

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
2020**

Mazars Cameroun SA

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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.

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REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL FINANCIAL STATEMENTS

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 2020 as attached to the current report. The accounts present equity of **-3 389 024 019 CFAF** which is inclusive of a net loss for the period of **18 304 886 277 CFAF**.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company at 31st December 2020 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 and Manyu estates/units which could not be accessed for fixed asset count due to insecurity. The net book value of assets in these estates in the financial statements total 8 898 210 937 CFAF.
- Note 18 on tax and social debts. 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 state. This amounted to 13 974 034 010 CFAF in principal, and 4 535 921 211 CFAF

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for penalties and interest as at 1st April 2021. The liability carried in the financial statements as at 31st December 2020 stands at 13 891 447 560 CFAF.

- In March 2021, the management of the CDC after a concertation meeting with the Fiscal Administration signed minutes of a meeting on the consolidation of CDC's liabilities towards the state. 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 have not been recorded in its books. The liability carried in the financial statements at 31st December 2020 stands at 12 527 849 635 CFAF.

Our opinion is not modified in respect of this matter.

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 as well as the numbered and initialled register of minutes of the shareholders' meeting provided by article 135 of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups have not been provided to us. The numbered and initialled register of minutes of Board of Director's meetings provided by article 458 of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups has been established but is 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 which 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 while taking the engagement to reconstitute its equity up to at least half of the corporation share capital within two years.

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2. LEGAL PUBLICATION AND FILING

The proof of filing of the 2019 financial statements with the court registry has not 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 not yet 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 2020 has not been communicated to us.

An application for the dematerialisation has been filed with the Autonomous Sinking Fund of Cameroon and its pending payment by the CDC before processing.

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

The convening of the Annual General Meeting to approve the accounts beyond six months after the year end as provided by article 548 of the OHADA Uniform Act law on Companies and EIG, must be authorized by the judge of the court of the place of the registered office. The CDC has obtained an authorization on 14th July 2021 signed by the President of the Court of first instance in Limbe.

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

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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 approval of the financial statements as at 31 December 2020, less than 15 days before the meeting of the General Assembly to adopt the accounts for the same financial year.

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 of the viability or the quality of the management of your company.

The statutory auditor



Fidele Bienvenu MMANDOA
Partner

MAZARS CAMEROUN SA
CEMAC Authorization n° SEC 034
ONECCA Registration n° SEC 01