



**DIGICUT PRODUCTION & ADVERTISING LIMITED**

## **INITIAL PUBLIC OFFERING PROSPECTUS**

M A R C H   2 0 1 8

# DIGICUT

Initial Offer For Subscription Of 35,672,632 Ordinary Shares Of No Par Value Of Digicut Production & Advertising Limited At Ghc 0.08 Per Share And The Listing By Introduction Of 83,217,989 Shares.

## LEAD MANAGER AND SPONSORING BROKER



## CO-MANAGER AND SPONSORING BROKER



REPORTING ACCOUNTANT



LEGAL ADVISOR

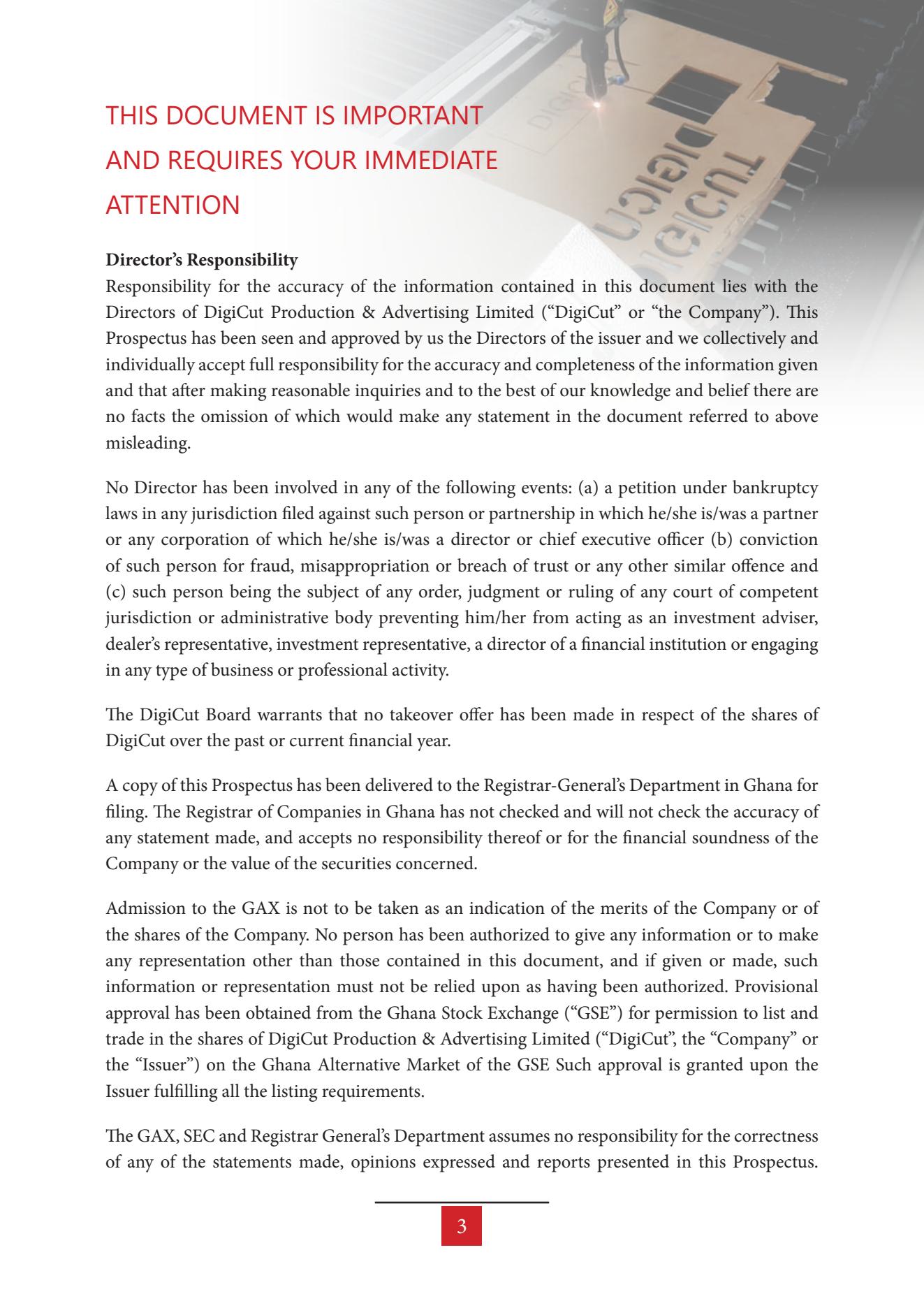


REGISTRAR



RECEIVING BANK





# **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

## **Director's Responsibility**

Responsibility for the accuracy of the information contained in this document lies with the Directors of DigiCut Production & Advertising Limited (“DigiCut” or “the Company”). This Prospectus has been seen and approved by us the Directors of the issuer and we collectively and individually accept full responsibility for the accuracy and completeness of the information given and that after making reasonable inquiries and to the best of our knowledge and belief there are no facts the omission of which would make any statement in the document referred to above misleading.

No Director has been involved in any of the following events: (a) a petition under bankruptcy laws in any jurisdiction filed against such person or partnership in which he/she is/was a partner or any corporation of which he/she is/was a director or chief executive officer (b) conviction of such person for fraud, misappropriation or breach of trust or any other similar offence and (c) such person being the subject of any order, judgment or ruling of any court of competent jurisdiction or administrative body preventing him/her from acting as an investment adviser, dealer’s representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity.

The DigiCut Board warrants that no takeover offer has been made in respect of the shares of DigiCut over the past or current financial year.

A copy of this Prospectus has been delivered to the Registrar-General’s Department in Ghana for filing. The Registrar of Companies in Ghana has not checked and will not check the accuracy of any statement made, and accepts no responsibility thereof or for the financial soundness of the Company or the value of the securities concerned.

Admission to the GAX is not to be taken as an indication of the merits of the Company or of the shares of the Company. No person has been authorized to give any information or to make any representation other than those contained in this document, and if given or made, such information or representation must not be relied upon as having been authorized. Provisional approval has been obtained from the Ghana Stock Exchange (“GSE”) for permission to list and trade in the shares of DigiCut Production & Advertising Limited (“DigiCut”, 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, SEC and Registrar General’s Department assumes no responsibility for the correctness of any of the statements made, opinions expressed and reports presented in this Prospectus.

**Digicut Production & Advertising Limited Prospectus**

Neither the GAX of the GSE, the SEC nor the RGD has verified the accuracy and the truth of the contents of this prospectus or any other documents submitted to it and the GSE, the SEC and or the RGD will not be liable for any claim of any kind whatsoever.

**This document has been examined and approval given by the Securities & Exchange Commission in accordance with section (3) of the Securities Industry Act, 2016 (Act 929) and Regulations 51 and Schedule 5 of the Securities & Exchange Commission 2003 (L.I. 1728). In its review the SEC examined the contents of this document 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 advisor or other professional for investment advice.**

The distribution of this Prospectus and the offering of the shares in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by DigiCut to inform themselves about, and observe any such restrictions. This Prospectus does not constitute an Offer and may not be used for the purpose of an Offer to or solicitation by anyone in any jurisdiction or in any circumstances in which such an Offer or solicitation is not authorized or is unlawful.

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

Neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any impression that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date. Any material change, relevant to the Offer, in the affairs of the Company during the floatation period will be communicated to the SEC, GSE, GAX and the investing public.

Gold Coast Brokerage and SIC Brokerage are acting for DigiCut. They will not be responsible to anyone other than DigiCut for providing advice in relation to this transaction. Gold Coast Brokerage and SIC Brokerage have relied on information provided by the Company and accordingly do not provide any assurance of the accuracy of the information contained in this Prospectus.

To the best knowledge of and belief of Gold Coast Brokerage and SIC Brokerage, this Prospectus constitutes a full and fair disclosure of all material facts about the Company and the issue and that the profit forecast has been stated by the directors after due and careful enquiry.

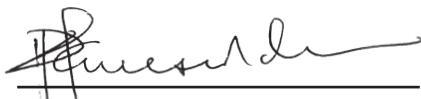
**Digicut Production & Advertising Limited Prospectus**

The Legal advisors and the Reporting accountants have not withdrawn their opinion and their consent on their statements or reports being included in the offer document.

The current shareholder does not have any intentions to dispose of or transfer any or part of his interests in the issue within a period of 2 years of the date of the offer.

**A prospective investor should be aware of the risks of investing and should make the decision to invest only after careful consideration and consultation with a professional financial advisor.**

Signed



Dr. Papa Kwesi Nduom



Mr. Mike Eghan

*The Date of this Prospectus is March 2018.*

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## 1. KEY MILESTONES & TIMETABLE

ACTIVITY	DATE	TIME
Commencement of Offer Period	1-Mar-18	8:30am
End of Offer Period	16-Mar-18	5:00pm
Deadline for Acceptance of Application Forms	16-Mar-18	5:00pm
Allotment Begins	19-Mar-18	8:30am
End of Allotment & Submission of Results to SEC	21-Mar-18	5:00pm
Credit Accounts of Successful Applicants	23-Mar-18	5:00pm
Refunds to Unsuccessful Applicants	23-Mar-18	5:00pm
Listing & Commencement of Trading	27-Mar-18	10:00am

Note: All dates provided are subject to change by Gold Coast Brokerage Ltd in consultation with the Directors of DigiCut (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time, the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

## 2. RECEIVING AGENTS

**Gold Coast Brokerage Limited**  
 2<sup>nd</sup> Floor, C625/3 Farrar Street, Asylum-Down, Accra  
 P.O. Box AN 5879, Accra-North  
 Tel: +233 302 2978838/2978839  
 Email: [info@gbrokerageghana.com](mailto:info@gbrokerageghana.com)

**SIC Brokerage Limited**  
 No. 67 A&B Switch Back Road  
 PMB CT 314 Cantonments, Accra - Ghana  
 Tel: +233 30 276 7123  
 Mob: +233 24 482 9093  
 Email: [trader@sicbrokerage.com](mailto:trader@sicbrokerage.com)

### Receiving Bank

**Ecobank Ghana Limited**  
 19 Seventh Avenue, Ridge West  
 Tel: +233 302 674 762

Other Receiving Agents – see page 69 for full details

### 3. CORPORATE INFORMATION

<b>DIRECTORS</b>	Dr. P.K. Nduom, Chairman Ms. Christiana Baidoo Mr. Mike Eghan Mr. Ladi Nylander Mr. Cyril Acolatse
<b>REGISTERED OFFICE &amp; PLACE OF BUSINESS:</b>	House No. 350, Nima Court Avenue , Ward E, Block 2, Accra P.O. Box 45, Accra
<b>COMPANYREGISTRATION</b>	PL000412017
<b>AUDITORS:</b>	Adom Boafo& Associates Chartered Accountants Mango Street Avenue, Asylum Down PMB CT 3960 Cantonments, Accra
<b>COMPANY SECRETARY:</b>	GN Legal Limited
<b>PRINCIPAL BANKERS</b>	GN Bank Limited
<b>REGISTRARS:</b>	Central Securities Depository 4th Floor, Cedi House, Accra Tel: +233 030 2689313/030 2689314

### 4. ADVISORS TO THE OFFER

<b>LEAD MANAGER &amp; BROKER:</b>	<b>SIC Brokerage Limited</b> No. 67 A&B Switch Back Road, Cantonments Tel: +233 30 276 7123 Contact Person: Seth Q. Ofori Email: trader@sicbrokerage.com
<b>CO-MANAGER &amp; SPONSORING BROKER:</b>	<b>Gold Coast Brokerage Limited</b> 2nd Floor, C625/3 Farrar Street, Asylum Down, Accra Tel: +233 030 2978838/9; +233 050 1294894 Contact Persons: Benjamin Afreh; Elizabeth Gyimah Email: info@gcbrokerageghana.com
<b>LEGAL ADVISORS:</b>	<b>Zoe Lexfields</b> H/No 606 Joe Mensah Drive, East Legon Tel: +233 054 1055346 Contact: Dr. Olivia Anku-Tsede; Adjoa Sarpong
<b>REPORTING ACCOUNTANT:</b>	<b>CFY Partners</b> 134 Robinson Crescent, Swanlake Road, Tel: +223 (0) 302 245 779 Contact: Daniel Quampah
<b>ESCROW ACCOUNT BANK:</b>	Ecobank Ghana Limited
<b>RECEIVING BANK</b>	Ecobank Ghana Limited 19 Seventh Avenue, Ridge West Tel: +233 302 674 762
<b>RECEIVING AGENTS</b>	SIC Brokerage Limited Gold Coast Brokerage Limited; Others – Page 69 for full details

## 5. SUMMARY OF KEY DEFINITIONS

The following definitions apply in this document, unless the context requires otherwise:

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“AGM”	Annual General Meeting
“Applicants”	The prospective investors who submit Completed Application Forms for this Share Offering
“Application Forms”	The application form attached to this prospectus or copies of them.
“Companies Act”	The Ghana Companies Code Act 1963 (Act 179)
“Escrow Bank”	Ecobank Ghana Limited is the Escrow Bank
“EGM”	Extraordinary General Meeting
“Exchange”	Ghana Stock Exchange
“GAX”	Ghana Alternative Market
“GHC or GH¢”	Ghanaian Cedi
“GoG”	Government of Ghana
“Government”	Government of Ghana
“GSE”	Ghana Stock Exchange
“DigiCut”	DigiCut Production & Advertising Limited
“IPO”	Initial Public Offering
“RGD”	Registrar General’s Department
“SEC”	Securities and Exchange Commission
“Shares”	The ordinary shares of DigiCut Production & Advertising Limited
“The Issue/Offer”	The Offer for subscription of 35,672,632 ordinary shares of no par value at GH¢ 0.08 by DigiCut
“The Issuer”	DigiCut Production & Advertising Limited
“GN”	Groupe Nduom
“Underwriter”	The Underwriter is Gold Coast Brokerage

## **6. LEGAL ADVISOR'S COMPLIANCE CERTIFICATE**



**Zoe Lexfields**

H/No. 606 Joe Nana Mensah Drive, East Legon  
(Behind American Int. School),  
P.O. Box CT 8350  
Cantonment-Accra, Ghana.

[www.zolexfields.com](http://www.zolexfields.com)  
Email: [info@zolexfields.com](mailto:info@zolexfields.com)  
Tel: 028 9764 793 / 030 2544 584

23<sup>rd</sup> January, 2017

The Director-General  
Securities & Exchange Commission  
No 30, 3rd Circular Road  
Cantonments, Accra

Dear Sir,

**DIGICUT PRODUCTION AND ADVERTISING PLC: LISTING ON THE  
GHANA ALTERNATIVE MARKETS (GAX)**

**1. Introduction**

**1.1 Basis of Instructions**

We have acted as legal advisors to Digicut Production and Advertising Plc in connection with the listing of its Ordinary Shares on the Ghana Alternative Market of the Ghana Stock Exchange (the '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) A copy of incorporation certificates of Digicut Production and Advertising Plc dated 12<sup>th</sup> of August, 2010 and a copy of a Certificate of Incorporation dated 19<sup>th</sup> December 2017 on its conversion into a public limited liability company.
- (ii) A copy of the resolution of the Board of Directors of Digicut Production and Advertising Plc dated 26<sup>th</sup> June 2017 approving the conversion from a private limited liability company to a public limited liability company.
- (iii) The Regulations of Digicut Production and Advertising Plc (the "Regulations").
- (iv) A copy of certificate to commence business of Digicut Production and Advertising Plc dated 13th August 2010 and a copy of a Certificate to Commence Business as a public limited liability company dated 19<sup>th</sup> December 2017.

(v) The resolution of the Board of Directors of Digicut Production and Advertising Plc dated 11<sup>th</sup> October, 2017 approving the listing of its Ordinary shares on the GAX.

(vi) The Agency Agreement between the Issuer and the Central Securities Depository Company Ltd (CSD)

(viii) The Statement in Lieu of Prospectus (the "SLP") issued by Digicut Production and Advertising Plc in connection with the listing by introduction of its Ordinary Shares on the GAX.

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 and Capacity**

Digicut Production and Advertising Plc is a public limited liability company duly incorporated under the Companies Code, 1963 (Act 179).

Digicut Production and Advertising Plc has perpetual existence and the capacity to sue and be sued in its own name and to carry on business it's been currently conducted including the listing of its Ordinary Shares on the GAX. To the best of our knowledge and upon enquiry it is in good standing under the laws of Ghana and has all the necessary power to own its properties or assets and no steps are been taken to appoint any administrator, receiver, liquidator or to wind-up or dissolve Digicut Production and Advertising Plc.

### **2.2 Authorisation to do business**

Digicut Production and Advertising Plc is duly authorised to do business as a public advertising, marketing, event planning and production company and has complied with all regulatory requirements necessary or advisable for the conduct of its business.

### **2.3 Corporate Authorizations**

Digicut Production and Advertising Plc has obtained all the corporate authorizations necessary or advisable in connection with the listing of its Ordinary Shares on the GAX and the performance of its obligations in the Prospectus.

### **2.4 Contractual Obligations**

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing Digicut Production and Advertising Plc from undertaking the listing of its Ordinary Shares on the Ghana Alternative Markets (GAX).

#### **2.5 The Regulations**

The listing of its Ordinary Shares on the GAX does not contravene any provision of the Regulations.

#### **2.6 Regulatory Approval and Consents**

2.6.1 The approval of the Securities and Exchange Commission is required for the listing of Ordinary Shares (SEC approval) on the GAX.

2.6.2 The approval of the Ghana Stock Exchange under its applicable listing rules is required for the GAX Listing (GSE approval).

#### **2.7 Taxes**

2.7.1 The statements in the Prospectus regarding taxation is correct at all material times.

2.7.2 All payments of Ordinary Shares dividends made by the issuer to holders shall be subject to withholding taxes as specified under the Income Tax Act, 2015 (Act 896) as amended except where the holder is subject to exemptions under the applicable law.

#### **2.8 Registrations and Filings**

All statutory or regulatory registration or filing is necessary or advisable in relation to or in connection with the listing of its Ordinary Shares on the GAX.

Yours Faithfully,  
**ZOE LEXFIELDS**  
Olivia Anorwute (PhD)  
P. O. BOX 8350  
MANORMENTS - ACCRA  
Managing Consultant

Zoe Lexfields

**SCHEDULE**

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

1. All documents given to us are complete and up to date
2. The Board of Directors approval was duly passed by a written resolution and signed by the members
3. All information given to us Digicut Production and Advertising Plc by and its offices are materially correct at the date of giving this opinion and nothing has occurred to undermine this.

## **Digicut Production & Advertising Limited Prospectus**

### **7. PART 1 – SUMMARY OF PROSPECTUS**

The following contains a summary of the features of DigiCut Production & Advertising Limited and the offer. This must be read in its entirety with the rest of the detailed information and financial information contained in this prospectus.

#### **7.1 Background of the Company**

DigiCut Production & Advertising Limited is a subsidiary of Groupe Nduom (“GN”) and is a full service advertising agency and public relations (“PR”) consultancy company. It was established and started operations in 2010 as part of the former Ghana Media Group until 1st October, 2014, when it stepped out re-strategized to take the ever-increasing advertising and PR needs of Groupe Nduom companies and its clients in Ghana.

The company was subsequently re-registered as a public limited liability company after the decision of the Shareholder and Board of the Company to go public and raise funds for its operations on 19 December 2017.

#### **Authorized Business**

The authorized business of DigiCut Production & Advertising Limited includes the following:

1. *Advertising Services, including Designing; Media Buying; Documentaries, TV and Radio Production; Outdoor Advertising (Billboards, Signage, Posters); Branding and Rebranding; Concept Development; Copywriting.*
2. *Production of Videography, Photography, Animation, and Printing.*
3. *Public Relations Service, including Media Management; Communication and Corporate Image Strategy Development; Press Conferences; Press releases and Statement; Press Articles and Feature Stories; Newsletters and Brochure; Corporate Social Responsibility; Digital PR Activities; Media services.*
4. *Outdoor advertising such as Signage, Billboards and Banners.*

**Corporate Mission:** DigiCut is committed to adding value to its clients in Ghana and beyond through rigorous and effective advertising production and public relations strategies, with a touch of creativity and innovation

**Corporate Vision:** To become a top class advertising and public relations company that adds value to clients' businesses through the use of technology and innovation.

#### **Share History:**

Authorized Shares: Digicut was incorporated with authorized shares of 500,000,000

**Issued Shares:** Digicut has 250,000 ordinary shares of no par value have been issued and fully paid for.

**Stated Capital:** DigiCut has a stated capital of GH₵ 250,000

When the decision was made to go public on 26 June, 2017, the Board authorized the issue of 35,672,632 new shares to capitalize the company and also approved a share split that would increase the existing issued shares from 250,000 to 83,217,989 . After the IPO, the total number of shares outstanding will be 118,890,621.

## 7.2 Purpose of the Public Offer and the use of proceeds

DigiCut intends to use the proceeds to pay down debt and provide additional liquidity to finance operations.

**Table 1: The funds raised will therefore be applied as follows:**

ACTIVITY	Amount (GH₵)	% of Fund Raised
Payment of Loan Debts	1,195,686.70	41.90%
Provide liquidity for operations	520,570.	18.24%
Purchase of new equipment	1,000,000.00	35.04%
Floatation expenses	137,553.67	4.82%
Total Amount	2,853,810.56	100.00%

**Table 2: Comprehensive Indebtedness of DigiCut**

Name of Institution	Amount (GH₵)
GN Bank, Accra	715,352.70
International Business Solutions, USA	420,053.00
Ghana Growth Fund Company, Accra	60,280.00
<b>Total Amount</b>	<b>1,195,686.70</b>

The total indebtedness of both long and short term facilities amount to GH₵ 1,195,686.70 owed to the institutions above.

## **Digicut Production & Advertising Limited Prospectus**

DigiCut has two different loan facilities with GN Bank for various purposes. These loans were taken in 2014 and 2017 at rates of 15% per annum and 26% per annum respectively. While the 2014 facility was for 48months, the 2017 facility is for 44months. Copies of the loan agreements are available at the Issuer's office.

The loan facilities from Ghana Growth Fund and International Business Solutions were interest-free facilities acquired during the setup of Digicut Production & Advertising Limited. There are no specific expiry dates for these facilities. Part of the proceeds from the IPO would be used to retire these facilities.

### **7.3 Units of Sale**

The minimum units of sale are 750 ordinary shares and in multiples of 250 shares thereafter. Therefore, an amount of GH¢ 60 is needed to purchase the minimum of 750 shares.

### **7.4 Minimum Subscription**

This offer is fully underwritten. Therefore, any shares not subscribed to will be taken up by the underwriter.

### **7.5 Underwriting of Shares**

This issue is indirectly underwritten by Gold Coast Brokerage and as has been agreed with management of DigiCut, the Sponsor underwrites at a fee of 0.90% of the offer.

### **7.6 Completing the Application Form**

Applications must be made on the accompanying Application Form. The completed Application Form together with the amount payable on application (GH¢ 0.08 per share) must be lodged during normal business hours, while the Offer is open, at the offices of the Lead Manager or of any of the receiving brokers as indicated. No application will be accepted for consideration by the Directors or treated as binding until after the closing of the Offer on 16th March, 2018.

The Directors of DigiCut reserve the right to accept or reject any Application in whole or in part for reasons such as multiple applications, applications not paid for in full or paid for by installments and if applicant is ineligible. Refer to Part 18 for more. Applications which are received after the Offer has closed will not be considered.

#### **7.6.1 Payment**

Payment for the shares must be full on application and that payment by installments will not be accepted. The Lead Manager reserves the right to reject multiple applications, applications not paid for in full or to be paid by installments.

The Share Offer can be paid for by Cash, Cheques, Banker's Drafts and Money Orders. Cheques, Banker's Drafts and Money Orders, which will be presented for payment, should be paid at the offices of the Receiving Brokers where the Application Form is to be lodged and should be crossed DIGICUT 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 honored on first presentation. No interest will be paid to applicants on any moneys held on behalf of applicants or on behalf of the Company.

#### **7.6.2 Escrow Account**

All application monies collected will be deposited into an Escrow Account No.0019104468277701 at the Ridge Branch of Ecobank Ghana Limited. A copy of the Escrow Agreement has been lodged with the Securities and Exchange Commission.

#### **7.6.3 Allotment Policy**

All allotment shall be made on pro-rata basis and shall be approved by the Directors of DigiCut. In the event that the applications received for the shares are more than the number of shares on offer, DigiCut will not issue new shares for the oversubscription. In the event of oversubscription, the Directors of DigiCut in consultation with the Lead Sponsor will allot shares to applicants on a pro-rata basis, with the aim of achieving a fair distribution and adequate spread of the shares and subject to the Company's Regulations and all applicable laws.

#### **7.6.4 Share Certificates / CSD Accounts**

No share certificates will be issued to successful applicants. However, all applicants are encouraged to open accounts in the Central Securities Depository (CSD) to enable the shares deposited directly into these accounts. Your broker will assist you complete these forms if you do not have an account.

### **7.7 Cost of the Offering**

Total expenses of the floatation are expected to be approximately 4.82% of the proceeds and below as depicted in table 3 is the breakdown of the floatation expenses:

**Table 3**

<b>ACTIVITY</b>	<b>Amount (GHC)</b>	<b>% of Offer</b>
Legal	20,262.06	0.71%
Accounting	25,113.53	0.88%
Financial	29,965.01	1.05%
Brokerage Fees	24,257.39	0.85%
Direct Publicity, Administration	12,271.39	0.43%
Underwriting fee	25,684.30	0.90%
<b>Total Amount</b>	<b>137,553.67</b>	<b>4.82%</b>

### **7.8 Terms of the Offer**

The shares hereby offered are subject to the terms of this share offer, the application form and the governing corporate documents of DigiCut. The purchase of the shares offered herein and the subsequent transfers thereof shall only be made subject to applicable laws.

## 8. PART 2 – DESCRIPTION OF THE OFFER

### 8.1 Legal Basis and Reason for the Offer

The Shareholders and Directors of DigiCut considered it necessary to raise long term capital which will provide liquidity to finance operations and also pay down debt through the GAX. The shareholders and Board of Directors therefore, by a resolution dated 26th June, 2017 approved the offer for subscription of 35,672,632 new shares to the general public respectively.

All amounts raised will be used for paying down debt and financing the operations of the company.

Subsequently, the Shareholders and Board through a resolution approved the IPO and subsequent listing of the Company's shares on the GAX subject to the prior approval of the SEC and the GAX Committee.

### 8.2 The Share Offer

DigiCut are offering 35,672,632 shares of no par value at GHC 0.08 per share to the public to raise an amount of GH¢ 2.854million. The shares sold under this offer will be publicly traded on the Ghana Alternative Market, GAX.

The shares on offer represent 30% of the post offer outstanding shares of 118,890,621. The resulting issued shares shall be freely transferable.

#### 8.2.1 Valuation Analysis & Pricing of shares

The share price has been derived from a valuation of the Company which was carried out using the Net Asset Valuation (NAV) and Discounted Cash Flow (DCF) methodologies. The NAV methodology uses the net-worth of the company while the DCF approach considers the present value of the future cash flow of the company discounted at a determined rate of return.

Having weighed the methodologies based on the perceived relevance of each method to the company's operations and intrinsic value, the Directors are of the opinion that a valuation of GH¢10,528,400 will represent a fair value of DigiCut as detailed below:

**Table 4**

<b>Methodology</b>	<b>Valuation (GHC)</b>	<b>Weight</b>	<b>Weighted Value (GHC)</b>
Discounted Cash Flow (DCF)	14,072,465	70%	9,850,726
Net Asset – Book Value Basis	2,258,914	30%	677,674
<b>Total</b>		<b>100%</b>	<b>10,528,400</b>

## **Digicut Production & Advertising Limited Prospectus**

Based on DCF and Net Asset valuations, a value of GHC 9.511 million was estimated after applying a non-marketability discount of approximately 10%.

Based on the valuation, the existing shareholder and Board of Directors accepted and approved a share price of GHC 0.08. The shares are therefore offered at a price of GHC 0.08 per share.

### **8.2.2 Minimum Amount to raise under the offer**

This offer is fully underwritten.

### **8.2.3 Dealings**

All the outstanding shares after the Offer will be listed on the Ghana Alternative Market (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 Cedis and dealings are expected to take place in lots of 1share.

### **8.2.4 Application Amount**

The minimum units of sale are 750 shares and in multiples of 250 shares thereafter. The latest time for the receipt of application forms is 17:00 hours GMT on 16th March, 2018.

### **8.2.5 Lodgment of Duly Completed Application Form**

Qualifying applicants must deliver or lodge their duly completed Application forms with SIC Brokerage and Gold Coast Brokerage, whose contact details are provided in this document.

### **8.2.6 Refund and Return of Excess Application Money**

If any application is not accepted or accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to receiving agents or your broker without interest not later than 10 working days after allotment. All such refunds will be announced through a national daily newspaper with wide circulation, radio and other recognized information channel within 72 hours of making such refunds.

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. Any refund not made by that date shall attract interest at the Bank of Ghana Prime Rate.

### **8.2.7 Voting and other Rights**

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

- **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.
- **Right to share in DigiCut's Profits:**  
Other than entitlement to dividends declared, there are no rights to share in the profits of DigiCut.
- **Rights to share in any Surplus in the Event of Liquidation:**  
If DigiCut is wound up, the liquidator may, with the approval of a special resolution and any other sanctions required by the Act, divide amongst the members in specie or kind, the whole or part of the assets of the Company and may determine how such divisions shall be carried out between the members or different classes of members.
- **Appointment of Directors:**  
The holding of any number of shares does not automatically entitle a shareholder to appoint a director to the Board of Directors of DigiCut. All directors are by the regulations of the Company appointed by ordinary resolution of shareholders in a general meeting.

#### **8.2.8    Symbol**

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

#### **8.2.9    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 DigiCut is to offer to the shareholders a minimum of 30% of the Company's distributable earnings each year as dividends. The payment of all dividends remain at the discretion of the Board of Directors and will be determined on the basis of the Company's cash flow, net earnings, operating conditions and any other relevant factors. The Board, however, will ensure that any dividend distribution will not jeopardize the Company's ability to operate effectively.

Digicut has never declared dividend from inception of the company as all profits have been ploughed back into the company's operations. However, the Board of DigiCut has declared an interim dividend of **GHC 249,500** for existing shareholders for the 2017 financial year.

#### **8.2.10 Underwriting**

The issue is fully underwritten so that in the event part or all of the issue is not subscribed, the underwriter will take up the difference.

#### **8.2.11 Transactional Expenses**

Total expenses for the flotation are estimated to be 4.82% of the proceeds and will be paid out of the proceeds of the Offer and are not expected to exceed the 4.82% on all accepted applications.

#### **8.2.12 Offer timetable**

All dates provided are subject to change by the lead managers of the offer in consultation with the Directors of DigiCut (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time (GMT), the time zone of the Republic of Ghana. Any amendment will be published in a Ghanaian national daily newspaper not later than 72 hours of receipt of regulatory approvals.

The application for the shares being offered will open at 08:30 hours GMT on 1st March, 2018 and close at 17:00 hours GMT on 16th March, 2018.

**Table 4**

Authorised Shares	500,000,000
Offer for Subscription (ordinary shares)	35,672,632
Offer Price per Ordinary Share (GHC)	0.08
Expected Proceeds (GHC)	2,853,810.56
Shares Outstanding Before share-split	250,000
Shares Outstanding Before offer*	83,217,989
Shares Outstanding After Offer	118,890,621
Market Capitalization Post Offer	9,511,249.68
Opening Date of the Offer	1st March, 2018
Closing Date of the Offer	16th March, 2018

\*The Board of DigiCut by a resolution has approved a share split to increase the number of shares from 250,000 to 83,217,989 and these would be listed as well.

#### **8.2.14 Plan of Distribution**

Copies of the prospectus and application forms will be available at the offices of SIC Brokerage, Gold Coast Brokerage and Ecobank branches throughout the country. Other agents are listed on page 69 of this document.

#### **8.2.15 Trading of Securities on Offer**

The securities will be listed and traded on the Ghana Alternative Exchange and one can contact SIC Brokerage and Gold Coast Brokerage or their broker.

#### **8.2.16 Commencement of Trading**

Trading in Digicut shares is expected to commence from 27th March, 2018 the very same day it is officially admitted to the GAX.

## **9. PART 3 - OVERVIEW OF THE GHANAIAN ECONOMY**

### **9.1 Introduction**

Ghana's macroeconomic performance has been mixed, as over the years recurrent policy slippages have amplified the impact of external and domestic shocks, created persistent imbalances, and contributed to high inflation, exchange rate volatility, and unfavorable debt dynamics.

According to the IMF, the outlook for 2017 is promising, with a growth rebound driven by a large increase in oil production, declining inflation, and lower internal and external imbalances if the right policies are implemented. But downside risks remain, as fiscal slippages could feed into continued cedi depreciation, compound adverse debt dynamics and create inflationary pressures. At the same time, the government faces significant contingent liabilities from the energy state-owned enterprises (SOEs), the financial sector, and the unpaid claims incurred in 2016 currently being audited. Long-term financial stability requires ensuring the resilience of the Ghanaian banking system and favoring financial inclusion. Ongoing steps by the Bank of Ghana to implement the Financial Stability Roadmap, including recapitalization efforts and corrective actions in response to the asset quality review (AQR) must be followed through decisively.

### **9.2 GDP growth trend**

The economy of Ghana has grown over the years at various rates, reaching its highest of 14.5% in 2011. In 2016, the economy recorded 3.6% growth rate but grew at 4.3%, 1.1%, 4.6% and 4.5% in the 1st (Q1), 2nd (Q2), 3rd (Q3), and the 4th (Q4) quarters respectively. The economy recorded 6.6% and 9% growth in the Q1 and Q2 of 2017. The improvement in 2017's performance is due to the relative stability of the economy resulting from the improvement of the power situation and larger than planned oil production, following delayed Jubilee FPSO Turret Remediation Project.

Analysis of the performance of the economy in this year on sectorial basis shows that, the performance of industry and agriculture have increased remarkably relative to the services sector. Industry recorded 11.57% in the Q1 of 2017 relative to 1.86% in the Q1 of 2016 and 19.32% in Q2 of 2017 relative to -11.22% in Q2 of 2016. Similarly, the agriculture sector recorded a growth rate of 7.75% in the Q1 of 2017 and 3.40% in Q2 of 2017. These are higher than Q1 and Q2 growths for 2016. The agriculture sector expanded by 4.98% and 3.93% in Q1 and Q2 respectively in 2016. The services sector has seen its performance reduced in 2017 relative to 2016 and in comparison with other sectors. Due to the dwindling growth of the information, communication and the financial services subsectors.

### **9.3 Inflation and Interest rate trends**

The most significant monetary development this year is the decline in the monetary policy rate by 450 basis points, from 25.5% in December 2016 to 21% in October 2017. This is primarily due to falling inflation, the relative stability in the value of the cedi and positive growth prospects. Inflation decreased from 15.4% in December 2016 to 11.6% in October 2017.

Rates on government securities have also been on the decline. The interest on the 91-day Treasury bill declined from an average of 16.84% as at 30th December 2016 to 12.08% in June 2017 and but inched up to 13.2% at the end of October 2017 while the rate on the 182 days fell from 18.50% to 13.83% over the same period. The rates on the one and the two year notes also declined from 21.50% to 15.00% and 23% to 17.00% in October 2017 respectively.

The base rate of banks decreased from an industry average of 27.5% in December 2016 to 25.7% in October 2017. This emphasises the unresponsiveness of bank interest rates to the changes in the Bank of Ghana's Monetary Policy Rate (MPR) and other economic variables. While inflation, MPR and Treasury bill rates have all declined by more than four percentage point, the rate at which banks lend to their less risky customers recorded a drop of only 1.8 percentage point.

#### **9.4 Cedi depreciation**

The cedi started 2017 with high depreciation rate especially in the months of January, February and the early part of March. At the end of the first quarter of 2017, the cedi recorded a depreciation of 2.79%, 3.85% and 4.05% against the dollar, the pound and the Euro respectively and 3.37%, 9.02% and 12.13% by the end of Q2 of 2017. The cedi lost 1.25%, 4.45% and 4.94% of its value against the dollar, the pound and the Euro and recorded a year to date depreciation of 4.62%, 13.47% and 17.07% at the end Q3 of 2017. On average the cedi recorded its best performance for 2017 in Q3. The GCFM composite index shows that, on average, the cedi lost 3.35%, 3.86% and 2.58% in Q1, Q2, and Q3 of 2017 respectively. As at Monday 20th November 2017, the cedi recorded depreciation of 4.77%, 12.09% and 16.66% against the dollar, the pound and the Euro respectively.

#### **9.5 2017 Stock Market Highlights**

The performance of the stock market as at 20th November, 2017 is the second best in the last 5 years after its strong performance in 2013. This is partly due to decreases in the levels of interest rates on fixed income securities and declining inflation rates which has elicited the appetite of investors for equities. Over the 47 week period, 19 equities have gained on their year open share-prices of which 13 have posted real returns exceeding gains on the fixed income market. 10 equities have made losses and 10 have experienced no change in their year open prices. The Composite and Financial Stock Indices record YTD returns of 50.80% and 45.48% respectively relative to -15.67% and -20.30% same period 2016.

\*Sources: Various Bank of Ghana Reports, Ghana Stock Exchange and GN Research

## **10. PART 4 – OVERVIEW OF THE ADVERTISING LANDSCAPE IN GHANA**

Formal advertising in Ghana began around the 1920s, when UAC formed WAP. WAP evolved into LINTAS and AFROMEDIA, pioneers of the business. Some more British agencies followed including, AUGER & TURNER, GRAHAM & GULLIES etc. By 1960, indigenous companies had entered the market with attendant on-the-job training, in-house agencies etc. These local agencies were largely insulated from foreign input and had a narrow scope of operations and expertise.

From the mid 1980s Ghana embraced the free market economy as prescribed under the Economic Recovery Programme. This led to an increase in competition due to the increase in local production and influence of foreign goods. Further development was the establishment of more Ghanaian-owned agencies like Apra service, Target advertising, etc.

Today, the advertising industry has grown to be a multi-billion industry globally employing hundreds of thousands of people and affecting billions of people's lives worldwide (culled from unpublished thesis of George Kwesi Nartey, 2010).

The advertising landscape in Ghana is ever changing with new ad agencies coming up nearly every month. There are three types of ad agencies in Ghana:

- *Creative Agencies - they specialize in developing advertising concepts and ideas from briefs that clients give them to the execution stage;*
- *Outdoor agencies - specialize in all forms of outdoor advertising;*
- *Media Buyers - these are agencies that have mastered the art of selecting and negotiating the most suitable media for their clients.*

***Some of the major ad agencies are as follows:***

- *Scanad – offers a comprehensive and integrated range of advertising and communication services in traditional advertising and integrated digital marketing.*
- *ReZultz – Creative agency offering results oriented creativity that works.*
- *DDP Outdoor Limited - currently the leading outdoor agency in Ghana*
- *Alliance Media Ghana - leading provider of outdoor and airport advertising.*

The Advertising Association of Ghana (AAG) is the Industry Body and Professional Institute for Ghana's thriving and highly potent Advertising and Marketing Communications business.

## **Digicut Production & Advertising Limited Prospectus**

### **11. PART 5 – OVERVIEW OF DIGICUT PRODUCTION AND ADVERTISING LIMITED**

#### **11.1 History and Background**

##### **History of the Company**

DigiCut Production & Advertising Limited is a full service Advertising Agency and Public Relations (“PR”) Consultancy Company. It was established and started operations in 2010 as part of the former Ghana Media Group until 1st October, 2014, when it stepped out and re-strategized as an unaffiliated firm to take the ever-increasing advertising and PR needs of its clients in Ghana. Since then the company has created concepts, designed and mounted close to 500 billboards, office and directional signs for our clients in Ghana, Togo and Liberia.

##### **The Company’s Authorized Business**

DigiCut groups its services into four categories; Advertising, Production, Public Relations and Outdoor Advertising.

##### **Advertising:**

- *Designing*
- *Media Buying*
- *Documentaries, TV and Radio Production*
- *Outdoor Advertising (Billboards, Signage, Posters)*
- *Branding and rebranding*
- *Concept Development*
- *Copywriting*

##### **Production:**

##### ***Production activities include:***

- Videography • Photography • Animation • Printing

##### **Outdoor:**

- Signage • Billboards • Banners

##### **Public relations**

Public Relations activities include:

- Media & Media Management
- Developing Communication Strategies for Clients
- Press Conferences
- Corporate Image
- Press releases and Statement
- Press Articles and Feature Stories

- Newsletters and Brochure
- Corporate Social Responsibilities
- Digital PR Activities (Viral Marketing/Social Network Blogging)

**Corporate Mission:** DigiCut is committed to adding value to its clients in Ghana and beyond through rigorous and effective advertising production and public relations strategies, with a touch of creativity and innovation

**Corporate Vision:** To become a top class advertising and public relations company that adds value to clients' businesses through the use of technology and innovation.

### **11.2 Corporate Governance Structure**

DigiCut has a Board comprising of the Chairman, and four (4) non-executive Directors. The Board of DigiCut, through an Audit Committee, oversees that the appropriate standards of business practice are set and implemented and obligations to shareholders achieved. Each of the Directors has extensive knowledge of the Company's markets, finance and administration and private sector development and management.

### **11.3 Board of Directors**

The current Board of DigiCut is made up of the following:

**Dr. Papa Kwesi Nduom** - Dr. Papa Kwesi Nduom is the Chairman of the Board of Directors. He is also Chairman of Groupe Nduom, a privately held business group with member companies in banking, financial services, hospitality, real estate, IT, media and entertainment. Dr. Papa Kwesi Nduom started work as a Life Insurance Underwriter with the Northwestern Mutual Life Insurance Company. He worked for Blue Cross Blue Shield of Wisconsin and the Milwaukee Metropolitan Sewerage District before joining Deloitte & Touche (then Touche Ross) in 1981 as an Associate Consultant.

Dr. Nduom moved rapidly through the ranks at Deloitte & Touche and became a Partner of the firm in the Milwaukee office in 1986. Out of over 1000 partners, Dr. Nduom was one of five blacks who were partners in 1986. In 1988, he transferred to the Washington, DC office of Deloitte & Touche and then in 1992, he established Deloitte & Touche, West Africa Consulting and was elected as the Chairman of the Board of Directors of Deloitte & Touche Africa Region in 2000.

Within five years of its establishment, the firm had over 80 professionals based in Ghana, Cameroun, Nigeria, Liberia, Cote d'Ivoire and worked in Africa, Middle East and the USA working for major clients such as AGC, AfDB, Texaco, Elf Oil, African Reinsurance, Zimbabwe National Social Security Authority, Ghana Telecom, Nestle, Unilever and Malawi Oil Company and others. Dr. Nduom also served as the Coordinator of Management Consulting for the African Region.

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From February 2001 until July 2007, Dr. Nduom served as a Minister in the Economic Planning and Regional Cooperation, Energy and Public Sector Reform portfolios. He also represented the Komenda-Edina-Eguafo-Abirem(KEEA) constituency as a Member of Parliament from 2005 to 2009.

He holds a certificate in Management from Marquette University, a Certificate in Insurance from the Life Office Management Institute in the USA, and is a Certified Management Consultant (CMC) of the Institute of Management Consultants, Washington, DC. Dr. Nduom is married with four children.

**Mr. Mike Eghan** - Mr. Eghan is a non-Executive Director of the Board of DigiCut. He is also a shareholder and non-Executive Director of Provident Insurance Company Limited. He is also a shareholder and Chief Executive Officer of Eganson Company, which owned Sundown and Sunrise Hotels. From 1961-1965 and 1970-1984, Mr. Eghan worked with the Ghana Broadcasting Corporation as programme organizer of live entertainment and was also the Entertainment Manager for VRA between 1965 -1966.

He worked as a Freelance broadcaster presenter for the British Broadcasting Corporation BBC World Service between 1966-1970. He was the host of the popular Ghanaian talk show on Ghanaian television, “The Mike Eghan Show”.

Mr. Eghan was awarded a grand medal, civil division, by the State in 1979 for his meritorious service in the media and was again honoured by the State in 2008 with a Member of the Order of the Volta award.

Mr. Eghan sits on the Boards of LeaseAfric and TV Africa. He is a retired Broadcaster.

**Ms. Christiana Baidoo** - Ms. Baidoo is an entrepreneur running an exclusive business in the clothing industry. She worked with the African Development Bank, Abidjan between 1988 and 2003 as a language trainer for staff and management as well as in the Communications Department of the same organisation.

She was part of the project preparation team of the Millennium Challenge Account - Ghana, working on the communication and publicity aspects of the project between 2006-2007.

Ms. Baidoo taught General English as well as English for Specific Purposes at the Intensive English Language Institute run by the English Department of Ecole Normale Supérieure, Université d'Abidjan between 1986 -1988. She taught Functional English at CERAV (Centre Universitaire d'Etudes Françaises Université d'Abidjan)and CUEF(Centre Universitaire d'Etudes Françaises) between 1983 -1985.

Ms. Baidoo taught French and English at Archbishop Porter Girls' School, Takoradi between 1976-1983 and was the Head of the French Department between 1980-1983. She served as a Board member of Gold Coast Fund Management and EPPL, both Groupe Nduom companies.

Ms. Christiana Baidoo holds a BA (Education) French/English from the University of Cape Coast, a High Diploma in French from the University of Abidjan, a High Diploma in Teaching French as Foreign Language from the Université Paul Valéry, Montpellier, France and a Postgraduate Diploma in Communication Studies (Journalism, Public Relations and Advertising) from the University of Ghana, Legon.

**Mr. Ladi Nylander-** Mr. Ladi Nylander has over forty years managerial experience in the consumer products industry; and has operated such companies in West, Central & East Africa with additional top corporate experiences in Europe & USA. Mr. Nylander currently serves as Board Chairman of SC Johnson Ltd. He is also Board Member of GN Electronics and of GN Media.

He was Treasurer/Trustee of the USAID funded nascent Ghana Heritage Conservation Trust which manages the Kakum Park Walkway and the Kakum Rainforest Conservation Area. He was founder/owner/chairman of Getrade Ltd a local (export & brand award-winning) manufacturing and marketing company which he founded in 1987. The company has wide ranging interests in herbal derivatives and in bio-diversity.

Mr. Nylander is founding President of the American Chamber of Commerce (Gh) where he was largely responsible for the watershed introduction and implementation of the AGOA protocols. He was educated in UK & in Universities in Ghana (Legon) and the USA (Northwestern, Pittsburgh). Mr. Nylander has varied other interests which include Art, History, Culture& Community Service.

**Mr. Cyril Acolatse** - Mr. Cyril Harry Kwasi Acolatse is a veteran journalist and a member of the Board. Mr. Acolatse holds a Diploma in Journalism. He was employed as a reporter at the External Service of GBC, otherwise known as Radio Ghana on 29th October, 1965. He became part of the National Radio News Department and rose through the ranks from Senior Editor in 1979, Chief Editor in 1988, Editor in Chief in 1995, Head of Current Affairs in 1998 and retired as Assistant Director of Radio in May 2002.

He was seconded to the Africa English Service Department of Radio Deutsche Welle (Voice of Germany), Cologne in Germany in March, 1982.

Mr. Acolatse returned to GBC in 1985 and hosted several programs including FOCUS, SEARCHLIGHT, INSIGHT, TOPIC, and TALKING POINT among others. He won the “Outstanding Interviewer Award for 1989/90”. His program, “Public Concern” won the GJA National Award for “Best Talk Show” in 1997. He has attended several workshops and seminars around the world.

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Mr. Acolatse served as the Western Region Secretary of the GJA from 1978 - 1980 and became a National Executive Member and Chairman of GJA International Relations Committee in 1988. He served as Vice President of GJA from 1990 to 1992 and was Chairman of the 1995 Media Awards Committee. He was the GJA representative on the National Media Commission and member of the Commission's Media and Complaints Settlement Committees for 2 terms from October, 1997 to October 2003. He went on study tours in Germany, London and Cardiff. He has been a "Lecturer in Interviewing Skills" at GBC Radio Training School since 1985. He's held workshops for both Ghana Armed Forces Command and Staff College and selected journalists of GN Media.

Mr. Acolatse served as a moderator of the Presidential Debate organized by the Institute of Economic Affairs (IEA) in connection with the 2008 General Elections.

**Table 5 - Directors**

Name	Nationality	Age	Position	Occupation	Qualification	Other Directorships
Dr. PK Nduom	Ghanaian	64	Chairman	Management Consultant	PhD (Service Delivery Systems)	Groupe Nduom
Mike Eghan	Ghanaian	81	Non-Executive Director	Retired Broadcaster		Provident Insurance Co.
Christiana Baidoo	Ghanaian	64	Non-Executive Director	Business Owner	BA (Education) P.Graduate Dip (Comm. Studies)	-
Ladi Nylander	Ghanaian	75	Non-Executive Director	Entrepreneur	MBA	SC Johnson Ltd GN Electronics
Cyril Acolatse	Ghanaian	75	Non-Executive Director	Retired Broadcaster	Dip. in Journalism	-

### **11.4 Board Sub-committees**

#### **11.4.1 Audit sub-committee**

The Board's Audit sub-committee is mandated to ensure that financial and operational controls are in place and are adhere to. The committee is also mandated to scrutinize and deliberate on budgets, audited financial accounts and dividend recommendations presented by the management of DigiCut.

The Audit sub-committee comprises of three members as follows:

- 1. Mr. Ladi Nylander**
- 2. Ms. Christiana Baidoo**
- 3. Mr. Cyril Acolatse**

### **11.5 Director's Remuneration**

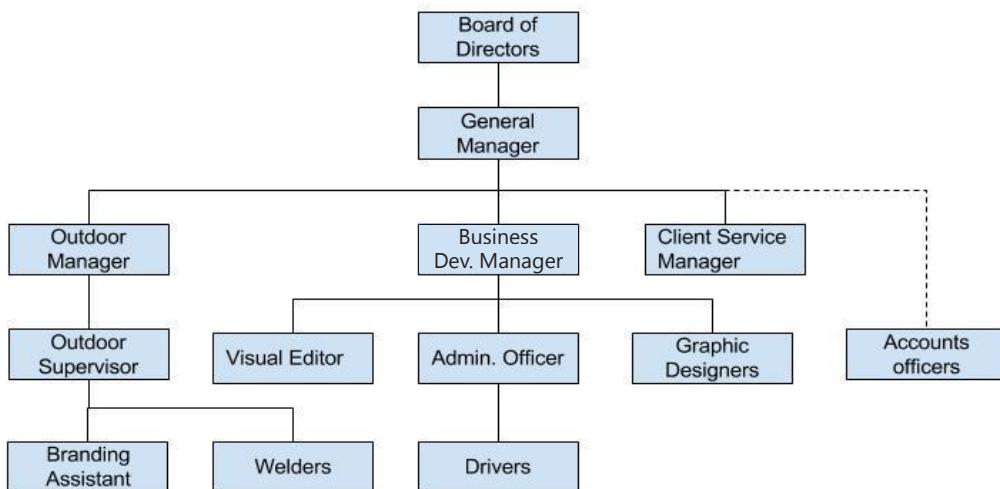
Table 6

<b>Year</b>	<b>Amount (GHC)</b>
2016	GHC 163,204
2017	GHC 118,420

### **11.6 Organizational Structure**

DigiCut is the Advertising and PR wing of Groupe Nduom. It provides advertising, public relations and video production services to affiliate companies of this group.

*The Organizational structure of DigiCut is as depicted below:*



### **11.7 Management Team**

The Management team of DigiCut is made of seasoned professionals with varied experiences in the advertising and production industry. The following make up the Management Team of DigiCut.

**Richmond Lampsey** (APR, MIPRA), General Manager - Richmond is the General Manager of Digicut Production and Advertising. He was the first General Manager of the former Ghana Media Group and has acted as the General Manager for First Digital Television. He has close to two decades of experience in the brand communication industry – Public Relations, Advertising, Journalism and Theatre for Development. He helped to communicate important Public Health

## **Digicut Production & Advertising Limited Prospectus**

topics and sales information through the use of theatre in the mid to late 1990's.

As a Copywriter and Production Manager at Admedia FCB, rising from Creative Services Assistant to that position in less than two years, he wrote for radio, television and billboards, one of which won an award at the Advertising Association of Ghana Annual Awards. He also won many bids for the agency by writing merchandising video dramas, stage plays and television ads for Unilever Ghana Limited, SC Johnson, Cadbury Ghana Limited and other companies. He wrote, produced and directed a docudrama that was used by Unilever Ghana Limited to educate their factory employees about the need for change in their processes. He also led the team that handled three out of five plays to teach management and staff about what was known as the 'Must Win Battles' for Unilever in Ghana and West Africa. He is a member of the International Public Relations Association, an accredited member of the Institute for Public Relations (APR), Ghana and a member of the Advertising Association of Ghana (MAAG). He holds a BA (Hons) degree in English and Theatre Arts and a master's degree in Communication Studies, both from the University of Ghana, Legon.

Richmond Lamptey serves on the GN Electronics / GN Logistics board.

**Riverson Dunyo**, Business Development Manager - Riverson K. Dunyo is the Business Development Manager at DigiCut Production and Advertising. He has over 15 years of experience in advertising and a strong reputation for concept development, copywriting, radio and TV production. An experienced coach with demonstrable skills in leadership, communication and teamwork, he brings out the best in members of his team.

Prior to joining DigiCut, he worked with Gyapa Enterprises as Marketing Manager with the responsibility of promoting the use of energy efficient cook stoves. He also worked with AdMediaFCB as Production Manager/Copywriter rising to the position of Commercial Manager.

Riverson has also worked with ADS Graphics as Production Manager. He holds a B. A. in Communications Studies from the Ghana Institute of Journalism and a Masters in Governance and Leadership from the Ghana Institute of Management and Public Administration (GIMPA)

**Tudor Sikanartey, Outdoor Manager** - Tudor Sikanartey was the Manager responsible for GN Bank's Expansion Programme. He holds an Msc. in E-Business from the University of Westminster and a BA in Business Studies from the University of Glamorgan both in the United Kingdom. He also holds a Postgraduate Diploma in Marketing with the Chartered Institute of Marketing, UK.

Tudor is a strong believer in supporting Ghanaian Businesses and has offered assistance at every opportunity to support this belief. He started his career with the Ghana National Chamber of Commerce in 1999 as a Marketing Assistant rising to become a Marketing Specialist, offering

business support and development to local businesses. He also worked as a Sales Consultant for Next UK where he rose through the ranks to become the Operations Manager for the Orpington Branch in 2005.

Upon his return to Ghana in 2006 he worked with Barclays Ghana as a Sales Manager, Lectured in Institutions such as Zenith College and GIMPA as a Part-Time Lecturer and Adjunct Lecturer respectively, handling programmes in Marketing Communications, Customer Profiling and e-Commerce in the respective Institutions.

Since taking up his appointment as the Project Manager for the GN Bank Expansion Project, he has coordinated the growth of the Bank's locations from 57 in 2003 to 300 in 2017, with the aim of putting the Bank in every district in the country. This has been achieved with a close working relationship with major organizations within Groupe Nduom such as Yorke Properties, GN Power, Qualtek, GGFC, GN HR, GN Logistics, Sterling Protection Services Ltd, DIGICUT and GN Legal as well as a few external Construction Companies.

Tudor believes the rapid growth in the bank and its branches was a major contributor to the bank winning the Fastest Growing Bank Award at the recently held Ghana Banking Awards.

**Cecilia Sabah**, Client Service Manager - Cecilia is the Client Service Manager at DigiCut. She is a communications executive with over eight (8) years' experience working in public relations and advertising; journalism and communications research; and development communication.

Since joining agency, she has been key in the development of systems of operations and best practices for agency. Her customer-centric attitude has helped to streamline business operations to achieve excellent results. Prior to joining agency, she worked with Strategic Communications Limited, Supra Telecommunications and MTN.

Cecilia holds an MA in Development Communication; a BA in Communication Studies and Dip. (Public Relations and Advertising) from Ghana Institute of Journalism.

### **Other Employees of the Company**

The Company has a total workforce of 31 employees that is generally young, enterprising motivated. No of employees are depicted in table 5 below:

**Table 7**

<b>Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>No. of Employees</b>	19	29	31

Employees of DigiCut do not belong to any labour union.

## **11.8 Current Shareholding Structure**

**Table 8**

<b>Shareholder (s)</b>	<b>No. of Shares</b>	<b>% Shareholding</b>
Groupe Nduom	250,000	100%

The shareholder increased the number of shares from 500 to 250,000 during 2017.

## **11.9 Post Offering Shareholding**

**Table 9**

<b>Shareholders</b>	<b>No. of Shares</b>	<b>% Shareholding</b>
Groupe Nduom	83,217,989	70%
Public	35,672,632	30%
<b>Total</b>	<b>118,890,621</b>	<b>100%</b>

## **11.10 Related party transactions**

The Company wishes to inform investors about the following related party transactions entered into during the period covered by the historical financial information (2014) and up to the current date.

DigiCut as the Advertising, Production and PR arm of Groupe Nduom has service relationships with affiliate companies of Groupe Nduom to provide them with their services. The service level agreements detail the scope, contact procedures, and fees among others. These contracts are renewable annually.

Copies of these service level agreements are available at the offices of Digicut for inspection.

## **11.11 Groupe Nduom**

Groupe Nduom is a Multinational Family Holding Business of Ghanaian and American origin comprising of over 60 independent companies across several industries – media, hospitality, insurance, investments, banking and real estate among others. The Groupe operates its diverse portfolio of business across three continents with a mission to serve customers beyond excellence.

Groupe Nduom has companies in Ghana, Liberia, Togo, United Kingdom and the United States of America.

## A look at **DigiCut's** operation



Outdoor team installing a facial sign for GN Bank



Preparatory works for singage installations



Mobile Advertising Van



CNC and Laser Router machines

**12. PART 6 –BUSINESS OVERVIEW (MARKETING OPPORTUNITIES WITHIN REACH)**

**12.1 Core Business**

DigiCut is a full service Advertising Production and Public Relations Consultancy. The Company is made up of professionals with a diverse background in communication and business areas and has created concepts, designed and mounted over 500 billboards of office and directional signs for clients in Ghana, Togo and Liberia.

The company's core business is Advertising and Public Relations. The objective of the company's market plan is to increase sales both in the domestic and export market.

**Advertising**

In an effort created awareness of business activities, varied options are available to choose from depending on the target audience. The company engages its activities with a global view in order to appeal to international markets.

*The company's advertising activities include:*

- Concept development;
- Copywriting;
- Designing;
- Media buying;
- TV and Radio production;
- Documentaries;
- Outdoor advertising (bill boards, signage, posters, etc.);
- Branding and Rebranding.

**Public Relations**

In today's era of borderless competition, businesses need to communicate with their audiences above the noise that exists in industry. It becomes imperative for businesses to plan, coordinate, direct and communicate their activities with the view of reaching their audiences and target markets both locally and globally. Public relations strategies help business in this regard in an effort to create and establish a mutually beneficial relationship between an organization and its public.

*The company's activities in this regard include:*

- Media management;
- Developing communication strategies for clients;
- Press conferences;
- Corporate Image;
- Press releases and Statement;

- Press articles and Feature stories;
- Newsletters and Brochure;
- Corporate Social Responsibilities;
- Digital PR activities (Viral Marketing/ Social Media/ Social Networking/ Blogging).

#### **Events Activation**

- Logistics and Accommodations;
- Location and Site scouting;
- Hospitality;
- Conferences;
- Meeting Planning;
- Site Supervision;
- Photography and Videography;
- Invitation and Management of Attendees;
- Themes and Décor;
- Events Evaluations and Survey.

#### **12.2 Market Participants**

DigiCut's main competitors in Ghana are Video Producers such as Farmhouse Productions Limited, The AdVantage Group, and outdoor advertising companies such as DDP Outdoor Limited.

#### **12.3 Market Potential and Future Outlook**

There is great potential for Advertising and Public Relations companies developing in Ghana. Deregulation of the media and an increase in the number of newspapers and broadcasting stations have all contributed to the growth in this sector.

Advertising in the country is largely directed at economic development. The fast expanding branches of big companies and newly set-up entities all over the country offers great opportunities for companies like DigiCut to succeed.

In conjunction with the growth of the economy, new digital technologies such as the advertising vans introduced by DigiCut also offers the Company a great chance to be outstanding in the market.

## **Digicut Production & Advertising Limited Prospectus**

### **12.4 Marketing Objectives**

The following are some of the marketing objectives of DigiCut:

- Promoting outdoor advertising nationally, especially the mobile advertising vans;
- Expanding the business all over west Africa market  
Investing in human capital and increase full-time employees and contractor number

### **12.5 DigiCut's Competitive Advantage**

DigiCut is positioning itself as a local Ghanaian company which provides full Advertising services and Public Relations solutions in West Africa. As a subsidiary company of Groupe Nduom, DigiCut takes advantage of the group's expanding strategy and achieved a rapid growth by serving internal clients such as GN Bank, FreshPak Limited and Gold Coast, etc.

DigiCut has also taken on the competition and created a niche for itself by utilizing new technology in outdoor advertising sector. The newly launched outdoor mobile advertising vans give the Company a unique way to reach its clients and enable local businesses bring world class advertising to the doorstep of local customers.

13. PART 7 - FINANCIAL OVERVIEW AND PROSPECTS  
13.1 REPORTING ACCOUNTANT'S REPORT – HISTORICALS



**CFY Partners**  
134 Robinson Crescent, Swanlake Rd  
PMB 2, North Kaneshie  
Accra, Ghana  
Telephone +233 30 2245779;  
Website: [www.cfypartners.org](http://www.cfypartners.org)

The Board of Directors  
Digicut Production and Advertising Limited  
House No. 350, Nima Court Avenue, Ward E, Block 2  
P. O. Box 453  
Accra

Dear Sirs,

**REPORT OF THE INDEPENDENT REPORTING ACCOUNTANT ON THE FINANCIAL INFORMATION DERIVED FROM THE AUDITED FINANCIAL STATEMENTS OF DIGICUT PRODUCTION AND ADVERTISING LIMITED FOR THE PERIODS ENDED 31 DECEMBER 2014, 2015, AND 2016**

We have reviewed the accompanying financial information comprising the statements of financial position, statements of comprehensive income, statements of cash flows which have been derived from the audited financial statements of Digicut Production and Advertising Limited (Digicut), for the periods ended 31 December 2014, 2015 and 2016.

The financial statements for the periods ended 31 December 2014 and 2015 were audited by A.D. and Associates and 2016 were audited by Adom Boafo and Associates. The Auditors issued an unmodified audit opinion for each of the financial periods.

**Directors' Responsibility**

The Directors of Digicut are responsible for the preparation and fair presentation of the summarized financial information derived from the audited financial statements which have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179) and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**Independent Reporting Accountant's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

## **Digicut Production & Advertising Limited Prospectus**

A review of the financial information in accordance with ISRE 2400 (Revised) consists primarily of making inquiries of management and others within the entity involved in financial accounting matters, applying analytical procedures, and evaluating sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when we become aware of matters that cause us to believe that the financial information as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not give a true and fair view, in all material respects, of the financial position of Digicut as at 31 December 2014, 2015 and 2016, and of its financial performance and cash flows for the periods then ended, which have been derived from the audited financial statements prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act 1963 (Act 179).

### **Restriction of the use of our report**

This report on the historical financial information of Digicut has been prepared solely for the purpose of the initial public offering (IPO) to raise GHS2.853 million and the shares on offer will be listed on the Ghana Alternative Market and may, therefore, not be appropriate for another purpose. Our report is intended solely for the directors of Digicut and for the purpose described above and should not be used by other parties.



Signed by: Charles Egan (ICAG/P/1028)  
For and on behalf of:  
CFY Partners (ICAG/F/2017/073)  
Chartered Accountants  
Accra, Ghana.

21 December, 2017

HISTORICAL FINANCIAL INFORMATION

<b>STATEMENT OF INCOME FOR THE PERIODS ENDED 31 DECEMBER</b>			
	<b>17 MONTHS ENDED 2014</b>	<b>12 MONTHS ENDED 2015</b>	<b>12 MONTHS ENDED 2016</b>
	<b>GHC</b>	<b>GHC</b>	<b>GHC</b>
Revenue	2,426,595	3,775,272	6,155,815
Cost of Sales	(1,612,297)	(2,804,350)	(3,316,525)
<b>Gross profit</b>	<b>814,298</b>	<b>970,922</b>	<b>2,839,290</b>
Other operating income	-	596,428	584,650
<b>Operating profit</b>	<b>814,298</b>	<b>1,567,350</b>	<b>3,423,940</b>
Administrative & general expenses	(619,129)	(1,337,199)	(2,190,242)
<b>Results of operating activities</b>	<b>195,169</b>	<b>230,151</b>	<b>1,233,698</b>
Finance income	30,136	-	-
Finance cost	(15,313)	(19,489)	(47,105)
<b>Profit before tax</b>	<b>209,992</b>	<b>210,662</b>	<b>1,186,593</b>
Income tax expense	(52,498)	(44,682)	(172,249)
<b>Profit after tax transferred to income surplus</b>	<b>157,494</b>	<b>165,980</b>	<b>1,014,344</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>157,494</b>	<b>165,980</b>	<b>1,014,344</b>

<b>STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER</b>			
<b>Assets</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>GH₵</b>	<b>GH₵</b>	<b>GH₵</b>
<b>Non-current assets</b>			
<b>Property, plant &amp; equipment</b>	<b>143,262</b>	<b>647,038</b>	<b>1,290,386</b>
<b>Current Assets</b>			
Trade and other receivables	448,474	301,389	1,613,660
Deferred Tax	-	32,929	-
Taxation	-	-	211,674
Cash and cash equivalents	109,305	446,881	105,509
<b>Total current Assets</b>	<b>557,779</b>	<b>781,199</b>	<b>1,930,843</b>
<b>Total Assets</b>	<b>701,041</b>	<b>1,428,237</b>	<b>3,221,229</b>
<b>Equity and Liabilities</b>			
Stated Capital	500	500	500
Income surplus account	157,494	323,474	1,337,817
<b>Total equity</b>	<b>157,994</b>	<b>323,974</b>	<b>1,338,317</b>
<b>Non-current Liability</b>			
Loan account	92,804	485,016	1,251,453
GGFC account payable	60,280	60,280	60,280
<b>Total non-current liabilities</b>	<b>153,084</b>	<b>545,296</b>	<b>1,311,733</b>
<b>Current Liabilities</b>			
Trade and other payables	337,465	539,485	571,179
Deferred Tax liability	-	19,483	-
Income tax liability	52,498	-	-
<b>Total current liabilities</b>	<b>389,963</b>	<b>558,968</b>	<b>571,179</b>
<b>Total equity and liabilities</b>	<b>701,041</b>	<b>1,428,238</b>	<b>3,221,229</b>

<b>STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER</b>			
	<b>17 MONTHS ENDED 2014</b>	<b>12 MONTHS ENDED 2015</b>	<b>12 MONTHS ENDED 2016</b>
	GHC	GHC	GHC
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating profit	209,992	210,662	1,186,593
Depreciation	39,417	184,440	395,101
Loss on disposal of PPE	-	12,436	-
Interest expense	15,313	19,489	-
Interest income	(30,136)	(44,928)	-
<b>Operating profit before working capital changes</b>	<b>234,586</b>	<b>382,099</b>	<b>1,581,694</b>
Change in trade and other payables	337,465	147,085	31,694
Change in trade and other receivables	(448,474)	202,020	(1,312,271)
Tax paid	-	(110,626)	(370,477)
Interest paid	(15,313)	(19,489)	-
<b>Cash flow from operating activities</b>	<b>108,264</b>	<b>601,089</b>	<b>(69,360)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets	(182,679)	(700,652)	(1,038,449)
Interest paid	-	-	-
Interest income	30,136	44,928	-
<b>Net cash flow from investing activities</b>	<b>(152,543)</b>	<b>(655,724)</b>	<b>(1,038,449)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Stated Capital	500	-	-
Loan repaid	-	(27,841)	-
Change in loans account	153,084	420,053	766,437
<b>Net cash flow from financing activities</b>	<b>153,584</b>	<b>392,212</b>	<b>766,437</b>
<b>Net increase/decrease in cash flow</b>	<b>109,305</b>	<b>337,577</b>	<b>(341,372)</b>
Analysis of Changes in Cash and Cash Equivalent			
Balance as at 1 January	-	109,305	446,882
Net increase/decrease in cash flow	109,305	337,577	(341,372)
<b>Balance as at 31 December</b>	<b>109,305</b>	<b>446,882</b>	<b>105,510</b>

<b>STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER</b>			
	<b>17 MONTHS ENDED 2014</b>	<b>12 MONTHS ENDED 2015</b>	<b>12 MONTHS ENDED 2016</b>
	<b>GH₵</b>	<b>GH₵</b>	<b>GH₵</b>
Stated Capital	500	500	500
Income Surplus	157,494	323,474	1,337,817
<b>Total</b>	<b>157,994</b>	<b>323,974</b>	<b>1,338,317</b>

**UNAUDITED MANAGEMENT ACCOUNT – 2017**

<b>STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER</b>		
	<b>2017</b>	<b>2016</b>
	<b>GH₵</b>	<b>GH₵</b>
Revenue	5,884,289	6,155,815
Cost of Sales	(2,323,563)	(3,316,525)
<b>Gross profit</b>	<b>3,560,726</b>	<b>2,839,290</b>
Other income	403,772	584,650
<b>Operating profit</b>	<b>3,964,498</b>	<b>3,423,940</b>
Administrative & general expenses	(2,514,760)	(2,190,242)
<b>Profit before finance cost/Results of operating activities</b>	<b>1,449,738</b>	<b>1,233,698</b>
Finance income	-	-
Finance cost	(222,275)	(47,105)
<b>Profit before tax</b>	<b>1,227,463</b>	<b>1,186,593</b>
Income tax expense	(306,866)	(172,249)
<b>Profit after tax transferred to income surplus</b>	<b>920,597</b>	<b>1,014,344</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>920,597</b>	<b>1,014,344</b>

<b>UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017</b>		
	<b>2017</b>	<b>2016</b>
	<b>GH₵</b>	<b>GH₵</b>
Stated Capital	250,000	500
Income Surplus	2,008,914	1,337,817
<b>Total</b>	<b>2,258,914</b>	<b>1,338,317</b>

<b>UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017</b>		
<b>Assets</b>	<b>2017</b>	<b>2016</b>
<b>Non-current assets</b>	<b>GH₵</b>	<b>GH₵</b>
Property, plant & equipment	1,302,861	1,290,386
Investments	1,100,000	-
	<b>2,402,861</b>	<b>1,290,386</b>
<b>Current Assets</b>		
Trade and other receivables	1,405,922	1,613,660
Taxation	303,743	211,674
Cash and cash equivalents	81,279	105,509
<b>Total current Assets</b>	<b>1,790,944</b>	<b>1,930,843</b>
<b>Total Assets</b>	<b>4,193,805</b>	<b>3,221,229</b>
<b>Equity and Liabilities</b>		
Stated Capital	250,000	500
Income surplus account	2,008,914	1,337,817
<b>Total equity</b>	<b>2,258,914</b>	<b>1,338,317</b>
<b>Non-current Liability</b>		
Loan account	1,094,359	1,251,453
GGFC account payable	60,280	60,280
<b>Total non-current liabilities</b>	<b>1,154,639</b>	<b>1,311,733</b>
<b>Current Liabilities</b>		
Trade and other payables	780,251	571,179
Income tax liability	-	
<b>Total current liabilities</b>	<b>780,251</b>	<b>571,179</b>
<b>Total equity and liabilities</b>	<b>4,193,805</b>	<b>3,221,229</b>

<b>UNAUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017</b>		
	<b>2017</b>	<b>2016</b>
	<b>GH₵</b>	<b>GH₵</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,227,463	1,186,593
Depreciation	488,616	395,101
Interest expense	222,275	-
Interest income	(385,052)	-
<b>Operating profit before working capital changes</b>	<b>1,553,302</b>	<b>1,581,694</b>
Change in trade and other payables	209,072	31,694
Change in trade and other receivables	207,738	(1,312,271)
Tax paid	(398,931)	(370,477)
Interest paid	(222,275)	-
<b>Cash flow from operating activities</b>	<b>1,348,906</b>	<b>(69,360)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets	(501,095)	(1,038,449)
Investments	(1,100,000)	-
Equity investment in Liberia	-	-
Interest income	385,052	-
<b>Net cash flow from investing activities</b>	<b>(1,216,043)</b>	<b>(1,038,449)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Stated Capital	249,500	-
Dividend	(249,500)	-
Loan repaid	(157,094)	766,437
<b>Net cash flow from financing activities</b>	<b>(157,094)</b>	<b>766,437</b>
<b>Net increase/decrease in cash and cash equivalent</b>	<b>(24,230)</b>	<b>(341,372)</b>
Cash and cash equivalent at the beginning of the year	105,509	446,882
<b>Cash and cash equivalent at the end of the year</b>	<b>81,279</b>	<b>105,510</b>

## 13.2 REPORTING ACCOUNTANT'S REPORT – FORECASTS



**CFY Partners**  
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Accra, Ghana  
Telephone +233 30 2245779;  
Website:[www.cfpypartners.org](http://www.cfpypartners.org)

The Board of Directors  
Digicut Production and Advertising Limited  
House No. 350, Nima Court Avenue, Ward E, Block 2  
P. O. Box 453  
Accra.

Dear Sirs,

### **REPORT OF THE INDEPENDENT REPORTING ACCOUNTANT ON THE PROJECTED FINANCIAL INFORMATION OF DIGICUT PRODUCTION AND ADVERTISING LIMITED FOR THE FOUR YEARS ENDING 31 DECEMBER 2017, 2018, 2019 AND 2020**

We have examined the accompanying projected financial information ("the projections) of Digicut Production and Advertising Limited (Digicut), which comprise the projected statements of financial position for the four years as at 31 December 2017, 2018, 2019 and 2020 and the related projected statements of income and projected statements of cash flow for the years ending 31 December, 2017, 2018, 2019 and 2020 in accordance with International Standards on Assurance Engagements 3400 (ISAE "The Examination of Prospective Financial Information".

The Directors of Digicut are responsible for the preparation and presentation of the projected financial information including the assumptions on which they are based. It is our responsibility to report on the projected financial information as required by the Securities and Exchange Commission Regulations, 2003 (L.I.1728), the Companies Act, 1963 (Act 179) and the Listing Rules of the Ghana Stock Exchange and the Ghana Alternative Market.

These projections have been prepared for the purpose of the initial public offering (IPO) to raise GHS2.853 million by Digicut which will be listed on the Ghana Alternative Market. The projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions which cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Consequently, we express no opinion on the validity of the assumptions on which the projections are based or on how closely the results actually achieved will compare with the projections. These projections may not be appropriate and should not be used for purposes other than that described above.

In our opinion, the projected financial information have been properly compiled on the basis of the assumptions set out in the notes and the basis of accounting used is consistent with the accounting policies normally adopted by Digicut. Nothing has come to our attention that suggests that these assumptions do not provide a reasonable basis for the projections

Even if the events anticipated under the assumptions described occur, actual results are still likely to be different from the projections since other anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the projected financial information is not intended to, and do not, provide all the information and disclosures necessary to give a fair presentation in accordance with International Financial Reporting Standards (IFRS).

**Restriction of the use of our report**

These projected financial information have been prepared solely for the purpose described above and may, therefore, not be appropriate for another purpose. Our report is intended solely for the directors of Digicut and for the purpose described above and should not be used by other parties.



Signed by: Charles Egan (ICAG/P/1028)  
For and on behalf of:  
CFY Partners (ICAG/F/2017/073)  
Chartered Accountants  
Accra, Ghana.

21 December, 2017

**PROJECTED STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER**

	<b>2018</b> <b>GHC</b>	<b>2019</b> <b>GHC</b>	<b>2020</b> <b>GHC</b>
Revenue	8,826,433	12,357,006	17,299,809
Cost of Sales	(3,136,810)	(4,391,533)	(6,806,877)
<b>Gross profit</b>	<b>5,689,623</b>	<b>7,965,473</b>	<b>10,492,932</b>
Other income	700,000	560,000	750,000
<b>Operating profit</b>	<b>6,389,623</b>	<b>8,525,473</b>	<b>11,242,932</b>
Administrative & general expenses	(2,932,455)	(3,783,276)	(4,906,348)
<b>Profit before finance cost</b>	<b>3,457,168</b>	<b>4,742,197</b>	<b>6,336,584</b>
Finance income	-	-	-
Finance cost	(50,000)	-	-
<b>Profit before tax</b>	<b>3,407,168</b>	<b>4,742,197</b>	<b>6,336,584</b>
Income tax expense	(851,792)	(1,185,549)	(1,584,146)
<b>Profit after tax transferred to income surplus</b>	<b>2,555,376</b>	<b>3,556,648</b>	<b>4,752,438</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>2,555,376</b>	<b>3,556,648</b>	<b>4,752,438</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDING 31 DECEMBER**

	<b>2018</b> <b>GHC</b>	<b>2019</b> <b>GHC</b>	<b>2020</b> <b>GHC</b>
	3,103,000	3,103,000	3,103,000
Stated Capital			
Income Surplus	4,564,290	7,354,325	11,039,768
Dividend	(766,613)	(1,066,994)	(1,425,731)
<b>Total</b>	<b>6,900,678</b>	<b>9,390,330</b>	<b>12,717,037</b>

**PROJECTED STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER**

<b>Assets</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Non-current assets</b>	<b>GH₵</b>	<b>GH₵</b>	<b>GH₵</b>
Property, plant & equipment	1,092,781	1,095,764	626,248
Investments	2,000,000	2,000,000	3,000,000
Investment in Liberia	-	500,000	500,000
	<b>3,092,781</b>	<b>3,595,764</b>	<b>4,126,248</b>
<b>Current Assets</b>			
Trade and other receivables	2,906,608	3,649,252	5,074,952
Taxation	-	-	-
Cash and cash equivalents	2,317,153	4,089,540	6,435,369
<b>Total current Assets</b>	<b>5,223,761</b>	<b>7,738,791</b>	<b>11,510,321</b>
<b>Total Assets</b>	<b><u>8,316,542</u></b>	<b><u>11,334,556</u></b>	<b><u>15,636,569</u></b>
<b>Equity and Liabilities</b>			
Stated Capital	3,103,000	3,103,000	3,103,000
Income surplus account	3,797,677	6,287,330	9,614,037
<b>Total equity</b>	<b>6,900,677</b>	<b>9,390,330</b>	<b>12,717,037</b>
<b>Non-current Liability</b>			
Loan account	-	-	-
GGFC account payable	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
Trade and other payables	1,415,865.05	1,944,225	2,919,532
Income tax liability	-	-	-
<b>Total current liabilities</b>	<b>1,415,865</b>	<b>1,944,225</b>	<b>2,919,532</b>
<b>Total equity and liabilities</b>	<b><u>8,316,542</u></b>	<b><u>11,334,556</u></b>	<b><u>15,636,569</u></b>

<b>PROJECTED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER</b>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>GH₵</b>	<b>GH₵</b>	<b>GH₵</b>
Profit before tax	3,407,168	4,742,197	6,336,584
Depreciation	510,080	629,516	669,516
Interest expense	50,000	-	-
Interest income	(700,000)	(560,000)	(750,000)
<b>Operating profit before working capital changes</b>	<b>3,267,248</b>	<b>4,811,713</b>	<b>6,256,099</b>
Change in trade and other payables	635,614	528,360	975,308
Change in trade and other receivables	(1,500,686)	(742,643)	(1,425,701)
Tax paid	(548,049)	(1,185,549)	(1,584,146)
Interest paid	(50,000)	-	-
<b>Cash flow from operating activities</b>	<b>1,804,126</b>	<b>3,411,881</b>	<b>4,221,561</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets	(300,000)	(632,500)	(200,000)
Investments	(900,000)	-	(1,000,000)
Equity investment in Liberia	-	(500,000)	-
Interest income	700,000	560,000	750,000
<b>Net cash flow from investing activities</b>	<b>(500,000)</b>	<b>(572,500)</b>	<b>(450,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Stated Capital	2,854,000	-	-
Dividend	(766,613)	(1,066,994)	(1,425,732)
Loan repaid	(1,154,639)	-	-
<b>Net cash flow from financing activities</b>	<b>931,748</b>	<b>(1,066,994)</b>	<b>(1,425,732)</b>
<b>Net increase/decrease in cash and cash equivalent</b>	<b>2,235,874</b>	<b>1,772,387</b>	<b>2,345,829</b>
Cash and cash equivalent at the beginning of the year	81,279	2,317,153	4,089,540
<b>Cash and cash equivalent at the end of the year</b>	<b>2,317,153</b>	<b>4,089,540</b>	<b>6,435,369</b>

**1. Table 10 - Key Economic Assumptions**

Description	Unit	2017	2018	2019	2020
GDP growth rate	%	6.75	7	7.5	7.5
Inflation	%	11.50		10.00 - 12.00	
Exchange rate	¢: \$	4.50	5	5.5	6

Source: GN Research/BOG

**2. Table 11 - Company-Specific Indicators: Income and Expenses**

Indicator	Unit	2018	2019	2020
Revenue growth	%	50	40	40
Cost of Operations	%	35	40	55
Other cost indicators	%	12	12	12
Weighted change in cost	%	30	32.5	40

**3. Financial Assumption:**

**a. Expected return on investment**

Digicut intends to invest part of its profit in financial instruments including money market securities. In forecasting the expected return on these investments over the period, the following rates of return were assumed and adopted for the various years: 35%, 28% and 25% for 2018, 2019 and 2020 respectively.

**b. Long term debts**

Management expects to pay off all of its long term debts with portion of the IPO proceeds. We expect the company to be solely equity financed at least for the next three years.

**c. Working Capital Management**

Management expects to pursue an aggressive model of collection on its receivables and maintaining receivables at a minimum.

We intend to adopt a policy of maintaining receivables at an average of 30% of sales at every year end. The collectability of such receivables will not exceed 90 days after the end of the financial year in which such receivables were accrued.

We also intend to maintain a steady payables period so as not to abuse the trust of our suppliers.

Management anticipates that 30% of all purchases within a year will be outstanding as payable and these will be paid within 120 days after the end of the financial year in which such payables were accrued.

**d. Capital Expenditure**

In line with our growth strategy, management seeks to undertake the following capital expenditure in the next three years:

- Purchase of one Mobile Van (MA)
- Purchase of field equipment
- Purchase of 3 MAVs for 3 West African countries
- Investment in Liberia
- Construction of billboards in 3 West African countries
- Purchase of cranes

**e. Taxation**

Income tax rate of 25% is expected to remain unchanged until the materialization of the promise by the government to reduce taxes.

**4. New Businesses:**

1. DigiCut intends to penetrate the Liberian market by establishing an office there to take advantage of the prospects in the advertising landscape as well as afford the company an opportunity to better serve Groupe Nduom companies in that country.
2. DigiCut also plans to establish satellite units in Togo, Burkina Faso and Cote D'Ivoire to take advantage of that market as well. Already the company has mounted a couple of billboards in some of these countries for its clients.

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### **14. PART 8 – VALUATION ANALYSIS**

The sponsor provided a valuation opinion on DigiCut which was used as the basis for pricing the shares of the Company.

In carrying out the valuation of DigiCut, the sponsor considered the Net Asset Value and the Discounted Cash Flow methods. An additional analysis based on comparables was also performed for the only purpose of gauging the value of the DCF result. The following information formed the basis of our valuation:

1. *Audited Financial Statements of DigiCut for 2014, 2015 and 2016*
2. *Unaudited Financial Statements of DigiCut for 2017*
3. *Financial & Legal Due Diligence Reports*
4. *Sales projections for DigiCut for 2017*
5. *Financial Projections for the period 2018 – 2022*
6. *Discussions with Board & Management of DigiCut*
7. *Projected Dividends for the period 2018 – 2022*

The DCF methodology allows for future cash flows to be discounted into Present Values using a discount factor; this is the rate of return advisors believe investors will derive from investments of similar value and risk as that of DigiCut' shares.

Having weighed the methodologies based on the perceived relevance of each method to the company's operations and intrinsic value, we are of the opinion that a valuation of **GH¢10,528,400** will represent a fair value of DigiCut:

<b>Methodology</b>	<b>Valuation (GHC)</b>	<b>Weight</b>	<b>Weighted Value (GHC)</b>
Discounted Cash Flow (DCF)	14,072,465	70%	9,850,726
Net Asset – Book Value Basis	2,258,914	30%	677,674
<b>Total</b>		<b>100%</b>	<b>10,528,400</b>

*After applying a non-marketability discount of approximately 10% a value of GHC 9.511 million was arrived at.*

*Based on the valuation and the amount of money to be raised, a share price of GHC 0.08 was approved.*

## **15. PART 9 – ADDITIONAL INFORMATION**

### **15.1 Regulations and Constitution of DigiCut**

Regulations: The nature of the business, which the Company is authorized to carry on as provided by the Regulations are: Production, Advertising and PR services.

### **15.2 Directors**

- a. Power to vote on a proposal, arrangement or contract in which a director is materially interested: Subject to compliance with section 207 of the Companies Act 1963, (Act179), a director may enter into any contract with the Company and such contract or any other contract of the Company in which any director is in any way interested shall not be liable to be avoided nor shall any director be liable to account for any profit made thereby by reason of the director holding the office of director. Also subject to compliance with section 207 of the Companies Act, any director may act by himself or his firm in a professional capacity for the Company, except as an auditor, and he or his firm shall be entitled to proper remuneration for professional services as if he were not a director.
- b. Power to vote on compensation: All fees and remuneration payable to directors in whatever capacity is subject to approval of shareholders of the Company in accordance with section 194 of the Companies Act.
- c. Directors borrowing powers: Subject to section 202 of the Companies Act, the board of directors may exercise all such powers of the Company, including power to borrow money and to mortgage or charge its property and undertaking or any part thereof and to issue debentures, as are not by the Companies Act or the Regulations required to be exercised by the members in general meeting.
- d. Retirement of and non-retirement of directors: Appointment of directors shall be governed by sections 181, 298 and 299 of the Companies Act. There is no retirement age for directors.
- e. Number of qualifying shares to be held by a director: A director need not hold any shares in the Company.

### **15.3 Description of DigiCut's shares**

- a. Dividend Rights: Dividends are declared at the discretion of the directors in accordance with legal requirements applicable to the Company. There is no right to dividends unless declared by the directors.

- b. Voting Rights: Each ordinary share is entitled to one vote at any meeting of the shareholders of the Company. Any member of the Company is entitled to attend and vote at a meeting of the Shareholders of the Company and shall be entitled to appoint a proxy to attend and vote in his place.
- c. Rights to share in DigiCut' profits: Apart from entitlement to declared dividends, shareholders have no right to share in the Company's profits.
- d. Rights of members to share in any surplus in the event of liquidation: If DigiCut is wound up, the liquidator may, with the approval of a special resolution and any other sanctions required by the Companies Act, divide amongst the members in specie or kind, the whole or part of the assets of the Company and may determine how such divisions shall be carried out between the members or different classes of members.

#### **15.4 Liability of Shareholders to further capital calls by DigiCut**

Shareholders have no obligation to provide additional equity capital to the Company except when there is a resolution to that effect.

#### **15.5 Convening of Annual General Meetings and Extraordinary General Meeting**

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.

#### **15.6 Dividend Withholding Tax**

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

#### **15.7 Capital Gains**

Under Section 7(1) of the Income Tax Act 2015 (Act 896) as amended by the Income Tax (Amendment) Act, 2017 (Act 941), securities listed on the GSE are exempted from Capital Gains Tax until December 31, 2021.

#### **15.8 Stamp Duty**

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

### **15.9      Restrictions on Foreign Share Ownership of Listed Securities**

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.

### **15.10    Corporate Tax**

The corporate income tax rate of both listed and unlisted companies is at 25%.

### **15.11    The Ghana Alternative Market Review**

The Ghana Alternative Market (GAX) is a parallel market to the Ghana Stock Exchange Main List with focus on businesses with the potential for growth.

The GAX accommodates companies at various stages of development and afford such companies the opportunity to secure long term capital, broaden their investor base and provide liquidity for their shareholders/investors.

The Ghana Alternative Market is regulated by the Ghana Stock Exchange and the Securities Exchange Commission under the Securities Industry Act, 2016 (Act 929).

**The table below depicts the operational activities of the Exchange:**

Trading Days	Daily from Monday to Friday; starting at 10.00am with a pre-open at 9:30am
Trading Method	Continuous Auction Trading (CAT) system through the GSE Automated Trading System. Trading is done in lots of 100 shares.
Settlement Period	Trade day plus three (3) working days
Depository	A depository is in place to ensure electronic account and record-keeping for investors. Investors in DigiCut will have their accounts credited with the number of shares allotted.
Access to Trade and General Information on GSE:	Through Reuters, Internet, Official Trading Results, local Newspapers, Gold Coast Fund Management Research & Newsletter, GSE, Handbook, etc.

**15.12 Documents Available for Inspection**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours of any working day from 8.00 am to 5.00 pm during the Offer period.

- a. DigiCut's Certificate of Incorporation.
- b. DigiCuts' Certificate to Commence Business.
- c. DigiCut's Tax Clearance Certificate
- d. DigiCut's Social Security and National Insurance Trust Clearance Certificate
- e. The Regulations of DigiCut
- f. DigiCut's financial reports for the past three (3) years
- g. Returns of particulars of the Company under Section 27(1) of the Companies Act of Incorporation
- h. All material contracts with suppliers and dealers
- i. Share Valuation Report.
- j. The shareholder's resolutions and the Board's resolutions covering the following, where each is applicable:
  - i. Conversion from a private company to a public company
  - ii. The issue of additional shares for the Company;
  - iii. The regulations of the Company

## **16. PART 10 - RISK FACTORS**

An investment in the securities of a company entails certain risks. Prospective investors, in considering a purchase of DigiCut's ordinary shares being offered, should carefully take note of the following:

### **Credit Risk**

This risk relates to the fact that credit-buyers of the company's products may default in the early or timely settlement of their obligations. The Company has put in place measures to ensure effective recovery and timely payments.

### **Liquidity Risk**

This relates to DigiCut' ability to meet all its current or short term financial obligations. It means that the Company is able to meet the needs of its varied investors, who desire to withdraw some of the funds that they have invested in the Company, and borrowers wanting to be assured that their credit or cash needs will be met.

The Company has an effective treasury management system to mitigate this risk.

### **Industrial Relations Risk**

This relates to disputes among management and staff that could hamper operations significantly. DigiCut has over the years worked to ensure industrial harmony at all times through effective human resource management and providing channels to address grievances.

### **Foreign Exchange Risk**

The risk that the cedi depreciates to a point where some inputs imported for the company's products become too expensive. The Company is continuously working on local substitutes for these inputs and where applicable purchases more for storage.

### **Economic Risk**

This risk relates to overall macroeconomic stability, including aggregate economic growth, unemployment and reference interest rates. The Company is however, optimistic that the future bodes well for the Company and Ghanaians in general.

### **Competition**

There is competition within the advertising sector. However, DigiCut' sees this as a challenge for which it is well prepared. It is a company that takes research seriously and believes it can stay above the competition. The Company is continuously putting in the necessary strategies and structures to consolidate its position.

**Risk of Corporate Governance**

The Company has addressed this issue through the appointment of experienced professionals to the Board. The Board members maintain oversight responsibility for the operations of the Company and also protect the interests of shareholders and the future of the Company.

**Risk of Fraudulent Practices**

This risk can affect the operations of the Company. The Company is mitigating this risk through efficient monitoring and reporting systems.

**Litigation and Other Legal Proceedings**

Neither DigiCut nor any of its Directors has been involved in any pending litigation or other claims of a material nature which the company, or any of its subsidiaries are involved and which are likely to affect its income including title to or possession of any of its properties or provide an appropriate negative statement.

To the best knowledge of the Lead Manager this Prospectus constitutes a full and true disclosure of all material facts about the Company and the issue, but the Lead Manager will not be held responsible for any inaccuracies as all information given herein was obtained from the Company.

## 17. PART 11 - TERMS AND CONDITIONS OF THE OFFER

### 17.1 General Conditions

If you receive a copy of this Prospectus and/or the application form in any territory other than Ghana, you should not treat it as constituting an offer or an invitation to Offer, nor should you use such application form, unless you are in a territory where such an Offer or invitation may lawfully be made to you without compliance with any securities registration or other legal requirements by the Company.

If you are in a territory outside Ghana in which this Offer may lawfully be made, it is your responsibility if you wish to make an application, to satisfy yourself as to the full observance of the laws of the relevant territory in connection with your application, including obtaining any governmental or other consents and compliance with other necessary formalities, and paying transfer or other taxes or duties required to be paid in such territory in respect of the Offer of shares acquired by you under this Offer.

### 17.2 Offer to Purchase Shares

- a. You offer to purchase such number of DigiCut' shares which when multiplied by the Offer price, is nearest but not more than the amount indicated in your Application Form, on these terms and conditions and subject to the Regulations of the Company.
- b. You agree to provide a clear photocopy of a valid ID in support of your application to your receiving agent. For the purposes of this Offer, a valid ID shall be a passport, a driver's license or a voter's ID card for individuals and a clear photocopy of registration documents or other acceptable identification for institutions, clubs and other bodies. If you are applying for a minor, you must submit a clear photocopy of a valid ID for both the minor and yourself. A valid ID for a minor may be a passport or a birth or baptismal certificate. Where you are applying 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, and a duly executed power(s) of attorney authorizing you to apply for shares under this Offer on their behalf.
- c. You agree that your application to acquire shares cannot be revoked after 16th March, 2018 or such later date as the Directors and the Lead Manager may agree, and promise that any cheque, bankers draft or money or postal order will be honored on first presentation and that this paragraph constitutes an agreement between you and DigiCut.
- d. It becomes binding when your application is posted or in the case of delivery by hand as received by the Company or any of its receiving agents. However, the Company will not be held liable if you use a wrong address in posting. You must pay all bank commissions, transfers and other bank charges related to your application.

- e. A thumb print on application form will be accepted instead of a signature thereon only if it is duly certified in accordance with the Laws of Ghana.
- f. If your Application Form is not completed correctly or is amended, or you do not include the required identification as spelt out in 17.2 (b) above, or if any cheque, bankers' draft, money or postal order is found to be less than the amount stated on your application form, it may still be treated as valid. In such cases, the Lead Manager's decision as to whether to treat the application as valid, and how to construe, amend or complete it shall be final. You will not, however, be treated as having applied to purchase a number of shares which, when multiplied by the offer price, is more than the amount of remittance upon allotment of shares.
- g. An application may be rejected in whole or in part at the discretion of the Lead Manager and Management of DigiCut if the application is incomplete or illegible, if it is determined that the applicant has submitted multiple applications or if it is determined that the applicant is not eligible to participate in this public offer.

**17.3 Acceptance of Offer**

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

**17.4 Payment for Shares**

- a. You undertake to pay the purchase price for the shares in respect of which your application is accepted. The cheque or bankers' draft or other remittances may be presented for payment before acceptance of your application, but this will not constitute acceptance of your application, either in whole or in part.
- b. If the application is invalid, rejected or not accepted in full, or if the amount of the application divided by the offer price does not result in a whole number of shares or if the circumstances described in 17.3 above do not occur prior to the dates respectively specified therein, the proceeds of the cheque or other remittances or the unused balance of those proceeds (as the case may be) will be refunded to you without interest.

- c. If the remittances are not honored on first representation, then at any time until the Company has received cleared funds in respect of the share offer, the Lead Manager, on behalf of DigiCut may terminate the agreement to purchase that share.
- d. Receiving Agents will convert payment received in a currency other than the Ghana Cedi at the prevailing inter-bank or such other negotiated rate between the Receiving Agent and their bankers at the time value is given to it.

#### **17.5 Warranties**

You warrant that:

- a. You are qualified to apply;
- b. The applicant on whose behalf you are applying is qualified to apply;
- c. You will not make any other application or multiple applications through various Receiving Agents and that to the best of your knowledge there is no other application for DigiCut' shares being made to your benefit;
- d. You will submit a complete application and all supporting documents required under the terms of this offer;
- e. In making your application you are not relying on any information or representation concerning the Company and/or other offers or any of them not contained in this Prospectus. You agree that no person responsible for this Prospectus or any part of it will have liability for any such other information or representation;
- f. If any person signing, or making a thumbprint on the application form is not the applicant, that person warrants that he/she has authority to do so on behalf of the applicant and that this authority is vested in him or her by virtue of a power of attorney which (or a certified copy) accompanies the application;
- g. If the applicant is other than a natural person, the person signing the application form warrants that he/she has authority to do so on behalf of the applicant.

#### **17.6 Supply and Disclosure Information**

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

**17.7 Miscellaneous**

- a. The rights and remedies of the Company and the Lead Manager, under these terms and conditions are in addition to the 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.
- b. If you deliver your Application Form to a receiving agent, you authorize the Company to send any money returnable to you in the same manner and a share certificate for the number of shares for which your application is accepted by registered mail, posted to the address provided on the application form or to your broker for collection. If your application was sent by post, you authorize the Company to send a share certificate for the number of shares for which your application is accepted and/or cheque for any money returnable by registered mail to your address (or, in the case of joint applicant, the address of the first-named person) as set out on the Application Form.
- c. All documents and monies sent or delivered by you will be sent or delivered at your own risk. Any cheque will be made payable to you (or first person named in any joint application).
- d. You agree to be bound by the Regulations of DigiCut once the shares you have agreed to purchase have been transferred to you.
- e. Your application and the acceptance of that application and the contract resulting therefrom will be governed by, and construed in accordance with the Laws of Ghana. You irrevocably submit to the jurisdiction of the Ghanaian courts in respect of the matters relating to this transaction. This does not prevent an action being taken against you in any other jurisdiction.
- f. Words defined in the Prospectus and not defined in these terms and conditions have the same meaning 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 joint applicants, references to an applicant in these terms and conditions are to each of the joint applicants and their liability is joint.

## **18. PART 12 – COMPLETION GUIDE AND RETURN INSTRUCTIONS**

### **General Instruction for Completing the Application Form**

Please read the instruction carefully before completing the relevant Application Form.

- a. There are two (2) Application Forms for this Offer, one for individual investors and the other for corporate investors. Please ensure that you complete the appropriate Application Form and return the completed Form together with supporting documentation (photocopy of valid ID, and duly executed power(s) of attorney where applicable) and your cheque for the application to a receiving agent.
- b. Use block capital letters in completing the Application Form and return the completed Application Form together with payment for your subscription to a receiving agent by latest 17:00 hours GMT on 16th March, 2018.
- c. Only people over 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 another application to buy shares in his/her own name.
- d. Power(s) of attorney must be enclosed if anyone is signing on behalf of an applicant other than a minor.
- e. For the purposes of this Offer, a valid ID constitutes a national passport, driver's license and voter's ID card for individuals, and registration documents, Registrar General's Form A or Form 3 or a duly executed resolution from organizations or institutions, clubs and other bodies. Persons applying on behalf of minors must submit valid IDs for the minor, and for this purpose, a valid ID constitutes a passport, birth or baptismal certificates of the minor.
- f. Photocopies of Application Forms will be accepted if only they are clear and legible. The submission of a photocopied Application Form assumes that the applicant understands and accepts the terms and conditions of this offer.

### **18.1 Guide to Completing the Application Form for Individuals**

#### **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 you are applying for a minor, you must submit photocopies of valid ID for yourself and for the minor.

If you are applying for a person other than a minor, you must submit a valid ID for that person and a power of attorney authorizing you to make this application on his behalf.

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### **Number & Cost of Shares Applied for\***

Complete with the number of shares (minimum is 750 shares) and the amount payable (in Ghanaian Cedis) 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 5:00pm on 16th March, 2018.

Cheques, Money/Postal Orders and Bankers Drafts should be made payable to DigiCut's SHARE OFFER and endorsed "COMMISSION TO DRAWER'S ACCOUNT".

All bank commissions and transfer charges must be paid by applicant.

When the basis of allocation under the DIGICUT PRODUCTION & ADVERTISING LIMITED SHARE OFFER is determined, successful applicants will be allocated a number of shares. Any cash balance remaining will be refunded.

\*Minimum application is for 750 shares, then in multiples of 250 thereafter subject to conditions.

### **Address of Applicant**

Insert in Box 4 your full residential (if applicable) and postal addresses. 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.

### **Dividend Payment Details\***

\*This section should be completed only by applicants who want their dividends paid directly into their bank account.

Please provide the information for your bank in the form. Applicants who leave this blank will have their dividend payments warrant mailed to them.

### **Email, Telephone, Nationality and Status of Residency**

Include your email or telephone number to facilitate quick contact. Also state your citizenship and whether or not you are resident in Ghana.

### **Declaration**

Multiple applications are not permitted. Please read the declaration carefully before you sign (or, if unable to sign, make your thumb print) above the line provided and date the form in the box provided.

### **Date/Signature or Thumbprint**

By signing or thumb printing the Application Form, you will be applying for the Shares on Offer on the terms and conditions set out in this Prospectus and in the Application Form. Proceedings may be instituted against anyone who knowingly makes a false statement in his/her application. This applies whether an application is made solely or jointly with other persons.

The Application Form may be signed by someone else on your behalf if he/she is duly authorized to do so. An agent must enclose the original power of attorney appointing him/her (or a certified copy) unless he/she is a selling agent or financial intermediary and states the capacity in which he/she signs.

If applying for someone under the age of 18 years, you (rather than that person) must sign the Application Form, and put the minor's name in the relevant section provided in Box (1)

### **Joint Applications**

You may apply jointly with another person, provided each applicant is an adult over 18 years of age. Each applicant should complete their names and sign the appropriate places by their names.

#### **18.2 Guide to Completing the Application Form for Companies / Organizations**

Insert in Box 1 the company or organizations name and registration number as quoted on its certificate of incorporation or on its commencement of business (if applicable). Applications for corporations and partnerships must bear the institution's common seal/stamp (if applicable) and be completed under the hand of a duly authorized official who should also state his/her designation/title.

Complete and/or take note in accordance with the Guide to Completing the Application Form for Individuals.

The company's duly authorized officer(s) must complete and affix the company's seal/stamp on the form. By completing the Application Form, you will be applying for the Shares on Offer on the terms and conditions set out in this Prospectus and on the Application Form. The company should then complete the remainder of the Application Form in accordance with the instructions for individuals set out above.

Required identification/documentation for applicants and beneficiaries

Please read these requirements and the Prospectus carefully before you apply for DIGICUT PRODUCTION AND ADVERTISING LIMITED shares under this Offer.

##### **18.2.1 Application by an adult individual**

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

- National Passport
- Driver's License
- Voter's ID Card

In the 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.

**18.2.2 Application by companies or organizations**

A certified copy of any one of the documents listed in document list A below together with a copy of any one of the documents listed in document list B below will be accepted:

**Document list A**

- Certificate of Incorporation
- Certificate to Commence Business
- Organization's Regulations duly signed by authorized signatories
- Form A duly filed at the 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 Clubs

**Document list B**

- Duly Executed Resolution of the Directors of the Company/Governing Body of investment clubs authorizing the person(s) named therein to apply for the shares of DigiCut on its behalf
- A Power of Attorney duly executed by an authorized representative of the Organization on whose behalf the Application is being made, authorizing the person(s) named therein to apply for the shares of DigiCut on its behalf.

**18.3 Application by an adult in trust for an adult**

- Certified copies of all the items listed below are required:
- A Power of Attorney duly executed by Adult on whose behalf the Application is being made authorizing the Applicant to apply for DigiCut shares on their behalf
- Valid identification as spelt out in 17.2(b) above for the Beneficiary and the Applicant

**18.4 Application by an adult in trust for a minor\***

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

\*A minor is a beneficiary below 18 years of age as at the opening date of the Offer

PLEASE NOTE THAT DIGICUT PRODUCTION & ADVERTISING RESERVES THE RIGHT, AT ITS DISCRETION, TO VARY THE ABOVE REQUIREMENTS IN RELATION TO ANY APPLICANT (S) AS IT MAY CONSIDER NECESSARY.

**SHARE OFFER APPLICATION FORM (INDIVIDUALS)**

		Date:	PLEASE USE BLOCK LETTERS	
Depository Member's Code		Broker/Bank Signature & Stamp		Applicant's Signature/Thumbprint
CSD Account Number				
Title	Surname	First Name	Other Names	
Identification of Applicant (please attach photocopy of ID to form) Type: Number:			Number of Shares Applied for:	Amount payable (GHS)
<b>Contact Details:</b>				
Address		City		
Country		Country of Residence		
Postal Address		Email Address		
Phone Number		Mobile Number		
<b>For Application in Trust for a Minor/Another Adult (Please attach ID)</b>				
Title & Surname of Minor/Another Adult			Other Names	
Address				
Postal Address		Town/City		
Region/Country				
Telephone		Email		
ID Type		ID Number		
<b>Declaration:</b> I/We hereby apply for offer shares on the terms and conditions set out in the prospectus. I/We declare that I/We am/are a qualifying applicant(s) and that to my/our knowledge, there is no other application being made for my/our benefit or that of any person for whose benefit I/we am/are applying for DigiCut Production & Advertising Limited shares for which I/we have applied to on this form.				
<b>Joint Applicant(s):</b> I/We hereby join in the application and give the declaration above				
<b>Other Applicants</b>	<b>2<sup>nd</sup> Joint Applicant</b>	<b>3<sup>rd</sup> Joint Applicant</b>	<b>4<sup>th</sup> Joint Applicant</b>	
Title				
Surname				
First Name & Other Names				
Applicant's Signature or Thumbprint				

To be completed by receiving Broker/Bank and then signed and retained by Applicant as evidence of payment			
<b>DIGICUT PRODUCTION &amp; ADVERTISING LTD. APPLICATION COUNTERFOIL</b>			
Surname:		Applicant's Signature/Thumbprint	Broker's/Bank's Signature & Stamp
First Name:			
Residential Address:			
Postal Address:			
Town/City:			
Region:	Country:	Amount (GHS):	Agent Code:

**Digicut Production & Advertising Limited Prospectus**

**SHARE OFFER APPLICATION FORM (INSTITUTIONS)**

		Date:	PLEASE USE BLOCK LETTERS
Depository Member's Code:		Broker/Bank Signature & Stamp:	Authorized Signatories:
CSD Account:			Number of shares:
<b>Company Details</b>			
Company Name:			
Company Identification Number:			
Address:			
Postal Address			
Town/City:	Region/Country:		
Email:			
Telephone:	Fax:		
<b>Declaration:</b> I/We hereby apply for offer shares on the terms and conditions set out in the prospectus. I/We declare that I/We am/are a qualifying applicant(s) and that to my/our knowledge, there is no other application being made for my/our benefit (or that of any other person for whose benefit I/We am/are applying for DigiCut Production & Advertising Limited shares for which I/We have applied to on this form.			
Other Signatories	1 <sup>st</sup> Signatory	2 <sup>nd</sup> Signatory	3 <sup>rd</sup> Signatory
Title:			
Surname:			
First Name:			
Application Signature or Thumbprint:			

To be completed by receiving Broker/Bank and then signed and retained by Applicant as evidence of payment.			
DIGICUT PRODUCTION & ADVERTISING LTD. APPLICATION COUNTERFOIL			
Surname:		Applicant's Signature/Thumbprint	Broker/Bank's Signature & Stamp
First Name:			
Address:			
Postal Address:			
Town/City:			
Region:	Country:	Amount (GHS):	Agent Code:

**OTHER RECEIVING AGENTS**

African Alliance Securities Ghana Limited 2nd Floor, Heritage Towers, 6th Avenue Ridge Ambassadorial Enclave PMB 45 Ministries, Accra Tel: +233 (0) 302 610 610	CAL Brokers Limited No.23 Independence Avenue, Ridge, Accra P.O. Box 14596, Accra North Tel: +233 (0) 302 680 051/ 680 061-9
CDH Securities Limited 36 Independence Avenue, North Ridge P.O. Box 14911, Accra North Tel: +233 (0) 302 667 425-8 Email:info@chdfinancialholdings.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
Databank Brokerage Limited No.61, Barnes Road, Adabraka, Accra PMB, Ministries Post Office, Accra Tel: +233 (0) 302 665 124/ 663 763	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
Fidelity Bank Securities Limited Ridge Towers - Ridge, Accra PMB 43, Cantonments, Accra, Ghana Tel: + 233 (0) 302 214 490	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
Liberty Capital Ghana Limited Chez Julie Plaza, 30 Paar Grant Street, Comm.10, Tema P.O. Box CS 8876 Tel : +233 (0) 303 301 486	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
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	UMB Stockbrokers Sethi Plaza, 123 Kwame Nkrumah Avenue, Adabraka Telephone: +233(0)302226112 +233(0)302237502
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	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
Stanbic Investment Management Services Valco Trust Towers, Castle Road, Ridge West P.O Box CT 2344, Cantonments Accra	SIC-Brokerage Limited No. 67 A&B Switchback Road. Cantonments, Accra P.O. Box PMB CT314, Cantonments Tel: +233 (0)302 767 051
UniSecurities Ghana Limited Plot No. B209 AugustinoNeto Road Airport Residential Area P.O.Box GP 2637 Tel: +233 (0)302 901238	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
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	Ecobank Ghana Limited 10 Ambassadorial Enclave, Ridge , Accra Other Ecobank locations throughout the country.

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