



**GHANA
STOCK
EXCHANGE**

PRESS RELEASE

PR. No. 228/2012

**PRODUCE BUYING COMPANY LIMITED (PBC) -
UN-AUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDING JUNE 30, 2012**

PBC has released its un-audited Financial Statements for the third quarter ending June 30, 2012 as per the attached.

Issued in Accra, this 30th
day of July, 2012.

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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 THIRD QUARTER ENDED 30TH JUNE, 2012

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.

B. 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.

C. DEPRECIATION

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

The estimated rates of depreciation 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.

D. INTANGIBLE ASSETS

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

E. INVENTORIES

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

F. 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.

G. 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.

H. 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.

I. 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
THIRD QUARTER ENDED 30TH JUNE , 2012

INCOME STATEMENT	NOTE	2012 GH¢	2011 GH¢
Revenue	4	<u>1,045,883,759</u>	<u>1,101,339,142</u>
Cost of Sales		(940,721,912)	(990,625,005)
Gross Profit		105,161,847	110,714,137
Other Income	6	4,847,556	5,122,244
Direct Operating Expenses		(29,475,235)	(33,272,899)
General and Administrative Expenses	5	<u>(23,224,084)</u>	<u>(16,948,025)</u>
Operating profit before financing cost		57,310,084	65,615,457
Net Finance Expenses	7	<u>(40,806,773)</u>	<u>(34,152,717)</u>
Profit before Taxation		16,503,311	31,462,740
Income Tax Expense	8a	<u>(4,125,828)</u>	<u>(7,865,685)</u>
Profit for the period transferred to Income Surplus Account		<u><u>12,377,483</u></u>	<u><u>23,597,055</u></u>
INCOME SURPLUS ACCOUNT		2012 GH¢	2011 GH¢
Balance at 1 October		30,778,491	7,381,947
Net Profit for the period		12,377,483	23,597,055
Dividend paid		<u>(8,271,006)</u>	<u>(4,165,799)</u>
Balance at 30 June		<u><u>34,884,968</u></u>	<u><u>26,813,203</u></u>

The Financial statements do not contain any untrue statement, misleading facts or omitted material facts to the best of our knowledge.

KOJO ATTA-KRAH

 KOJO ATTA-KRAH
 MANAGING DIRECTOR

J. OSEI MANU

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

PRODUCE BUYING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

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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 01.10.11	15,000,000	30,778,491	-	1,595,012	47,373,503
Total recognised Income and Expenses		12,377,483			12,377,483
Dividend paid		(8,271,006)			(8,271,006)
Movement in available for sale asset				(21,818)	(21,818)
Balance at 30.06.12	15,000,000	34,884,968	-	1,573,194	51,458,162

PRODUCE BUYING COMPANY LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2012

BALANCE SHEET	NOTE	2012 GH¢	2011 GH¢
Non-Current Assets			
Property, plant and equipment	10	42,220,290	37,743,815
Intangible assets	11	11,119	24,641
Long term investment	9	1,432,728	2,196,364
Total non-current assets		43,664,137	39,964,820
Current Assets			
Inventories	12	49,777,490	135,839,703
Trade and other receivables	13	80,974,909	66,101,933
Short term investments	14	12,090,753	1,458,888
Cash and cash equivalents	15	41,036,250	23,273,433
Total current assets		183,879,402	226,673,957
Total assets		227,543,539	266,638,777
Equity			
Stated Capital	21	15,000,000	15,000,000
Share Deals Account	21	-	-
Retained earnings		34,884,968	26,813,203
Other reserves		1,573,194	1,984,466
Total equity		51,458,162	43,797,669
Liabilities			
Deferred tax liability	8b	3,278,676	2,472,541
Income Tax liability	8a	6,834,150	6,788,553
Finance Lease	20	1,545,205	2,686,168
Medium term loan	19a	6,115,977	7,260,836
Long term loan	19b	5,262,033	-
Preference share capital	21	100	100
Total non-current liabilities		23,036,141	19,208,198
Bank Overdraft	17	112,143,696	18,380,271
Short Term Loan	18	37,592,949	183,810,409
Medium term loan (current portion)	19	2,359,883	1,083,014
Finance Lease (current portion)	20	651,978	157,196
Trade and other payables	16	300,730	202,020
Total current liabilities		153,049,236	203,632,910
Total liabilities		176,085,377	222,841,108
Total liabilities and equity		227,543,539	266,638,777

PRODUCE BUYING COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

Cash Flows from Operating Activities	2012 GH ¢	2011 GH ¢
Profit before taxation	16,503,311	31,462,740
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	5,577,125	5,642,588
Interest Received	(2,004,616)	(938,298)
Interest expense	42,811,389	35,092,015
Operating Profit Before Working Capital Changes	62,887,209	71,259,045
Change in inventories	67,795,184	(38,634,995)
Change in trade and other receivables	(20,220,212)	(33,545,954)
Change in trade and other payables	(17,432,630)	(8,218,665)
Cash generated from operations	93,029,551	(9,140,569)
Income taxes paid	(4,180,000)	(6,539,102)
Net cash flow from operating activities	88,849,551	(15,679,671)
Cash flow from investing activities		
Interest Received	2,004,616	938,298
Interest paid	(42,811,389)	(35,092,015)
Payments to acquire assets	(12,652,422)	(13,948,622)
Net Cash used in Investing Activities	(53,459,195)	(48,102,339)
Cash flows from Financing Activities		
Short Term Loan	(109,153,865)	83,622,271
Dividend paid	(8,271,006)	(4,165,799)
Short Term Investment	12,809,286	3,662,066
Finance Lease	(488,985)	(423,304)
Medium Term Loan	1,043,782	1,352,074
Net Cash used in Financing Activities	(104,060,788)	84,047,308
Net Increase in Cash and Cash equivalents	(68,670,432)	20,265,298
Cash and Cash equivalents at 1 October	(2,437,014)	(14,971,612)
Cash and Cash equivalents at 30 June	(71,107,446)	5,293,686

Analysis of changes in cash and cash equivalents.

	1st October 2011 GH ¢	Cash Flow GH ¢	30 June 2012 GH ¢
Cash in Hand and at Bank	32,128,303	8,907,947	41,036,250
Bank overdraft	(34,565,317)	(77,578,379)	(112,143,696)
	(2,437,014)	(68,670,432)	(71,107,446)

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

3 SEGMENT REPORTING

Class of Business	PRODUCE		HAULAGE		TOTALS	
	2012 GH¢	2011 GH¢	2012 GH¢	2011 GH¢	2012 GH¢	2011 GH¢
Segment Revenue	1,034,298,956	1,092,968,465	11,584,803	8,370,677	1,045,883,759	1,101,339,142
Segment Cost	<u>(933,771,030)</u>	<u>(986,503,200)</u>	<u>(6,950,882)</u>	<u>(4,121,805)</u>	<u>(940,721,912)</u>	<u>(990,625,005)</u>
Segment Results	<u>100,527,926</u>	<u>58,758,497</u>	<u>4,633,921</u>	<u>3,147,143</u>	<u>105,161,847</u>	<u>110,714,137</u>
Unallocated expenses					<u>(52,699,319)</u>	<u>(50,220,924)</u>
Results from Operating activities					<u>52,462,528</u>	<u>60,493,213</u>
Other Income					<u>4,847,556</u>	<u>5,122,244</u>
Net Finance Cost					<u>(40,806,773)</u>	<u>(34,152,717)</u>
Corporate tax expense					<u>(4,125,828)</u>	<u>(7,865,685)</u>
Profit for the year					<u>12,377,483</u>	<u>23,597,055</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

	2012	2011
	GH ¢	GH ¢
4 REVENUE		
Sale of Produce	1,034,298,956	1,092,968,465
Services (Haulage)	11,584,803	8,370,677
	<u>1,045,883,759</u>	<u>1,101,339,142</u>
5 ADMINISTRATIVE AND GENERAL EXPENSES including the following:		
Depreciation and amortisation	550,620	564,086
Auditors Remuneration	24,000	21,000
Directors emoluments	148,388	77,143
Subscriptions and Donations	135,917	84,252
	<u>858,925</u>	<u>746,481</u>
6 OTHER INCOME		
Rent Income	1,841,502	1,803,443
Recoveries from Shortages/Haulages	1,417,415	3,257,863
Sundry Income	1,549,667	60,938
Sale of Unserviceable vehicle	38,972	-
	<u>4,847,556</u>	<u>5,122,244</u>
7 NET FINANCE EXPENSES		
Interest Income	2,004,616	938,298
Bank and Produce loan interest	(42,811,389)	(35,092,015)
	<u>(40,806,773)</u>	<u>(34,153,717)</u>

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

8a TAXATION

Year of Assessment Corporate Tax	Balance at 1 October GH ¢	Payments during the year GH ¢	Charge for the period GH ¢	Balance at 31-Mar GH ¢
Third Quarter 2012	-5,995,016	4,180,000	(4,125,828)	(5,940,844)
	(5,995,016)	4,180,000	(4,125,828)	(5,940,844)
Capital gain transfer to NRL	(806,850)			(806,850)
	(86,456)			(86,456)
	<u>(6,888,322)</u>	4,180,000	(4,125,828)	(6,834,150)

8b DEFERRED TAX

	2012	2011
Balance at June 2012	<u>3,278,676</u>	<u>2,472,541</u>

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

9	LONG TERM INVESTMENTS	2012 GH¢	2011 GH¢
	Quoted Equity Investments	<u>1,432,728</u>	<u>2,196,364</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 THIRD QUARTER ENDED 30TH JUNE, 2012

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 1.10.2011:	9,023,729	7,441,498	38,741,397	1,695,061	775,048	57,676,733
Additions during the period						
Transfer to Asset	774,671	2,001,011	3,212,026	370,765	6,293,949	12,652,422
Balance at 30.06.2012	9,798,400	7,441,498	41,953,423	2,065,826	7,068,997	70,329,155
Depreciation						
Balance at 1.10.2011:	1,412,759	4,913,418	13,119,343	1,095,350	-	20,540,870
Charge for the period	220,464	1,504,308	3,522,197	320,015		5,566,984
Released on Disposals						
Balance at 30.06.2012	1,633,223	6,417,726	16,641,540	1,415,365	-	26,107,854
Carrying amounts						
At 30.06.12	8,165,177	1,023,772	25,311,883	650,461	7,068,997	42,220,290
At 31.06.11	7,710,594	2,824,744	22,293,272	427,421	4,487,754	37,743,785

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

	2012 GH¢	2011 GH¢
11 INTANGIBLE ASSETS		
Balance at 1 October	67,608	67,608
Acquisition	-	-
Balance at 30 JUNE	<u>67,608</u>	<u>67,608</u>
Amortisation		
Balance at 1 October	46,348	32,826
Amortisation for the period	<u>10,141</u>	<u>10,141</u>
Balance at 30JUNE	<u>56,489</u>	<u>42,967</u>
Carrying amount		
At 30JUNE	<u>11,119</u>	<u>24,641</u>
This relate to the cost of purchased computer software.		

12 INVENTORIES

Trading:

Cocoa	39,084,685	135,264,453
Sheanut	9,777,555	-
Non-Trading	<u>915,250</u>	<u>575,250</u>
	<u><u>49,777,490</u></u>	<u><u>135,839,703</u></u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

	2012 GH ¢	2011 GH ¢
13 ACCOUNTS RECEIVABLE		
Trade receivables due from customers	72,290,963	61,773,312
Other receivables	7,767,946	3,520,600
Staff Loans and Advances	955,000	838,635
Staff Loans Discounted	(95,500)	(83,864)
Prepayments	56,500	53,250
	<u>80,974,909</u>	<u>66,101,933</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 period did not exceed GH¢655,000(2010- GH¢838,635)

	GH ¢	GH ¢
14 SHORT TERM INVESTMENTS		
Call & Fixed Deposits	12,090,753	1,355,888
Treasury Bills	-	103,000
	<u>12,090,753</u>	<u>1,458,888</u>
15 CASH AND CASH EQUIVALENTS		
Bank Balances	41,035,150	23,270,913
Cash Balances	1,100	2,520
	<u>41,036,250</u>	<u>23,273,433</u>
16 ACCOUNTS PAYABLE		
Trade payables due to related parties	95,650	-
Non-trade payables and accrued expenses	125,530	136,820
Accrued Charges	79,550	65,200
	<u>300,730</u>	<u>202,020</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

17	BANK OVERDRAFT	<u>2012</u> GH ¢	<u>2011</u> GH ¢
	Ecobank Ghana Limited	20,833,524	7,270,697
	Standard Chartered Bank	-	-
	Ghana Commercial Bank	44,401,210	3,190,470
	Agricultural Development Bank	-	113,587
	SG-SSB Limited	25,656,246	-
	Stanbic	21,252,716	7,805,517
		<u>112,143,696</u>	<u>18,380,271</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2012

	2012 GH ¢	2011 GH ¢
18 SHORT TERM LOANS		
Produce Loan (Seed Fund)	37,592,949	183,810,409
	<u>37,592,949</u>	<u>183,810,409</u>
19a		
MEDIUM TERM LOAN		
Barclays Bank Ghana Limited	-	750,000
Ecobank Limited (Haulage)	4,668,839	5,564,794
Ecobank limited (parking Lot)	-	100,000
NIB	3,807,021	1,929,056
	<u>8,475,860</u>	<u>8,343,850</u>
Current portion payable within 12 months	2,359,883	1,083,014
Long term portion payable after 12 months	<u>6,115,977</u>	<u>7,260,836</u>
	2012	2011
19b LONG TERM LOAN	GH¢	GH¢
Ghana Cocoa Board	<u>5,262,033.00</u>	<u>-</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 THIRD QUARTER ENDED 30TH JUNE, 2012

	2012 GH¢	2011 GH¢
20 FINANCE LEASE		
Current portion payable within 12 months	651,978	157,196
Long term portion payable after 12 months	1,545,205	2,686,168
	2,197,183	2,843,364

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 THIRD QUARTER ENDED 30TH JUNE, 2012

21 STATED CAPITAL

	2012		2011	
	No. of Shares	Proceeds GH¢	No. of Shares	Proceeds GH¢
a Ordinary shares				
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		480,000,000	15,000,000
b Preference shares				
No. of preference shares	1	100	1	100
Total stated capital		15,000,100		15,000,100

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.

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 THIRD QUARTER ENDED 30TH JUNE, 2012

c Share in treasury

Shares in Treasury as at 30June 2012:-2,057.170 (2011 - 2.294,899).

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".