**

**JEB*

**Report of Directors
to the members of
Mega African Capital Limited**

We are pleased to present the annual report of the Company for the year ended 31 December, 2016.

Nature of business

The nature of business the Company is authorized to carry on is the development, purchase, sale and rental of real estate and investment in equities and fixed income investments and any other financial services.

Financial results of operations

GHC

The Company recorded a net loss after taxation of	(1,701,007)
out of which dividend paid of	(582,515)
to which is added balance on retained earnings brought forward of	<u>33,673,293</u>
leaving a balance on retained earnings carried forward of	<u>31,389,770</u>

Directors

The directors who held office during the year end to the date of this report were

Christine Dowuona-Hammond	Chairman
Kwesi Amonoo-Nelzer	Managing Director
Opoku-Gyamfi Boateng	Non-executive Director (Resigned on 9 th November, 2016)
Eugene Addison	Non-executive Director
Margaret Boateng Sekyere	Non-executive Director
Rosalyn Darkwa	Non-Executive Director

Directors and their interests

The directors named below held the following number of shares in the Company as at 31 December, 2016.

Directors	Number of Shares
Kwesi Amonoo-Nelzer	469,939
Opoku-Gyamfi Boateng	127,447

Report of Directors
to the members of
Mega African Capital Limited(continued)

Auditors

In accordance with section 134(5) of the Companies Act, 1963, Act 179, UHY Voscon will continue in office as auditors of the Company.

By the order of the Board

Name of director: KWESI AMONU-NEJER

Signature: Kwes: Amonu-Nejer

Date: 6th April, 2017

Name of director: CHRISTINE DAWUNA - HAMMOND

Signature: [Signature]

Date: 6th April, 2017

FINAL DRAFT

MEGA AFRICAN CAPITAL LIMITED
Statement of directors' responsibilities

Directors' responsibilities in respect of the financial statements

The Directors are required to ensure that adequate accounting records are maintained so as to disclose at reasonable adequacy, the financial position of the Company. They are also responsible for steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. They must present financial statements for each financial year, which give a true and fair view of the affairs of the Company, and the results for that period. In preparing these financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment.
- state whether or not the Companies Act 1963 (Act 179) and International Financial Reporting Standards ("IFRS") have been adhered to and explain material departures thereto.
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

The financial statements are prepared from the accounting records on the basis of consistent use of appropriate records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Company. The financial statements have been prepared on a going concern basis and there is no reason to believe that the Company will not continue as a going concern in the next financial year. The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them ensure that the financial statements comply with the Companies Act 1963 (Act 179). They are also responsible for safe guarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By the order of the Board

Name of director..... *KWESI AMONDI-NWILU*

Signature..... *Kwesi Amundi-Nwilu*

Date..... *6th April 2017*

Name of director..... *CHRISTINE DOWUOMA-HAMMOND*

Signature..... *[Signature]*

Date..... *6th April, 2017*

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2016

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

Statement of profit or loss and other comprehensive income	for the year ended 31 December		
	Note	2016	2015
Revenue			
Investment and operating income	3.1	885,721	884,314
Gain/loss on investment at market value	3.2	<u>4,809,043</u>	<u>15,000,483</u>
Total revenue		<u>5,664,764</u>	<u>15,884,797</u>
Expenses			
Administrative, legal and professional fees	4	<u>(1,379,149)</u>	<u>(1,897,691)</u>
Operating profit before finance costs and tax		4,285,615	13,987,106
Finance cost		<u>(5,986,622)</u>	<u>(3,588,615)</u>
Profit/(loss) before tax		(1,701,007)	10,398,491
Corporate tax credit/expense		—	—
Profit/(loss) for the year		(1,701,007)	10,398,491
Other comprehensive income		—	—
Total comprehensive income		<u>(1,701,007)</u>	<u>10,398,491</u>

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

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2016

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

Statement of financial position		as at 31 December	
Assets	Note	2016	2015
Non-current assets			
Investment assets			
Financial assets at fair value through profit or loss	6.1	56,015,668	52,932,434
Investment property	6.3	<u>13,834,605</u>	<u>12,516,427</u>
Total investment assets		<u>69,850,273</u>	<u>65,448,861</u>
Property, plant and equipment	7.1	<u>103,934</u>	<u>143,619</u>
Total non-current assets		<u>69,954,206</u>	<u>65,592,480</u>
Current assets			
Financial assets at fair value through profit or loss	6.2	35,518,642	28,214,131
Other accounts receivable	8	117,411	1,962,184
Cash and cash equivalents	9	<u>229,108</u>	<u>445,248</u>
Total current assets		<u>35,865,159</u>	<u>30,621,563</u>
Total assets		<u>105,819,367</u>	<u>96,214,043</u>
Current liabilities			
Accounts payable and accruals	10	3,335,190	3,541,150
Current taxation	11	(41,530)	(41,530)
Contract borrowings	12	<u>48,779,454</u>	<u>37,884,648</u>
Total current liabilities		<u>52,073,114</u>	<u>41,384,268</u>
Equity			
Stated capital	13	22,356,483	21,156,483
Retained earnings		<u>31,389,770</u>	<u>33,673,292</u>
Total equity		<u>53,746,253</u>	<u>54,829,775</u>
Total liabilities & equity		<u>105,819,367</u>	<u>96,214,043</u>

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

Name of director: Kwesi Amponsu-Nweler

Signature: Kwesi Amponsu-Nweler

Date: April 6th, 2017

Name of director: CHRISTINE BOWMAN-HAMMOND

Signature: [Signature]

Date: 6th April, 2017

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2016

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

Statement of changes in equity for the year ended 31 December

For the year end 31 December, 2016	Stated capital	Retained earnings	Total equity
Balance as at 1 January	21,156,483	33,673,293	54,829,775
Net profit for the year		(1,701,007)	(1,701,007)
Shares issued during year	1,200,000		1,200,000
Dividend paid	-	(582,515)	(582,515)
Balance as at 31 December	<u>22,356,483</u>	<u>31,389,770</u>	<u>53,746,253</u>

For the year ended 31 December, 2015	Stated capital	Retained earnings	Total equity
Balance as at 1 January	15,820,923	23,706,875	39,527,798
Net profit for the year		10,398,491	10,398,491
Dividend paid		(432,074)	(432,074)
Right shares issued during year	5,335,560	-	5,335,560
Balance as at 31 December, 2015	<u>21,156,483</u>	<u>33,673,292</u>	<u>54,829,775</u>

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

MEGA AFRICAN CAPITAL LIMITED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER, 2016

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

Statement of cash flow

for the year ended 31 December

	Note	2016	2015
Cash flow from operating activities	15	(8,785,411)	(17,929,063)
Tax paid		-	(9,300)
Cash flow from operating activities		<u>(8,785,411)</u>	<u>(17,938,363)</u>
Cash flow from investing activities:			
Purchase of property, plant and equipment		-	-
Additions to investment property		-	-
Purchase of financial assets		(3,449,684)	(24,841,605)
Sale of financial assets		<u>506,664</u>	<u>14,134,278</u>
Net cash flow used in investing activities		<u>(2,943,020)</u>	<u>(10,707,327)</u>
Net cash flow from financing activities:			
Capital contributions received from shareholders		1,200,000	5,335,560
Dividend paid		(582,515)	(432,074)
Contract borrowings		<u>10,894,806</u>	<u>21,067,124</u>
Net cash flow from financing activities		<u>11,512,291</u>	<u>25,970,610</u>
Net increase/ (decrease) in cash and cash equivalents		(216,140)	(2,675,080)
Cash & cash equivalents at beginning of the year		<u>445,248</u>	<u>3,120,328</u>
at end of the year		<u>229,108</u>	<u>445,248</u>

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

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

Notes

1. Reporting entity

Mega African Capital Limited is an investment company domiciled and incorporated as a Private Limited Liability Company in Ghana on 21 April, 2008. It was converted from a Private Limited Liability Company into a Public Limited Liability Company on 19 October, 2011. Mega African Capital Limited was listed on the Ghana Stock Exchange on 23 April, 2014.

The nature of the business which the company is authorized to carry on is the:

- development, purchase, sale and rental of real estate and investment in equities and fixed income investments and any other financial services.

For reporting purposes and the Companies Act, 1963, Act 179, the balance sheet is represented by the statement of financial position, profit or loss account by part of the statement of profit or loss and other comprehensive income, in these financial statements.

2. Summary of significant accounting policies

The principal accounting policies used by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements of Mega African Capital Limited for the year ended 31 December, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and IFRS, interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies Act, 1963, Act 179. The financial statements are presented in Ghana cedis.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except the revaluation of financial assets, financial liabilities (including financial instruments at fair value through profit or loss), investment property were held at current market value and contract borrowings at amortised cost.

2.3.1 Use of estimates and judgment

In preparing these financial statements in conformity with IFRS, management makes judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies and estimates are recognized retrospectively and prospectively respectively.

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

Notes (continued)

2. Summary of significant accounting policies (continued)

2.3.1 Changes in accounting policies.

There were no changes in the accounting policies of the Company during the year.

2.4 New and amended standards and interpretations

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). IFRS 9 "Financial Instruments" issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

IFRS 14 "Regulatory Deferral Accounts"

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016). IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.