

# SAMBA FOODS LIMITED

LISTING BY INTRODUCTION OF 2.5 MILLION SHARES AND AN OFFER FOR  
SUBSCRIPTION OF 3,475,453 ORDINARY SHARES OF NO PAR VALUE AT  
GH¢0.72 PER SHARE

DATE: 07<sup>th</sup> JANUARY 2015

*PROSPECTUS*

**LISTING BY INTRODUCTION OF 2.5 MILLION SHARES AND AN OFFER FOR SUBSCRIPTION OF  
3,475,453 ORDINARY SHARES OF NO PAR VALUE  
AT GH¢0.72PER SHARE**

**The date of this Prospectus is 7<sup>th</sup> January 2015**



**FINANCIAL ADVISORS**



**SIC BROKERAGE LTD**  
*Your Preferred Stockbroker*  
(Member of the Ghana Stock Exchange)

**SPONSORING BROKERS**



**BENTSI-ENCHILL**  
**LE TSA & ANKOMAH**

**LEGAL ADVISORS**



**BAKER TILLY**  
**ANDAH + ANDAH**

**REPORTING ACCOUNTANTS**

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This Prospectus ("Prospectus" or "Offer Document") has been reviewed and approved by the Securities and Exchange Commission (the "SEC") in accordance with Section 9 of the Securities Industry Act 1993 (P.N.D.C. L 333) as amended and the Securities and Exchange Commission Regulations 2003 (L.I 1728). In its review, the SEC examined the contents of the Prospectus to ensure that adequate disclosures have been made.*

*TO ASCERTAIN THE FINANCIAL SOUNDNESS OR VALUE OF THE SECURITIES ON OFFER, INVESTORS ARE ADVISED TO CONSULT A DEALER, INVESTMENT ADVISER OR OTHER PROFESSIONAL FOR APPROPRIATE ADVICE.*

*Provisional approval has been obtained from the Ghana Stock Exchange ("GSE") for permission to list and trade in the shares of SAMBA Foods Limited ("SAMBA Foods", the "Company" or the "Issuer") on the Ghana Alternative Market of the GSE. Such approval is granted upon the Issuer fulfilling all the listing requirements. The GAX and SEC assumes no responsibility for the correctness of any of the statements made, opinions expressed and reports presented in this Prospectus.*

*The information contained herein known as the ("Prospectus" or "Offer Document") gives details of this Initial Public Offering and a description of SAMBA Foods.*

- *The Directors of SAMBA, whose names appear in this Prospectus, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this Prospectus.*
- *The Directors, to the best of their knowledge believe that the information contained in this Prospectus is factual after making all reasonable and necessary enquiries and that there are no material facts omitted of which would make any statement in the Prospectus misleading.*
- *The profit forecasts in this Prospectus have been stated by the Directors of the Company after due and careful enquiry.*
- *There is no restriction on any director who wants to acquire some of the Company's shares during the offer period.*
- *To the best knowledge and belief of the Lead Manager "**uniSecurities (GH) Limited**", this prospectus constitutes full and true disclosure of all material information.*

*The distribution of this Prospectus and the offering of the shares in certain jurisdictions may be restricted by law. The Company requires persons into whose possession this Prospectus comes to inform them about, and observe, any such restriction. This Prospectus does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.*

*The shares are offered on the basis of the information and representations contained in this Prospectus and other documents referred to herein. Any further information given or representations made by any person other than persons indicated in this offer document may not be relied upon as having been authorized by the Advisors. Neither the delivery of this Prospectus nor the allotment of shares shall under any circumstance create any implication that there has been no change in the affairs of the Company since the date hereof.*

*Before deciding whether to apply for shares, you should consider whether shares are a suitable investment for you. Their value can go down and up as well. Past performance is not necessarily indicative of future performance. If you need advice, you should consult an appropriate professional advisor.*

*The Directors of SAMBA Foods do not have any intention to realize or transfer any part of their interests in the issue within a period of two years of the date of the offer document.*

*This Prospectus includes forward looking statements that reflect Samba Foods' intentions, beliefs or current expectations and projections about Samba Foods' future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which Samba Foods operates. These forward looking statements are based on numerous assumptions regarding Samba Foods' present and future business and the environment in which the Company expects to operate in the future. Forward looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause Samba Foods' actual results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets Samba Foods serves or intends to serve, to differ materially from those expressed in, or suggested by, forward looking statements contained in this Prospectus.*

*The contents of this Prospectus do not constitute and are not to be construed as legal, business or tax advice. Each Qualifying Applicant should consult his/her/its own legal advisor, financial advisor or tax advisor for legal, financial and tax advice.*

*A copy of this Prospectus has been delivered to the Registrar of Companies, Ghana (the "Registrar General"), for filing. The Registrar General has not checked and will not check the accuracy of any statements made and accepts no responsibility therefore for the financial soundness of the Issuer or the value of the securities concerned. This Prospectus provides a description of SAMBA Foods and its business activities. Responsibility for the accuracy of the information in this Prospectus lies with the Directors of SAMBA Foods.*

# CONTENTS

<b>Key Milestones and Expected Time Table</b>	<b>10</b>
<b>Table of Key Definitions</b>	<b>11</b>
<b>Corporate Information</b>	<b>13</b>
<b>Advisors to the offer</b>	<b>14</b>
<b>Legal Advisors Certificate</b>	<b>15</b>
 <u>CHAPTERS</u>	
<b>1. PROSPECTUS SUMMARY</b>	
1.0 Legal Basis for the Share Offer	17
1.1 The Share Offer	17
1.2 Purpose of Public Offering & Use of Proceeds	17
1.3 Comprehensive Indebtedness	18
1.4 Authorized Business	18
1.5 Capital Structure	19
1.6 Details of the Offer	19
1.7 Symbol	19
1.8 Underwriting of Shares	19
1.9 Important Dates and Times	19
1.10 Units of Sale	19
1.11 Terms of Payment	19
1.12 Completing the Application Form	20
1.13 Allotment	20
1.14 Electronic Shares	20
1.15 Oversubscription	20
1.16 Under Subscription	20
1.17 Cost of Offering	20
1.18 Where to Obtain Copies of the Document	20
1.19 Risk Factors	21
1.20 Summary Financial Information	21
1.21 Valuation	22
<b>2. DESCRIPTION OF THE OFFER</b>	
2.0 The Share Offer	25
2.1 Terms of the Offer	25
2.2 Purpose of the Public Offer and Use of Proceeds	25
2.3 Minimum Subscription	26
2.4 Escrow Account	26
2.5 Application	27
2.6 Payment for Shares	27
2.7 Return of Excess Application Money	28
2.8 Over subscription: Allotment & Issue of Additional Shares	28
2.9 Form of Shares	28
2.10 Share Registration	28

2.11	Flotation Expenses	28
2.12	Dealings	29
2.13	Commencement of Trading	29
2.14	Terms of Offer	29
2.15	Rights and Obligations in Relations to the Securities on Offer	30
2.16	Transferability of Shares	30
2.17	Valuation and Analysis	30
2.18	Offer Period/Timetable	31
<b>3.</b>	<b>OVERVIEW OF FOOD PROCESSING INDUSTRY</b>	
3.0	History/Background	33
3.1	Regulatory Environment	33
3.2	Recent Developments	34
3.3	Competition and Market Participants	34
3.4	Performance Trend of Industry	35
3.5	Market Potential and Future Outlook	35
3.6	SAMBA Foods competitive Advantage	35
<b>4.</b>	<b>PROFILE OF SAMBA FOODS</b>	
4.0	Background/History of the company	37
4.1	Company Vision	37
4.2	Company Mission	37
4.3	Business Policy	37
4.4	Authorized Business	38
4.5	Capital Structure	38
4.6	Shareholding structure	39
4.7	Dividend Policy	39
4.8	Operating License	39
4.9	Principal Capital Expenditure	39
4.10	Board of Directors, Senior Management and Other Employees	40
4.11	Organizational Structure	43
4.12	Compensation Scheme	44
4.13	Products and Services	44
4.14	Raw Materials	45
4.15	Production Capacity and Utilization	45
4.16	Customers	46
4.17	Material Contracts	46
4.18	Company's Achievements	47
4.19	Swot Analysis	48
4.20	Future Plans	48
4.21	Disclosures	49

<b>5. FINANCIAL OVERVIEW &amp; FORECAST</b>	
5.0 Reporting Accountant Report on Historical Financial Information	53
5.1 Historical Financial Overview	54
5.2 Historical Financial Data	55
5.3 Financial Ratios	59
5.4 Performance Review	60
5.5 Reporting Accountant Report on Forecast Financial Information	63
5.6 Projections	64
<b>6. VALUATION &amp; ANALYSIS</b>	
6.0 Basis of Share Price Valuation	70
6.1 Valuation Analysis	70
6.2 Pricing	73
<b>7. RISK FACTORS</b>	
7.0 Operational Risk	75
7.1 Liquidity Risk	75
7.2 Exchange Risk	75
7.3 Economic risk	76
7.4 Inflationary Risk	76
7.5 Competition	76
7.6 Seasonality	76
7.7 Operational Risk	77
7.8 Litigation and Other Legal Proceedings	77
7.9 Key Personnel	78
<b>8. ADDITIONAL INFORMATION</b>	
8.0 Listing of Ordinary Shares	80
8.1 Description of SAMBA FOODS	80
8.2 Liability of Shareholders to Further Capital Calls By SAMBA Foods	80
8.3 Convening of Annual General Meeting and Extraordinary General Meetings	80
8.4 Material Contracts	81
8.5 Exchange Controls	81
8.6 Taxation	81
8.7 Dividend Payments	82
8.8 Mandatory Declarations	82
8.9 Documents Available For Inspection	83
8.10 The Ghana Alternative Market	83
<b>9. ESCROW &amp; RECEIVING BANKS/AGENTS</b>	85
<b>10. TERMS &amp; CONDITIONS OF THE OFFER</b>	
10.0 Qualifying Applicants	86
10.1 Terms and Conditions	88
10.2 Payment for SAMBA Shares	89
10.3 Warranties	90

10.4	Supply and Disclosure of Information	90
10.5	Miscellaneous	90
<b>11.</b>	<b>APPLICATION FORM COMPLETION GUIDELINES &amp; RETURNING INSTRUCTIONS</b>	<b>93</b>

## **TABLE OF EXHIBITS**

<b>Table 1:</b>	<b>EXPECTED TIMETABLE</b>	<b>10</b>
<b>Table 2:</b>	<b>PURPOSE AND USE OF PROCEEDS</b>	<b>21</b>
<b>Table 3:</b>	<b>COMPREHENSIVE INDEBTEDNESS</b>	<b>21</b>
<b>Table 4:</b>	<b>CAPITAL STRUCTURE</b>	<b>22</b>
<b>Table 5:</b>	<b>SUMMARY OF FINANCIAL INFORMATION</b>	<b>25</b>
<b>Table 6:</b>	<b>VALUATION VALUES</b>	<b>26</b>
<b>Table 7:</b>	<b>DETAILS OF THE OFFER</b>	<b>28</b>
<b>Table 8:</b>	<b>BREAKDOWN OF MINIMUM SUBSCRIPTION</b>	<b>28</b>
<b>Table 9:</b>	<b>FLOATING EXPENSES</b>	<b>31</b>
<b>Table 10:</b>	<b>SHAREHOLDING STRUCTURE</b>	<b>40</b>
<b>Table 11:</b>	<b>CAPITAL EXPENDITURE</b>	<b>41</b>
<b>Table 12:</b>	<b>BOARD OF DIRECTORS</b>	<b>42</b>
<b>Table 13:</b>	<b>CUSTOMERS</b>	<b>46</b>
<b>Table 14:</b>	<b>ACHIEVEMENTS</b>	<b>48</b>
<b>Table 15:</b>	<b>SUMMARY OF HISTORICAL FINANCIALS</b>	<b>54</b>
<b>Table 16:</b>	<b>HISTORICAL INCOME STATEMENT</b>	<b>55</b>
<b>Table 17:</b>	<b>HISTORICAL BALANCE SHEET</b>	<b>55</b>
<b>Table 18:</b>	<b>PPE SCHEDULE</b>	<b>57</b>
<b>Table 19:</b>	<b>HISTORICAL CASH FLOW STATEMENT</b>	<b>58</b>
<b>Table 20:</b>	<b>FINANCIAL RATIOS</b>	<b>59</b>
<b>Table 21:</b>	<b>FINANCIAL PROJECTIONS – INCOME STATEMENT</b>	<b>65</b>
<b>Table 22:</b>	<b>FINANCIAL PROJECTIONS – BALANCE SHEET</b>	<b>66</b>
<b>Table 23:</b>	<b>FINANCIAL PROJECTIONS – CASH FLOW</b>	<b>67</b>
<b>Table 24:</b>	<b>SUMMARY OF DCF VALUATION</b>	<b>71</b>
<b>Table 25:</b>	<b>MARKET MULTIPLES</b>	<b>72</b>
<b>Figure 1:</b>	<b>ORGANIZATIONAL CHART</b>	<b>44</b>
<b>Figure 2:</b>	<b>SWOT ANALYSIS</b>	<b>49</b>
<b>Form 1:</b>	<b>SAMBA SHARE OFFER APPLICATION FORM (INDIVIDUALS)</b>	<b>95</b>
<b>Form 2:</b>	<b>SAMBA SHARE OFFER APPLICATION FORM (ORGANIZATION)</b>	<b>96</b>
<b>Form 2:</b>	<b>CSD ACCOUNT OPENING FORM</b>	<b>97</b>

**KEY MILESTONES & EXPECTED TIMETABLE**

ACTIVITY	DATE	TIME
Commencement of Offer	23 <sup>rd</sup> February 2015	9:00 am
End of Offer	13 <sup>th</sup> March 2015	5:00 pm
Deadline for Acceptance of Application Forms	13 <sup>th</sup> March 2015	5:00 pm
Allotment Begins	16 <sup>th</sup> March 2015	9:00 am
Allotment Ends	18 <sup>th</sup> March 2015	5:00 pm
Results of the Offer Submitted to SEC	19 <sup>th</sup> March 2015	5:00 pm
Dispatch of letters to successful applicants	20 <sup>th</sup> March 2015	5:00 pm
Deadline for refunds to unsuccessful applicants	23 <sup>rd</sup> March 2015	5:00 pm
Listing of SAMBA Shares and Commencement of Trading	24 <sup>th</sup> March 2015	10:00 am

Table 1

*\*All dates provided are subject to change by the uniSecurities in consultation with the Directors of SAMBA FOODS. Any amendment will be published in two national daily newspapers not later than 72 (seventy-two) hours of receipt of the necessary regulatory approvals.*

## TABLE OF KEY DEFINITIONS

AGM	Annual General Meeting
Applicants	The prospective investors who submit Application Forms for the Share Offer
Application Forms	The application form attached to this prospectus or copies of them.
Companies Act	The Companies Act, 1963 (Act 179)
Company	SAMBA Foods Limited
CPC	Cocoa Processing Company Limited
CSD	Central Securities Depository
Directors/Board/SAMBA Board	Directors of SAMBA Foods
DLOM	Discount for lack of marketability
EPA Act	The Environmental Protection Agency Act 1994 (Act 490)
EPA	Environmental Protection Agency
FDA	Food and Drugs Authority
Financial Advisor	uniSecurities Ghana Limited
GAX	Ghana Alternative Market of the Ghana Stock Exchange
GHS or Ghana Cedi	The lawful currency of the Republic of Ghana
GSA	Ghana Standards Authority
GSE	Ghana Stock Exchange
HACCP	Hazard Analysis Critical Control Point
IPO	Initial Public Offering
Issue/Offer/Share offer	The Offer for subscription of 3,475,453 SAMBA Shares at the offer price of GHS 0.72
Listing Date	24 <sup>th</sup> March, 2015
Listing	Listing of SAMBA FOODS ordinary shares on the GAX
Masco Foods	Masco Foods Limited

Offer Document/Prospectus	This Document dated 7 <sup>th</sup> January 2015
Offer Period	The period between 23 <sup>rd</sup> February 2015 and 13 <sup>th</sup> March, 2015 when applications for SAMBA Shares will be accepted.
Offer Price	GHS0.72
Public Health Act	The Public Health Act 2012 (Act 891)
Qualifying Applicant	Any natural person who is 18 years or over (whether applying on behalf of him/herself or on behalf of a minor), or a corporation, partnership or other unincorporated associations who are resident/incorporated in Ghana or some other state, or country provided that the offer to and acceptance by such an applicant of this Offer is not in contravention of the laws of either that state or country
Refund Period	Within 10 working days of allotment of shares
Registrar	Universal Merchant Bank Limited
Regulations	The Regulations of SAMBA
ROA	Return on Assets
ROE	Return on Equity
SAMBA Management	The management of SAMBA Foods
SAMBA Shares	The ordinary shares of SAMBA to be offered in the IPO
SEC	Securities and Exchange Commission
SME	Small and Medium Scale Enterprise
Sole Shareholder	Madam Leticia Osafo-Addo
Standards Authority Act	Standards Authority Act 1973 (N.R.C.D. 173)
USD (\$)	United States Dollars
YUMS Foods	YUMS is a franchise of KFC in Africa.
YUMS/KFC Food Safety Audit	YUMS Food Safety Audit is a stringent food safety audit conducted by YUM.

<b>DIRECTORS:</b>	<b>Name</b>	<b>Position</b>	<b>Occupation</b>
	Charles Darko	Chairman	Engineer/Entrepreneur
	Leticia Osafo-Addo	Executive Director	Entrepreneur
	Kwame Opoku Osafo-Addo	Director	Lawyer
	Awo Dede Osafo-Addo	Director	Biologist
	Fuseini Issah	Director	Chartered Accountant
	Charles Attuahene	Secretary	Chartered Accountant
<b>PLACE OF BUSINESS:</b>	West Coast Dyeing Industries Compound Heavy Industrial Area, Tema P.O.Box 186, Community 2 Tema Email: <a href="mailto:sambaolec@yahoo.com">sambaolec@yahoo.com</a> Website: <a href="http://www.sambaolec.getafricaonline.com">www.sambaolec.getafricaonline.com</a> Telephone: +233-244-694682 Fax: +233-265-084529		
<b>REGISTRARS:</b>	Universal Merchant Bank Ghana Limited P.O.Box 401, Examination Loop, Ridge Accra Email: <a href="mailto:info@myumbbank.com">info@myumbbank.com</a> Website: <a href="http://www.myumbbank.com">www.myumbbank.com</a> Telephone: +233-302-666331-6		
<b>AUDITORS:</b>	LAKO Consult 32, Samara Machel Road, Asylum Down P.O.Box TN 617 Accra		
<b>COMPANY BANKERS:</b>	Ghana Commercial Bank Limited Tema Heavy Industrial Area P.O.Box 8202, Tema  Zenith Bank Ghana Limited Industrial Area Branch Tema		
<b>COMPANY SECRETARY:</b>	Mr. Charles Atuahene Hse. No. 346 off Sakumo Road Laterbiokorshie, Accra P.O. Box CT 10556 Cantonments Telephone: 0208122389		

**FINANCIAL ADVISORS**

uniSecurities (GH) Limited  
 Plot No. B209, Augustino Neto Road, Airport Residential Area  
 P.O. Box GP 2637  
 Accra, Ghana  
 Tel: 233-302-901238  
 E-mail: [info@unisecuritiesghana.com](mailto:info@unisecuritiesghana.com)  
 Contact Persons: Joshua Adofo Boanya & Tessa Pardi  
[jaboanya@unisecuritiesghana.com](mailto:jaboanya@unisecuritiesghana.com)  
[tpardi@unisecuritiesghana.com](mailto:tpardi@unisecuritiesghana.com)

**SPONSORING BROKER**

SIC Brokerage Limited  
 No. 67 A&B Switchback Road, Cantonments  
 P.O. Box PMB CT314  
 Cantonments, Ghana  
 Tel: 233-302-767051/233-302-767123  
 Fax: 233-302-767021  
 Contact Person: Seth Ofori  
 E-mail: [sgofori@sic-fsl.com](mailto:sgofori@sic-fsl.com)

**LEGAL ADVISORS:**

BENTSI-ENCHILL, LETSA & ANKOMAH  
 First Floor, West Wing, Teachers' Hall Annex  
 4 Barnes Close, Education Loop (off Barnes Road)  
 P. O. Box GP 1632  
 Accra, Ghana  
 Tel: 233-302-220516/0244695425  
 Fax: 233-302-226129  
 Contact Person: Seth Asante, Sandra Baffoe-Bonnie  
 E-mail: [Seth.asante@belonline.org](mailto:Seth.asante@belonline.org), [sandra.baffoe-bonnie@belonline.org](mailto:sandra.baffoe-bonnie@belonline.org)

**REPORTING ACCOUNTANTS:**

Baker Tilly, Andah + Andah  
 C645/3, 4th Crescent  
 Asylum Down, Accra  
 Telephone: +233 - 302-252372 +233 - 246-817128  
 Contact Person: Samuel Abiauw, Michael Mensah  
 E-mail: [samuel.abiauw@bakertillyandahandah.com](mailto:samuel.abiauw@bakertillyandahandah.com), [michael.mensah@bakertillyandahandah.com](mailto:michael.mensah@bakertillyandahandah.com)

**ESCROW ACCOUNT HOLDER**

UniBank Ghana Limited

**RECEIVING BROKERS:**

See Part IX for full details

**RECEIVING BANK:**

UniBank Ghana Limited



**BENTSI-ENCHILL**  
**LETTA & ANKOMAH**

S230

8-Jan-2015



The Director-General  
Securities and Exchange Commission  
No. 30 3<sup>rd</sup> Circular Road, Cantonments  
P.O. Box CT 6181  
Accra

The Managing Director  
The Ghana Stock Exchange  
5<sup>th</sup> Floor, Cedi House  
Accra

Dear Sirs,

**SAMBA FOODS LIMITED: INITIAL PUBLIC OFFER LISTING OF SHARES ON  
THE GHANA ALTERNATIVE MARKET OF THE GHANA STOCK EXCHANGE**

**1 Introduction**

**1.1 Basis of instructions**

We have acted as legal advisors to SAMBA Foods Limited (**SAMBA Foods**) in connection with its proposed initial public offer (**IPO**) to raise up to GHS2.5million and a listing of all the shares of SAMBA Foods on the Ghana Alternative Market of the Ghana Stock Exchange (**GAX**) (the **IPO and GAX Listing**).

**1.2 Documents examined**

For the purpose of giving this opinion we have examined originals or copies certified to our satisfaction of the following documents (the **Documents** and each a **Document**):

- (i) the Regulations of SAMBA Foods dated December 12, 2014 (the **Regulations**);
- (ii) a written resolution of the sole shareholder of SAMBA Foods dated October 28, 2014 approving the IPO and GAX Listing;
- (iii) an extract of the minutes of a meeting of the board of directors of SAMBA Foods held on January 7, 2015 approving the IPO and GAX Listing; and
- (iv) the prospectus to be issued by SAMBA Foods in connection with the **IPO** (the **Prospectus**).

LEX MUNDI

Kojo Bentsi-Enchill  
D. K. D. Letsa  
Ace Anan Ankomah  
Seth Asante  
Rosa Kudoadzi

1st Floor Teachers' Hall Complex  
Education Loop (off Barnes Road)  
Adabraka, Accra  
PO Box GP 1632  
Accra, Ghana

Tel (+233) 030 2221171  
(+233) 030 2224612  
(+233) 030 2227187  
(+233) 030 2229396  
Fax(+233) 030 2226129

Website [www.belonline.org](http://www.belonline.org)  
Email [bel@belonline.org](mailto:bel@belonline.org)  
[belm@africaonline.com.gh](mailto:belm@africaonline.com.gh)

In association with  
Lex Mundi  
Lex Africa  
Udo Udoma & Belo-Osagie

LEXAfrica  
Lawyers for Africa

In addition, we have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us to give this opinion.

### **1.3 Scope and purpose of the opinion**

This opinion is limited to matters of the law of Ghana as in force and applied at the date of this opinion. We have not investigated the laws of any country other than Ghana and we express no opinion on the laws of any other jurisdiction.

This opinion is given on the basis of the assumptions set out in the Schedule.

## **2 Opinion**

We are of the opinion that:

### **2.1 Incorporation**

SAMBA Foods is a public limited liability company duly incorporated under the Companies Act, 1963 (Act 179) as amended.

### **2.2 Authorisation to do business as a food processing company**

SAMBA Foods has complied with all material regulatory requirements necessary or advisable for the conduct of its business.

### **2.3 Corporate Approvals**

SAMBA Foods has obtained all the corporate authorisations necessary or advisable for the IPO and GAX Listing.

### **2.4 Prospectus**

The Prospectus complies with the requirements of the Fifth Schedule of the Securities and Exchange Commission Regulations, 2003 (L.I. 1728) and the Seventh Schedule of the Companies Act 1963, (Act 179) as amended.

### **2.5 Contractual Obligations**

To the best of our knowledge and upon due and careful enquiry, there are no contractual agreements, obligations or undertakings preventing SAMBA Foods from undertaking the IPO and GAX Listing.

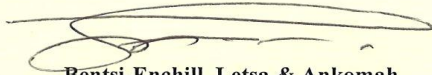
### **2.6 The Regulations**

2.6.1 The Regulations comply with all legal requirements on the contents of the regulations of a public company.

2.6.2 The Regulations comply with the requirements of Part V of the Listing Rules of the GSE.

2.6.3 The proposed GAX Listing does not contravene any provision of the Regulations.

Yours faithfully,



**Bentsi-Enchill, Letsa & Ankomah**

### **Schedule**

#### **Assumptions**

In giving this opinion, we have assumed, and this opinion is given on the basis that:

1. all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;
2. the authorising resolutions of SAMBA Foods were duly passed by the sole shareholder and board of directors SAMBA Foods; and
3. all disclosures made to us by SAMBA Foods and its officers as reflected in the Prospectus are materially correct as at the date of this opinion and no event has occurred which undermines or may undermine the correctness of those disclosures.

We have found nothing to indicate that the above assumptions are not justified.

# PART I

The following summary contains the salient features of the Offer, which are qualified in its entirety by reference to the detailed information and financial statements contained elsewhere in this Prospectus.

## **1.0 Legal Basis for the Share Offer**

The Sole Shareholder and the Directors have considered that it will be beneficial for the business of the Company to undertake an IPO and list the Company's shares on the GAX to enable the Company raise additional capital for the expansion of its business.

By shareholders resolution dated 28<sup>th</sup> October 2014, the Sole Shareholder of SAMBA Foods authorised the directors of the Company to raise up to GHS2,500,000 through an IPO subject to the prior approval of the SEC and apply for a listing of the Company's shares on the GAX after complying with all applicable legal and other requirements.

Subsequent to this, the Directors through a resolution dated 28<sup>th</sup> October, 2014 approved of the IPO and authorized the SAMBA Management to apply for a listing of the Company on the GAX.

## **1.1 The Share Offer**

The Share Offer being made to the general public is an offer for subscription for 3,475,453 ordinary shares of par value at GHS0.72 per share in order to raise an amount of GHS2, 500,000.00. The shares to be issued represent 58.16% of the post floatation issue and will be ordinary shares that will rank equally in all respects to all other ordinary shares of the Company including voting rights and all other rights attached thereto. The Share Offer is being made to the general public and investors outside Ghana, whose laws permit them to invest under the terms of this offer. However, Directors of SAMBA Foods do not intend to participate in the issue.

## **1.2 Purpose of the Public Offering and Use of Proceeds:**

The SAMBA Management has recognized the need to modernize and expand its operations in order to position itself in the Ghanaian condiments and seasoning market, in this light, SAMBA Foods is making this Share Offer to fund this modernization and expansion program. Proceeds from the share offer will be used for planned upgrade of processing plant facilities and paying-off of existing indebtedness.

ITEMS	ESTIMATED COST (GHS)
<b>Purchase of Equipment:</b>	
- Groundnut Processing Plant	600,000.00
- Six Lane Sachet filling Machine	170,000.00
- Cooking Kettles	106,650.00
- Commercial Dehydrator	200,000.00
- Clearing and Installation	41,000.00
<b>Expansion of existing infrastructure</b>	325,000.00
<b>Working capital</b>	435,300.00
<b>Pay off existing loan facility</b>	
-ADB Bank	150,000.00
-Stanbic Bank	194,203.00
-Bedrock Venture Capital Fund	177,847.00
<b>Flotation Expenses</b>	
-Brokerage Fees	25,000.00
-GAX pre-listing facility	75,000.00
<b>Total</b>	<b>2,500,000.00</b>

Table 2

### 1.3 Comprehensive Indebtedness

A total indebtedness amounting to GHS 522,050 is owed to the following institutions ADB Bank, Stanbic Bank, and Bedrock Venture Capital Finance Company Limited.

Type of Debt	Amount GHS
ADB Bank Loan	150,000.00
Stanbic Bank Loan	194,203.00
Bedrock Venture Capital Finance Company Limited	177,847.00
<b>Total</b>	<b>522,050.00</b>

Table 3

### 1.4 Authorized Business

The Company is authorized under its Regulations to undertake the following:

- (a) Food Processing;
- (b) Production of spices;
- (c) Import and Export Services; and
- (d) Export of Processed Foods.

## 1.5 Capital Structure

ITEM	SHARES
Authorised Shares	1,000,000,000
Issued Shares	2,500,000
<b>*SHAREHOLDERS' FUNDS STATEMENT</b>	
	<b>31/12/2014 (GHS)</b>
STATED CAPITAL	250,000.00
TOTAL SHAREHOLDERS' FUNDS	2,155,818.00

Table 4  
\*unaudited

### 1.7 Details of the Offer

- |     |                               |                   |
|-----|-------------------------------|-------------------|
| (a) | Offer Price per Share         | - GHS 0.72        |
| (b) | Ordinary shares to be offered | - 3,475,453       |
| (c) | Total proceeds expected       | - GHS2,502,326.16 |

### 1.8 Symbol

The Company has chosen **SAMBA** as its symbol. It is this symbol that will be used in the quoting of its securities on the GAX.

### 1.9 Underwriting of Shares

UniSecurities Ghana Limited and SIC-Brokerage Limited have both committed to underwriting a combined 50% minimum of the amount to be raised under the Share Offer. As agreed with Management of SAMBA, the underwriters of the offer shall underwrite at a discount of 5% of the offer price.

### 1.10 Important Dates and Times

- |     |   |
|-----|---|
| (a) | Offer opens at 9:00 am on 23 <sup>rd</sup> February 2015. |
| (b) | Offer closes at 5:00 pm on 13 <sup>th</sup> March 2015.   |

### 1.11 Units of Sale

Minimum of 500 ordinary shares and multiples of 100 thereafter.

### 1.12 Terms of Payment

Payment for the shares must be in full on application and should be presented to receiving brokers; payment by instalment will not be accepted. Receiving brokers' reserves the right to reject multiple applications, applications not paid for in full or paid for by instalments.

### **1.13 Completing the Application Form**

Applications must be made on the accompanying Application Form and must be for a minimum of 500 shares and thereafter in multiples of 100. The completed Application Form together with the amount payable on application (GHS0.72per share) must be lodged during normal business hours while the Offer is open, at the offices of the Financial Advisors, Sponsoring Broker of any of the receiving agents indicated. No application will be accepted for consideration by the Directors or treated as binding until after the closing of the Offer on 13<sup>th</sup> March2015.

### **1.14 Allotment**

If the total number of new SAMBA Shares applied for under the Offer exceeds 3,475,453, the allotment of shares shall be done in consultation with Directors of the Company on a pro-rata basis subject to its Regulations and all applicable laws depending on the extent of the oversubscription.

### **1.15 Electronic Shares**

The SAMBA Shares when issued will be held in dematerialised form and credited to respective depository accounts of new shareholders in the CSD. CSD accounts will be opened for those who do not already have accounts and allotted shares will be credited accordingly. In compliance with the requirements of the GSE, share certificates will not be issued for the SAMBA Shares.

### **1.16 Oversubscription**

Should SAMBA receive applications for its shares in excess of the 3,475,453new SAMBA Shares being issued under the Offer, SAMBA will not issue additional shares.

### **1.17 Under subscription**

The minimum amount to be raised for the Offer to be declared successful is GHS1,250,000.00.In the event the Offer is under subscribed but the minimum amount is achieved, the offer will be deemed successful and shares will be allotted to respective shareholders.

### **1.18 Cost of Offering**

Total expenses for the flotation are estimated to be 4.60%of the total proceeds of the Offer (Which includes advisors fee and brokerage fee).

### **1.19 Where to Obtain Copies of the Document**

The application for the SAMBA Shares will open at 9.00 am on 23<sup>rd</sup> February 2015 and will close at 5.00 p.m. 13<sup>th</sup> March 2015.

Copies of the Prospectus together with Application Forms are being provided and may be obtained from the offices of the uniSecurities GH Limited, SIC Brokerage Limited any other receiving agents or brokers.

### **1.20 Risk Factors**

An investment in the securities of the Company entails certain risks. In considering a purchase of the SAMBA Shares, prospective investors should consider carefully the following:

- (a) Prices of raw materials ;
- (b) Foreign exchange risks;
- (c) Changes in food safety requirements of statutory and regulatory bodies such as FDA and GSA;
- (d) Food Safety Audits
- (e) Substantial competition from other food processing companies
- (f) The nature of the SME Industry;
- (g) Economic risks;
- (h) Market risks; and
- (i) Pending litigations.

Details of the risk factors are set out in Chapter 7 of this Prospectus.

Prospective investors should assess risks pertaining to the future profitability as well as substantial competition and foreign exchange transactions among others. The Board of Directors and Management of SAMBA Foods have however began implementing management and financial controls and strategies through the appointment of requisite and qualified staff, clear management and reporting structures, implementation of accounting systems etc... to mitigate these risks.

## 1.21 Summary Financial Information

### Income Statement For The Period To

	31-Dec-'12 GHS	31-Dec-'13 GHS	*31-Dec-'14 GHS
Revenue	335,869	261,953	398,486
Cost of Sales	(238,992)	(229,768)	(306,763)
Gross Profit	96,877	32,185	91,723
Operating Profit	96,877	32,185	91,723
Administrative Expenses	(62,817)	(54,115)	(103,474)
Net Profit/(Loss) before Finance Cost and Tax	34,060	(21,930)	-11,751
Financial Cost	(13,780)	(76,609)	(59,490)
Taxation	-	-	-
<b>Net Profit/(Loss) after Tax</b>	<b><u>20,280</u></b>	<b><u>(98,539)</u></b>	<b><u>(71,241)</u></b>

### Balance Sheet As At

#### ASSETS

#### **Non-Current Assets**

Property, Plant & Equipment	689,678	738,394	2,628,578
-----------------------------	---------	---------	-----------

#### **Current Assets**

Stocks	136,774	168,400	147,138
Receivables	26,786	18,100	45,934
Cash & Bank Balances	920	1,983	4,757
Taxation	-	11,753	15,678
	164,480	200,236	213,507

<b>Total Assets</b>	<b>854,158</b>	<b>938,630</b>	<b>2,842,085</b>
---------------------	----------------	----------------	------------------

#### LIABILITIES & SHAREHOLDER'S EQUITY

#### **Current Liabilities**

Creditors	-	21,165	48,396
Bank Overdraft	42,368	180,000	-
Other Account Payable	702	42,114	3,000
Taxation	3,298	-	-
Due To Directors	30,059	-	-
	<b>76,427</b>	<b>243,279</b>	<b>51,396</b>

#### **Long Term Liabilities**

Term Loan	211,576	348,503	626,871
-----------	---------	---------	---------

#### **Shareholders' Equity**

Capital Surplus	20,000	20,000	250,000
Capital Account	572,348	572,348	2,222,559
Income Surplus	(26,193)	(245,500)	(316,741)
Shareholder's Equity	566,155	346,848	2,155,818
Directors' Advances	-	-	8,000

<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b><u>854,158</u></b>	<b><u>938,630</u></b>	<b><u>2,842,085</u></b>
--	-----------------------	-----------------------	-------------------------

Table 5

\*unaudited

## 1.22 Valuation

In order to arrive at a fair value for SAMBA Foods, four different valuation methodologies, considered as the most appropriate for the Company, were applied to the data provided by SAMBA Foods' management after carrying out a careful review of the Company's operations. The methodologies were:

1. Discounted Cash flow analysis (DCF)
2. Maintainable Earnings Basis (P/E)
3. Price to Book Value Basis (P/BV)
4. Net Asset Basis – Book Value (NAV)

After careful consideration, weightings that reflect the Company's conditions were applied to the respective values generated. The resulting valuation is:

Methodology	Valuation(GHS)	Weightings	Weighted Value
Discounted Cash Flow (DCF)	1,737,871.61	50%	868,935.81
Price-to-Earnings (P/E)	1,717,295.44	20%	343,459.09
Price-to-Book (P/BV)	2,331,016.59	20%	466,203.32
Net Asset Value	1,197,284.06	10%	119,728.41
<b>Total</b>		<b>100.00%</b>	<b>1,798,326.62</b>

Table 6

## PART II

## 2.0 The Share Offer

This Share Offer is being made to the general public in Ghana and to investors whose laws permit them to invest under the terms of the Share Offer. SAMBA Foods is offering 3,475,453.20 ordinary shares of no par value at GHS0.72 per share to the public to raise an amount of GHS2,500,000.00. The shares on Offer represent approximately 58.16% of post flotation issued shares.

Details of Offer	
Offer Price	GHS0.72
Total Number of Shares on Offer	3,475,453
Post flotation of Proportion of issued shares	58.16%

Table 7

## 2.1 Terms of the Offer

The SAMBA Shares are subject to the terms of this Share Offer, the Application Form and the Regulations. The SAMBA Shares will rank equally in all respects with all other issued ordinary shares of the Company, including voting rights (where holders of shares are entitled to one vote per share) and all other rights attached thereto. Purchase of the SAMBA Shares offered herein and subsequent transfers thereof shall only be made subject to the applicable laws.

## 2.2 Minimum Subscription

The Company has set a minimum figure of GHS1,250,000.00 which should be realized from this Offer, as the financial advisors (uniSecurities GH Limited) and sponsoring broker (SIC Brokerage Limited) will both underwrite a combined minimum of 50% of the total SAMBA Shares under the Offer. In the event that the Company is only able to raise the minimum amount under the offer, then the Company shall utilise the amount raised as follows:

Expense Item	Amount GHS
Pay off existing loan facility	534,550.00
Working Capital	300,000.00
Six Lane Filling Machine	155,000.00
Expansion Works	157,950.00
Flotation Cost	102,500.00
<b>Total</b>	<b><u>1,250,000.00</u></b>

Table 8

### **2.3 Escrow Account**

All application monies collected will be deposited into an Escrow Account No.#**0210150389617** at the Accra Main Branch of uniBank Ghana Limited. A copy of the Escrow Agreement has been lodged with the SEC and is available for inspection at the office of the Sponsoring Broker.

### **2.4 Application**

Each application must be for a minimum of 500 ordinary shares at GHS 0.72 per share, and in multiples of 100 shares thereafter. The latest time for receipt of application forms is 5:00 pm on 13<sup>th</sup> March 2015.

If your application is successful, in whole or in part, the number of shares allotted shall be kept electronically in the CSD and the applicant notified. If there is excess demand under this Offer, you may receive fewer shares than you might have expected to receive on the basis of the maximum amount you had expressed a willingness to invest in the Share Offer.

If your application is not accepted or is accepted in part, or if the amount of the application divided by the Offer Price does not equal a whole number of shares, a refund for the appropriate amount, without interest, will be returned by registered mail to you within ten (10) days of allotment of shares. SAMBA will announce such refunds through a national daily newspaper with wide circulation within 72 hours of the making of such refunds.

The right is reserved to present for payment all cheques, bankers drafts, and money/postal orders on receipt. It is a condition of the Offer that all cheques or other remittances must be honoured on first presentation. No interest will be paid to applicants on any moneys held on behalf of applicants or on behalf of the Company

Applications must be made on the accompanying Application Form. The completed Application Form together with the amount payable on application (GHS0.72 per share) must be lodged during normal business hours of the lead manager or sponsoring broker. No application will be accepted or treated as binding after expiration of the offer period.

## **2.5 Payment for Shares**

The Share Offer can be paid for in Ghana cedi in cash, cheques, banker's drafts and money orders. Cheques, banker's drafts and money orders, which will be presented for payment, should be presented to the Receiving Brokers where the Application Form is to be lodged and should be crossed **SAMBA FOODS SHARE OFFER** and endorsed **COMMISSION TO DRAWER'S ACCOUNT**. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications, in respect of which cheques are returned unpaid, for any reason whatsoever, will be rejected.

The right is reserved to present for payment all cheques, banker's drafts and money/postal orders on receipt. It is a condition of the Offer that all cheques or other remittances must be honoured on first presentation. No interest will be paid to applicants on any moneys held on behalf of applicants or on behalf of the Company.

## **2.6 Return of Excess Application Money**

If any application is not accepted or is accepted in part, or if the amount of the application divided by the Offer Price does not equal a whole number of shares, a refund for the balance of the amount paid on application will be returned without interest to receiving agents and brokers for collection within ten (10) working days from the Date of Refund. These monies will be paid out of the escrow account set up to receive the proceeds from this Offer. In this case monies are deemed to have been returned when notices have been given for subscribers to collect their monies. An announcement will be made through a newspaper of wide circulation within 72 hours of the making of such refunds. Any refund not made by the said date shall attract interest (calculated on a per annum basis) at the Bank of Ghana Prime Rate from the day that follows the Refund Date till the date monies are returned to receiving agents.

## **2.7 Over Subscription: Allotment & Issue of Additional Shares**

The allotment of shares will be to ensure widespread ownership and equitable distribution; this will however be at the sole discretion of the directors of SAMBA Foods subject to the Regulations and all applicable laws. SAMBA will however not issue additional shares should the amount of applications received under the offer be in excess of the 3,475,453 shares intended for the offer.

## **2.8 Form of Shares**

The SAMBA Shares will be held in dematerialised form and credited to respective CSD accounts of shareholders. CSD accounts will be prepared for those who do not already have accounts and allotted shares will be credited accordingly. In compliance with the requirements of the GSE, share certificates will not be issued for the SAMBA Shares.

## 2.9 Registration

The Register of the members of the Company will be maintained by Universal Merchant Bank Ghana Limited, which has been appointed as the Registrars of the Company. Shares allotted pursuant to the Offer will be registered in the register along with the shares already issued.

## 2.10 Flotation Expenses

The total cost of expenses for the Share Offer is estimated to be **4.60%** of the total proceeds of the Offer.

The following are the summarized details of the flotation expenses:

Flotation Expenses	GHS	% of Offer
Legal Advisory fees	20,000.00	0.80%
Reporting Accountants Fees	20,000.00	0.80%
Financial Advisory Fees	35,000.00	1.40%
Brokerage Fees (1.00% of amount to be raised) *	25,000.00	1.00%
Media & Printing	15,000.00	0.6%
<b>TOTAL ESTIMATED FEES</b>	<b><u>115,000.00</u></b>	<b><u>4.60%</u></b>

Table 9

\* Constitutes commissions paid to receiving agents and brokers.

## 2.11 Dealings

All shares of the Company will be listed on GAX therefore secondary trading in the shares will be undertaken on the GAX. It is expected that dealings in the Company's shares will commence on an unconditional basis on the GAX and can only take place through a Licensed Dealing Member of the Exchange. The shares will be traded on the GAX in Ghana Cedi and dealings are expected to take place in lots of 100 shares through the Licensed Dealers.

## 2.12 Commencement of Trading

The Company has chosen **SAMBA** as its symbol. It is this symbol that will be used in the quoting of its securities on the GAX of the GSE. Trading of SAMBA shares is expected to commence on 24<sup>th</sup> March 2015.

## 2.13 Terms of the Offer

The SAMBA Shares hereby offered are subject to the terms of this Offer, the application form and the Regulations. The said shares shall be ordinary shares and will rank equally in all respects with all other issued ordinary shares of the Company. The purchase of shares offered herein and their subsequent transfers thereof shall only be made subject to applicable laws.

## **2.14 Rights and Obligations In Relation To the SAMBA Shares**

The following are some of the rights and obligations in relation to the securities being offered to the public under this Offer.

### **a) Voting Rights**

Subject to any rights or restrictions for the time being attached to any class of preference shares, each member and each proxy lawfully present at a meeting of member of the Company shall have one vote on show of hands and on a poll each member present or by proxy shall have one vote for each share held.

### **b) Right to share in SAMBA Foods' Profits**

Other than entitlement to dividends declared, there are no rights to share in the profits of SAMBA Foods.

### **c) Rights to share in any Surplus in the Event of Liquidation**

In the event of the winding up of SAMBA Foods, the liquidator shall be required to make all statutory payments and pay off all creditors of the Company; any outstanding assets of the Company after the relevant dispositions have been made shall be divided among the members in proportion to their interests in the Company

### **d) Appointment and Removal of Directors**

The holding of any number of shares does not automatically entitle a shareholder to be appointed as a director to the Board of SAMBA Foods. All directors shall be appointed and removed by ordinary resolution of shareholders in a general meeting.

## **2.15 Transferability of Shares**

As a public company, the shares of SAMBA Foods are fully transferable. No shares are agreed or proposed to be issued for any consideration other than cash under this offer.

## **2.16 Valuation and Analysis**

The Share Price has been derived from a valuation of the Company which has been carried out to determine the fair value of SAMBA Foods. The valuation of the Company was determined using various valuation techniques namely, Discounted Cash Flow Valuation, Market Comparables and Adjusted Assets Based Valuation while taking into account the current macroeconomic and investment environment, information obtained from its financial statements and projections as well as all the Company's relevant assets (both tangible and intangible). Based on the values obtained from these valuation techniques, uniSecurities arrived at a range of values from GHS1.197 million to GHS2.331 million. Thus upon approval by the Directors of SAMBA Foods a share price of **GHS0.72** has been recommended.

The share price of **GHS 0.72** and the valuation of **GHS 1.798 million** is relatively reasonable based on the combination of valuation techniques used.

## PART III

### 3.0 Background

The global food processing industry is a very broad and heterogeneous industry that spans a large spectrum of food products ranging from confectionaries, dairy products, meat products, drinks, spices etc. and can be further segmented into a broad number of sub-categories. The world market for condiments which include sauces and seasonings is predicted to reach \$72 billion by 2015, according to **Global Industry Analysis Inc.** Ghana is predicted to have GHS1 billion condiments and seasoning market with an annual growth rate of 20%. This sector includes production and trade in soya sauce, tomato ketchup, mustard, hot pepper sauce, spices, salts etc. The industry comprises two product segments; the condiments segment consisting of,

- Wet condiments (Ketchup, mustard, Jollof sauce, Hot pepper sauce);
- Dry Condiments (Seasoning spices, salt, shrimp powder, pepper powder, egushie powder).

And the Dressings segment (mayonnaise, Groundnut paste, salad dressings etc.)

In Ghana, the supply of condiments and dressings is dominated by the large importers and the local subsidiaries of multinationals such as Nestle and Unilever. Nevertheless, in the midst of such corporate giants SAMBA Foods has been able to survive and continue to grow as one of the very few locally owned food processing entities involved in the production of condiments and food seasonings in Ghana. It is very challenging for companies like SAMBA Foods to compete against the multinational food giants and their subsidiaries without the adequate infrastructure, financing and the human capital.

### 3.1 Regulatory Environment

The food processing industry is regulated by various governmental bodies or agencies such as the FDA, the GSA and the EPA. The functions and duties of the various regulators are set out below:

#### *The Food and Drugs Authority*

The FDA regulates the manufacture, importation, exportation and distribution of food, drugs, cosmetics, medical devices and household chemicals in the country. The FDA prepares guidelines and provides players and stakeholders in the food and drug industry with the FDA's requirements. In addition, the FDA provides a comprehensive procedure for players and stakeholders to bring their activities into compliance with the law. The FDA derives its legal mandate from the Food and Drugs Act 1996, (Act 523).

### *The Ghana Standards Authority*

The GSA is a government agency responsible for the maintenance of acceptable standards for products, services and sound management practices in industries and public institutions in Ghana. The GSA derives its legal mandate from the Ghana Standards Authority Act, to undertake the following activities which directly affect the operations of the food processing industry.

1. Inspection Activities
2. Product certification
3. Promoting Quality Management Systems in Industry(Quality Assurance)

SAMBA Foods is not currently authorised to use the Ghana Standard Certification Mark on its products and it does not use the Ghana Standard Certification Mark on its products.

### *The Environmental Protection Agency*

The EPA is the statutory body for protecting and improving the environment in Ghana. EPA has oversight responsibility on the environmental impact of manufacturing and/or operational activities of manufacturing companies. The EPA derives its legal mandate from the EPA Act.

## **3.2 Recent Developments**

The recent sporadic power outages and rationing coupled with increased utility tariffs has had adverse effects on the manufacturing industry on a whole and SAMBA Foods in particular.

Introduction of the National Stabilization Levy, the increase in VAT and the depreciation of the local currency relative to the dollar has compounded the problems facing the industry as access to cheap capital remains elusive to businesses and prices of raw materials and inputs continue to soar.

## **3.3 Competition and Market Participants**

The processed foods industry is very competitive with numerous participants (both local and foreign) including huge multinationals such as Unilever and Nestle dominating the market mainly with products of foreign origin. Also, various businesses have sprung up in recent times to engage in the importation of various already produced and packaged foods including spices, seasonings and condiments. This has led the indigenous companies to restructure their programs and also to implement new business modules with lower cost inputs and aggressive marketing and distribution strategies to stay competitive.

### **3.4 Performance Trend of Industry**

Ghana is predicted to have a GHS1billion condiments and seasoning market with an annual growth rate of 20% which will be mainly driven by its burgeoning population consisting of an emerging middle class with significant spending power as well as its growing community of expatriate workers mainly as a result of the nascent oil industry. This has led to a rising number of eateries, restaurants, cafes and grocery stores. The economy has expanded 7.9% in the last year along with increased consumer spending.

### **3.5 Market Potential Future Outlook**

Ghana's increasing population and resultant growing middle income class as well as expatriate community due to the growing oil industry and related businesses is likely to increase consumption; thus raise the taste preferences of people and increase demand for restaurants and various fast food eateries. As these institutions expand their scale of operations and geographic coverage, SAMBA Foods will have the opportunity to expand and grow its revenue on the back of an expanding culinary industry.

Additionally, the ever-growing student population in both second cycle boarding and tertiary institutions will provide the demand base for products from SAMBA Foods, as their convenient packaging and readily consumable nature will meet their needs.

Also, Ghana's well known presence on the international peace keeping front will provide an auxiliary channel for growth in operations of SAMBA Foods supply for its products to the Ghana Armed Forces Peace Keeping contingents in various parts of the world.

### **3.6 SAMBA Food's Competitive Advantage**

SAMBA Food is well positioned to meet the prevailing challenges in the food processing industry. The Company has carved for itself a reputation of being a pioneering force in the industry after being the first to commercialize the production and distribution of Shito and it continues to churn out new innovative food products onto the Ghanaian market. The Company's plans to introduce three new unique and locally produced products into the market in 2015, which is bound to increase the Company's market share and boost revenues. SAMBA Foods regular successful completion of routine YUMS/KFC Food Safety Audit, has given the Company the license to engage in supply services to all KFC restaurant outlets across the country.

## PART IV

#### 4.0 Background of SAMBA Foods

SAMBA Foods Limited (“SAMBA” or the “Company”) is a wholly Ghanaian owned indigenous food processing and preservation business specializing in the condiments and seasoning market based in Tema in the Greater Accra Region of Ghana. SAMBA was incorporated on September 10, 1993 under the Companies Act with registration number C-51,538 and commenced business on May 30, 1994. The Company under the brand name “SAMBA” has evolved to focus on the production of ready-to-eat convenience foods of Ghanaian origin, and was the first to commercialize the production and distribution of the local traditional pepper sauce known as “SHITO”. The business which started as a micro-enterprise initiative in 1993 has successfully been developed into a major player in the processed foods industry with a broad range of high quality food products to its name, SAMBA Foods is a member of the Association of Ghana Industries (AGI). The Company was founded by the Sole Shareholder. By a special resolution dated 28<sup>th</sup> October 2014, the company was converted from a private limited liability company to a public limited liability company and adopted new Regulations.

SAMBA Foods current food production and processing facility is located within the West Coast Dyeing Industries compound, Heavy Industrial Area, Tema. Some of the products under the brand name SAMBA include:-

- Pepper (Shito) Sauce;
- Groundnut Paste;
- Roasted Groundnuts.

#### 4.1 Company Vision

The vision statement of SAMBA Foods is “with our superior ability, our core values and our experience in food processing and food innovations, we excel and expand to new segments with excellent quality and exceptional value in the food industry and beyond”.

#### 4.2 Company Mission

The mission statement of SAMBA Foods is “We are committed to building a world class food experience, to nourish, enrich, and delight the taste buds of Ghana and beyond”.

#### 4.3 Business Policy

The Company is committed to the production of safe and wholesome packaged food. The production process shall incorporate all aspects of HACCP such that the packaged food can be certified as wholesome for human consumption. The Company complies with all food safety requirements of statutory and regulatory bodies such as the FDA, the GSA and other bodies which are mandated by law to ensure food safety.

#### 4.4 Authorized Business

The Company is authorized under the Regulations to undertake the following:

- (a) To acquire and take over as a going concern the business now being carried on under the name or style of Processed Foods & Spices Enterprise registered under the Registration of Business Names Act 1962 (Act 151) and all assets and liabilities of the proprietor of that business used in connection therewith or belonging thereto;
- (b) Food Processing;
- (c) Production of Spices
- (d) Import and export Services; and
- (e) Export of processed foods.

#### 4.5 Capital Structure

SAMBA Foods is registered with 1,000,000,000 ordinary shares of no par value of which 2,500,000 ordinary shares have been issued. The stated capital of the Company is GHS250,000. The Company has no other class of shares or unpaid liability on any share issued. The Company has no shares in treasury. 3,475,453 ordinary shares will be offered for subscription through this IPO.

Item	Shares
Authorised Shares	1,000,000,000
Issued Shares	2,500,000
The Share Offer	3,475,453

<u>Shareholders' Equity</u>	
Stated Capital	GHS 250,000.00
Total Shareholders' Funds as @ Dec 2014	GHS 2,155,818.00

Table 4

Ordinary Shareholders of the Company are:

- (a) Entitled to one vote for each ordinary share held on matters submitted to a vote of shareholders;
- (b) Entitled to receive dividends in proportion to the number of shares held, upon a declaration of dividends by the directors of the Company;
- (c) Entitled to a share, in proportion to their shareholding of all assets of the Company available to shareholders after the making of statutory payments and after the payment of all creditors of the Company, upon liquidation, or winding-up of the Company.

#### 4.6 Shareholding Structure

SHAREHOLDER	NUMBER OF SHARES HELD	% OF ISSUED SHARES
MRS. LETICIA OSAFO-ADDO	2,500,000	100

Table 10

#### 4.7 Dividend Policy

Based on the company's performance, the Board of Directors should be in a position to declare annual dividends out of the company's distributable earnings. The policy of SAMBA Foods is to offer to the shareholders a minimum of 20% of the company's distributable earnings each year as dividends.

The payment of all future dividends will thus remain at the discretion of the Board of Directors and will be determined on the basis of the Company's cash flow, net earnings, reserve requirements, operating conditions, legal requirements and any other relevant factors. The Directors, however, will ensure that any dividend distribution will not jeopardize the Company's ability to operate effectively.

#### 4.8 Operating Licenses

SAMBA Foods currently operates as a food processing and import and export company, as such the business of dealing with the production and handling of food comes with various stringent health and environmental requirements as well as food and safety certifications with the main aim of protecting the consuming public. Below are a list of the various licenses and certifications procured by SAMBA Foods:

- ❖ YUMS Certification
- ❖ FDA product registration in respect of the SAMBA Foods' KFC pepper sauce dated 24 July 2014;
- ❖ Fire Certificate issued by the Ghana National Fire Service dated June 30, 2014
- ❖ SAMBA Food's environmental permit issued by the EPA dated 23, July 2014;
- ❖ Certificate of registration of SAMBA Foods with the Factories Inspectorate, issued by the Chief Inspector of Factories under the Factories Offices and Shops Act 1970 (Act 328) date march 26, 2014.

## 4.9 Principal Capital Expenditure

SAMBA's capital expenditure over the past three years as shown below depicts a company that is keen on investment when it has the resources to do so. The company's capital expenditure has shown a marginal increase over the period.

CAPITAL EXPENDITURE	GHS 2011	GHS 2012	GHS 2013
Leasehold Land and Buildings	529,417	529,417	529,417
Capital improvements	58,018	46,414	37,062
Motor Vehicle	32,600	44,600	44,600
Machinery and equipment	386,281	386,281	483,102
Less: Accumulated depreciation expense	(272,065)	(317,034)	(355,787)
<b>Total</b>	<b>734,251</b>	<b>689,678</b>	<b>738,394</b>

Table 11

## 4.10 Board of Directors, Senior Management & Other Employees

### 4.10.1 Directors

The Directors of SAMBA FOODS is constituted by five highly qualified individuals (one (1) non-executive Chairman; one (1) Executive Director; and (3) non-executive directors) who are mainly responsible for governance, policy and strategic direction of the Company. A profile of the various Directors' of the Company is as follows:

#### **Charles Darko (Chairman)**

Mr. Charles Darko is the Executive Chairman of Riepcu Limited. He Holds a Diploma in Industrial Engineering from Salford University, Manchester UK and Guild Motor Vehicle Technician from Kumasi Polytechnic. He served in several capacities as member of the Board of Directors/ Governor of National Standard Board and Tema Technical Institute. Currently he is the Chairman of the Affiliates Group of the Ghana Chamber of Mines. The Affiliates group provides services to the mining industry. Mr Charles Darko is 74 years old.

#### **Leticia Benewah Osafo-Addo (Chief Executive Officer)**

Mrs Leticia Osafo-Addo is the founder and Chief Executive Officer of SAMBA Foods and has been the managing director since the inception of the Company in 1993. She is a specialist nurse anaesthetist and an entrepreneur. She has over 10 years of experience serving on the board of many international and local institutions and NGOs. She is also a motivational speaker and mentor of young people in many tertiary institutions and serves as a trainer in food processing and preservation. She also holds a M.B.A in Management Technology and Innovation, Wageningen Agricultural University, Wageningen, Netherlands (1996-1997). Mrs Leticia Osafo-Addo is 62 years old.

### **Awo Dede Osafo-Addo (Member)**

Ms Awo Osafo-Addo holds a Master of Science in Biological Science in Public health from the Harvard University and a Bachelor of Science (with Honours) in Biochemistry and Pharmacology from the University of Southampton, UK. Miss. Awo Osafo-Addo, 36 years old, was appointed to the SAMBA Foods Board on November 15, 2013.

### **Kwame Opoku Osafo-Addo (Member)**

Mr Kwame Osafo-Addo is a corporate lawyer in Minneapolis, USA, specializing in Immigration, consumer law, document review and coding. He holds a law degree from the Florida Coastal School of law (May 2012) and a Bachelor's degree in Business Administration and Computer Science, Concordia College Moorhead (May 2001). Mr Kwame Osafo-Addo was appointed to the SAMBA Foods Board on November 15, 2013 and is 42 years old.

### **Fuseini Issah (Member)**

Fuseini Issah is a Vice President Operations for Data Bank Agrifund Manager Limited. He is an Investment Analyst and a Chartered Accountant with Focus on Venture Capital & Private Equity. He Hold an Executive Education, Private Equity & venture Capital from Harvard University. He also holds an MSc. in Accounting and Finance from London South Bank University. Mr. Issah is 39 years old

### **Charles Atuahene (Secretary)**

Mr. Charles Atuahene is the Finance Controller of Crocodile Machetes Co. Ltd. He is 43 years old and holds an MBA and an ACCA qualification from Institute of Chartered Accountants-Ghana.

NAME	NATIONALITY	AGE	POSITIONS	Tenure	OCCUPATION	OTHER DIRECTORSHIPS
CHARLES DARKO	GHANAIAN	74 Years Old	CHAIRMAN	1 Year	Business Man	MANYA KROBO SHS, GHANA CHAMBER OF MINES
LETICIA BENEWAH OSAFO-ADDO	GHANAIAN	62 Years Old	EXECUTIVE DIRECTOR	21 Years	Entrepreneur	GETFUND, NAB, RURAL ENT. PROJECT, VTF
AWO DEDE OSAFO-ADDO	GHANAIAN	36 Years Old	NON-EXECUTIVE DIRECTOR	1 Year	Scientist	N/A
KWAME OPOKU OSAFO-ADDO	GHANAIAN	42 Years Old	NON-EXECUTIVE DIRECTOR	1 Year	Lawyer	N/A
FUSEINI ISSAH	GHANAIAN	39 Years Old	NON-EXECUTIVE DIRECTOR	1 Year	Investment Banker	BROADVIEW PROPERTIES LIMITED
CHARLES ATUAHENE	GHANAIAN	43 Years Old	SECRETARY	1 Year	Chartered Accountant	CROCODILE MATCHET, PUBLIC INTEREST & ACCOUNTABILITY COMMITTEE-GRA, WILLIMARS CONSULTING

Table 12

#### **4.10.2 Board Sub-Committees**

##### **i. Finance and Audit Sub-Committee**

The Finance and Audit committee is mandated to ensure that financial and operational controls are in place and are adhere to. The committee is also mandated to scrutinise and deliberate on budgets, audited financial accounts and dividend recommendations presented by the management of SAMBA Foods. The following are members of the committee:

- Mrs Leticia Osafo-Addo
- Mr Fuseini Issah
- Mr. Charles Atuahene

#### **4.10.3 Directors' Remuneration**

The terms of Directors Remuneration have been set as follows:

Quarterly Fee: GHS 750

Sitting Fee: GHS 250per quarter

#### **4.10.4 Directors Emoluments**

Total Directors' emoluments for the year ended 31<sup>st</sup> December 2013, was GHS 700.

#### **4.10.5 SAMBA Management**

SAMBA FOODS is managed by a Chief Executive Officer and Chief Operating Officer. The management team together have many years of collective experience within and outside the processed foods industry both internationally and locally. They have worked in various capacities connected with their current positions and their effectiveness and efficiency have resulted in sustaining and growing the Company to be one of the leading thriving indigenous food processing businesses in Ghana. Their profiles are as follows:

##### **Leticia Osafo-Addo (Chief Executive Officer)**

*See profile of directors.*

##### **Pravin Amin (Chief Operating Officer)**

Mr Pravin Amin is the current Chief Operating Officer of SAMBA Foods. He has been in the food and beverage industry for over 10 years and has worked in various capacities in Ghana and India. He was the director operations/marketing of Essential's Ghana Limited before joining SAMBA Foods. He holds a Bachelor (Com.), Mumbai University, India (March 2002).

##### **Mr Julius Atsu Cudjoe (Accountant)**

Mr Julius A. Cudjoe is a part-qualified student of the Institute of Chartered Accountant, ICAGH examinations offered by the University of Professional Studies. Prior to becoming the Accountant of SAMBA Foods, he worked as an accounts officer at Tata Africa Holdings for three years.

### Ms Cynthia Amoah (Quality Assurance Officer)

Ms Cynthia Amoah has a Bachelor of Science in Food Science from the University of Ghana, Legon. She previously worked as a regulatory officer with the Food and Drugs Authority as a quality assurance executive.

#### 4.10.6 Staff Strength

As of December 2013 SAMBA Foods had employed 12 highly skilled and dedicated permanent workers who are directly and indirectly involved in the production and processing stages of various food products, however during periods of peak production management employs the services of 4 additional workers on a temporary.

#### 4.11 Organizational Chart

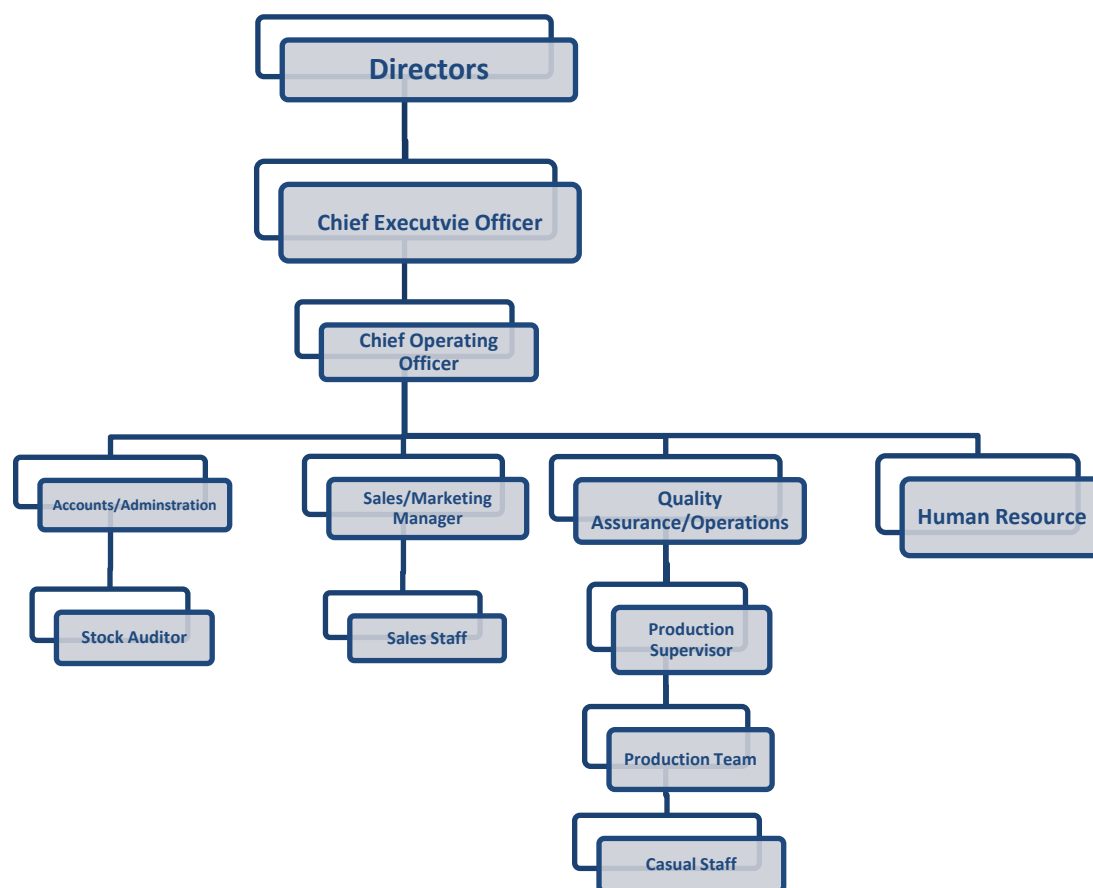


Fig 1.

#### **4.12 Compensation Scheme**

The compensation structure of the Company comprises basic salaries, bonuses, allowances and awards.

#### **4.13 Products & Services**

##### **KFC Pepper Sauce Shito**

SAMBA Foods manufactures Vegetable Pepper Sauce Shito exclusively for Masco Foods, franchisee of KFC Ghana (YUM Restaurants International South Africa, YUM Restaurant is the franchisee of KFC in Africa).

##### **SAMBA Shito (Jars)**

SAMBA Shito in jars is the very first product SAMBA Foods, started by founder Mrs. Leticia Osafo-Addo back in 1993. SAMBA Shito comes in 3 different sizes 350grams, 450grams and 650grams. SAMBA Shito has since become a market favourite.

##### **SAMBA Shito (Sachets)**

After the success of SAMBA Shito in jars, the idea of packaging Shito in sachets was developed and after much efforts and feedback from the market SAMBA Foods launched the first of its kind Shito in disposable sachets with the tag line “Carry Me, Take Away and Squeeze Me”. This has turned out to be a huge success among take away restaurants and food joints.

The company however has some intermediary products which are produced on behalf of other companies for additional processing into various finished products. These include;

##### **Grading Sorting and Roasting Peanuts Service**

The Company grades, sorts and roasts peanuts for further production into chocolate pebbles for Cocoa Processing Company.

##### **Peanut Butter**

SAMBA Foods sorts, fries and mills peanuts into fine quality Peanut Butter Paste as a component (intermediary product) for the production of Choc Delight by CPC.

Other products which the company seeks to introduce in the future include the following;

##### **Egushie Powder**

Dry melon seeds that are sorted milled and packed.

##### **Shrimp Powder**

Dried milled shrimp powder used as an ingredient for making pepper sauce and gravy.

## **Drinks and Juices**

Available in Pineapple and Ginger, Pineapple and multi-fruit cocktail flavours.

### **4.14 Raw Materials**

SAMBA Foods has engaged a third party supplier to source majority of its raw materials on its behalf most of which are agricultural produce, sourced directly from high quality out grower farms across the length and breadth of the country, while others that are not readily available locally are imported. The raw materials include tomato paste, seasonings, additives, oil, fresh groundnuts, and various preservatives.

Part of the proceeds from this offer is intended for the purchase of a commercial dehydrator which will help lengthen the shelf life of some of the perishable raw materials used. This will also allow for protection against price volatility of agricultural produce during lean seasons.

### **4.15 Production Capacity and Utilization**

The Company's production facilities are currently under-utilized as only 30% of total capacity is being utilized, thus SAMBA Foods has the opportunity to absorb more orders to raise production levels and boost profits in the short term. However the planned introduction of new products this year is expected to increase its utilization levels.

### **4.16 Customers**

SAMBA Foods has a large customer base which has grown over the years from inception of the business when the popular SAMBA Hot pepper sauce was marketed mainly to the student population at both the secondary and tertiary level. The brand has grown and developed in popularity to an increasing and diversified customer base, which includes some demand from clients in the Diasporas. The Company currently has some restaurants and institutions as clients and in addition sells its products to smaller retail and distribution outlets, shops, convenient stores, grocery stores and malls. Some of the Company's clients include the following;

NAME OF CLIENT	NATURE OF SERVICE/PRODUCT
Ghana Armed Forces Supply Depot	Pepper powder, Fresh Groundnuts, Groundnut Paste
Ghana Armed Forces Peace Keeping Operations	Groundnut Paste, Groundnuts
Unilever Ghana limited /Ghana Textile Printing Company	Groundnut, Pepper Powder, Egushie
Cocoa Processing Company	Groundnut Paste for Choco –Delight/Fresh Groundnut for sugar pebbles
Kentucky Fried Chicken /YUM Restaurants	Shito, Ketchup, Vinegar, Mustard Sauce

Table 13

#### **4.17 Material Contracts**

##### *Supply Contract with CPC*

SAMBA Foods has a long standing agreement with the CPC to grade sort and fry groundnuts for CPC. This arrangement started in 2006. There has since been a number of price revisions between CPC and SAMBA Foods on the services being provided by SAMBA Foods. SAMBA Foods is in the process of concluding a formal contract with CPC to formalize the existing arrangement and to afford better protection to SAMBA Foods as CPC continues to be one of SAMBA's largest clients. Pursuant to the arrangement with CPC, the Company has been allocated a unit inside CPC's production facility for the sole purpose of grading, sorting and roasting of peanuts on behalf of CPC to be used in the production of their Golden Tree Chocolate pebbles.

SAMBA Foods has also for the past decade produced groundnut paste for CPC which is a major input in the production of CPC's flagship chocolate spread product Chocó Delight.

##### *Supply Contract with Masco Foods.*

SAMBA Foods has an agreement with Masco Foods (as the sole franchise holder of the KFC brand in Ghana) to supply a quantity of the KFC pepper sauce on a monthly basis to Masco Foods. This agreement entitles SAMBA Foods to brand all its produced shito for KFC as SAMBA Shito which will provide the Company with direct marketing to customers who patronize KFC's restaurants.

SAMBA Foods has over the years passed all KFC-Yums Food Safety Audits and as such is well positioned to take up the lucrative opportunity to supply a broad range of premix and finished food products for all the KFC restaurants in the country. It is on course to supply other products to them. The contract with Masco Foods was for an initial term of one year commencing from August 1, 2012. The agreement has not been expressly renewed however; there have been price revisions under the contract which suggest that the agreement has been impliedly renewed by the parties. The most recent price revision under this agreement was on March 25, 2014. The new price revision was stated to be valid from April 1, 2014 to March 31, 2015.

##### *Other Supply Arrangements*

SAMBA Foods also regularly supplies its products to numerous super markets and retail stores.

#### 4.18 Company's Achievements

The Company and its managing director have received many awards and recognitions over the year notably among these are;

AWARD	AWARDING INSTITUTION	DATE
Processed Food Product of the year	Entrepreneurs Foundation, Ghana	2013
Nobles International Award	West African Nobles Forum	2013
Best Entrepreneur (small scale category)	Entrepreneurs Foundation, Ghana	2013
Tema Excellence Award	Tema Metropolitan Assembly	2013
2 <sup>nd</sup> Runner-up Most Innovative Africa SMME Award	Africa Growth Institute	2012
Best Food and Beverage Company of the Year (small scale category)	Association of Ghana Industries	2012
Order of the Volta	National Presidential Awards	2011
Builders of African Economies	Colombe Marketing and Communications-Abidjan	2010
Highly Commended African Business Woman of the Year	Africa Investor Awards	2006
C.I.M.G Marketing Woman of the Year 2000	Chartered Institute of Marketing	2001
Dutch Fellowship Award-Quality Assurance and Marketing in Food Processing	The Netherlands	1997

Table 14

#### 4.19 Swot Analysis

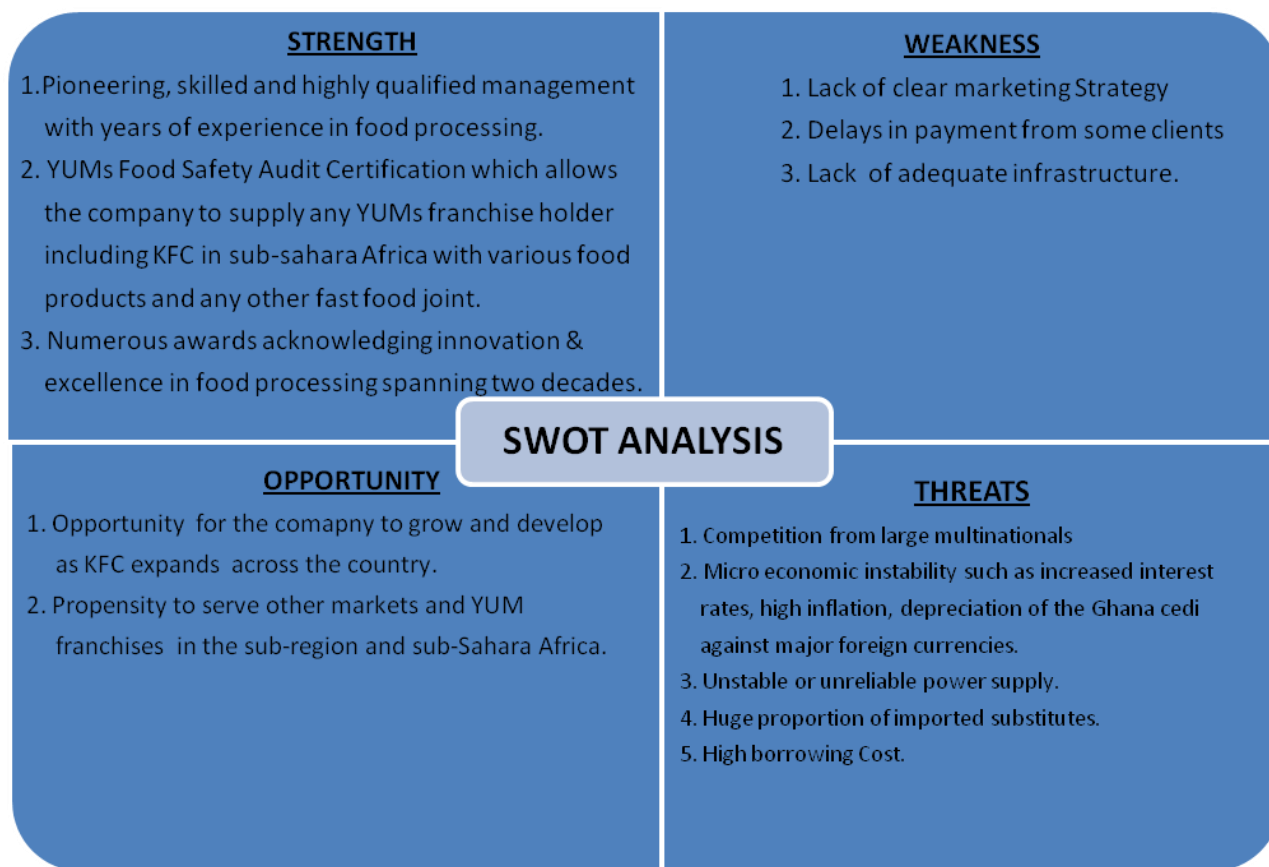


Fig 2

#### 4.20 Future Plans

SAMBA Foods has carved a niche in the production of ready to eat convenience and packaged foods for the domestic Ghanaian household as well as premix and intermediate ingredients for the restaurants and fast foods industry which aides in the quick and speedy preparation of various meals. In this light, SAMBA Foods intends to continue leveraging on this advantage and plans to introduce three new products (locally produced food and spices) in 2015. This will help grow and boosts its revenues and has medium to long term prospects of diversifying its products mix to include processed fruits and pastries.

The Company also seeks to raise capacity in order to tap into a broader market by exporting its products to other West African countries.

SAMBA Foods products made exclusively for KFC is a major revenue stream for the Company. The partnership with KFC restaurants as a long term supplier of various food

products such as Shito, ketchup, mustard sauce and various food premixes is set to boost future revenue as the YUMS franchises ultimate ambition of opening twenty one branches across the country will provide a larger and ever growing market for SAMBA Foods.

The Company has acquired 3.34 acres of landed property located at the Tema Heavy Industrial area which has been earmarked for the future development of a high end food processing factory in the medium to long-term in order to be able to meet growing demands and increased capacity.

#### **4.21 Disclosures**

##### ***Disclosure of Interests by Advisors***

UniSecurities Ghana Limited has no direct or indirect economic or financial interest which depends upon the success of this share offer.

##### ***Disclosure of Interests by Directors***

As at 31<sup>st</sup> December 2013, Madam Leticia Osafo-Addo a director of SAMBA Foods held 100% of the issued Shares of SAMBA Foods.

The Sole Shareholder does not have any intention to realise or transfer any part of her interests in SAMBA Foods within a period of two years of the date of this Prospectus.

The Sole Shareholder does not intend to participate in the SAMBA Foods share offer.

##### ***Other Disclosures***

None of the Directors have:

- i. had any convictions relating to fraudulent offences within the last five years;
- ii. been declared bankrupt or has entered into any individual voluntary arrangements, or been associated with any bankruptcy, receivership or liquidation in their capacity as a director within the last five years;
- iii. been a director or a member of the administrative, management or supervisory body, or a manager of any company within a 12-month period preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or any class of creditors of such company;

- iv. been a partner of any partnership within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- v. held assets which have been subject of a receivership;
- vi. been a partner of any partnership within a 12-month period preceding any receivership of the assets of such partnership; or
- vii. within the previous five years received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) and has not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

***Related Third Party Disclosures***

SAMBA Foods has no related third party transactions.

***Take Over Offer& Bids***

SAMBA Foods has neither in the past nor in the current financial year made any takeover bids for other company's shares nor has it received any takeover offers by any third party in respect of its issued shares.

# PART V

## 5.0 Reporting Accountant Report on Historical Financial Information



**BAKER TILLY**  
**ANDAH + ANDAH**  
AUDIT • TAX • ADVISORY

CHARTERED ACCOUNTANTS  
4th Crescent, C645/3, Asylum Down  
P. O. Box CT 5443, Cantonments  
Accra, Ghana  
T. (+233) 030 225 2372, 020 203 0277  
E. [info@bakertillyandahandandah.com](mailto:info@bakertillyandahandandah.com)  
[www.bakertillyandahandandah.com](http://www.bakertillyandahandandah.com)

2<sup>nd</sup> December 2014

The Board of Directors  
Samba Foods  
Heavy Industrial Area, Tema  
P. O. Box B186  
C2, Tema

Dear Sir(s)/Madam(s),

**Accountants' Report on Historical Financial Information Derived From the Audited Financial Statements of Samba Foods for the Three Years Ended 31<sup>st</sup> December, 2013**

We have reviewed the summarised historical financial information set out in this report.

The information has been prepared for inclusion in the Prospectus of Samba Foods for the purpose of listing on the Ghana Alternative Market.

The financial information is based on the audited financial statements of Samba Foods for the three (3) years ended 31<sup>st</sup> December 2013, after making such reclassifications, as we considered necessary.

Preparations of the financial statements are the responsibility of the management of the company and were audited by Iako Consult, Chartered Accountants for the Year ending 31<sup>st</sup> December 2013 and A&A Associates, Chartered Accountants for the Years ending 31<sup>st</sup> December 2011 and 31<sup>st</sup> December 2012. The Directors of the company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the financial information and report our opinion to you.

In our opinion the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the company's financial position as at 31<sup>st</sup> December 2013, the results of its operations for the five (5) years then ended and of the scope of our review, the summarised financial statements should be read in conjunction with the audited financial statements, from which the summarised financial statements were derived, and the respective audit reports thereon.

Yours faithfully

*Chartered Accountants*

Cc: The Managing director  
uniSecurities Ghana Limited  
Plot No. B206 Augustino Neto Road  
Airport Residential Area  
P.O. Box GP 2637  
Accra



A list of partners' names is available at the principal place of business:  
4th Crescent, C645/3, Asylum Down, Accra

## 5.1 Historical Financial Overview (3-yr Audited Financial Summary)

	2011	2012	2013	*2014
Profit and Loss Statements	GHS	GHS	GHS	GHS
Revenue	259,053	335,869	261,953	398,486
Cost of sales	(158,530)	(238,992)	(229,768)	(306,763)
Gross Profit	100,523	96,877	32,185	91,723
Administrative Expenses	(63,150)	(62,817)	(54,115)	(103,474)
Financial Costs	(31,043)	(13,780)	(76,609)	(59,490)
Net Profit/(Loss) after Tax	6,330	20,280	(98,539)	(71,241)
Balance Sheet				
Total Assets	910,431	854,158	938,630	2,842,085
Long Term Debt	198,233	211,576	348,503	626,871
Total Liabilities	364,556	288,003	591,782	678,267
Statement of Accumulated Income Surplus				
Balance B/f	(52,804)	(46,474)	(26,194)	(245,500)
Prior Year adjustment	-	-	(120,768)	-
Net Profit for the Year	6,330	20,280	(98,539)	(71,241)
Balance at 31 <sup>st</sup> December	(46,474)	(26,194)	(245,501)	(316,741)

Table 15\*UNAUDITED

## SIGNIFICANT CHANGES

The following significant changes have been made post 2013 to the capital of SAMBA Foods

- Following a Board Resolution on the 10<sup>th</sup> January 2014, SAMBA Foods' stated capital was increased from GHS20,000 to GHS250,000.00 by the issuance of new shares to the sole shareholder.
- By a board resolution dated 8<sup>th</sup> October 2014 an additional 2,250,000 shares were issued to the sole shareholder. The stated capital of the Company became GHS250,000.
- The total number of shares in issue became 2,500,000 ordinary shares.

## 5.2 Historical Financial Data

### 5.2.1 Income Statement for the Periods Ended 31<sup>st</sup> December

Historical Income Statement	GHS 2011	GHS 2012	GHS 2013	GHS *2014 (unaudited)
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>				
Revenue	259,053	335,869	261,953	398,486
Cost of sales	(158,530)	(238,992)	(229,768)	(306,763)
Gross Profit	100,523	96,877	32,185	91,723
Other Income	-	-	-	-
Operating Profit	100,523	96,877	32,185	91,723
Administrative Expenses	(63,150)	(62,817)	(54,115)	(103,474)
Net Profit/ (Loss) before Finance Cost and Tax	37,373	34,060	(21,930)	(11,751)
Financial Costs	(31,043)	(13,780)	(76,609)	(59,490)
Net Profit/ (Loss) before Tax	6,330	20,280	(98,539)	(71,241)
Provision for Tax	-	-	-	-
<b>Net Profit/(Loss) after Tax</b>	<b>6,330</b>	<b>20,280</b>	<b>(98,539)</b>	<b>(71,241)</b>
<b>STATEMENT OF ACCUMULATED INCOME SURPLUS</b>				
Balance b/f	(52,804)	(46,474)	(26,194)	(245,500)
Prior Year adjustment	-	-	(120,768)	-
Net Profit for the year	6,330	20,280	(98,539)	(71,241)
Balance at 31st December	(46,474)	(26,194)	(245,501)	(316,741)
Cost of Sales	-61.20%	-71.16%	-87.71%	
Gross Margin	38.80%	28.84%	12.29%	
Operating Expenses	-24.38%	-18.70%	-20.66%	
Net Profit/ (Loss) before Finance Cost and Tax	14.43%	10.14%	-8.37%	

Table 16

## 5.2.2 Balance Sheet As At 31<sup>st</sup> December

Historical Balance Sheet	GHS 2011	GHS 2012	GHS 2013	GHS *2014 (unaudited)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	734,251	689,678	738,394	2,628,578
<b>Current Assets</b>				
Stocks	175,200	136,774	168,400	147,138
Receivables	-	26,786	18,100	45,934
Taxation	-	-	11,753	15,678
Cash & Bank Balances	980	920	1,983	4,757
	176,180	164,480	200,236	213,507
<b>Total Assets</b>	<b>910,431</b>	<b>854,158</b>	<b>938,630</b>	<b>2,842,085</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
<b>Current Liabilities</b>				
Creditors	-	-	21,165	48,396
Bank Overdraft	42,368	42,368	180,000	-
Other Accounts Payable	20,668	702	42,114	3,000
Taxation	-	3,298	-	-
Due to Directors	103,287	30,059	-	-
	<b>166,323</b>	<b>76,427</b>	<b>243,279</b>	<b>51,396</b>
<b>Term Loan</b>	198,233	211,576	348,503	626,871
<b>Total Liabilities</b>	<b>364,556</b>	<b>288,003</b>	<b>591,782</b>	<b>678,267</b>
<b>Shareholders' Equity</b>				
Capital Account	20,000	20,000	20,000	250,000
Capital Surplus	572,348	572,348	572,348	2,222,559
Income Surplus	(46,473)	(26,193)	(245,500)	(316,741)
Directors Advances	-	-	-	8,000
Shareholder's Equity	<b>545,875</b>	<b>566,155</b>	<b>346,848</b>	<b>2,155,818</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<b>910,431</b>	<b>854,158</b>	<b>938,630</b>	<b>2,842,085</b>

Table 17

PPE Schedule (Historical)	GHC 2011	GHC 2012	GHC 2013
Buildings	-	-	-
Land	529,417	529,417	529,417
Capital improvements	58,018	46,414	37,062
Motor Vehicle	32,600	44,600	44,600
Machinery and equipment	386,281	386,281	483,102
Less: Accumulated depreciation expense	(272,065)	(317,034)	(355,787)
<b>Net property/equipment</b>	<b>734,251</b>	<b>689,678</b>	<b>738,394</b>

Table 18

### 5.2.3 Cash Flow Statement for the Periods Ended 31<sup>st</sup> December

Historical Cash flow Statement	GHC 2011	GHC 2012	GHC 2013	GHC *2014 (unaudited)
<i>Operating Activities</i>				
Profit /(loss)before taxation	6,330	20,280	(98,539)	
Adjustment for Non-Cash Items				
Prior year	-	-	(120,768)	
Deprecation	56,260	56,573	51,107	
	62,590	76,853	(168,200)	
<i>Changes in Current Assets and Liabilities</i>				
(Increase)/Decrease in inventories	(165,400)	38,426	(31,626)	
(Increase)/Decrease in trade and other receivables	41,471	(26,786)	8,686	
Increase/(Decrease) in trade and other payables	19,704	(16,668)	62,577	
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(41,635)</b>	<b>71,825</b>	<b>(128,563)</b>	<b>38,697</b>
Tax Paid	-	-	(15,051)	(3,925)
<i>Investing Activities</i>				
Capital Expenditure	(56,598)	(12,000)	(23,514)	(251,570)
M.O.F.A Equipment	-	-	(76,309)	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(56,598)</b>	<b>(12,000)</b>	<b>(99,823)</b>	<b>(275,196)</b>
<i>Financing Activities</i>				
Director's Advances	103,287	(73,228)	(30,059)	8,000
Term Loan	110,867	13,343	136,927	219,970
Repayment of Bank Over draft	-	-	-	-
Proceeds from Issue of Shares	-	-	-	230,000
<b>Net cash inflow/(outflow) from financing activities</b>	<b>214,154</b>	<b>(59,885)</b>	<b>106,868</b>	<b>457,970</b>
Increase in Cash and Cash Equivalent	115,921	(60)	(136,569)	182,774
Cash and Cash Equivalent at 1st Jan	(157,309)	(41,388)	(41,448)	(178,017)
<b>Cash and Cash Equivalent at 31st Dec</b>	<b>(41,388)</b>	<b>(41,448)</b>	<b>(178,017)</b>	<b>4,757</b>
<i>Analysis of Cash &amp; Cash Equivalent</i>				
Cash	910	422	1,842	
Bank	10	558	141	
Bank Overdraft	(42,368)	(42,368)	(180,000)	
<b>TOTAL</b>	<b>(41,448)</b>	<b>(41,388)</b>	<b>(178,017)</b>	

Table 19

### 5.3 Financial Ratios

LIQUIDITY RATIOS		2011	2012	2013
<i>Current Ratio</i>				
Current assets/Current Liabilities		1.06	2.15	0.82
<i>Quick Ratio</i>				
Current assets - Stock/Current Liabilities		0.01	0.36	0.13
<i>Cash to Current Assets</i>				
Cash & Bank Balances/ Current Liabilities		0.01	0.01	0.01
LONG-TERM SOLVENCY RATIOS				
<i>Total Debt to Equity Ratios</i>				
Total Debt/Total Assets		0.26	0.30	0.56
<i>Total Liabilities to Total Equity</i>				
Total Liabilities/Total Equity		0.67	0.51	1.71
RETURN ON INVESTMENT RATIOS				
<i>Return on Total Assets</i>				
Profit after Tax/Total Assets		0.70%	2.37%	-10.50%
<i>Return on Common Equity</i>				
Profit after Tax/ Equity Capital + Contribution		1.16%	3.58%	-28.41%
<i>Equity Multiplier</i>				
Total Assets/Equity Capital + Contribution		1.67	1.51	2.71
ASSET UTILIZATION				
<i>Asset Turnover Ratio</i>				
Revenue/Fixed Assets		35%	49%	35%
<i>Sales to Cash and Cash Equivalents</i>				
Revenue/Cash & Bank Balances		26434%	36508%	13210%
PROFITABILITY RATIOS				
<i>Operating Ratio</i>				
Gross Profit/Revenue		38.80%	28.84%	12.29%
<i>Net Profit Margin</i>				
Net Profit/Revenue		14.43%	10.14%	-8.37%
<i>Net Profit/(Loss) after Tax</i>				
(Net Profit/(Loss)after tax)/Revenue		2.44%	6.04%	-37.62%
WORKING CAPITAL MANAGEMENT				
<i>Debtors' Turnover</i>				
(Average Debtors x 365)/Credit sales		29.22	14.55	31.27
<i>Creditors' Turnover</i>				
(Average Creditors x 365)/Cost of Sales		-	-	16.81

Table 20

## **5.4 SAMBA Foods Financial Performance Review From (2011-2013)**

### **Income Statement:**

#### **Revenue**

Total Sales for the period under review fluctuated in relation to normal business operations reaching a low of GHS259,053 in 2011 while peaking at GHS335,869 the year after (in 2012) with the amount in 2013 however falling below the average annual sales figure of approximately GHS280,579 due to the general downturn in the industry as a result of deteriorating economic conditions.

#### **Expenses**

##### **Cost of sales:**

Cost of sales increased gradually from 58% in 2010 to an elevated level of 87.71% of total sales for 2013 mainly due to the inflationary environment in the economy that supported a rise in cost of raw materials and transportation cost. Additionally the cumulative depreciation of the local currency relative to the US Dollar that reached more than 25% further pushed costs higher. As a result raw material accounted for about 76.36% of the total cost of sales for 2013 (75.84% 2012).

However the SAMBA Management made a conscious effort to control operational cost over the period as cost of sales rose. Operating expenditure dropped 25.60% in absolute terms from GHS72,735 to GHS54,115. A slight increase in the Company's cost-to-income ratio in 2013 was mainly as a result of the economic challenges that plagued the manufacturing industry and all sectors of the economy at large. The total general, selling and administrative expenses represents 20.66% of total sales for the 2013. Notably, over fifty two percent (52%) of the Company's general and administrative expenses are fixed i.e. salaries for staff regardless of the level of sales and depreciation.

On average, the finance costs viz-a-viz bank interest, bank charges and other interest accounted for 4.10% of total sales down from 11.98% due to reduced interest charges.

#### **Profitability**

These cost of sales especially impacted adversely on the Company's gross and net profit margins. Gross profit margins although on a decline remained positive throughout the period and settled at 12.29% in 2013 (Refer to Table 12).

The profit before finance cost and tax margin also declined to -37.62% as conditions in the manufacturing industry underscored by deteriorating economic conditions and depreciation of the local currency affected the market.

As a result of a gradual slump in profits and the general downturn in the industry SAMBA Foods' ROE which shows the rate of profitability to equity owners of the firm dropped from profitable levels to -28.41%. Asevident by the high amount of financial leverage and negative profit margins, asset turnover however remained stable. Similarly the Company was unable to employ its assets efficiently in profit generation as its ROE was low and touched a negative value of -10.41% in 2013.

#### **Balance Sheet:**

##### **Assets**

Over the period under review, SAMBA has managed to grow its total assets from GHS788,591 to GHS938,630 as at 2013. This has been supported by a strong growth in its current assets particularly inventory levels that have grown exponentially. SAMBA Foods balance as at 2013 stands at GHS168,400 which represents 17.94% of total Assets.

##### **Liabilities**

A huge portion of the Company's liabilities is as a result of and bank overdraft drawn down on as well as some medium term debt taken out in order to sustain business operations. The Company's receivables makes up on average 4.96% of its total Revenue, however this figure has been higher over the last two years of operation at 7.98% and 6.91% respectively (2012:2013).

## **Financial ratios**

### **Liquidity:**

SAMBA Foods liquidity also fluctuated in over the period under review in direct synchronization with its turnover figures for the period. The current ratio which indicates the Company's capacity to pay of its liability was strongest in 2012 when it reached 2.15 an improvement over the previous years and is well above the acceptable benchmark of greater or equal to one ( $\geq 1$ ). However in 2013, the ratio deteriorated to 0.82 below the benchmark of 1 due to the increase in the overdraft facility drawn from SAMBA Foods' bankers.

Similarly the quick ratios which is a stricter indicator of solvency of 0.13:1 and 0.36:1 for 2013 and 2012 respectively fell below the acceptable benchmark of greater or equal to one ( $\geq 1$ ). This was mainly due to the stock balance which formed close to 84.10% of the total current assets of the Company (2012: 83.16%). SAMBA Foods was therefore unable to generate enough liquid assets to meet its current liabilities.

Cash to current assets ratio for the Company was about 0.01% for the three years under review. This is an indicator of cash flow issues for the Company.

### **Solvency:**

Solvency ratios were on the average above 25% for the 3 years to 2013;reaching a high of 56% in 2013 which implies the Company's over reliance on financing by means of bank loans and overdrafts as close to 60% of SAMBA Foods' assets were funded through such debt instruments or facilities.

### **Profitability:**

The Company's return on total asset ratio (ROA) for 2013 which is an indicator of how effective the Company used its assets to generate earnings before contractual obligations are paid was negative 10.50%; clearly, the ratio deteriorated over the previous year's ratio of 2.37% and was mainly as a result of rising cost that bloated expenses for that year.

On average, the Company recorded positive net profit margin for the years 2011 and 2012 however in 2013 the margin fell to a net loss of -8.37%.

The Company's working capital management slightly improved in 2012; the average debtor day was 14.55 days compared with 2011(29.22 days) and 2013(31.27 days). The debtors' day is acceptable as it is within the Company's credit policy of 30 days. The deterioration of the days in 2013 can be partly explained by the creditors' turnover.

The Company did not have any creditors for 2011 and 2012. However as at the end of 2013, outstanding creditors' days for the Company was 16.81 days. The turnover is within the standard 60 days for most industries.

## 5.5 Reporting Account ant Report on Forecast Financial Information



CHARTERED ACCOUNTANTS  
4th Crescent, C645/3, Asylum Down  
P. O. Box CT 5443, Cantonments  
Accra, Ghana  
T. (+233) 030 225 2372, 020 203 0277  
E. info@bakertillyandahandandah.com  
www.bakertillyandahandandah.com

2<sup>nd</sup> December 2014

The Board of Directors  
Samba Foods  
Heavy Industrial Area, Tema  
P. O. Box B186  
C2, Tema

Dear Sir(s)/Madam(s)

### Accountants' Report on Forecast Financial Information

We have reviewed the projected balance sheets as at 31<sup>st</sup> December 2014, 2015, 2016, 2017 and 2018 and the Income Statements and Cash flow statements of Samba Foods for each of the five years ending 31<sup>st</sup> December 2014, 2015, 2016, 2017 and 2018.

We have reviewed the accounting policies and calculations for the financial forecast as well as the basis and assumptions underlying the financial projections and found them to be reasonable and sound.

We emphasize that the financial projections, for which the directors are responsible relate to future events and are based on assumptions, which may not remain valid for the whole of the period.

In our opinion the financial projections, for which the Directors are solely responsible, so far as the accounting policies and calculations are concerned, have been properly compiled using the assumptions made by the Directors of the company as set out on page 14 of this report and is presented on a basis consistent with the accounting policies currently adopted by the company.

Yours faithfully

*Chartered Accountants*

Cc: The Managing Director  
uniSecurities Ghana Limited  
Plot No. B206 Augustino Neto Road  
Airport Residential Area  
P. O. Box GP 2637



A list of partners' names is available at the principal place of business:  
4th Crescent, C645/3, Asylum Down, Accra

## 5.6 Summary of Underlying Projections/ Financial Forecast

### General Assumptions

- The overall economic climate is not expected to change significantly during the projected period.
- The current stable political climate in the country will remain unchanged in the foreseeable future.
- No material changes in Government regulations affecting labour costs and operating expenses will be introduced besides those already in place.
- There will be no significant change to the foreign exchange regulations currently in place, which will have a material adverse effect on the operations of the company.
- No new regulations that will adversely affect the profitability of the food processing industry in a material way will be passed.
- The manufacturing sector is expected to grow during the projected period by an average of 12% per annum.
- Inflation is projected at between 11.5% and 16.5% over the forecast period.
- The Ghana Cedi is projected to depreciate at an average of 5% per annum against the US Dollar over the forecasted period.

### Company Specific Assumptions

- Going concern concept is assumed for Samba Foods.
- Management will be prudent in ensuring that the company is managed efficiently and effectively.
- Average production is expected to increase by 60% in 2015, 40% in 2016, 30% in 2017 and 20% in 2018 due to major overhauling of existing equipment and installation of new additional equipment.
- Samba Foods intended to introduce three new products onto the market by 2015
- Revenue is expected to grow at a rate of 40%, 60%, 40%, 30% and 20% over the five year period.  
Cost of sales is also expected to grow cumulatively by 67% over the forecast period.
- Other assumptions considered are as follows:
  - ❖ There will be no short term investments;
  - ❖ Corporate tax will be 25% from 2015.

## Financial Forecast (Projections)

Processed Foods & Spices Limited Income Statement	GHC 2014	GHC 2015	Projected GHC 2016	GHC 2017	GHC 2018
<b>INCOME STATEMENT</b>					
Revenue	673,800	1,560,422	2,250,129	3,109,660	4,038,168
Cost of sales	(473,456)	(1,304,427)	(1,754,005)	(2,345,281)	(2,950,519)
Gross Profit	200,344	255,995	496,124	764,379	1,087,649
Administrative Expenses	(281,623)	(221,704)	(255,098)	(234,181)	(238,829)
Other Income	28,000	28,840	29,705	30,893	31,820
Operating Profit	(53,279)	63,131	270,731	567,092	880,640
Financial Charges	-	-	-	-	-
Net Profit/(Loss) before income tax	(53,279)	63,131	270,731	561,092	880,640
Provision for Tax	-	(15,783)	(67,683)	(104,273)	(220,160)
Net Profit/(Loss) after Tax	(53,279)	47,348	203,048	420,819	660,480
<b>STATEMENT OF ACCUMULATED INCOME SURPLUS</b>					
Balance b/f	(245,500)	(298,779)	(251,431)	(48,383)	372,436
Prior Year adjustment	-	-	-	-	-
Net Profit for the year	(53,279)	47,348	203,048	420,819	660,480
Balance at 31st December	(298,779)	(251,431)	(48,383)	372,436	1,032,916
Cost of Sales Margin	-70.27%	-83.59%	-77.95%	-75.42%	-73.07%
Gross Profit Margin	29.73%	16.41%	22.05%	24.58%	26.93%
Operating Expenses Margin	-41.80%	-14.21%	-11.34%	-7.53%	-5.91%
Net Profit/ (Loss) before Finance Cost and Tax	-7.91%	4.05%	12.03%	18.04%	21.81%

Table 21

## Financial Forecast (Projections) Cont'd

Processed Foods & Spices Limited Balance Sheet		Projected			
	GHC 2014	GHC 2015	GHC 2016	GHC 2017	GHC 2018
<b>ASSETS</b>					
Non-Current Assets					
Property, Plant & Equipment	947,532	1,494,170	1,122,808	907,800	537,792
Current Assets					
Stocks	264,761	348,387	502,374	694,277	901,581
Receivables	202,224	541,449	886,219	1,370,479	1,968,933
Taxation	11,753	11,753	-	-	-
Cash & Bank Balances	1,597,298	690,941	830,246	862,501	1,167,119
	2,076,037	1,592,530	2,218,840	2,927,257	4,037,632
<b>Total Assets</b>	<b>3,023,569</b>	<b>3,086,700</b>	<b>3,341,648</b>	<b>3,835,057</b>	<b>4,575,424</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
<b>Current Liabilities</b>					
Creditors	-	-	-	-	-
Taxation	-	15,783	67,683	140,273	220,160
	-	<b>15,783</b>	<b>67,683</b>	<b>140,273</b>	<b>220,160</b>
<b>Shareholders' Equity</b>					
Capital Account	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
Capital Surplus	572,348	572,348	572,348	572,348	572,348
Income Surplus	(298,779)	(251,431)	(48,383)	372,436	1,032,916
	<b>3,023,569</b>	<b>3,070,917</b>	<b>3,273,965</b>	<b>3,694,784</b>	<b>4,355,264</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>	<b>3,023,569</b>	<b>3,086,700</b>	<b>3,341,648</b>	<b>3,835,057</b>	<b>4,575,424</b>

Table 22

## Financial Forecast (Projections) Cont'd

Processed Foods & Spices Limited Cash flow Statement	GHC 2014	Projected GHC 2015	GHC 2016	GHC 2017	GHC 2018
Profit /(loss)before income tax	(53,279)	63,131	270,731	561,092	880,640
Adjustment for Non-Cash Items	-	-	-	-	-
Prior year	-	-	-	-	-
Deprecation	173,362	353,362	371,362	370,008	370,008
<i>Changes in Current Assets and Liabilities</i>					
(Increase) in Inventories	(96,361)	(83,626)	(153,987)	(191,903)	(207,303)
(Increase) in trade and other receivable	(184,124)	(339,225)	(344,770)	(484,260)	(598,454)
(Decrease) in trade and other payables	(63,279)	-	-	-	-
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(170,402)</b>	<b>(69,489)</b>	<b>(127,396)</b>	<b>(306,155)</b>	<b>(435,749)</b>
Tax Paid	-	-	(4,030)	(67,683)	(140,273)
Net Cash flow from Operating activities	(223,681)	(6,358)	139,306	187, 254	304,618
<i>Investing Activities</i>					
Capital Expenditure	(382,500)	(900,000)	-	(155,00)	-
M.O.F.A Equipment	-	-	-	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(382,500)</b>	<b>(900,000)</b>	<b>-</b>	<b>(155,00)</b>	<b>-</b>
<i>Financing Activities</i>					
Director's Advances	-	-	-	-	-
Term Loan	(348,503)	-	-	-	-
Repayment of Bank Over draft	-	-	-	-	-
Proceeds from Issue of Shares	2,730,000	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,381,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Increase in Cash and Cash Equivalent	1,775,315	(906,358)	139,306	32,254	304,618
Cash and Cash Equivalent at 1st Jan	(178,017)	1,597,298	690,941	830,246	862,501
<b>Cash and Cash Equivalent at 31st Dec</b>	<b>1,597,298</b>	<b>690,941</b>	<b>830,246</b>	<b>862,501</b>	<b>1,167,119</b>
<i>Analysis of Cash &amp; Cash Equivalent</i>					
Cash	-	-	-	-	-
Bank	1,597,298	690,941	830,246	862,501	1,167,119
Bank Overdraft	-	-	-	-	-
<b>TOTAL</b>	<b>1,597,298</b>	<b>690,941</b>	<b>830,246</b>	<b>862,501</b>	<b>1,167,119</b>

Table 23

## **Projections**

### **Profitability:**

Gross sales/Revenue is expected to grow at a cumulative average growth rate of 28% from GHS261,953 in 2014 to GHS4.04million in 2018. The projected growth in revenue is expected to be achieved on the back of increased production due to investment in capital expenditures including purchase and upgrade of equipment's and machinery. The subsequent introduction of three new products is expected to help rake in more revenue to increase the Company's profitability.

### **Expenses:**

Management expects to continue on its track record of maintaining stable operating expenses over the period as there is the possibility of unforeseen economic factors increase cost of sales, in order to earn positive net profit margins over the period. NPM is expected to reach 21.81% by the end of 2018.

### **Assets:**

The Company also expects to grow its balance sheet aggressively with capital expenditures that will include purchase of motor vehicles, factory equipment and some improvements and expansion to the factory floor. Additionally the Company expects to increase its inventory in the first few years to help support introduction of new products before tapering its holdings in the later part of the period after some amount of market saturation.

## PART VI

### 6.0 Basis of Share Price Valuation

The financial advisers have provided a valuation opinion on SAMBA Foods which has served as the basis for the pricing of the shares of SAMBA.

In order to arrive at a value for SAMBA, three different valuation methodologies which were considered the most appropriate for the Company were applied to the data provided by Samba's management. This was after carrying out a careful review of the Company's operations. The methodologies were:

- Discounted Cash flow Analysis (DCF)
- Net Asset Value (NAV)
- Market Multiples
  - Price to Book Value Basis (P/BV)
  - Price to Earnings (P/E)

Information from the following sources were used for this exercise

- Discussions with Senior Management and Key Staff of SAMBA FOODS
- Audited Financial Statements of SAMBA Foods for the period 2010-2013
- Financial Due Diligence Report prepared by Baker Tilly Andah + Andah
- Financial Projections from management for the period 2014-2018 confirmed by Baker Tilly Andah + Andah
- Legal Due Diligence Report prepared by Bentsi-Enchill, Letsa & Ankomah
- Fixed Asset valuation Report prepared by Surveyor Nutifafa K. Asara

#### 6.1 Valuation Analysis

##### 6.1.1 Discounted Cash flow Analysis

The DCF method is often the appropriate method to use when estimating the value of a closely held entity such as SAMBA Foods. This is because the approach focuses on the present value of the projected future benefits that would accrue to the owner of the Company.

The Discounted Cash Flow is a cash flow-based valuation method which produces a stand-alone value of the Company and reflects the long term, upside potential of the Company relative to other methodologies. It attempts to capture the future expected cash flows and discount them at a rate that reflects the risk associated with those cash flows. The DCF approach typically:

- Captures the long-term growth potential of the firm.
- Recognises the cash requirements of its capital expenditure programme.
- Focuses on the future cash flow generation potential of the firm.
- Allows valuation of companies in different stages of development, markets and cost of capital.

In applying the DCF method the SAMBA's after-tax earnings were forecasted over the next five years. These earnings were subsequently adjusted for non-cash expenses such as depreciation and amortisation and other items including capital expenditure and net changes in working capital to arrive at the free cash flow available to the firm.

The cash flows were then discounted to their present values using an appropriate discount rate, a rate of return that reflects the risk associated with SAMBA Foods. Also the terminal value of the business was computed in order to capture the continuing value of the business post forecasted period. In the case of SAMBA, the financial advisers took into consideration the fact that the planned injection of GHS2,500,000.00 from proceeds of the IPO would not be fully captured within the five year time frame of this valuation exercise.

When SAMBA's free cash flow for 2014-2018 and its terminal value were discounted to their present values at a discount rate of 28.038% this resulted in a firm value of GHS2,317,162.94 for the Company. This was further discounted by applying a lack of marketability discount of 30% to arrive at a fair market value of GHS1, 737, 871.61.

#### Summary DCF Value

Period	Forecast Period	Free Cash Flow to Firm	PV using (28.0375%) Discount Rate	PV of FCF
1	2014F	81,346.94	0.78102	63,533.67
2	2015F	(76,439.06)	0.60999	(46,627.36)
3	2016F	1,073,168.13	0.47642	511,276.63
4	2017F	1,311,989.64	0.37209	488,181.49
5	2018F	1,836,245.30	0.29061	533,635.02
<b>Terminal Value as at 2018</b>				2,639,817.18
<b>PV of Terminal Value</b>				767,163.48
<b>Total Value of Firm</b>				<b>2,317,162.94</b>
<b>Marketability Discount</b>				(695,148.88)
<b>Value of the Firm</b>				<b><u>1,737,871.61</u></b>

Table 24

### 6.1.2 Market Multiples

The public market multiples method calculates the relative value of a Company by applying derived multiples of similar publicly-traded companies such as Price to book value (P/BV) and Price to Earnings (P/E) multiples to a particular performance measure of the Company that is being valued. The size, nature and range of activities of the chosen companies should be comparable to that of the subject Company in this case SAMBA Foods.

The following multiples were used in determining the value of SAMBA:

- Price to Book Value (P/BV) - Measures how current shareholders are paying for a unit of SAMBA shares.
- Price to Earnings (P/E) - Measures how much investor is willing to pay for SAMBA's earning power.

#### Maintainable Earnings Basis

The P/E valuation is based on SAMBA's estimated average earnings over the projected period (the basis for the maintainable earnings).

The average P/Es of three (3) comparable listed companies categorized under the food processing sub-sector of the manufacturing sector as categorized by the Ghana Stock Exchange were used as comparators under this valuation methodology.

The advisors used the discounted average P/Es of the comparators and respectively multiplied them by the average projected earnings of SAMBA to arrive at a firm value of GHS3,122,355.34. This figure was further discounted by applying a lack of marketability and size discount of 45% to arrive at a fair market value of GHS1,717,295.44.

#### Price-to-Book Value Basis

The net asset value of SAMBA Foods as at December 31, 2013 was adjusted upwards from GHS346,848 to GHS1,596,378.75. This was occasioned by the output of the revaluation of a 3.34 acres of land located at Tema Industrial Area carried out by Messrs Nutifafa K. Asare, an Estate Valuer. A price-to-book ratio, which was derived from the discounted average P/Bv for the three (3) comparable companies, was applied to the adjusted net asset value to arrive at a firm value of GHS4,238,211.98. This figure was further discounted by applying a lack of marketability and size discount of 45% to arrive at a fair market value of GHS2,331,016.59.

Market Approach Methodology	Adjusted Multiple	Underlying	Indicative Firm Value	DLOM	Firm Value
P/E Multiple	12.21	255,683.27	3,122,355.34	1,405,059.90	1,717,295.44
Price to Book	2.65	1,596,378.75	4,238,211.98	1,907,195.39	2,331,016.59

Table 25

### 6.1.3 Net Asset Value

The Adjusted Net Assets approach is used to determine the value of a Company by adjusting the Company's assets and liabilities. The result is a proxy of the indicative value of the Company's equity.

SAMBA's 2013 balance sheet was adjusted to reflect the revaluation of 3.34 acres of land located at the Tema industrial area and a deferred tax adjustment of GHS416,510.25 as a result of an increase in the Company's total asset due to a revaluation of its fixed assets. The revised balance sheet gave an adjusted net asset valuation of GHS1,596,378.75 for the Company. However, due to the closely held nature of the Company and its resultant lack of marketability, a 30% discount was applied on the adjusted net asset value of the firm to arrive at a fair market value of GHS1,197,284.06.

### 6.1.4 Final Value

Methodology	Valuation(GHS)	Weightings	Weighted Value
Discounted Cash Flow (DCF)	1,737,871.61	50%	868,935.81
Price-to-Earnings (P/E)	1,717,295.44	20%	343,459.09
Price-to-Book (P/BV)	2,331,016.59	20%	466,203.32
Net Asset Value	1,197,284.06	10%	119,728.41
<b>Total</b>		<b>100.00%</b>	<b>1,798,326.62</b>

Table 5

Having weighted the above listed methodologies based on the percentages shown above, the financial advisers are of the opinion that GHS 1,798,326.62 representing a price of GHS0.719 per share of SAMBA, a fair market value for the Company.

## 6.2 Pricing

The price and the number of shares to be issued under the Offer were arrived at after considering the Shareholder's objectives for the Offer and its vision for SAMBA Foods.

## PART VII

An investment in the shares of SAMBA Foods involves a certain degree of risk. Thus one should consider carefully the following discussions of risk in addition to other information included in this Prospectus before making an investment decision. In addition to historical information, the information in this Prospectus contains forward looking statements about the Company's future business and performance and as such results of the Company's operations could be negatively impacted if any of the following risks actually occur. In that case, the trading price of its ordinary shares could decline and you could lose all or part of your investment.

### **7.0 Operational Risk**

Production or processing of food mainly involves perishable raw materials and agricultural produce which have limited shelf life, thus the exposure to the risk of damage or rot of food (raw materials) being processed. However as part of the equipment to be purchased from funds of this Offer, SAMBA Foods seeks to purchase an industrial dehydrator which will be used in drying these raw materials hence neutralizing the risk associated with food rot and significantly boost the shelf or storage life of its inputs and raw materials by up to a year.

SAMBA Foods operations are subject to numerous food safety regulations and quality standards that can be revoked by the various certifying or licensing bodies, however the Company's highly qualified internal food safety audit team comprising the quality assurance manager and Chief Operations Officer have in place the necessary stringent internal food safety audit protocols and procedures that are conducted regularly such as Hazard Analysis and Critical Control Points (HACCP) in order to meet the industry's requirements.

### **7.1 Liquidity Risk**

SAMBA Foods will be listed on the GAX to facilitate trading in the Company's shares, if a sustainable trading market does not develop upon the closing of this offer, your investment may become less liquid and possibly the market price of the shares may decline below the initial public offer price. The price of the ordinary shares after closing of this offer may fluctuate widely.

### **7.2 Exchange Rate Risk**

SAMBA Foods imports some raw materials and various inputs for its production processes from foreign suppliers thus the Company may be subject to the risk of depreciation of the local currency to foreign currency movements. In the event that foreign currency movements should occur unfavourably, it may result in SAMBA Foods being unable to acquire or purchase much need inputs and raw materials for its production process.

### **7.3 Economic Risk**

The Company conducts virtually all of its business in Ghana, and as a result, its business activity is influenced by the government's economic policies. Changes in economic policies of the Government may affect inflation, interest rates and stability of the cedi in relation to other major foreign currencies, which may impact on the business of SAMBA Foods. More recently the country has experienced deteriorating macro-economic environment as evidenced in the heavy depreciation of the cedi as depreciation of the cedi averaging 20% against the US Dollar, rising inflation and increasing interest rate. Additional frequent power outages due to a shortfall in total generating capacity has severely affected business and significantly reduced business confidence in the economy. The government however continues to introduce policies and initiatives to reboot confidence in the economy to drive growth and recovery.

### **7.4 Inflationary Risk**

SAMBA Foods profitability maybe negatively impacted by inflation as the general increase in prices could affect cost of raw materials and inputs and shrink profit margins of the Company. Such unanticipated costs could adversely affect the operations of the business as the Company may not have adequate reserves to meet the increased liability.

### **7.5 Competition**

There is a growing competition within the food processing sector. The sector is dominated by multinationals such as Nestle and Unilever. This can affect the Company's prospects and projections. However SAMBA Foods identifies this as a challenge for which it is well prepared. Further the Company has carved a niche in the area of hot pepper sauce production and packaging, which is a serious challenge for new entrants. Even then, the Company is continuously putting in the necessary strategies and structures to consolidate its position by introducing new products.

### **7.6 Seasonality**

Business in Ghana, specifically trading and sales of various products especially food products pick up significantly within the two major festive seasons of Christmas and Easter when numerous feast, banquets and lunches are held by various households, restaurants and organizations . Likewise orders, production and sales volume for SAMBA Foods products surge to meet such high demand to rake in significant revenue for the Company.

## **7.7 Operational Risks**

The economic conditions in the country greatly and directly affect SAMBA Foods in the course of its day to day operations as the Company is inundated with numerous power outages as well as high utility cost which leads to high operational cost.

Also due to the perishable nature and short lifespan of its inputs and raw materials the Company is faced with the problem of increasing the shelf life of its raw materials in times of greatly available supply during bumper harvest in anticipation of the lean season in order to have the enough inventory to produce all through the year. Management seeks to purchase a commercial dehydrator to help in the preservation and storage of various ingredients for year round production activities.

Failure of the various periodic and stringent food safety audits processes, criteria, quality checks and reviews for food production and processing licenses as well as accreditations can lead to the revocation of the Company operating licenses. SAMBA Foods however has in place rigorous internal controls and quality assurance processes as well as the requisite skilled labor to make sure its processes are adequate to meet the various requirements.

Adequate Human Resource to man the various machinery and equipments is also a challenge to which SAMBA Foods faces and seeks to address through regular training programs.

The Company also faces some competition from other manufacturing multinationals involved in processing of various spices and condiments for the Ghanaian market. To this effect the Company seeks to undertake a massive marketing drive and brand awareness campaign to help capture a sizeable market share and boost revenues.

## **7.8 Litigation and Other Legal Proceedings**

The Company has two current litigation processes pending against it with Stanbic Bank Limited (Stanbic) and the Agricultural Development Bank Limited (ADB).

### **Stanbic Litigation**

SAMBA Foods has reached a settlement with Stanbic for the repayment of an amount of GHS180,000 as final repayment of a debt owed by SAMBA foods to Stanbic Bank. The agreed date for the payment of the debt was April 30, 2014. Part of the money to be raised in this IPO will be used to settle this debt.

### **ADB Litigation**

According to a writ of Facias dated February 13, 2012 issued by the Commercial Court in favor of ADB, all movable properties of SAMBA Foods including vehicles, household chattels and food processing machinery/equipment were ordered to be sold by auction. Part of the money to be raised in this IPO is to be used in settlement of the ADB debt.

## **7.9 Key Personnel**

SAMBA Foods performance is largely dependent on the efforts and abilities of key management and other employees. With the current wave of competition in the food processing industry, the Company's failure to attract and retain key personnel with deep knowledge and expertise on the operations of the industry could reduce its operational efficiency and profitability.

## PART VIII

### 8.0 Listing of Ordinary Shares

The GSE has granted permission to list all the shares of SAMBA Foods on the GAX. It is expected that dealings in SAMBA shares will commence on the GAX on the Listing Date.

### 8.1 Description of SAMBA Shares

The following are some of the rights and obligations in relation to the securities/shares being offered to the public under this Offer.

#### a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class of preference shares, each member and each proxy lawfully present at the Meeting shall have one vote on show of hands and on a poll each member present or by proxy shall have one vote for each share held.

#### b) Right to share in SAMBA Foods Profits

Other than entitlement to dividends declared by the directors of the Company in accordance with the Companies Act, there are no rights to share in the profits of SAMBA Foods.

#### c) Rights to share in any Surplus in the Event of Liquidation

If SAMBA Foods is wound up, the liquidator shall after the making of all statutory payment in respect of taxes and employee remuneration and after the payment of all creditors of the Company, divide amongst the members in specie or kind, the assets of the Company in direct proportion to the number of shares held by each member. The members of the Company shall not be called upon to contribute to the losses of the Company beyond the unpaid liabilities on their shares.

#### d) Appointment of Directors

The holding of any number of shares does not automatically entitle a shareholder to be appointed as a director to the Board of SAMBA Foods. All directors are by the Regulations, to be appointed and removed by ordinary resolution of shareholders in a general meeting.

### 8.2 Liability of Shareholders to Further Capital Calls By SAMBA Foods

Shareholders have no obligation to contribute to the capital of the Company beyond their equity investment in the Company.

### 8.3 Convening of Annual General Meeting and Extraordinary General Meetings

All meetings of shareholders of the Company are convened by the directors' in accordance with section 150 of the Companies Act, subject to the rights of shareholders to requisition meetings of the shareholders of the Company in accordance with section 297 of the Companies Act.

## 8.4 Material Contracts

All contracts the Company has entered into are those required in the normal course of business of the Company. We have set out the details of Samba Foods significant contracts:

### *Supply Contract with CPC*

SAMBA Foods has a long standing agreement with the CPC to grade sort and fry groundnuts for CPC. This arrangement started in 2006. There have since been a number of price revisions between CPC and SAMBA Foods on the services being provided by SAMBA Foods. SAMBA Foods is in the process of concluding a formal contract with CPC to formalize the existing arrangement and to afford better protection to SAMBA Foods as CPC continues to one of SAMBA's largest client.

### *Supply Contract with Masco Foods.*

SAMBA Foods has an agreement with Masco Foods (as the sole franchise holder of the KFC brand in Ghana) to supply a quantity of the KFC pepper sauce on a monthly basis to Masco Foods. This contract was for an initial term of one year commencing from August 1, 2012. The agreement has not been expressly renewed however; there have been price revisions under the contract which suggest that the agreement has been impliedly renewed by the parties. The most recent price revision under this agreement was on March 25, 2014. The new price revision is valid from April 1, 2014 to March 31, 2015.

## 8.5 Exchange Controls

The Foreign Exchange Act, 2006 (Act 723) allows foreigners to hold shares of a listed Company without any restrictions. It also assures full and free foreign exchange remitability of original capital or principal amounts, any gains, dividends or interest payments and related earnings and refunds in respect of investments made by external residents in such securities.

## 8.6 Taxation

The following is a general guide to the material taxation consequences in the Republic of Ghana arising for investors regarding ownership and disposition of ordinary shares in the Company. The summary, which is intended as a general guide only, does not purport to be an exhaustive analysis of all possible tax considerations and investors should in all cases satisfy themselves as to the tax consequences of the ownership or disposition of shares by consulting their own tax advisors.

*If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the republic of Ghana, you should consult an appropriate professional adviser immediately.*

#### **8.6.0 Dividend Withholding Tax**

There is a final withholding tax of 8% on all dividends received by shareholders.

#### **8.6.1 Capital Gains**

Capital gains earned on the disposal of listed shares is not chargeable to capital gains tax.

#### **8.6.2 Stamp Duty**

Under the Stamp Duty Act, 2005 (Act 689) transfers of shares in a Company are exempt from stamp duty.

#### **8.7 Dividend Payments (*Dividend Policy*)**

Based on the company's performance, the Board of Directors should be in a position to declare annual dividends out of the company's distributable earnings. The policy of SAMBA Foods is to offer to the shareholders a minimum of 20% of the company's distributable earnings each year as dividends.

#### **8.8 Mandatory Declarations**

##### **8.8.1 Directors' Responsibility Statement**

The Directors of SAMBA Foods collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm having made all reasonable enquiries, and that to the best of their knowledge and belief, there are no facts or circumstances, the omission of which would make any statement contained herein misleading.

##### **8.8.2 Statement by the Managers to the Issue**

uniSecurities Ghana Limited (uSL) and SIC Brokerage Limited which are regulated by the Securities and Exchange Commission are mandated to act as Managers to the Issue. In the preparation of this document, the team has relied on information that the Directors of the Company have made available to them.

##### **Declaration of Interest by Managers to the issue**

UniSecurities Ghana Limited has no direct or indirect economic or financial interest which depends upon the success of this share offer.

## 8.9 Documents Available For Inspection

Copies of the following documents may be inspected at the registered office of the SAMBA, uniSecurities and SIC Brokerage during normal business hours of any working day from 8.00 am to 5.00 pm during the Offer period.

- Regulations of SAMBA Foods;
- SAMBA FOOD's Certificate of Incorporation;
- SAMBA FOOD's Certificate to Commence Business;
- SAMBA FOOD's Audited Financial Statements from 2010 to 2013;
- SAMBA FOOD's Tax Clearance Certificate;
- SAMBA FOOD's Fixed Asset Revaluation Report;
- SAMBA FOOD's Share Offer Prospectus; and
- Copy of the Escrow Agreement

The shareholders resolutions and the Board's resolutions authorizing the following:

1. Conversion from a private company to a public company; and
2. Decision to raise funds through a public offer and subsequent listing of all the Company's shares on the GAX.

## 8.10 The Ghana Alternative Market

The GAX is a new innovative parallel Market operated by the GSE and was introduced in 2013. The GAX is primarily focused on small and medium enterprises with high growth potential and also accommodate companies at various stages of their development, including start-ups and existing enterprises both small and medium.

### Benefits

There GAX provides several benefits to the small to medium scale companies that qualify to be listed on it. These include:

- Easy access to long-term capital at relatively lower cost;
- Broaden their investor base and provide liquidity for their Shareholders/investors whiles reducing risk;
- Improve financial position of listed companies on the GAX;
- Enhance image of the Company and its products to the public.

# PART IX

**ESCROW AND RECEIVING BANK****uniBank Ghana Limited**

Accra-Main Branch  
P.O. Box AN-15367  
Royal Castle Road  
Accra-Ghana  
#0210150389617  
P.O. Box AN-15367  
Tel: +233 302 216 111-5  
Fax: +233 302 253 695

**RECEIVING AGENTS****UniSecurities Ghana Limited**

Plot No. B209 Augustino Neto Road  
Airport Residential Area  
P.O.Box GP 2637  
Tel: +233 (0)302 901238  
Email: info@unisecuritiesghana.com

**SIC-Brokerage Limited**

No. 67 A&B Switchback Road.  
Cantonments, Accra  
P.O.Box PMB CT314, Cantonments  
Tel: +233 (0)302 767 051  
Email: info@sic-gh.com

African Alliance Securities Ghana Limited 2nd Floor, Heritage Towers, 6th Avenue Ridge Ambassadorial Enclave PMB 45 Ministries, Accra Tel: +233 (0) 302 610 610-Email: securities.gh@africanalliance.com	CAL Brokers Limited No.23 Independence Avenue, Ridge, Accra P.O. Box 14596, Accra North Tel: +233 (0) 302 680 051/ 680 061-9 Email: info@calbrokersghana.com
CDH Securities Limited 36 Independence Avenue, North Ridge P.O. Box 14911, Accra North Tel: +233 (0) 302 667 425-8 Email:info@chdfinanciaholdings.com	Chapel Hill Dunham Suite 2, Labone Office Park, N. Sithole Street, Labone PMB CT 384, Cantonments, Accra Tel: +233 (0) 302 766 865/2771346 Email: info@chapelhilldenham.com
Databank Brokerage Limited No.61, Barnes Road, Adabraka, Accra PMB, Ministries Post Office, Accra Tel: +233 (0) 302 665 124/ 663 763 Email: info@databankgroup.com	EDC Stockbrokers Limited No.5, 2nd Ridge Link, North Ridge, Accra P.O. Box 16746, Accra North Tel: +233 (0) 302 251 720/4/9 Email: edc@ecobank.com
Fidelity Bank Securities Limited Ridge Towers - Ridge, Accra PMB 43, Cantonments, Accra, Ghana Tel: + 233 (0) 302 214 490 Email: info@myfidelitybank.net	First Atlantic Brokers Limited No.1, 7th Avenue, Ridge West, Accra P.O. Box Ct 1620, Cantonments, Accra, Ghana Tel: +233 (0) 302 679 259 Email: brokers@firstatlanticbank.com.gh

<p>GN Investments Limited 5 Mozambique Link, North Ridge Accra P.O. Box GP 17187, Accra Tel: +233 (0) 302 211 411/5 Email : <a href="mailto:info@gcsinvestments.com">info@gcsinvestments.com</a></p>	<p>HFC Brokerage Services Limited No.6, Sixth Avenue, Ambassadorial Area, Ridge, Accra P.O. Box: CT 4603, Cantonments, Accra, Tel; +233 (0) 302 683 891/683 892 Email: <a href="mailto:info@hfcinvestments.com">info@hfcinvestments.com</a></p>
<p>Liberty Capital Ghana Limited Chez Julie Plaza, 30 Paa Grant Street, Comm.10, Tema P.O. Box CS 8876 Tel : +233 (0) 303 301 486 Email: <a href="mailto:info@libertygh.com">info@libertygh.com</a></p>	<p>UMB Stockbrokers Sethi Plaza, 123 Kwame Nkrumah Avenue, Adabraka Telephone: +233(0)302226112 +233(0)302237502 Email: <a href="mailto:stockbrokers@myumbbank.com">stockbrokers@myumbbank.com</a></p>
<p>New World Renaissance Securities 2nd Floor, Heritage Tower, Ambassadorial Enclave, Off Liberia Road, Accra P.O. Box CT 2868, Cantonments, Accra Tel: +233 (0) 302 660 163/ 676 979 Email: <a href="mailto:info@rencap.com">info@rencap.com</a></p>	<p>NTHC Securities Limited Martco House, Okai-Mensah Link, Adabraka, Accra P.O. Box KIA 9563, Airport, Accra Tel: +233 (0) 302 238 492 /3, 235 814 -6 Email: <a href="mailto:info@nthcghana.com">info@nthcghana.com</a></p>
<p>Prudential Securities Limited No.8, Nima Avenue, Kanda Ring Road Central, Accra P.O. Box CT 628 Accra, Ghana Tel: +233 (0) 302 771 284/770 936 Email: <a href="mailto:info@prudentialsecuritiesgh.com.gh">info@prudentialsecuritiesgh.com.gh</a></p>	<p>Strategic African Securities Limited 2nd Ring Link, North Ridge, Accra P.O. Box KA 16446, Airport, Accra Tel: +233 (0) 302 251 546/7/9 Email: <a href="mailto:info@sasghana.com">info@sasghana.com</a></p>
<p>Stanbic Investment Management Services Valco Trust Towers, Castle Road, Ridge West P.O Box CT 2344, Cantonments Accra Email: <a href="mailto:Brokerage@stanbic.com.gh">Brokerage@stanbic.com.gh</a></p>	<p>Worldwide Securities Limited No.80, Ringway Link, Ringway Estates, Accra P.O. Box CT 01072, Osu, Accra Tel : +233 (0) 256 001/2, 764578/9 Email: <a href="mailto:info@worldwidesecuritiesggh.com">info@worldwidesecuritiesggh.com</a></p>

# PART X

## 10.0 Qualifying Offer Applicants

For the purposes of the Share Offer, a 'Qualifying Offer Applicant' means any person who is aged 18 years or over, or a corporation, or partnership, or other unincorporated association who is resident/incorporated in Ghana or some state, or country provided always that offer to and acceptance by such applicant in terms of this Offer is not in contravention with the laws of either that state, or country, or of Ghana itself.

***NB: This document does not constitute an offer or an invitation to purchase any of the shares in any jurisdiction in which such offer or invitation would be unlawful.***

## 10.1 Terms and Conditions

### 10.1.1 Offer to Subscribe To Shares

- a) You offer to subscribe to share of SAMBA such number of shares as, when multiplied by the offer price, is nearest to but not more than, the amount indicated in your application form on these terms and conditions and subject to the Regulations of SAMBA.
- b) You agree to provide a clear photocopy of a valid ID in support of your application to your receiving agent. Where the application is for a person other than a minor, you agree to submit all required identification of yourself and the person on whose behalf you are applying for shares under this offer on their behalf.
- c) You agree that your offer cannot be revoked prior to the revocation date stated in this prospectus or such later date as the Company and the Manager may agree, and promise that any cheque, bankers' draft or money/postal order accompanying your application will be honored on first presentation and that this paragraph constitutes a collateral between you and SAMBA. It becomes binding when your application is posted to or, in the case of delivery by hand, received by, one of the Receiving Agents. All bank commissions and transfer and other charges must be paid by the applicant.
- d) A thumbprint on an application form will be accepted instead of a signature thereon only if is duly certified in accordance with the laws of Ghana.
- e) If your application form is not completed correctly or is amended, or if any accompanying cheque, bankers' draft or other remittance is found to be less than the amount stated on your application form, it may still be treated as valid. In these circumstances the Managers' decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

You will not however, be treated as having offered to purchase a number of shares on offer which when multiplied by the offer price, is more than the amount of remittance accompanying the application form or validity remitted in respect thereof.

- f) Any application may be rejected in whole or in part at the discretion of the manager for applications which are incomplete, illegible, or it is determined that the applicant is not eligible to participate in this Offer.

#### **10.1.2 Acceptance of the Offer**

- a) Acceptance of your offer will be made (if your application is received, valid, processed and not rejected) either by notifying SEC and GSE on the basis of allocation or by notifying acceptance to the receiving agents.
- b) The acceptance of your application may in whole or in any part thereof.
- a) If your offer to purchase is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the offer shares in respect of which your offer has been accepted.

#### **10.2 Payment for SAMBA Shares**

- a) Payment for shares shall be by cheque, banker's draft, telegraphic transfer or other remittance. No cash shall be accepted in settlement for the purchase of shares. You undertake to pay the purchase price for the shares in respect of which your offer is accepted. The cheque or banker's draft or other remittance accompanying your application may be presented for payment before the acceptance of your application but this will not constitute its acceptance either in whole or in part.
- b) If your application is invalid, or is rejected, or not accepted in full, the proceeds of the cheque or other remittance accompanying the application or unused balance of those proceeds will be refunded to you without interest in the same currency as was the application within 10 days after close of the offer.

If the remittance accompanying your application is not honored on first presentation, then at any time until one of the Receiving Banks has received cleared funds in respect of the share offer, the Sponsoring Broker on behalf of themselves and SAMBA may terminate the agreement to subscribe for that share. The termination will be notifying the Receiving Agent to whom you submitted your application

### **10.3 Warranties**

You warrant that:

- a) You are qualified to apply;
- b) In making your application you are not relying on any information or representation concerning the Company and/or the offers or any of them not contained in this document. You agree that no person responsible for this document or any part of it will have liability for any such other information or representation.
- c) If any person signing, or making a thumb print on the application form is not the applicant, that person warrants that he or she has authority to do so on behalf of the applicant and that this authority is vested in him or her by virtue of any power of attorney which (or a copy of which certified by a solicitor) accompanies the application.
- d) the applicant on whose behalf you are applying is qualified to apply

### **10.4 Supply and Disclosure of Information**

SAMBAFOODS and its agents shall have full access to all information relating to, or deriving from, the cheque or bankers' draft or other remittance accompanying your application, and it's processing. If the Company and its agents request any information about your application you must promptly disclose it to them.

### **10.5 Miscellaneous**

The rights and remedies of the Company and the Sponsoring Broker under these terms and conditions are in addition to any rights and remedies, which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

If you deliver your application form to a Receiving Agent, you authorize SAMBA FOODS to send any money returnable to you and a share certificate for the number of shares for which your application is accepted to the Receiving Agent to which you delivered your application form for collection by you from such Receiving Agent, and you agree to produce the completed receipt at the bottom of the application form and/or other appropriate evidence of your entitlement to the certificate and/or returned monies to such Receiving Agent upon collection thereon. If your application was sent by post, you authorize SAMBA to send a share certificate for the number of shares which your application is acceptable and/or a cheque for any money returnable by post to you at your address (or, in the case of joint applicants, the address of the first-named person) as set out in the application form.

All documents and monies sent or delivered to or by you will be sent or delivered at your own risk. Any cheque will be made payable to you (or the first person named in any joint application).

You agree to be bound by the Regulations of SAMBA FOODS once the shares you have agreed to purchase have been allotted to you. Your application and acceptance of that application and the contract resulting there from will be governed by, and construed in accordance with, the laws of Ghana. For the exclusive benefit of the parties mentioned in the introduction in these terms and conditions you irrevocably submit to the jurisdiction of the Ghanaian courts in respect of these matters. This does not prevent an action being taken against you in any other jurisdiction.

Words defined in the Prospectus and not defined in these terms and conditions have the same meanings in these terms and conditions and in your application form and in the guide to the application form as in the Prospectus. In the case of a joint application, references to an applicant in these terms and conditions are to each of the joint applicants and their liability is joint and several.

# PART XI

*It is important that the Application Form is correctly completed. Applicants in doubt should consult any of the Receiving Banks or Receiving Agents for assistance. The Offer is open from 9:00am on 23<sup>rd</sup> February 2015 and closes at 5:00pm on 13<sup>th</sup> March 2015. Applications received after the Offer has closed shall not be considered.*

*A sample copy of the Application Form is included in this Offer Document for reference. Qualifying Applicants may obtain Application Forms from the Receiving Banks or Receiving Agents respectively. Please note that terms defined in the Offer Document have the same meaning when used in the Application Form. All applicants are advised to read the Offer Document in its entirety and consult a licensed professional before filling the Application Form.*

**\*Please read all instructions carefully before completing an application form**

Multiple applications are not permitted under this offer, please ensure your application form is duly completed and all supporting documentation (photocopy of valid ID, (see section 1) and duly executed power(s) of attorney where applicable) are attached before submission to a receiving agent.

The application form must be completed in **block letters**, and together with payments covering the number of shares subscribed for and submitted to a receiving agent by 5pm on 13<sup>th</sup> March 2015.

Only persons above 18 years of age can buy shares in their own name. Shares may be bought for a child by a parent, grandparent or guardian of the child who may complete an application to buy shares in his/ her name.

Power(s) of attorney must be enclosed if anyone is signing on behalf of an applicant other than a minor. Photocopies of application forms will be accepted only if they are clear and legible.

**GUIDE TO COMPLETING THE APPLICATION FORM FOR INDIVIDUALS**

**1. Personal Details**

Insert in Box 1 your Surname (i.e. family name), all your Forenames (i.e. first/ other names) and the title by which you are addressed. A photocopy of a valid ID must also be submitted with your application. If applying on behalf of a minor, photocopies of the parents/ guardian's ID as well as the minor's must be attached. Applications for persons other than minors must have attached to the form, a valid ID and a power of attorney for the beneficiary.

Name of organization (if applicable) as well as registration number as quoted on its certificate of Incorporation/ to commence business. Applications from corporations and partnerships must bear institutions common seal/stamp (if applicable) and completed under the hand of a duly authorized official who should also state his/her designation/title.

**2. Number and Cost of shares applied for**

Complete Box 2 with the number of shares (minimum is 100) and the amount payable in Ghana cedi that you are applying for. Please use figures. Your payment must be in a form which will realize cleared funds for the full amount payable by 5pm on 27th February 2015. Cheques, Money/Postal orders and Bankers Draft Should be payable to **SAMBA FOODS SHARE OFFER** and endorsed '**COMMISSION TO DRAWER'S ACCOUNT**'. All bank commission and transfer charges must be paid by the applicant.

Minimum application for 100 shares, then multiples of 100 thereafter subject to conditions of this offer. When the basis of allocation under the **SAMBA FOODSCOMPANY LIMITED SHARE OFFER** is determined, successful applicants will be allocated a number of shares. Any cash balance owing will be refunded.

**3. Address of Applicant**

Insert in Box 3 your full residential/Business address (if applicable) and postal address. The address must be current and reliable and in case of any change in address you should immediately inform your broker or the registrar, whichever is the case.

**4. Dividend Payment Details**

This section should be completed only by applicants who want their dividend paid directly into their bank account. Please provide information on your bank. Applicants who leave this blank will have their dividend payments warrant mailed to them at their stated address.

**5. Email Address, Telephone, Nationality and Status of Residency**

Include your email address or telephone number to facilitate us contacting you quickly. Also state your citizenship and whether or not you are resident in Ghana

**6. Declaration**

Multiple applications are not permitted. Please read the declaration carefully before you sign (or, if unable to sign make your thumb print) in Box 7 above.

**7. Applicants Signature/ Thumbprint**

By signing or thumb printing in Box 7 of the application form, you will be applying for the offer under the terms and conditions set out in the prospectus and in this form. Proceedings may be instituted against anyone knowingly make a false declaration. This applies whether an application is made solely or jointly with other persons.

**8. Joint applications**

You may apply jointly with up to three people, provided each applicant is an adult over 18 years of age. Each applicant should complete his/her name and sign the appropriate place by their names. Power(s) of Attorney must be enclosed if anyone is signing on behalf of any joint applicant(s).

**Form 1** Before completing this form read carefully the **GUIDE TO COMPLETING THE APPLICATION FORM**

**SAMBA FOODSLIMITED SHARE OFFER APPLICATION FORM PLEASE USE  
BLOCK LETTERS (INDIVIDUAL)**

1. Date:		Form Number:	
Title: Surname:		2.	Number & Cost of Shares Applied For
First name:			Number of Shares:
Other Name(s) in Full:			
Identification of Applicant (attach photocopy of relevant ID to Form)			Depository A/c No:
Type: Number:			
For Applications in Trust for a Minor/Another Adult			Amount Payable (GHS):
Title & Surname of Beneficiary			
First and other names of Beneficiary			
3. Applicants Permanent Address Details		4. Dividend Payment Details	
Residential Address:		Bank Name:	
Postal Address:		Branch Name:	
Town:		Branch Code:	
Region/Country:		Account Name:	
		Account Number:	
5. Email: Telephone:		Nationality:	
Country of Residence:			
6. Declaration: I/We hereby apply for shares under this offer on the terms and conditions set out in this Prospectus. I/We declare that I/We are aware a Qualifying Officer Applicant(s) and to my /our knowledge there is no other application being made for my/our benefit (or of any persons for whose benefit I/We am/are applying for SAMBA Foods Limited's shares for which I/We have applied on this Form.			
7. Date:			
Applicant's (individual) Signature/Thumbprint:			
8. Joint Applicant (s): I/We hereby join in the application and give the declaration above		Date:	
Joint Applicant (1)'s Name (in Full):		Signature:	
Joint Applicant (2)'s Name (in Full):		Signature:	
Joint Applicant (2)'s Name (in Full):		Signature:	
Relationship:			
9. To be completed by the Receiving Agent and then signed and retained by Applicant as evidence of payment			
SAMBA FOODS LIMITED: APPLICATION COUNTERFOIL Form Number:			
Applicant's Address Details		Applicants Signature/Thumbprint	Receiving Agent's Signature/Stamp
Title:			
First Name:			
Residential Address			
Postal Address:			
Country:		Number of Shares:	Amount Paid (GHS):



## SAMBA FOODS COMPANY LIMITED SHARE OFFER REQUIRED IDENTIFICATION/DOCUMENTATION FRO APPLICANTS AND BENEFICIARIES

Please read these requirements and the Prospectus carefully before you apply for SAMBA Food Limited Shares under this Offer

### A. APPLICATION BY AN ADULT INDIVIDUAL

A certified copy of any of these forms of valid identification will be accepted:

☐ NATIONAL PASSPORT

☐ DRIVERS LICENCE

☐ VOTER'S ID CARD

In case of a Joint Application, each applicant joining in the Application must provide one of the above identification documents, or where the Joint Applicants are married, and the wife does not have any identification document in her married name, the Applicants may present a certified copy of their Marriage Certificate in addition to any of the above as proof of identity.

### B. APPLICATION BY COMPANIES OR ORGANISATIONS

A certified copy of any one of the documents listed in B1 below together with a copy of any one of the documents listed in B2 below will be accepted

#### B1.

☐ Certificate of Incorporation

☐ Certificate to Commence Business

☐ Organisation's Regulations duly signed by authorized signatories

☐ Form A duly filed at Registrar General's Department (sole proprietorship)

☐ Form 3 duly filed at the Registrar General's Department (limited liability company)

☐ Certificate of Registration (partnership)

☐ Constitution of Investment Club

#### B2.

☐ Duly executed Resolution of the Directors of the Company / Governing Body of investment clubs authorising the person(s) named therein to apply for the shares of SAMBA Foods Limited on its behalf.

☐ A Power of Attorney duly executed by an authorised representative of the Organisation on whose behalf the Application is being made, authorising the person(s) named therein to apply for the shares of SAMBA Foods Limited on its behalf.

### C. APPLICATION BY AN ADULT in Trust for an ADULT

Certified copies of all the items listed below required:

☐ A Power of Attorney duly executed by an Adult on whose behalf the Application is being made authorising the Applicant to apply for SAMBA Foods Limited shares on their behalf.

### D. APPLICATION BY AN ADULT in Trust for a MINOR (A minor is a beneficiary below 18 years of age as at the opening date of the Offer) Applicant must submit valid identification as spelt out in A above and a certified copy of any of these forms of valid identification for the minor:

☐ National Passport

☐ Baptismal Certificate

☐ Birth Certificate

**PLEASE NOTE THAT SAMBA FOODS LIMITED RESERVES THE RIGHT, AT ITS DISCRETION, TO VARY THE ABOVE REQUIREMENTS IN RELATION TO ANY APPLICANT(S) AS IT MAY CONSIDER NECESSARY.**