



PRESS RELEASE

PR. No 014/2012

PRODUCE BUYING COMPANY LTD (PBC) -
UN-AUDITED RESULTS FIRST QUARTER FINANCIAL STATEMENTS
ENDED DECEMBER 31, 2011

PBC has released its un-audited Financial Statements for the first quarter ending December 31, 2011 as per the attached.

Issued at Accra, this 30th
day of January, 2012.

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att'd.

Distribution:

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

For enquiries, contact:

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

*eo

PRODUCE BUYING COMPANY LIMITED

INCOME STATEMENT
FIRST QUARTER ENDED 31ST DECEMBER, 2011

| INCOME STATEMENT | NOTE | 2011 GH¢ | 2010 GH¢ |
|--|-------------|----------------------|----------------------|
| Revenue | 4 | <u>281,389,434</u> | <u>329,308,966</u> |
| Cost of Sales | | <u>(251,300,438)</u> | <u>(296,182,505)</u> |
| Gross Profit | | 30,088,996 | 33,126,461 |
| Other Income | 6 | 880,220 | 502,985 |
| Direct Operating Expenses | | (8,211,294) | (9,151,109) |
| General and Administrative Expenses | 5 | <u>(6,865,806)</u> | <u>(4,481,352)</u> |
| Operating profit before financing cost | | 15,892,116 | 19,996,985 |
| Net Finance Expenses | 7 | <u>(11,097,457)</u> | <u>(8,826,806)</u> |
| Profit before Taxation | | 4,794,659 | 11,170,179 |
| Income Tax Expense | 8a | <u>(1,198,665)</u> | <u>(2,792,545)</u> |
| Profit for the quarter transferred to Income Surplus Account: | | <u>3,595,994</u> | <u>8,377,634</u> |

| INCOME SURPLUS ACCOUNT | 2011 GH¢ | 2010 GH¢ |
|-------------------------------|--------------------------|--------------------------|
| Balance at 1 October | 30,778,491 | 7,381,947 |
| Net Profit for the quarter | <u>3,595,994</u> | <u>8,377,634</u> |
| Balance at 31 December | <u>34,374,485</u> | <u>15,759,581</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

| BALANCE SHEET | NOTE | 2011 GH¢ | 2010 GH¢ |
|--------------------------------------|------|--------------------|--------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 10 | 38,516,161 | 28,853,537 |
| Intangible assets | 11 | 17,880 | 31,402 |
| Long term investment | 9 | 1,338,182 | 1,890,910 |
| Total non-current assets | | <u>39,872,223</u> | <u>30,775,849</u> |
| Current Assets | | | |
| Inventories | 12 | 433,050,870 | 431,475,789 |
| Trade and other receivables | 13 | 91,558,549 | 202,869,890 |
| Short term investments | 14 | 160,449,320 | 14,195,199 |
| Cash and cash equivalents | 15 | 157,532,274 | 22,246,607 |
| Total current assets | | <u>842,591,013</u> | <u>670,787,485</u> |
| Total assets | | <u>882,463,236</u> | <u>701,563,334</u> |
| Equity | | | |
| Stated Capital | 21 | 15,000,000 | 15,000,000 |
| Share Deals Account | 21 | - | - |
| Retained earnings | | 34,374,485 | 15,759,581 |
| Other reserves | | 1,107,739 | 1,679,012 |
| Total equity | | <u>50,482,224</u> | <u>32,438,593</u> |
| Liabilities | | | |
| Deferred tax liability | 8b | 3,278,676 | 2,472,541 |
| Income Tax liability | 8a | 7,193,681 | 8,254,515 |
| Finance Lease | 20 | 1,947,041 | 2,348,509 |
| Medium term loan | 19a | 3,348,311 | 4,354,899 |
| Long Term Loan | 19b | 5,262,033 | - |
| Preference share capital | 21 | 100 | 100 |
| Total non-current liabilities | | <u>21,029,842</u> | <u>17,430,564</u> |
| Bank Overdraft | 17 | | 76,917,480 |
| Short Term Loan | 18 | 790,925,000 | 564,130,000 |
| Medium term loan (current portion) | 19 | 1,718,498 | 2,235,124 |
| Finance Lease (current portion) | 20 | 684,795 | 825,995 |
| Trade and other payables | 16 | 17,622,877 | 7,585,578 |
| Total current liabilities | | <u>810,951,170</u> | <u>651,694,177</u> |
| Total liabilities | | <u>831,981,012</u> | <u>669,124,741</u> |
| Total liabilities and equity | | <u>882,463,236</u> | <u>701,563,334</u> |

PRODUCE BUYING COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2011

| Cash Flows from Operating Activities | 2011 GH ¢ | 2010 GH ¢ |
|--|----------------------|----------------------|
| Profit before taxation | <u>4,794,659</u> | <u>11,170,179</u> |
| <u>Adjustment for:</u> | | |
| Depreciation and Amortisation charges | 1,434,887 | 1,392,202 |
| Interest Received | (887,381) | (130,343) |
| Interest expense | 11,984,838 | 8,957,149 |
| Operating Profit Before Working Capital Changes | <u>17,327,003</u> | <u>21,389,187</u> |
| Change in inventories | (315,478,196) | (334,271,081) |
| Change in trade and other receivables | (30,803,852) | (170,313,911) |
| Change in trade and other payables | (196,939) | (835,107) |
| Cash generated from operations | <u>(329,151,984)</u> | <u>(484,030,912)</u> |
| Income taxes paid | - | - |
| Net cash flow from operating activities | <u>(329,151,984)</u> | <u>(484,030,912)</u> |
| Cash flow from investing activities | | |
| Interest Received | 887,381 | 130,343 |
| Interest paid | (11,984,838) | (8,957,149) |
| Payments to acquire assets | (2,811,805) | (814,719) |
| Net Cash used in Investing Activities | <u>(13,909,262)</u> | <u>(9,641,525)</u> |
| Cash flows from Financing Activities | | |
| Short Term Loan | 641,099,416 | 463,541,338 |
| Short Term Investment | (135,549,281) | (9,074,245) |
| Medium Term Loan | (2,419,601) | (493,917) |
| Long Term Loan | 5,262,033 | - |
| Net Cash used in Financing Activities | <u>503,130,534</u> | <u>453,973,176</u> |
| Net Increase in Cash and Cash equivalents | 160,069,288 | (39,699,261) |
| Cash and Cash equivalents at 1 October | (2,437,014) | (14,971,612) |
| Cash and Cash equivalents at 31 December | <u>157,632,274</u> | <u>(54,670,873)</u> |

Analysis of changes in cash and cash equivalents.

| | 1st October 2011 GH ¢ | Cash Flow | 31st December 2011 GH ¢ |
|--------------------------|-----------------------------|--------------------|-------------------------------|
| Cash in Hand and at Bank | <u>32,128,303</u> | 125,503,971 | <u>157,632,274</u> |
| Bank overdraft | (34,565,317) | 34,565,317 | - |
| | <u>(2,437,014)</u> | <u>160,069,288</u> | <u>157,632,274</u> |

PRODUCE BUYING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2011

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 01.10.11 | 15,000,000 | 30,778,491 | - | 1,595,012 | 47,373,503 |
| Total recognised Income and Expenses | - | 3,595,994 | - | - | 3,595,994 |
| Movement in available for sale asset | | | | (487,273) | |
| Balance at 31.12.11 | 15,000,000 | 34,374,485 | - | 1,107,739 | 50,482,224 |

PRODUCE BUYING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE QUARTER ENDED 31 DECEMBER 2011

3 SEGMENT REPORTING

| Class of Business | PRODUCE | | HAULAGE | | TOTALS | |
|-----------------------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | 2011 GH¢ | 2010 GH¢ | 2011 GH¢ | 2010 GH¢ | 2011 GH¢ | 2010 GH¢ |
| Segment Revenue | <u>277,707,463</u> | <u>326,455,914</u> | <u>3,681,971</u> | <u>2,853,052</u> | <u>281,389,434</u> | <u>329,308,966</u> |
| Segment Cost | <u>250,227,690</u> | <u>295,149,000</u> | <u>1,072,748</u> | <u>1,033,505</u> | <u>251,300,438</u> | <u>296,182,505</u> |
| Segment Results | <u>27,479,773</u> | <u>31,306,914</u> | <u>2,609,223</u> | <u>1,819,547</u> | 30,088,996 | 33,126,461 |
| Unallocated expenses: | | | | | (15,077,100) | (13,632,461) |
| Results from Operating activities | | | | | 15,011,896 | 19,494,000 |
| Other Income | | | | | 880,220 | 502,985 |
| Net Finance Cost | | | | | (11,097,457) | (8,826,806) |
| Corporate tax expense | | | | | (1,198,665) | (2,792,545) |
| Profit for the year | | | | | <u>3,595,994</u> | <u>8,377,634</u> |

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2011

| | 2011 | 2010 |
|---|---------------------|--------------------|
| | GH ¢ | GH ¢ |
| 4 REVENUE | | |
| Sale of Produce | 277,707,463 | 326,455,914 |
| Services (Haulage) | 3,681,971 | 2,853,052 |
| | <u>281,389,434</u> | <u>329,308,966</u> |
| 5 ADMINISTRATIVE AND GENERAL EXPENSES including the following: | | |
| Depreciation and amortisation | 129,950 | 135,693 |
| Auditors Remuneration | 8,000 | 7,000 |
| Directors emoluments | 48,139 | 23,752 |
| Subscriptions and Donations | 91,731 | 14,272 |
| | <u>277,820</u> | <u>180,717</u> |
| 6 OTHER INCOME | | |
| Rent Income | 369,929 | 13,715 |
| Recoveries from Shortages/Haulages | 166,346 | 475,748 |
| Sundry Income | 317,024 | 6,569 |
| Sale of Unserviceable items | 26,921 | 6,953 |
| | <u>880,220</u> | <u>502,985</u> |
| 7 NET FINANCE EXPENSES | | |
| Interest Income | 887,381 | 130,343 |
| Bank and Produce loan interest | (11,984,838) | (8,957,149) |
| | <u>(11,097,457)</u> | <u>(8,826,806)</u> |

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2011

8a TAXATION

| Year of Assessment Corporate Tax | Balance at 1 October GH ¢ | Payments during the year GH ¢ | Charge for the year GH ¢ | Balance at 30 September GH ¢ |
|--|---------------------------------|-------------------------------------|--------------------------------|------------------------------------|
| First Quarter 2011 | (5,995,016) | - | (1,198,665) | (7,193,681) |
| | <u>(5,995,016)</u> | <u>-</u> | <u>(1,198,665)</u> | <u>(7,193,681)</u> |
| | | - | - | - |
| | | - | - | - |

8b DEFERRED TAX

| | 2011 | 2010 |
|------------------------|------------------|------------------|
| Balance at 31 December | <u>3,278,676</u> | <u>2,472,541</u> |

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2011

| 9 | LONG TERM INVESTMENTS | 2011 GH¢ | 2010 GH¢ |
|---|---------------------------|-----------------------------|-----------------------------|
| | | <u> </u> | <u> </u> |
| | Quoted Equity Investments | <u>1,338,182</u> | <u>1,890,910</u> |

This represent 727,273 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 2011

10 PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings GH c | Plant and Machinery GH c | Motor Vehicles GH c | Furniture & Fitting GH c | Building W.I.P GH c | Total GH c |
|------------------------------|-------------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|-------------------|
| COST | | | | | | |
| Balance at 1.10.2011: | 9,023,729 | 7,441,498 | 38,741,397 | 1,695,061 | 775,048 | 57,676,733 |
| Additions during the quarter | 44,600 | 1,371,161 | 679,547 | 130,138 | 586,359 | 2,811,805 |
| Disposals | | | | | | |
| Balance at 31.12.2011 | 9,068,329 | 8,812,659 | 39,420,944 | 1,825,199 | 1,361,407 | 60,488,538 |
| Depreciation | | | | | | |
| Balance at 1.10.2011: | 1,412,759 | 4,913,418 | 13,119,343 | 1,095,350 | - | 20,540,870 |
| Charge for the quarter | 68,450 | 303,332 | 1,001,605 | 58,120 | - | 1,431,507 |
| Released on Disposals | | | | | | |
| Balance at 31.12.2011 | 1,481,209 | 5,216,750 | 14,120,948 | 1,153,470 | - | 21,972,377 |
| Carrying amounts | | | | | | |
| At 31.12.11 | 7,587,120 | 3,595,909 | 25,299,996 | 671,729 | 1,361,407 | 38,516,161 |
| At 31.12.10 | 3,395,789 | 2,792,802 | 19,623,371 | 393,009 | 2,648,566 | 28,853,537 |

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2011

| | 2011 GH¢ | 2010 GH¢ |
|---|--------------------|--------------------|
| 11 INTANGIBLE ASSETS | | |
| Balance at 1 October | 67,608 | 67,608 |
| Acquisition | - | - |
| Balance at 31 December | <u>67,608</u> | <u>67,608</u> |
| Amortisation | | |
| Balance at 1 October | 46,348 | 32,826 |
| Amortisation for the quarter | 3,380 | 3,380 |
| Balance at 31 December | <u>49,728</u> | <u>36,206</u> |
| Carrying amount | | |
| At 31 December | <u>17,880</u> | <u>31,402</u> |
| This relate to the cost of purchased computer software. | | |
| 12 INVENTORIES | | |
| <u>Trading:</u> | | |
| Cocoa | 432,063,620 | 157,527,150 |
| Sheanut | - | 3,030,716 |
| Non-Trading | 987,250 | 875,000 |
| | <u>433,050,870</u> | <u>161,432,866</u> |

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2011

| | 2011 GH ¢ | 2010 GH ¢ |
|--------------------------------------|-------------------|--------------------|
| 13 ACCOUNTS RECEIVABLE | | |
| Trade receivables due from customers | 84,126,479 | 197,132,423 |
| Other receivables | 6,560,320 | 4,952,110 |
| Staff Loans and Advances | 656,000 | 697,650 |
| Staff Loans Discounted | (19,250) | (25,813) |
| Prepayments | 235,000 | 113,520 |
| | <u>91,558,549</u> | <u>202,869,890</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¢656,000(2010 - GH¢697,650)

| | GH ¢ | GH ¢ |
|---|--------------------|-------------------|
| 14 SHORT TERM INVESTMENTS | | |
| Call & Fixed Deposits | 160,346,320 | 14,127,199 |
| Treasury Bills | 103,000 | 68,000 |
| | <u>160,449,320</u> | <u>14,195,199</u> |
| 15 CASH AND CASH EQUIVALENTS | | |
| Bank Balances | 157,531,774 | 22,246,347 |
| Cash Balances | 500 | 260 |
| | <u>157,532,274</u> | <u>22,246,607</u> |
| 16 ACCOUNTS PAYABLE | | |
| Trade payables due to related parties | - | 12,580 |
| Non-trade payables and accrued expenses | 8,116,715 | 856,450 |
| Accrued Charges | 9,506,162 | 6,716,548 |
| | <u>17,622,877</u> | <u>7,585,578</u> |

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2011

| 17 | BANK OVERDRAFT | <u>2011</u> GH ¢ | <u>2010</u> GH ¢ |
|----|-------------------------------|---------------------|---------------------|
| | Ecobank Ghana Limited | - | 5,197,920 |
| | Stanbic Bank | - | 20,353,836 |
| | Ghana Commercial Bank | - | 6,427,687 |
| | Agricultural Development Bank | - | 9,981,856 |
| | SG-SSB Limited | - | 20,418,873 |
| | Zenith Bank | - | 5,014,414 |
| | NIB | - | 9,304,711 |

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2011

| | 2011 GH ¢ | 2010 GH ¢ |
|---|--------------------|--------------------|
| 18 SHORT TERM LOANS | | |
| Produce Loan (Seed Fund) | 293,000,000 | 354,000,000 |
| Bank Short Term Loan | 497,925,000 | 101,500,000 |
| CTOR Advances | | 108,630,000 |
| | <u>790,925,000</u> | <u>564,130,000</u> |
| MEDIUM TERM LOAN | | |
| 19a Barclays Bank Ghana Limited | 125,000 | 1,500,000 |
| Standard Chartered Bank | - | 133,000 |
| Ecobank Limited | 3,692,505 | 3,174,504 |
| NIB | 1,267,207 | 1,815,634 |
| Processing Fee | (17,903) | (33,115) |
| | <u>5,066,809</u> | <u>6,590,023</u> |
| Current portion payable within 12 months | 1,718,498 | 2,235,124 |
| Long term portion payable after 12 months | <u>3,348,311</u> | <u>4,354,899</u> |
| LONG TERM LOAN | | |
| 19b Ghana Cocoa Board | 2011 GH ¢ | 2010 GH ¢ |
| | <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 years 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 2011

| | 2011 GHc | 2010 GHc |
|---|-------------|-------------|
| 20 FINANCE LEASE | | |
| Current portion payable within 12 months | 684,795 | 825,995 |
| Long term portion payable after 12 months | 1,947,041 | 2,348,509 |
| | 2,631,836 | 3,174,504 |

The company has been granted a Finance Lease by SG-SSB of GHc4,000,000 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 GHc6,606,778.62, 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 2011

21 STATED CAPITAL

| a Ordinary shares | 2011 | | 2010 | |
|---|--------------------|-----------------|--------------------|-------------------|
| | 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 | | 2,005,000 | 1,586,800 |
| For consideration other than cash | 477,995,000 | | 477,995,000 | 13,413,200 |
| | <u>480,000,000</u> | - | <u>480,000,000</u> | <u>15,000,000</u> |

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 | 2011 | | 2010 | |
|--------------------------|---------------|-------------------|---------------|-------------------|
| | No. of Shares | Proceeds | No. of Shares | Proceeds |
| No. of preference shares | <u>1</u> | <u>100</u> | <u>1</u> | <u>100</u> |
| Total stated capital | | <u>15,000,000</u> | | <u>15,000,100</u> |

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 2011

c Share in treasury

Shares in Treasury as at 30 September 2010:-1,931,068 (2009 - 1,246,467).

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".