



**PRESS RELEASE**

**PR. No 012/2013**

**PBC LIMITED (PBC)**  
**UN-AUDITED FIRST QUARTER FINANCIAL STATEMENTS**  
**ENDING DECEMBER 31, 2012**

PBC has released its un-audited Financial Statements for the first quarter ending December 31, 2012 as per the attached.

Issued in Accra, this 28<sup>th</sup>  
day of January, 2013

**- END -**

att'd.

**Distribution:**

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

**For enquiries, contact:**

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

**\*JEB**

# PRODUCE BUYING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST DECEMBER, 2012

### ACCOUNTING POLICIES

#### A. REPORTING ENTITY

Produce Buying Company Limited is a company registered and domiciled in Ghana. The company is authorised to buy, collect, store, transport and otherwise deal in cocoa, coffee and sheanuts produced in Ghana on behalf of Ghana Cocoa Board.

#### BASIS OF PREPARATION

##### (i) Statement of Compliance

The financial statements have been prepared in accordance with international Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standard Boards (IASB).

##### (ii) Basis of measurement

The financial statements were prepared on the historical cost basis except for financial instruments and other assets that are stated at fair value.

##### (iii) Functional and presentational currency

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency.

##### (iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

PRODUCE BUYING COMPANY LIMITED

INCOME STATEMENT  
FIRST QUARTER ENDED 31ST DECEMBER, 2012

<b>INCOME STATEMENT</b>	<b>NOTE</b>	<b>2012 GHC</b>	<b>2011 GHC</b>
Revenue	4	<u>391,695,480</u>	<u>281,389,434</u>
Cost of Sales		<u>(352,357,645)</u>	<u>(251,300,438)</u>
Gross Profit		39,337,835	30,088,996
Other Income	6	848,857	880,220
Direct Operating Expenses		(10,535,778)	(8,211,294)
General and Administrative Expenses	5	<u>(7,764,754)</u>	<u>(6,865,806)</u>
Operating profit before financing cost		21,886,160	15,892,116
Net Finance Expenses	7	<u>(13,618,324)</u>	<u>(11,097,457)</u>
Profit before Taxation		8,267,836	4,794,659
Income Tax Expense	8a	<u>(2,066,959)</u>	<u>(1,198,665)</u>
Profit for the quarter transferred to Income Surplus Account		<u><u>6,200,877</u></u>	<u><u>3,595,994</u></u>
 <b>INCOME SURPLUS ACCOUNT</b>		<b>2012 GHC</b>	<b>2011 GHC</b>
Balance at 1 October		32,692,630	30,778,491
Net Profit for the quarter		<u>6,200,877</u>	<u>3,595,994</u>
Balance at 31 December		<u><u>38,893,507</u></u>	<u><u>34,374,485</u></u>

The Financial statement do not contain untrue statement, misleading facts or omit material facts to the best of my knowledge.

*KOJO ATTA-KRAH*

.....  
Kojo Atta-krah  
MANAGING DIRECTOR

*J. OSEI MANU*

.....  
J. OSEI MANU  
DEP. MANAGING DIRECTOR (F&A)

**PRODUCE BUYING COMPANY LIMITED**

**BALANCE SHEET**

<b>BALANCE SHEET</b>	<b>NOTE</b>	<b>2012 GHc</b>	<b>2011 GHc</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	56,465,131	38,516,161
Intangible assets	11	4,358	17,880
Long term investment	9	1,527,273	1,338,182
<b>Total non-current assets</b>		<b>57,996,762</b>	<b>39,872,223</b>
<b>Current Assets</b>			
Inventories	12	285,015,403	433,050,870
Trade and other receivables	13	195,346,299	91,558,549
Short term investments	14	80,120,990	160,449,320
Cash and cash equivalents	15	58,376,477	157,532,274
<b>Total current assets</b>		<b>618,859,169</b>	<b>842,591,013</b>
<b>Total assets</b>		<b>676,855,931</b>	<b>882,463,236</b>
<b>Equity</b>			
Stated Capital	21	15,000,000	15,000,000
Retained earnings		38,893,507	34,374,485
Other reserves		1,296,830	1,107,739
<b>Total equity</b>		<b>55,190,337</b>	<b>50,482,224</b>
<b>Liabilities</b>			
Deferred tax liability	8b	3,815,173	3,278,676
Income Tax liability	8a	3,907,747	7,193,681
Finance Lease	20	1,044,541	1,947,041
Medium term loan	19a	9,651,951	3,348,311
Long Term Loan	19b	5,262,033	5,262,033
Preference share capital	21	100	100
<b>Total non-current liabilities</b>		<b>23,681,545</b>	<b>21,029,842</b>
Bank Overdraft	17	188,149,603	
Short Term Loan	18	402,168,245	790,925,000
Medium term loan (current portion)	19	2,136,702	1,718,498
Finance Lease (current portion)	20	693,589	684,795
Trade and other payables	16	4,835,910	17,622,877
<b>Total current liabilities</b>		<b>597,984,049</b>	<b>810,951,170</b>
<b>Total liabilities</b>		<b>621,665,594</b>	<b>831,981,012</b>
<b>Total liabilities and equity</b>		<b>676,855,931</b>	<b>882,463,236</b>

**PRODUCE BUYING COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2012**

<b>Cash Flows from Operating Activities</b>	2012 GH c	2011 GH c
Profit before taxation	8,267,836	4,794,657
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	2,084,754	1,434,887
Interest Received	(1,944,657)	(887,381)
Interest expense	15,562,981	11,984,838
<b>Operating Profit Before Working Capital Changes</b>	<b>23,970,914</b>	<b>17,327,003</b>
Change in inventories	(213,308,647)	(315,478,196)
Change in trade and other receivables	(58,559,705)	(30,803,852)
Change in trade and other payables	(5,764,020)	(196,939)
<b>Cash generated from operations</b>	<b>(253,661,458)</b>	<b>(329,151,984)</b>
Income taxes paid	(2,000,000)	-
<b>Net cash flow from operating activities</b>	<b>(255,661,458)</b>	<b>(329,151,984)</b>
<b>Cash flow from investing activities</b>		
Interest Received	1,944,657	887,381
Interest paid	(15,562,981)	(11,984,838)
Payments to acquire assets	(2,245,980)	(2,811,805)
<b>Net Cash used in Investing Activities</b>	<b>(15,864,304)</b>	<b>(13,909,262)</b>
<b>Cash flows from Financing Activities</b>		
Short Term Loan	291,532,343	641,099,416
Short Term Investment	(79,302,065)	(135,549,281)
Medium Term Loan	(2,769,851)	(2,419,601)
Long Term Loan	-	5,262,033
<b>Net Cash used in Financing Activities</b>	<b>209,460,427</b>	<b>503,130,534</b>
<b>Net Increase in Cash and Cash equivalents</b>	<b>(62,065,335)</b>	<b>160,069,288</b>
Cash and Cash equivalents at 1 October	(67,707,791)	(2,437,014)
<b>Cash and Cash equivalents at 31 December</b>	<b>(129,773,126)</b>	<b>157,632,274</b>

**Analysis of changes in cash and cash equivalents.**

	1st October 2012 GH c	Cash Flow	31st December 2012 GH c
Cash in Hand and at Bank	22,191,991	36,184,486	58,376,477
Bank overdraft	(89,899,782)	(98,249,821)	(188,149,603)
	<u>(67,707,791)</u>	<u>(62,065,335)</u>	<u>(129,773,126)</u>

**PRODUCE BUYING COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 DECEMBER 2012**

2 **CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

	Share Capital GH¢	Retained Earnings GH¢	Share Deals GH¢	Other Reserves GH¢	Total Equity GH¢
Balance at 01.10.12	15,000,000	32,692,630	-	1,224,103	48,916,733
Total recognised Income and Expenses	-	6,200,877	-	-	6,200,877
Movement in available for sale asset	-	-	-	72,727	72,727
<b>Balance at 31.12.12</b>	<b>15,000,000</b>	<b>38,893,507</b>	<b>-</b>	<b>1,296,830</b>	<b>55,190,337</b>

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2012**

	2012	2011
	GH c	GH c
<b>4 REVENUE</b>		
Sale of Produce	387,578,215	277,707,463
Services (Haulage)	4,117,265	3,681,971
	<u>391,695,480</u>	<u>281,389,434</u>
<b>5 ADMINISTRATIVE AND GENERAL EXPENSES</b> including the following:		
Depreciation and amortisation	225,202	129,950
Auditors Remuneration	9,600	8,000
Directors emoluments	82,973	48,139
Subscriptions and Donations	64,973	91,731
	<u>382,748</u>	<u>277,820</u>
<b>6 OTHER INCOME</b>		
Rent Income	457,755	369,929
Recoveries from Shortages/Haulages	291,340	166,346
Sundry Income	99,762	317,024
Sale of Unserviceable items		26,921
	<u>848,857</u>	<u>880,220</u>
<b>7 NET FINANCE EXPENSES</b>		
Interest Income	1,944,657	887,381
Bank and Produce loan interest	(15,562,981)	(11,984,838)
	<u>(13,618,324)</u>	<u>(11,097,457)</u>

PRODUCE BUYING COMPANY LIMITED

NOTE TO THE FINANCIAL STATEMENT

FOR THE QUARTER ENDED 31 DECEMBER 2012

8a TAXATION

Year of Assessment Corporate Tax	Balance at 1 October GH c	Payments during the year GH c	Charge for the year GH c	Balance at 30 September GH c
First Quarter 2012	(3,840,788)	2,000,000	(2,066,959)	(3,907,747)
	<u>(3,840,788)</u>	<u>2,000,000</u>	<u>(2,066,959)</u>	<u>(3,907,747)</u>
		-	-	-
		-	-	-

8b DEFERRED TAX

Balance at 31 December

2012	2011
<u>3,815,173</u>	<u>3,278,676</u>



**PRODUCE BUYING COMPANY LIMITED**  
 NOTE TO THE FINANCIAL STATEMENT  
 FOR THE QUARTER ENDED 31 DECEMBER 2012

	2012	2011
<b>LONG TERM INVESTMENTS</b>	GH¢	GH¢
Quoted Equity Investments	<u>1,527,273</u>	<u>1,338,182</u>

This represent \_\_\_\_\_ of equity shares of no par value held in  
 Ghana Commercial Bank Limited

**PRODUCE BUYING COMPANY LIMITED**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE QUARTER ENDED 31 DECEMBER 2012

**10 PROPERTY, PLANT AND EQUIPMENT**

<b>COST</b>	Land and Buildings GH¢	Plant and Machinery GH¢	Motor Vehicles GH¢	Furniture & Fitting GH¢	Building W.I.P GH¢	Total GH¢
Balance at 1.10.2012:	11,316,245	9,541,590	45,311,637	2,096,348	15,289,312	83,555,132
Additions during the quarter		1,789,334	271,482	185,164		2,245,980
Disposals						
<b>Balance at 31.12.2012</b>	<b>11,316,245</b>	<b>11,330,924</b>	<b>45,583,119</b>	<b>2,281,512</b>	<b>15,289,312</b>	<b>85,801,112</b>
<b>Depreciation</b>						
Balance at 1.10.2012:	1,754,247	6,345,173	17,777,976	1,377,261		27,254,607
Charge for the quarter	84,872	601,439	1,276,107	118,956		2,081,374
Released on Disposals						
<b>Balance at 31.12.2012</b>	<b>1,839,119</b>	<b>6,946,612</b>	<b>19,054,033</b>	<b>1,496,217</b>		<b>29,335,981</b>
<b>Carrying amounts</b>						
<b>At 31.12.12</b>	<b>9,477,126</b>	<b>4,384,312</b>	<b>26,529,086</b>	<b>785,295</b>	<b>15,289,312</b>	<b>56,465,131</b>
<b>At 31.12.11</b>	<b>7,587,120</b>	<b>3,595,909</b>	<b>25,299,996</b>	<b>671,729</b>	<b>1,361,407</b>	<b>38,516,161</b>

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2012

	2012 GH¢	2011 GH¢
<b>11 INTANGIBLE ASSETS</b>		
Balance at 1 October	67,608	67,608
Acquisition	-	-
Balance at 31 December	<u>67,608</u>	<u>67,608</u>
<b>Amortisation</b>		
Balance at 1 October	59,870	46,348
Amortisation for the quarter	<u>3,380</u>	<u>3,380</u>
Balance at 31 December	<u>63,250</u>	<u>49,728</u>
<b>Carrying amount</b>		
At 31 December	<u>4,358</u>	<u>17,880</u>
This relate to the cost of purchased computer software.		
<b>12 INVENTORIES</b>		
<u>Trading:</u>		
Cocoa	273,996,519	432,063,620
Sheanut	9,777,555	-
Non-Trading	<u>1,241,329</u>	<u>987,250</u>
	<u>285,015,403</u>	<u>433,050,870</u>

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2012**

	2012 GH ¢	2011 GH ¢
<b>13 ACCOUNTS RECEIVABLE</b>		
Trade receivables due from customers	161,780,348	84,126,479
Other receivables	30,837,411	6,560,320
Staff Loans and Advances	2,267,500	656,000
Staff Loans Discounted	(9,520)	(19,250)
Prepayments	470,560	235,000
	<u>195,346,299</u>	<u>91,558,549</u>

- a. Prepayments represent the unexpired portion of certain expenditure spread on time basis.
- b. The maximum amount due from employees of the Company during the quarter did not exceed GH¢2267500(2011 - GH¢656,000)

	GH ¢	GH ¢
<b>14 SHORT TERM INVESTMENTS</b>		
Call & Fixed Deposits	80,000,000	160,346,320
Treasury Bills	120,990	103,000
	<u>80,120,990</u>	<u>160,449,320</u>
<b>15 CASH AND CASH EQUIVALENTS</b>		
Bank Balances	58,375,277	157,531,774
Cash Balances	1,200	500
	<u>58,376,477</u>	<u>157,532,274</u>
<b>16 ACCOUNTS PAYABLE</b>		
Trade payables due to related parties	-	-
Non-trade payables and accrued expenses	3,701,270	8,116,715
Accrued Charges	1,134,640	9,506,162
	<u>4,835,910</u>	<u>17,622,877</u>

PRODUCE BUYING COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE QUARTER ENDED 31 DECEMBER 2012

17	BANK OVERDRAFT	2012 GH ¢	2011 GH ¢
	Ecobank Ghana Limited	39,006,567	-
	Ghana Commercial Bank	60,185,739	-
	Barclays Bank	45,590,679	-
	SG-SSB Limited	25,389,764	-

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2012**

	2012 GH c	2011 GH c
<b>1B: SHORT TERM LOANS</b>		
Produce Loan (Seed Fund)	402,168,245	293,000,000
Bank Short Term Loan	-	497,925,000
	<u>402,168,245</u>	<u>790,925,000</u>
<b>MEDIUM TERM LOAN</b>		
19a Barclays Bank	-	125,000
SG-SSB	5,404,098	-
Ecobank Limited	3,654,172	3,692,505
NIB	2,822,076	1,267,207
Processing Fee	(91,693)	(17,903)
	<u>11,788,653</u>	<u>5,066,809</u>
Current portion payable within 12 months	2,136,702	1,718,498
Long term portion payable after 12 months	<u>9,651,951</u>	<u>3,348,311</u>
<b>LONG TERM LOAN</b>	<b>2012</b>	<b>2011</b>
19b Ghana Cocoa Board	<u>5,262,033</u>	<u>5,262,033</u>

The company was granted a long term loan of US\$10,000,000 by Ghana Cocoa Board towards the establishment of PBC Shea Limited a subsidiary of the company. The facility is for a period of eight year with a two year moratorium, and it is secured by Cocoa Taken Over receivables, Butter proceeds from the factory and take over of the plant and equipment of PBC-Shea limited. Interest rate is at 8.5% on reducing balance basis.

# PRODUCE BUYING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2012

	2012 GH¢	2011 GH¢
20 FINANCE LEASE		
Current portion payable within 12 months	693,589	684,795
Long term portion payable after 12 months	1,044,541	1,947,041
	<u>1,738,130</u>	<u>2,631,836</u>

The company has been granted a Finance Lease by SC-SSB of GH¢4,000,000 for the purchase of 5 TGM (4x2) cargo trucks, 10 articulator trucks and 15 BMC cargo trucks. The facility is for a period of (7) years. The interest rate is at the bank's base rate of 20.75% less 2.5% (18.25%). The total Lease rental payable at the prevailing rate of 18.25% shall be GH¢6,606,778.62, and the Bank has granted six (6) months moratorium for the repayment of the principal amount granted.

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER, 2012**

**21 STATED CAPITAL**

a Ordinary shares	2012		2011	
	No. of Shares	Proceeds GH¢	No. of Shares	Proceeds GH¢
Authorised Ordinary Shares of no par value	20,000,000,000		20,000,000,000	
Issued and fully paid				
For cash	2,005,000	1,586,800	2,005,000	1,586,800
For consideration other than cash	477,995,000	13,413,200	477,995,000	13,413,200
	480,000,000	15,000,000	480,000,000	15,000,000

The holders of the ordinary shares are entitled to receive dividend declared from time to time and are entitled to one vote per share at meetings of the company.

b Preference shares	No. of Shares	Proceeds	No. of Shares	Proceeds
No. of preference shares	1	100	1	100
Total stated capital		15,000,000		15,000,100

The preference shares are redeemable (golden cocoa share) allotted to the Ministry of Finance on behalf of Government of Ghana.



**PRODUCE BUYING COMPANY LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2012

c Share in treasury

shares in Treasury as at 30 September 2012:-1,907,170 (2011 - 2,057,170).

d Income surplus (Retained earning)

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

e Share deals

This represents the net effect of shares which the company repurchased into treasury that are available for reissue for the consideration of GH¢1,982 and reclassification of the proceeds of redeemable preference shares of GH¢100 from equity.

f Other reserves

This represents the gain arising from fair value changes of long term investment in Ghana Commercial Bank Limited shares

**TITLE DEED**

a Included in the ordinary shares issued for consideration other than cash is an amount of GH¢954,000 which represents part of the value of fixed assets ceded to Produce Buying Company Limited by Ghana Cocoa Board. As mentioned in our report, we have not had sight of the Title Deed of the sheds and buildings as stated in the Company's books to establish the Company's ownership of these assets.

However, in a letter dated November 18, 1999 the Government of Ghana gave the following undertaking:

b "The Government has taken over the interest of the Ghana Cocoa Board(Cocobod) in PBC and accordingly undertakes to ensure that the Cocobod takes all steps required of it under the Ceding Agreement of June 30, 1999 executed between the Cocobod and PBC including but not limited to the perfection of all interests and the execution of all documents to effectuate the cession of assets to PBC".

c "The Government further assures the investing public that in the event of Cocobod failing its obligations under the cession agreement, it will take such additional steps including but not limited to compulsory acquisition and arranging of payment of adequate compensation by Cocobod so as to concretise the interest of PBC in the said assets".