



**GHANA
STOCK
EXCHANGE**

PRESS RELEASE

PR. No. 016/2010

**PRODUCE BUYING COMPANY LIMITED (PBC) -
FIRST QUARTER RESULTS FOR DECEMBER 2009**

PBC has released its un-audited Financial Statements for the first quarter ended December 31, 2009 as per the extracts attached.

Issued in Accra, this 29th
day of January, 2010.

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att'd.

Distribution:

1. All LDMs
2. General Public
3. Company Secretary, PBC
4. NTHC (Registrars for PBC shares)
5. GSE Securities Depository
6. SEC
7. GSE Council Member
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, 2009

1. 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.

B. DEPRECIATION

Items of property, plant and equipment are measured at Cost less accumulated depreciation and impairment losses.

The estimated useful lives are as follows:

Buildings	3%
Plant and Machinery	20%
Motor Vehicles	20%
Operational Vehicles	10%
Furniture and Equipment	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

C. INTANGIBLE ASSETS

Software acquired by the Company is stated at cost less accumulated impairment losses.

D. INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

E. TRADE AND OTHER RECEIVABLES

Trade receivables are stated at amortised costs, less impairment losses. Specific allowance for doubtful debts are made for receivables of which recovery is doubtful. Other receivables are stated at their cost less impairment losses.

F. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents comprise Cash on hand and bank balances and these are carried at amortised Cost in the balance sheet.

G. REVENUE

(i) Sale of goods

Revenue from the Sale of goods is measured at the fair value of the consideration received or receivable net of returns, trade discounts, taxes and volume rebates and is recognised when the significant risk and rewards of the ownership have been transferred to the buyer.

(ii) Sale of Services

Revenue from services rendered is recognised in the income statement when the Service is performed.

H. SEGMENT REPORTING

Segmental information is presented in respect of the Company's business segments and is based on the Company's management and internal reporting structure.

The two main business segments are:

- Produce - Sale of Cocoa beans

- Haulage - transporting of Cocoa beans.

PRODUCE BUYING COMPANY LIMITED

INCOME STATEMENT
FIRST QUARTER ENDED 31ST DECEMBER, 2009

INCOME STATEMENT	NOTE	2009 GH¢	2008 GH¢
Revenue	4	<u>231,017,169</u>	<u>149,616,035</u>
Cost of Sales		(205,573,658)	(133,054,815)
Gross Profit		25,443,511	16,561,220
Other Income	6	31,629	105,043
Direct Operating Expenses		(5,702,629)	(4,441,625)
General and Administrative Expenses	5	(3,466,426)	<u>(3,370,476)</u>
Operating profit before financing cost		16,306,085	8,854,162
Net Finance Expenses	7	(6,732,967)	<u>(5,566,039)</u>
Profit before Taxation		9,573,118	3,288,123
Income Tax Expense	8a	(2,393,280)	<u>(822,031)</u>
Profit for the quarter transferred to Income Surplus Account		<u>7,179,838</u>	<u>2,466,092</u>
		2,009	2,008
INCOME SURPLUS ACCOUNT		GH¢	GH¢
Balance at 1 October		5,981,312	1,653,065
Net Profit for the quarter		<u>7,179,838</u>	<u>2,466,092</u>
Balance at 31 December		<u>13,161,150</u>	<u>4,119,157</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	2009 GH¢	2008 GH¢
Non-Current Assets			
Property, plant and equipment	10	25,645,210	13,795,740
Intangible assets	11	44,924	21,680
Long term investment	9	581,818	945,455
Total non-current assets		26,271,952	14,762,875
Current Assets			
Inventories	12	161,432,866	86,257,339
Income tax assets		-	-
Trade and other receivables	13	99,176,985	51,272,346
Short term investments	14	510,469	392,614
Cash and cash equivalents	15	28,998,069	18,459,746
Total current assets		290,118,389	156,382,045
Total assets		316,390,341	171,144,920
Equity			
Stated Capital	21	4,914,377	4,914,377
Share Deals Account	21	-	1,882
Retained earnings		13,161,150	4,119,157
Other reserves		420,454	784,091
Total equity		18,495,981	9,819,507
Liabilities			
Deferred tax liability	8b	1,725,266	763,853
Income Tax liability	8a	2,601,240	371,014
Finance Lease	20	2,679,237	2,719,793
Medium term loan	19	4,512,905	3,741,374
Preference share capital	21	100	100
Total non-current liabilities		11,518,748	7,596,134
Bank Overdraft	17	5,291,644	35,628,770
Short Term Loan	18	273,125,000	113,418,780
Medium term loan (current portion)	19	2,316,220	2,494,250
Finance Lease (current portion)	20	942,143	956,407
Trade and other payables	16	4,700,605	1,231,072
Total current liabilities		286,375,612	153,729,279
Total liabilities		297,894,360	161,325,413
Total liabilities and equity		316,390,341	171,144,920

PRODUCE BUYING COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009

Cash Flows from Operating Activities	2009 GH ¢	2008 GH ¢
Profit before taxation	<u>9,573,118</u>	<u>3,288,123</u>
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	843,706	455,025
Interest Received	(70,000)	(45,961)
Interest expense	6,802,967	5,612,000
Operating Profit Before Working Capital Changes	17,149,791	9,309,187
Change in inventories	(138,927,067)	(57,887,729)
Change in trade and other receivables	(66,911,371)	(38,797,403)
Change in trade and other payables	(7,472,372)	(6,296,406)
Cash generated from operations	(196,161,019)	(93,672,351)
Income taxes paid	(172,561)	(20,030)
Net cash flow from operating activities	(196,333,580)	(93,692,381)
Cash flow from investing activities		
Interest Received	70,000	45,961
Interest paid	(6,802,967)	(5,612,000)
Payments to acquire assets	(989,559)	(478,418)
Net Cash used in Investing Activities	(7,792,526)	(6,044,457)
Cash flows from Financing Activities		
Short Term Loan	229,946,000	83,438,780
Short Term Investment	4,792,884	(7,396)
Medium Term Loan	(760,171)	(706,787)
Net Cash used in Financing Activities	233,978,713	82,724,597
Net Increase in Cash and Cash equivalents	29,852,607	(17,012,241)
Cash and Cash equivalents at 1 October	(6,146,182)	(156,783)
Cash and Cash equivalents at 31 December	23,706,425	(17,169,024)

Analysis of changes in cash and cash equivalents.

	1st October 2009 GH ¢	Cash Flow	31st December 2009 GH ¢
Cash in Hand and at Bank	<u>10,429,116</u>	18,568,953	<u>28,998,069</u>
Bank overdraft	(16,575,298)	11,283,654	(5,291,644)
	<u>(6,146,182)</u>	<u>29,852,607</u>	<u>23,706,425</u>

PRODUCE BUYING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2009

2 **CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Share Deals	Other Reserves	Total Equity
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 01.10.09	4,914,377	5,981,312	-	420,454	11,316,143
Total recognised Income and Expenses	-	7,179,838	-	-	7,179,838
Balance at 31.12.09	4,914,377	13,161,150	-	420,454	18,495,981

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009

3 SEGMENT REPORTING	PRODUCE		HAULAGE		TOTALS	
	2009 GHç	2008 GHç	2009 GHç	2008 GHç	2009 GHç	2008 GHç
Class of Business						
Segment Revenue	<u>228,727,810</u>	<u>148,033,315</u>	<u>2,289,359</u>	<u>1,582,720</u>	<u>231,017,169</u>	<u>149,616,035</u>
Segment Results	<u>24,204,268</u>	<u>15,904,963</u>	<u>1,239,243</u>	<u>656,257</u>	<u>25,443,511</u>	<u>16,561,220</u>
Unallocated expenses					<u>(9,169,055)</u>	<u>(7,812,101)</u>
Results from Operating activities					<u>16,274,456</u>	<u>8,749,119</u>
Other Income					<u>31,629</u>	<u>105,043</u>
Net Finance Cost					<u>(6,732,967)</u>	<u>(5,566,039)</u>
Corporate tax expense					<u>(2,393,280)</u>	<u>(822,031)</u>
Profit for the year					<u>7,179,838</u>	<u>2,466,092</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009

	2009	2008
	GH ¢	GH ¢
4 REVENUE		
Sale of Produce	228,727,810	148,033,315
Services (Haulage)	2,289,359	1,582,720
	<u>231,017,169</u>	<u>149,616,035</u>
5 ADMINISTRATIVE AND GENERAL EXPENSES including the following:		
Depreciation and amortisation	59,304	339,517
Auditors Remuneration	5,250	4,250
Directors emoluments	25,966	11,411
Subscriptions and Donations	23,725	17,412
	<u>114,245</u>	<u>372,590</u>
6 OTHER INCOME		
Rent Income	1,640	18,214
Recoveries from Shortages	-	2,000
Sundry Income	12,989	14,471
Sale of Unserviceable vehicle	17,000	70,358
	<u>31,629</u>	<u>105,043</u>
7 NET FINANCE EXPENSES		
Interest Income	70,000	45,961
Bank and Produce loan interest	(6,802,967)	(5,612,000)
	<u>(6,732,967)</u>	<u>(5,566,039)</u>

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009

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 2009	(294,065)	172,561	(2,393,280)	(2,514,784)
	(294,065)	172,561	(2,393,280)	(2,514,784)
N R L	(86,456)	-	-	(86,456)
	<u>(380,521)</u>	<u>172,561</u>	<u>(2,393,280)</u>	<u>(2,601,240)</u>

8b DEFERRED TAX

	2009	2008
Balance at 31 December	<u>1,725,266</u>	<u>763,853</u>

PRODUCE BUYING COMPANY LIMITED

NOTE TO THE FINANCIAL STATEMENT

FOR THE QUARTER ENDED 31 DECEMBER 2009

9	LONG TERM INVESTMENTS	2009	2008
		GH¢	GH¢
	Quoted Equity Investments	<u>581,818</u>	<u>945,455</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 2009

10 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings GH ¢	Plant and Machinery GH ¢	Motor Vehicles GH ¢	Furniture & Fitting GH ¢	Building W.I.P GH ¢	Total GH ¢
COST						
Balance at 1.10.2009:	4,136,434	4,649,609	25,105,961	968,839	1,953,515	36,814,358
Additions during the quarter	41,060	484,385	410,469	53,645	-	989,559
Disposals						
Balance at 31.12.2009	4,177,494	5,133,994	25,516,430	1,022,484	1,953,515	37,803,917
Depreciation						
Balance at 1.10.2009:	1,000,942	2,919,647	6,672,289	725,473	-	11,318,351
Charge for the quarter	31,639	154,972	626,080	27,665	-	840,356
Released on Disposals						
Balance at 31.12.2009	1,032,581	3,074,619	7,298,369	753,138	-	12,158,707
Carrying amounts						
At 31.12.09	3,144,913	2,059,375	18,218,061	269,346	1,953,515	25,645,210
At 31.12.08	2,989,102	1,195,751	8,691,834	182,976	736,077	13,795,740

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2009

	2009 GH¢	2008 GH¢
11 INTANGIBLE ASSETS		
Balance at 1 October	67,608	28,908
Acquisition	-	-
Balance at 31 December	<u>67,608</u>	<u>28,908</u>
Amortisation		
Balance at 1 October	19,304	5,782
Amortisation for the quarter	<u>3,380</u>	<u>1,446</u>
Balance at 31 December	<u>22,684</u>	<u>7,228</u>
Carrying amount		
At 31 December	<u>44,924</u>	<u>21,680</u>

This relate to the cost of purchased computer software.

12 INVENTORIES

Trading:

Cocoa	157,527,150	83,182,326
Sheanut	3,030,716	2,299,663
Non-Trading	<u>875,000</u>	<u>775,350</u>
	<u>161,432,866</u>	<u>86,257,339</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009

	2009 GH ¢	2008 GH ¢
13 ACCOUNTS RECEIVABLE		
Trade receivables due from customers	95,741,493	49,133,465
Other receivables	2,234,000	1,576,000
Staff Loans and Advances	995,000	568,330
Staff Loans Discounted	(39,384)	(47,965)
Prepayments	245,876	42,516
	99,176,985	51,272,346

- 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¢995,000(2008 - GH¢568,330)

	GH ¢	GH ¢
14 SHORT TERM INVESTMENTS		
Call & Fixed Deposits	460,469	45,960
Treasury Bills	50,000	346,654
	510,469	392,614
15 CASH AND CASH EQUIVALENTS		
Bank Balances	28,997,560	18,459,101
Cash Balances	509	645
	28,998,069	18,459,746
16 ACCOUNTS PAYABLE		
Trade payables due to related parties	20,250	15,550
Non-trade payables and accrued expenses	1,329,000	757,522
Accrued Charges	3,351,355	458,000
	4,700,605	1,231,072

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009

17	BANK OVERDRAFT	2009	2008
		GH ¢	GH ¢
	Ecobank Ghana Limited	5,187,583	5,129,724
	Standard Chartered Bank	-	5,189,347
	Ghana Commercial Bank	-	14,469,893
	Agricultural Development Bank	26,234	890,727
	SG-SSB Limited	77,827	9,949,079
		5,291,644	35,628,770

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009

	<u>2009</u> GH ¢	<u>2008</u> GH ¢
18 SHORT TERM LOANS		
Produce Loan (Seed Fund)	269,500,000	113,418,780
Bank Short Term Loan	3,625,000	-
	<u>273,125,000</u>	<u>113,418,780</u>
MEDIUM TERM LOAN		
19 Barclays Bank Ghana Limited	3,000,000	4,500,000
Standard Chartered Bank	405,284	1,170,617
Ghana Commercial Bank Limited	-	250,000
Ecobank Limited	3,460,492	350,000
Processing Fee	(36,651)	(34,993)
	<u>6,829,125</u>	<u>6,235,624</u>
Current portion payable within 12 months	2,316,220	2,494,250
Long term portion payable after 12 months	<u>4,512,905</u>	<u>3,741,374</u>

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 DECEMBER 2009

	<u>2009</u> GH¢	<u>2008</u> GH¢
20 FINANCE LEASE		
Current portion payable within 12 months	942,143	956,407
Long term portion payable after 12 months	<u>2,679,237</u>	<u>2,719,793</u>
	<u>3,621,380</u>	<u>3,676,200</u>

The company has been granted a Finance Lease by SG-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 2009

21 STATED CAPITAL

	2009		2008	
a Ordinary shares	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	
	<hr/> <hr/>		<hr/> <hr/>	
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	3,327,477	477,995,000	3,327,477
	480,000,000	4,914,277	480,000,000	4,914,277
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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	<u>No. of Shares</u>	<u>Proceeds</u>	<u>No. of Shares</u>	<u>Proceeds</u>
No. of preference shares	1	100	1	100
	<hr/> <hr/>		<hr/> <hr/>	
Total stated capital		4,914,377		4,914,377
	<hr/> <hr/>		<hr/> <hr/>	

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 2009

c Share in treasury

Shares in Treasury as at 30 September 2009:-1,931,068 (2008 - 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".