

CAMEROON DEVELOPEMENT CORPORATION (CDC) S.O.E

**Head office: P O box 305, Bota - Limbe
State owned enterprise with a capital of 53.5 billion CFAF
TPPCR N° RC/LBE/2018/B/0159-Limbe**

Report of the statutory auditor on the annual financial statements

**Annual financial statements – Period ended 31st December
2021**

Mazars Cameroun SA

P O BOX. 3791 DOUALA - CAMEROON

TEL: 237 2 33 42 42 47 / FAX: 237 2 33 42 91 70

ACCOUNTING AND AUDITING PUBLIC LIMITED COMPANY

CEMAC AUTHORISATION NUMBER SEC 034 BY DECISION N°17/05 UEAC -010 C-CM-13 OF 07 FEBRUARY 2005.

ONECCA REGISTRATION N° SEC 017.

REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL FINANCIAL STATEMENTS

CDC S.O.E

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N/Ref.212.RAP.2022/DLA

To the Shareholders,

Opinion

In the execution of our mandate as statutory auditor which was entrusted to us by your General Assembly of the 1st December 2020, we have carried out the audit of the annual financial statements of the State Owned Entity Cameroon Development Corporation which comprise the balance sheet, the income statement, the cash flow statement, the notes to the financial statements and the accounting principles for the year ended 31st December 2021 as attached to the current report. The accounts present equity of **-8 456 832 046 CFAF** which is inclusive of a net loss for the period of **-4 929 238 185 CFAF**.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company at 31st December 2021 and of its financial performance for the year then ended in accordance with the accounting rules and principles of the OHADA Accounting System.

Basis of our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of ethics applicable to the audit of financial statements in Cameroon, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to:

- Note 3A of the financial statements on the Mukonje, Mukonje Industrial Unit, Malende, Mbonge, Meanja, Illioani Mill, Mungo Palms, and Manyu estates/units which could not be accessed for fixed asset count due to insecurity. These assets have also remained unproductive during the year. The net book value of assets in these estates in the financial statements total 15 313 292 168 CFAF.

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- Note 32 on productions: Our review of the farm yields for estates in activity based on expected yield capacity, reveals estimated farms yields of 80% for rubber and 68% for palms, resulting in loss yields of 20% (2 200 tons of unprocessed rubber) and 32% (27 224 tons of fresh fruit bunch) respectively. Note 32 of the financials statement provides reasons for shortfall in yields as follows:

- ✓ Palms: unexploited fields due to bad roads, poor state of farm bridges, low worker turnout, inadequate transportation and frequent breakdown of mills.
- ✓ Rubber: low tappers turnout due to lack of payment by the CDC coupled with security challenges affected the coverage of the plantations.

- Note 18 on social and tax debt:

- ✓ In March 2021, the management of the CDC after a concertation meeting with the Taxation Administration signed minutes of a meeting on the consolidation of CDC's tax liabilities. This amounted to 15 501 176 355 CFAF in principal, and 11 741 776 457 CFAF for penalties and interests as at 31st January 2021.

The CDC out of this debt situation is contesting 8 502 027 048 CFAF in principal and 6 036 312 545 CFAF in penalties and interests which was written off from its books following the ministerial decision number 00002529/MINFI/CTR/jk/nar/azy of 16/04/2018 granting an annulment for the entire amount of 14 538 339 593 CFAF in principal, penalties and interest. However, on the 18th June 2021, the Director General of Taxation granted a 75% tax waiver to the CDC on its uncontested debts issued before 31st December 2018 and evaluated at 23 294 261 438 CFAF in principal, penalties and interest. The tax administration has therefore not abandoned the debts contested by the CDC for which ministerial decision number 00002529/MINFI/CTR/jk/nar/azy of 16/04/2018 granted an annulment for the entire amount of 14 538 339 593 CFAF in principal, penalties and interest.

Taxes have been filed during the 2021 financial period but the corresponding payment have not been effected. The CDC has estimated and recorded penalties for the unpaid taxes for the year 2021.

A conciliation is needed to be concluded between the CDC and the Taxation Administration in order to establish the debt position accepted by both parties. The tax liability as at 31 December 2021 stands at 7 890 907 835 CFAF.

- ✓ In April 2021, the management of the CDC after a concertation meeting with the National Social Insurance Fund signed minutes of a meeting on the consolidation of CDC's liabilities towards the National Social Insurance Fund. This amounted to 13 974 034 010 CFAF in principal, and 4 535 921 211 CFAF for penalties and interest as at 1st April 2021.

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Social declarations filed during the 2021 financial period have not been paid. Penalties for late payment and interest have been evaluated and booked.

The liability carried in the financial statements as at 31st December 2021 stands at 22 109 552 329 CFAF.

Our opinion is not modified in respect of these matters.

Verifications of the management report and other documents addressed to the shareholders

We have also proceeded in compliance with the professional standards to the verification and specific information provided for by the law.

With the exception of the impact of the facts set out in the "Observations" paragraph, we have no observations regarding the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to the shareholders with respect to the financial position and the annual financial statements.

The legal books provided by article 19 of the OHADA Uniform Act on Accounting law and Financial Information has not been provided to us.

The numbered and initialled register of minutes of Board of Director's meetings as well as the numbered and initialled register of minutes of the shareholders' meeting provided by articles 458 and 135 respectively of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups have been established but are not up to date.

Information concerning other legal and regulatory obligations

1. EQUITY SITUATION

The approval of the 2019 accounts by the general assembly revealed an equity that was less than half of the ordinary share capital. During the extraordinary general assembly that held on the 16th April 2021, the shareholders of the CDC took notice of the situation and voted a resolution for the continuity of its activities, as well as the engagement to reconstitute its equity up to at least half of the corporation's share capital within two years. The accounts at 31st December 2021 present a negative equity of 8 456 832 046 CFAF.

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2. LEGAL PUBLICATION AND FILING

The proof of filing of the 2020 financial statements with the court registry has been provided to us.

The legal publication into the trade and personal property credit register of the Capital increase from 35 815 550 806 CFAF to 53 503 180 084 CFAF has been performed in accordance with the Articles of Association and Article 264 of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups.

3. ISSUED SHARE REGISTER

In accordance with section 10 of Law N°2014/007 of 23rd April 2014 to lay down the modalities for the dematerialisation of securities in Cameroon, supplemented by Decree N°2014/3763/PM of 17th November 2014 to lay down the conditions of application, **owners of securities issued prior to the date of promulgation of the aforementioned law had a period of four (04) years, i.e. until 23rd April 2018, to proceed with the registration of securities in their account in electronic form.**

Failure to comply with this provision is likely to result in:

- the loss of the rights attached to their securities (voting rights, right to dividends, etc.);
- the sale, at the end of an additional period of one year, i.e. until 23rd April 2019, of the rights corresponding to the said securities in the absence of compliance with the article.

The dematerialisation certificate for the financial year 2021 has not been communicated to us.

An application for the dematerialisation has been filed with the Autonomous Sinking Fund.

4. CONVENING OF THE ANNUAL GENERAL MEETING TO APPROVE THE ACCOUNTS

The provisions of Articles 525 and 526 of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups provide that the summary financial statements for the financial year, the management report, the auditors' reports, etc. are made available to the shareholders as from the convening of the annual ordinary General Assembly and at least during the period of 15 days preceding the date of the meeting. We inform you that our report could not be issued within the timeframe provided for in Article 525 and 526 of the OHADA Uniform Act due to the adoption of the financial statements as at 31 December 2021, less than 15 days before the meeting of the General Assembly to approve the accounts for the same financial year.

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Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the OHADA Accounting System, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The accounts have been approved by the board of directors.

Auditor's responsibility for the audit of the Annual Financial Statements

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

Our mission of certification of accounts is not to guarantee the viability or the quality of the management of your company.

You will find in the annex of this report a more detailed description of the auditor's responsibilities for the audit of the annual financial statements.

Done in Douala, on the 16th June 2022

The statutory auditor



Fidele Bienvenu MMANDOA

Partner

MAZARS CAMEROUN SA

CEMAC Authorization n° SEC 034

ONECCA Registration n° SEC 017