GHANA
STOCK
EXCHANGE

PRESS RELEASE

PR. No 329/2014

<u>PBC LIMITED (PBC)</u>
<u>FINANCIAL STATEMENTS FOR THE YEAR ENDED</u>
<u>SEPTEMBER 30, 2014</u>

PBC has released its financial statements for the full year ended September 30 2014, as per the attached.

Issued in Accra, this 30th
day of December, 2014

- E N D -

att'd.

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

For enquiries, contact:
General Manager/Head of Listings, GSE on 0302 669908, 669914, 669935
*JEB

PBC LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2014

BOARD OF DIRECTORS	Capt. Kwadjo Adunkwa Butah	-	Chairman
	Kojo Atta-Krah	-	Managing Director
	Prof. Basil Clarence Frans' Lokko	-	Director
	Mabel Oseiwa Quakyi (Mrs.)	-	Director
	Abraham Amaliba	-	Director
	Hayford Kofi Nimoh	-	Director
	Mathew Boadu Adjei	-	Director
	Thomas Dzoleto Kwami	-	Director
	Yaw Sarpong	-	Director
	Stephen Baba Kumasi	-	Director

SECRETARY Edem Ama Sekyi (Mrs.)

TOP MANAGEMENT	Kojo Atta-Krah	-	Managing Director
	George Kwadwo Boateng	-	DMD-Operations
	Joseph Osei Manu	-	DMD-Finance and Administration

AUDITORS

PKF
Chartered Accountants
Farrar Avenue
P. O. Box 1219
Accra

SOLICITOR

Edem Ama Sekyi (Mrs.)
PBC Limited
No. 106, Olusegun Obasanjo Way
Dzorwulu Junction
Accra

REGISTERED OFFICE

No. 106, Olusegun Obasanjo Way
Dzorwulu Junction
Accra

BANKERS

Barclays Bank of Ghana Limited
Ecobank Ghana Limited
Ghana Commercial Bank Limited
SG-SSB Bank Limited
Standard Chartered Bank Ghana Limited
Merchant Bank
Agricultural Development Bank Ghana Limited
Cal Bank Limited
National Investment Bank Ghana Limited
Stanbic Bank Ghana Limited

CHAIRMAN'S REPORT.

Distinguished Shareholders, Ladies and Gentlemen,

I welcome you once again to the Annual General Meeting of PBC Ltd, the 14th.in its history and to present to you the Annual Report and Statement of Accounts of the company for the financial year ended 30th. September 2014.

The unfavorable international cocoa environment that had depressed the price of the crop, continued well into the year under review. This presented the industry with a not too impressive market prognosis with very low expectations for price increases. It was therefore only possible to the industry, for some marginal increase to be made to the Producer price of the crop for farmers.

The Buyer's Margin for LBCs however was kept yet still at the same level for the 4th. year in succession. Amidst an operating environment in which costs kept rising at all fronts of the operational chain and process, this presented a most uncomfortable situation for all LBCs. PBC Ltd however, being the largest player in the field unavoidably suffered the heaviest impact as a result.

The Total Revenue earned could invariably not accommodate the Total Costs on the company, leading to the registering of an End of Year Loss.

OPERATIONAL RESULTS

The National cocoa output for the year under review was 896,917 tonnes, a 7.3% increase over the previous year's output of 835,466 tonnes. Of this output, PBC
Total purchases for the year was 294,261 tonnes a single percentage increase over the previous year's performance of 291,425 tonnes.

This presented Total Earnings of GhC.1,138631,772, a marginal 1.4% increase over that of the previous year figure of GhC.1, 123,237,029. The proportion of this Earning to the Cost of Sales, was maintained as was for the previous year at 90% of the Revenue, instead of the high 95% established in 2012.

The company further, within the constraints of increasing Operational costs performed creditably with only a 1% increase in Direct Operating Expenses. This obviously is attributed to the positive gain in efficiency attained out of the prudent Management practices instituted during the year.

A 16% increase in General and Administrative Expenses, mainly arising from Utility and Staff cost increases, presented an Operating profit of GhC.34,729,261, 15.5% lower than that of 2013.

Finance costs continued to be the "hangman's noose" of the company as it increased by 18% from GhC. 51,955,632 to GhC. 61,359,299. This naturally, could not be contained by the Operating profit established and thus landed the company regrettably into the loss of GhC. 25,430,187.

EXPLANATION FOR LOSS.

Your company thrives on Margins paid by the Regulator and on its ability to lessen Costs especially Finance cost to the barest minimum. Where Margins could not suffer any increase for the year but Finance cost uncontrollably headed upwards, the situation presented a most unfavorable operating condition which invariably led to the negative End of Year result.

The current Board of the company populated as per best practice (for the first time) through proportional representation of Shareholders has plunged into full gear with the aim to improve both parameters and present the company with more comforting Margins and Finance Costs that will place the company on a path we all envisage for.

Already, positive developments originating from expectations of increase in cocoa /chocolate consumption from the emerging markets of Asia leading to higher industry needs shows strong prospects for increased prices on the international platform. This has undoubtedly fuelled the positive consideration by the Regulator, which has culminated in a 95% increase in the Buyer's margin. This has presented a more accommodating operating range that gives prospects for a far brighter and promising season.

INVESTMENTS

The Rehabilitation and Remodeling of the Head Office building mentioned at the last General Meeting has been successfully completed. This has saved the original structure from the serious state of structural deterioration as a result of its location in a low gradient and water logged area.

It has further also made possible the development of the compound with provision of underground Storm- drains to carry flood runoffs safely from the premises. In addition it has also made possible the relocation of the offices Main gate to facilitate access to and from the premises.

The company can consequently, proudly boast of the ownership of a modern office complex that shall serve it well into the many years to come. The company's 3 star Hotel (Golden Bean Hotel) was completed during the year. (A number of Shareholders participated in the Dedication ceremony for the hotel that took place in Kumasi)

The hotel has been fully operational capturing most impressive patronage and has in fact been tagged as the Best Hospitality facility in the Metropolis. We are hopeful that it will continue to operate and enjoy this accolade and optimize its earnings for the benefit of the company and Shareholders.

The PBC Shea factory, though has been operational has not functioned at full capacity. The plant still has components that need refinement and refabrication and every effort is being put in to attain the perfect situation at the earliest time possible. Operations nevertheless continue albeit at a lower capacity, in order to meet current contracts for butter, entered into with buyers.

It is noteworthy though to mention, that PBC's role in the shea nut market has given positive transformation of the market to the benefit of the citizenry of the shea producing areas. We are therefore hopeful of their continued involvement for the sustenance of supply to the factory.

SOCIAL SERVICES

Though the company was not in the best of financial circumstances during the year, we nevertheless found it necessary to maintain the traditional links to our partners particularly farmers. The company therefore extended support and granted the following as its Corporate Social Responsibility.

- Assistance to the Ghana Police Command and Staff College to renovate an existing structure into a 12 unit accommodation block.
- Support in the building of the Asawinso Palace of Western North Sefwi Wiawso
- Support to the Akyem Kwamang Community-Kade District to roof their Community Clinic
- Support to the Achiase Catholic Basic School JHS Block and ICT laboratory, Dunkwa-on-offin.
- Sponsorship to the 2014 MOMIC outreach to farmers by medical students of the University of Ghana Medical School
- Support to the funeral of the late Kasapreko Kwame Bassanyin III of Wasa Akropong
- Support to the National Polio Immunization Day organized by the District Health Directorate, Dadieso in the Enchi Region.
- Sponsorship to 2014 Stakeholders' Conference of the Ghana National Service Scheme
- Sponsorship towards 2014 Farmers' Award programme for Ten (10) Districts of the Eastern Region
- Sponsorship to the Kotobabi MTTU to renovate their offices
- Sponsorship to 2014 Ghana Cocoa Festival.
- Donation toward the celebration of the 2014 OHUMKAN FESTIVAL by the people of Akyem Abuakwa Traditional Area.
- Support for a medical exchange programme organized by the University of Ghana Medical School and the International Federation of Medical Students' Association (IFMSA)
- Support to the Asantehene Gold Cup Tournament.
- Medical assistance to accident victim (CMC of Akyerekyere Society, Manso Amenfi District.)
- Sponsorship to 2013 Ghana Cocoa Festival.
- Sponsorship to the Dunkwa West Circuit Education Service to organize their maiden reading and quiz competitions.
- Support for renovation of Police District Office/Police Station, New Edubiase in the Ashanti Region.
- Sponsorship to the Ghana Education Service –Dunkwa West Circuit, Dunkwa-on-Offin.

We do believe that such interactions, maintains the company in the good standings of the society and assists it in the carriage of its objectives.

DIVIDEND

The Board regrettably is unable once again, to recommend the payment of any dividend for the obvious reasons. This negative End of Year results naturally creates a setback to Investor expectations, which must be curtailed forthwith. With ample knowledge of the causes, your Directors intend to reverse the trend during the ensuing year to assure Shareholders of some respectable return subsequently.

OUTLOOK

The company's financial stance is still fragile and calls for that injection of Equity Capital first, to strengthen its Balance Sheet and secondly provide the Permanent Working Capital that has eluded the company for all these years.

The Board has taken on this as a major assignment, to do the utmost to have the company gain some ground in this Endeavour. In the meantime the Board shall aim at committing the company to least credit from the banks to help lessen the burden of high Interest charges on the company.

The company's trials into the Speciality Cocoa trade through the Certification and Traceability programmes in some districts of Eastern, Ashanti and Brong Ahafo regions have been most successful.

While providing some extra Incomes to the company, it has in the main, provided extra premium that was paid to farmers and also made possible, provision of logistics to the participating farmers. It is the intention of the company going forward, to expand its involvement and enlarge the farmer participating base.

Close attention shall be given to the activities of the two Subsidiaries as they are weaned-off from the PBC Ltd finances and support and become fully self-financing. They are expected to operate efficiently to provide positive contributions to the general corporate effort of PBC Ltd.

CAPTAIN (Rtd) KWADWO ADUNKWA BUTAH
CHAIRMAN OF BOARD.

MANAGING DIRECTOR"S REVIEW OF OPERATIONS

The 2013/14 Financial Year experienced an unfavorable general economic situation catapulted by dwindling Commodity prices on the International market and high Inflation, Exchange and Interest rate regimes locally. These factors obviously impacted negatively on the business activities in the country through higher than expected Operational costs particularly that of borrowing.

Against the background of all these challenges therefore, the Company recorded a net loss of GHC25.4million in the year under review as compared to the net loss of GHC8.8 milion recorded in the previous year.

The main cause of this state of affairs has been the following:

1. The Buyers Margin per tonne is the main revenue earned from the delivery of cocoa which has remained the same for the last four years, despite the high Inflation and Interest rates and their attendant effect on cost of inputs and services. It was therefore difficult for the Company's huge cost structure to be contained in such a tight revenue regime, hence the loss experienced.

2. The company's continued reliance on borrowings from the market to supplement funds for cocoa purchases still presents it with a cost outlay too heavy to bear. Lack of adequate working capital and funding from the traditional COCOBOD source continue to place the operations of the company on excessive Short Term borrowings at high interest charges. It is worthy to note that in the year under review the Company spent about 55.3% of its Gross Earnings in servicing Finance Cost.

In spite of these challenges which had culminated in this precarious financial state of the Company, the Board and Management will continue to manage the current situation with the right strategies, polices and decisions to bring the Company back on track for sustained profitability in the coming years.

Performance Review

The review of the Company`s operations focuses on comparing key performance indicators, revenue earned and expenditure incurred, and the financial stance of the Company to the of the previous year.

Turnover for Cocoa operations increased marginally from GHC1.107billion to GHC1.123billion, an increase of1.4% due to a slight increase in the volume of Cocoa purchased and delivered. With an increase of 7.83% in National Cocoa purchases from 835,466 tonnes in 2012/13 to 896,917 tonnes in 2013/14, the Company's purchases increased slightly by 0.97% from 291,425 tonnes in 2012/13 to 294,261 tonnes in 2013/14. Turnover for the haulage services decreased from GHC15.523million to GHC14.704million, a decrease of 5.27% due to the decrease in the quantity of Cocoa hauled at the secondary level by our articulated and cargo trucks.

Cost of Sales of Cocoa operations increased marginally by 3.85% from GHC1.003billion to GHC1.014billion to correspond to the slight increase in the quantity of Cocoa purchased and delivered.

Direct cost of haulage services however increased by 62.4% from GHC8.326 to GHC13.525million due to increase in cost of inputs (fuel, tyres, spare parts etc) and the increased usage of third party hauliers at the society level due to the poor condition of most of the company's cargo trucks used for the purpose.

Out of the Turnover and the associated Cost of sales, the company registered a gross profit of GHC110.830 million as compared to last year`s figure of GHC112.223 million, a decrease of about 1.7%.

Direct operating expenses increased slightly by 1.0% over the previous year`s figure of GHC48.594million to GHC49.084million.

General and administration expenses which are made up of Staff cost, Office cost and Estate cost rose by 16.4% from GHC30.212million to GHC35.176million.The break down is as follows:

i/ Staff Cost increased by 13.3% from GHC23.205 to GHC26.266million due to increase in the salaries and allowances of staff to meet living condition cost increases.
Ii/ Office Cost increased by 21.9% from GHC4,808 million to GHC5,863million attributable to general price increases in the country.
Iii/Estate and property cost increased by 37.6% from GHC2.198million to GHC3.024million as a results of rehabilitation of some of the Company`s dilapidated sheds and depots.

Total Expenses (excluding financing cost) increased by 6.9% from GHC78.806million to GHC84,259million. The Company thus recorded an Operating profit before Financing cost of GHC34.729million as compared to a previous figure of GHC41.100 million,a decrease of about 15.5%.

Other income increased by 6.3% from GHC7.674million to GHC8.158million during the year due mainly to increase in rent income, shortages recoveries and other sundry incomes.
Net finance cost increased by 18% from GHC51.956million toGHC61.359million mainly due to the Company`s continuous and persistent reliance on Short Term borrowings for cocoa purchases because of inadequate funding from the traditional Cocoa Board source.

The relatively high cost associated with such borrowings in the regime of increased interest rates accounted for the high Finance cost. The Finance cost constituted 55.3% of Gross Operational Earnings an increase over the previous year figure of 46.3%.

The complete unavailability of any Working Capital for the company since its inception continues to plague it immensely. Over the years the Company has to rely mainly on borrowed funds, both from Cocoa Board and Financial institutions to finance its operations. This precarious arrangement accumulates a huge finance cost which consumes a significant portion of the Company's Gross Earnings leading to the loss state.

The proposal to raise some Equity Capital for the company through a RIGHTS ISSUE or PRIVATE PLACEMENT, which has been approved by the General Meeting remains outstanding.

This was intended to avail the Company with the opportunity to access GHC200million that would be used to reduce Short Term borrowing and subsequently reduce Finance cost. The proposal is still under serious consideration with the major Shareholders and it is expected that some grounds will be gained towards it within the year.

Key Financial Performance Indicators

Key Financial indicators on the Company activities retrogressed in line with the decrease in the company`s level of profitability.

i/ Basic Earning per Share(EPS) decreased 186% from (GHC0.0184) to (GHC0.0527)
ii/ Return on Capital employed(ROCE) decreased further from the previous year`s figure of (22.34%) to (180.25%)
iii/ The balance sheet showed a negative growth in shareholder`s equity by 64.4% from GHC39.520million to GHC14.039million.

Outlook

The current financial state of the Company coupled with the continued erosion of Capital poses a serious challenge to the Company`s operational set up and calls for the actualization of the its recapitalization plans. The new Board finds this a most-needed action and intends to work diligently towards its attainment. In our determination to reverse the downward trend imposed by the high Finance cost, the Board and Management will endevour to operate and limit to the minimum funds obtained from the market.

The Company will continue to put in place the needed strategies to improve its operational capacities and efficiency to be able to recycle Seed Funds as much as possible, increase its Market share to enhance its revenue and boost its profit levels in the years ahead.

The Company will continue to participate in the Specialty Cocoa Trade through the Certification programme with TOUTON International Company and will exploit the opportunity to expand it with other Companies for the benefit of our farmers.

Again the Company will put in place appropriate strategies to monitor and effectively and efficiently manage the various Investment projects being undertaken to ensure maximum returns. It is our hope that the two subsidiaries of the Company (PBC Shea Ltd and Golden Bean Hotel Ltd) will be weaned out to make them self sufficient and have them contribute meaningfully to the total corporate effort.

Finally, I wish to thank the Board of Directors, Management and the general staff of the Company for their immense support and contribution during the year in spite of the challenges.

I look forward to a heightened performance from all, as we strive to overcome our challenges and propel the company back into the profit-making mode.

M. KOJO ATTA-KRAH
MANAGING DIRECTOR

PBC LIMITED

REPORT OF THE DIRECTORS
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

In accordance with the requirements of Section 132 of the Companies Act 1963 (Act 179), we the Board of Directors of PBC Limited, present herewith the annual report on the state of affairs of the company for the year ended 30 September, 2014.

Results of Operations	**2014** **GH¢**	**2013** **GH¢**
Turnover	**1,138,631,772**	1,123,237,029
Loss before tax of	**(26,633,513)**	(10,854,826)
From which is deducted provision for the estimated income tax liability of,	**1,323,488**	2,023,204
Leaving a net loss after tax of	**(25,310,025)**	(8,831,622)
To which is added the retained earnings as at 1 October of	**20,896,831**	32,692,630
	(4,413,194)	23,861,008
Dividend paid during the year	**0**	(2,964,177)
and a prior year adjustment of	**(50,901)**	0
Resulting in a balance carried to the balance sheet of	**(4,464,095)**	20,896,831

Dividend

No dividends are recommended by the directors for the year ended 30 September, 2014.

Nature of Business

The nature of the business which the company is authorised to carry on is;

- to acquire and take over as a going concern the activities and business of the Produce Buying Division of the Ghana Cocoa Marketing Board and all or any of the assets and liabilities of the said Produce Buying Division of Ghana Cocoa Marketing Board;

- to buy, collect, store, transport, process or otherwise deal in cocoa, coffee and sheanuts and shea butter and any other agricultural produce;

- to carry out arrangements, financial or otherwise for the purchase of cocoa and sell same to the Ghana Cocoa Board;

- to carry out arrangements, financial or otherwise for the purchase and sale of coffee, sheanuts, shea butter and other agricultural produce;

- to carry on business related and incidental to agricultural inputs, supply and services and estate development, and

- to appoint agents or enter into arrangement with any company, firm or any person or group of persons with the view to carrying on the business of the company.

Corporate Status

On the 15th of September 1999, the company was incorporated as a Limited liability Company under the Companies Act 1963 (Act 179). On the 19th of May 2000 the company was listed on the Ghana Stock Exchange and 30.2% of its shares were transferred and are currently held by the public.

Authorised Share Capital

There was no change in the Authorised or Issued Share Capital of the Company during the year.

Directors

The Directors of the Company who held office during the year are as follows:

Names			**Date of appointment**	**Date of retirement**
Capitain (Rtd) Kwadjo Adunkwa Butah	-	Chairman	28.03.2014	-
Mr. Maxwell Kojo Atta-Krah	-	Managing Director	01.12.2009	-
Prof. Basil Clarence Frans' Lokko	-	Member	28.03.2014	-
Mr. Abraham Amaliba	-	Member	28.03.2014	-
Mrs. Mabel Oseiwa Quakyi	-	Member	23.10.2009	-
Mr. Hayford Kofi Nimoh	-	Member	15.04.2014	-
Mr. Stephen Baba Kumasi	-	Member	25.03.2011	-
Mr. Mathew Boadu Adjei	-	Member	28.03.2014	-
Mr. Thomas Dzoleto Kwami	-	Member	28.03.2014	-
Mr. Yaw Sarpong	-	Member	24.04.2009	-
Dr. Frank John Abu	-		23.10.2009	28.03.2014
Mr. Michael Owusu Manu	-		28.03.2012	28.03.2014
Mr. Sebastian Kofi Graham	-		23.10.2009	28.03.2014
Mrs. Juliana Asante	-		28.03.2012	28.03.2014
Hon. Ernest Kofi Yakah	-		23.10.2009	28.03.2014
Hon. Sampson Ahi	-		28.03.2012	28.03.2014
Mr. Abraham T. D. Okine	-		25.03.2011	12.05.2014

Auditors

A resolution proposing the re-appointment of the company's auditors, PKF will be put before the Annual General Meeting in accordance with Section 134(5) of the Companies Act 1963 (Act 179).

Events after Reporting Date

The Directors confirm that no matters have arisen since 30th September 2014, which materially affect the financial statements of the Company for the year ended on that date.

BY ORDER OF THE BOARD

…………………………..Director **…………………………Director**

………………………………2014

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PBC LIMITED
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

Report on the Financial Statements

We have audited the accompanying financial statements of PBC Limited which comprise the statement of financial position as of 30 September, 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not had sight of the Title Deed for the sheds and buildings ceded to the company by Ghana Cocoa Board as stated in the Company's books to establish the company's ownership of these assets. However as stated in Note 25, the Government has undertaken to ensure that Ghana Cocoa Board takes all steps required of it under the Ceding Agreement of 30 June, 1999 to effectuate the cession of assets to PBC Limited.

Opinion

In our opinion, subject to any adjustment that might have been found to be necessary had we been able to satisfy ourselves as to the title deeds referred to above, the financial statements give a true and fair view of the financial position of PBC Limited as of 30 September, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1963 (Act 179), Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended.

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

I Except for the Title Deed of the sheds and buildings ceded to the company by Ghana Cocoa Board, we have obtained all the information and explanations which to the best of our knowledge and beliefs were necessary for the purpose of our audit.

II In our opinion proper books of accounts have been kept by the company, so far as appears from our examination of those books, and

III The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

……………………………………………….
Signed by: F. Bruce-Tagoe (ICAG/P/1087)
For and on behalf of
PKF: (ICAG/F/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219,
Accra.

…………………………………… 2014

Accountants &
business advisers

PBC LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2014

PBC LIMITED
FINANCIAL STATEMENTS

CONTENTS	PAGE
CORPORATE INFORMATION	1
CHAIRMAN'S STATEMENT	2 - 5
MANAGING DIRECTOR'S REVIEW	6 - 8
REPORT OF THE DIRECTORS	9 - 11
REPORT OF THE AUDITORS	12 - 13
STATEMENT OF COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS	17
NOTES TO THE FINANCIAL STATEMENTS	18 - 47

PBC LIMITED

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	NOTES	2014 GH¢	2013 GH¢
Revenue	*6*	**1,138,631,772**	1,123,237,029
Cost of Sales		**(1,027,800,920)**	(1,011,004,274)
Gross Profit		**110,830,852**	112,232,755
Other Income	*8*	**8,158,203**	7,674,913
Direct Operating Expenses		**(49,083,922)**	(48,594,404)
General and Administrative Expenses	*7*	**(35,179,347)**	(30,212,458)
Operating profit before financing cost		**34,725,786**	41,100,806
Net Finance Expenses	*9*	**(61,359,299)**	(51,955,632)
Loss before Taxation		**(26,633,513)**	(10,854,826)
Income Tax Expense	*10a*	**1,323,488**	2,023,204
Loss for the year transferred to Income Surplus Account		**(25,310,025)**	(8,831,622)
Other Comprehensive Income			
Available -for-Sale Financial Assets		**(123,637)**	2,400,001
Total Other Comprehensive Income		**(123,637)**	2,400,001
Total Comprehensive Income for the year		**(25,433,662)**	(6,431,621)
Basic earning per share (GH¢)		**(0.0527)**	(0.0184)
Diluted earning per share (GH¢)		**(0.0527)**	(0.0184)

PBC LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	NOTES	2014	2013
Non-Current Assets		**GH¢**	**GH¢**
Property, plant and equipment	***13a***	**75,419,148**	81,922,569
Investment in Subsidiaries	***14***	**57,533,966**	20,838,055
Available for sale financial asset	***12***	**3,730,870**	3,854,547
Total non-current assets		**136,683,984**	106,615,171
Current Assets			
Inventories	***15***	**34,775,878**	56,914,785
Trade and other receivables	***16***	**86,854,473**	54,575,799
Short term investments	***17***	**47,537,137**	99,329,000
Cash and cash equivalents	***18***	**27,986,677**	9,384,898
Total current assets		**197,154,165**	220,204,482
Total assets		**333,838,149**	326,819,653
Equity			
Stated capital	***24a***	**15,000,000**	15,000,000
Retained earnings	***24c***	**(4,460,620)**	20,896,831
Other reserves	***24d***	**3,500,467**	3,624,104
Total equity		**14,039,847**	39,520,935
Non-current liabilities			
Deferred tax liability	***11a***	**468,481**	1,791,969
Finance lease	***23***	**4,546,891**	0
Medium term loan	***22a***	**10,453,232**	10,767,492
Long term loan	***22b***	**8,334,072**	5,262,033
Preference share capital	***24b***	**100**	100
Total non-current liabilities		**23,802,776**	17,821,594
Current liabilities			
Bank overdraft	***20***	**159,123,779**	200,770,767
Income tax liability	***10b***	**0**	1,840,788
Short Term Loan	***21***	**118,195,000**	49,812,500
Medium term loan (current portion)	***22a***	**5,854,018**	6,059,317
Finance lease (current portion)	***23***	**1,166,803**	1,040,475
Trade and other payables	***19***	**11,655,925**	9,953,277
Total current liabilities		**295,995,526**	269,477,124
Total liabilities		**319,798,302**	287,298,718
Total liabilities and equity		**333,838,149**	326,819,653

Approved by the Board on ……………………………….2014

…………………………….Director **………………………………. Director**

PBC LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

CAPITAL AND RESERVES

2014

	Stated Capital GH¢	Retained Earnings GH¢	Other Reserves GH¢	Total Equity GH¢
Balance at 1 October	15,000,000	20,896,831	3,624,104	39,520,935
Prior year adjustment	0	(50,901)	0	(50,901)
Loss for the year	0	(25,310,025)	0	(25,310,025)
Movement in available for sale asset	0	0	(123,637)	(123,637)
Balance at 30 September	**15,000,000**	**(4,464,095)**	**3,500,467**	**14,036,372**

2013

	Stated Capital GH¢	Retained Earnings GH¢	Other Reserves GH¢	Total Equity GH¢
Balance at 1 October	15,000,000	32,692,630	1,224,103	48,916,733
Dividend paid during the year	0	(2,964,177)	0	(2,964,177)
Loss for the year	0	(8,831,622)	0	(8,831,622)
Movement in available for sale asset	0	0	2,400,001	2,400,001
Balance at 30 September	**15,000,000**	**20,896,831**	**3,624,104**	**39,520,935**

PBC LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 GH¢	2013 GH¢
Cash flows from operating activities		
Profit before taxation	**(26,630,038)**	(10,854,826)
Adjustment for:		
Depreciation and Amortisation charges	**8,479,294**	8,143,516
Interest Received	**(1,464,180)**	(453,875)
Profit on Property, Plant and Equipment Disposals	**(65,698)**	(42,952)
Interest expense	**62,823,479**	52,409,507
Operating profit before working capital changes	**43,142,857**	49,201,370
Change in inventories	**22,138,907**	14,791,971
Change in trade and other receivables	**(32,278,674)**	66,857,936
Changes in Investment in Subsidiaries	**(20,801,523)**	(5,485,196)
Change in trade and other payables	**1,702,648**	(646,653)
Cash generated from operations	**13,904,215**	124,719,428
Income taxes paid	**(1,891,689)**	(2,000,000)
Net cash flow from operating activities	**12,012,526**	122,719,428
Cash flow from investing activities		
Interest Received	**1,464,180**	453,875
Proceeds from disposal of Assets	**622,836**	42,952
Payments to acquire Property, Plant and Equipment	**(18,427,359)**	(33,757,822)
Net Cash used in Investing Activities	**(16,340,343)**	(33,260,995)
Cash flows from Financing Activities		
Interest paid	**(62,823,479)**	(52,409,507)
Dividend paid during the year	**0**	(2,964,177)
Changes in Short Term Loan	**68,382,500**	(60,823,402)
Changes in Finance Lease	**4,673,219**	(907,899)
Changes in Medium Term Loan	**(519,558)**	2,473,549
Changes in Long Term Loan	**3,072,039**	0
Net Cash flows from Financing Activities	**12,784,721**	(114,631,436)
Net Decrease in Cash and Cash equivalents	**8,456,904**	(25,173,003)
Cash and Cash equivalents at 1 October	**(92,056,869)**	(66,883,866)
Cash and Cash equivalents at 30 September	**(83,599,965)**	(92,056,869)
Cash and Cash Equivalents.		
Cash in Hand and at Bank	**27,986,677**	9,384,898
Bank overdraft	**(159,123,779)**	(200,770,767)
Treasury Bills/Call Deposits	**47,537,137**	99,329,000
	(83,599,965)	(92,056,869)

5b SEGMENT REPORTING

Class of Business

	PRODUCE		HAULAGE		TOTALS	
	2014	2013	**2014**	2013	**2014**	2013
	GH¢	GH¢	**GH¢**	GH¢	**GH¢**	GH¢
Segment Revenue	**1,123,927,223**	1,107,713,884	**14,704,549**	15,523,145	**1,138,631,772**	1,123,237,029
Segment Cost	**(1,014,275,534)**	(1,002,677,950)	**(13,525,386)**	(8,326,324)	**(1,027,800,920)**	(1,011,004,274)
Segment Results	**109,651,689**	105,035,934	**1,179,163**	7,196,821	**110,830,852**	112,232,755
Unallocated expenses					**(84,259,794)**	(78,606,862)
Results from Operating activities					**26,571,058**	33,625,893
Other Income					**8,158,203**	7,674,913
Net Finance Cost					**(61,359,299)**	(51,955,632)
Corporate tax expense					**1,323,488**	2,023,204
Profit for the year					**(25,306,550)**	(8,631,622)
Total Assets	**292,288,419**	285,852,085	**41,549,730**	40,967,568	**333,838,149**	326,819,653
Total Liabilities	**297,777,357**	269,431,434	**22,020,945**	17,867,284	**319,798,302**	287,298,718
Other Segment Items						
Depreciation & Amortisation	**3,745,912**	3,467,526	**4,733,382**	4,675,990	**8,479,294**	8,143,516

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

			2014	2013
6	**REVENUE**	**NOTES**	**GH¢**	**GH¢**
	Sale of Produce		**1,123,927,223**	1,107,713,884
	Services (Haulage)		**14,704,549**	15,523,145
			1,138,631,772	1,123,237,029

7 ADMINISTRATIVE AND GENERAL EXPENSES include the following:-

	Depreciation and amortisation		**1,063,816**	786,870
	Auditors Remuneration		**43,475**	36,000
	Directors emoluments		**288,986**	271,930
	Subscriptions and Donations		**200,315**	179,887

8	**OTHER INCOME**			
	Rent Income		**2,474,315**	1,842,511
	Recoveries from Shortages		**1,627,324**	1,394,818
	Sundry Income		**2,642,336**	175,685
	Asset Disposal Gain	**13c**	**65,698**	42,952
	Cocoa Sweeping Proceeds		**970,319**	2,518,084
	Commission on Fertilizer Sales		**377,520**	1,691,300
	Staff Loan Discount Recycle		**691**	9,563
			8,158,203	7,674,913

9	**NET FINANCE EXPENSES**			
	Interest Income		**1,464,180**	453,875
	Bank and Produce loan interest		**(62,823,479)**	(52,409,507)
			(61,359,299)	(51,955,632)

10a	**INCOME TAX EXPENSE**			
	Current tax expense	**10b**	**0**	0
	Deferred tax expense	**11a**	**1,323,488**	2,023,204
			1,323,488	2,023,204

Deferred tax expense relates to the origination and reversal of temporary differences.

PBC LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

10b TAXATION

Year of Assessment	Balance at 1 October	Prior year adjustment	Payments during the year	Charge for the year	Balance at 30 September
Corporate Tax	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
2012	(1,840,788)	(50,901)	1,891,689	0	**0**
2014	0	0	0	0	**0**
	(1,840,788)	(50,901)	1,891,689	0	**0**

Tax liabilities up to and including the 2012 year of assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities.

10c Reconciliation of effective tax rate

The tax charge in the Income Statement differs from the hypothetical amount that would arise using the statutory income tax rate. This is explained as follows:

	2014	2013
	GH¢	**GH¢**
(Loss)/Profit before tax	**(26,633,513)**	(10,854,826)
Income tax using the domestic tax rate	**(6,658,378)**	(2,713,707)
Non-deductible expenses	**2,305,881**	2,069,040
Tax exempt revenue	**(16,425)**	(10,738)
Tax incentive not recognised in the income statement	**4,368,053**	655,404
Deferred tax	**1,323,488**	2,023,204
Current tax charges	**1,322,619**	2,023,204
Effective tax rate (%)	**(4.97)**	(18.64)

PBC LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

11a DEFERRED TAX

	2014	2013
	GH¢	GH¢
Balance at 01 October	**1,791,969**	3,815,173
Charge to the Income Statement	**(1,323,488)**	(2,023,204)
Balance at 30 September	**468,481**	1,791,969

11b RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

			2014			2013
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property, plant and equipments	**0**	**343,897**	**343,897**	0	1,748,634	1,748,634
Others	**0**	**124,584**	**124,584**	(25,744)	69,079	43,335
	0	**468,481**	**468,481**	(25,744)	1,817,713	1,791,969

12 AVAILABLE FOR SALE FINANCIAL ASSET

	GH¢	GH¢
Quoted Equity Investments	**3,730,870**	3,854,547

This represent 727,273 of equity shares of no par value held in Ghana Commercial Bank Limited

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

13a PROPERTY, PLANT AND EQUIPMENT

2014	Land and Buildings GH¢	Plant and Machinery GH¢	Motor Vehicles GH¢	Furnit./Fitt. & Equip. GH¢	Building W.I.P GH¢	Total GH¢
Cost						
Balance at 1.10.2013:	12,977,409	11,962,355	51,113,064	2,811,447	38,457,937	117,322,212
Additions during the year	378,029	2,116,048	700,635	361,834	14,870,813	18,427,359
Transfers to Land and Buildings	7,851,509	0	0	0	(7,851,509)	0
Transfers to Investment in Subsidiaries	0	0	0	0	(15,894,347)	(15,894,347)
Disposals	0	0	(1,217,654)	0	0	(1,217,654)
Balance at 30.9.2014	**21,206,947**	**14,078,403**	**50,596,045**	**3,173,281**	**29,582,894**	**118,637,570**
Depreciation						
Balance at 1.10.2013	2,143,808	8,188,087	23,233,308	1,834,440	0	35,399,643
Charge for the year	636,449	1,938,907	5,476,571	427,367	0	8,479,294
Released on Disposals	0	0	(660,515)	0	0	(660,515)
Balance at 30.9.2014	**2,780,257**	**10,126,994**	**28,049,364**	**2,261,807**	**0**	**43,218,422**
Carrying amounts						
At 30.9.2014	**18,426,690**	**3,951,409**	**22,546,681**	**911,474**	**29,582,894**	**75,419,148**
At 30.9.2013	10,833,601	3,774,268	27,879,756	977,007	38,457,937	81,922,569

13b PROPERTY, PLANT AND EQUIPMENT

2013	Land and Buildings GH¢	Plant and Machinery GH¢	Motor Vehicles GH¢	Furnit./Fitt. & Equip. GH¢	Building W.I.P GH¢	Total GH¢
Cost						
Balance at 1.10.2012:	11,316,245	9,541,590	45,311,637	2,163,956	15,289,312	83,622,740
Additions during the year	58,727	2,420,765	5,859,777	647,491	24,771,062	33,757,822
Transfer	1,602,437	0	0	0	(1,602,437)	0
Disposals	0	0	(58,350)	0	0	(58,350)
Balance at 30.9.2013	12,977,409	11,962,355	51,113,064	2,811,447	38,457,937	117,322,212
Depreciation						
Balance at 1.10.2012:	1,754,247	6,345,173	17,777,926	1,444,869	0	27,322,215
Charge for the year	389,561	1,842,914	5,513,732	389,571	0	8,135,778
Released on Disposals	0	0	(58,350)	0	0	(58,350)
Balance at 30.9.2013	2,143,808	8,188,087	23,233,308	1,834,440	0	35,399,643
Carrying amount						
At 30.9.2013	**10,833,601**	**3,774,268**	**27,879,756**	**977,007**	**38,457,937**	**81,922,569**
At 30.9.2012	9,561,998	3,196,417	27,533,711	719,087	15,289,312	56,300,525

13c Profit on disposal of Property, Plant and Equipment

	2014 GH¢	2013 GH¢
Cost	**1,217,654**	58,350
Accumulated Depreciation	**(660,516)**	(58,350)
Net Book Value	**557,138**	0
Sale Proceeds	**(622,836)**	(42,952)
Profit on Disposal	**65,698**	42,952

14 INVESTMENT IN SUBSIDIARIES

	2014 GH¢	2013 GH¢
Buipe Shea Nut Company Limited	**28,901,966**	20,838,055
Golden Bean Hotel Limited	**28,632,000**	0
Balance at 30 September	**57,533,966**	20,838,055

This represent PBC Limited investment in two subsidiaries, namely Buipe Shea Nut Company Limited and Golden Bean Hotel Limited. The Buipe Shea Nut Factory is a state of the art factory established to process sheanut into shea butter for export and it is located at Buipe in the Central Gonja District. The Golden Bean Hotel is a 50 Room hospitality facility located at Nyiaeso in the Kumasi Metropolis.

Both companies are not yet in operation to warrant their consolidation with the financial statements.

15 INVENTORIES

	2014 GH¢	2013 GH¢
Trading		
Cocoa	**12,408,996**	41,716,899
Sheanut	**15,471,937**	10,941,283
Non-Trading		
Spare Parts	**1,569,301**	665,673
Tarpaulin Stocks	**2,034,727**	830,234
Technical Stores	**663,151**	598,043
Printing Stationery	**696,546**	321,439
Fuel and Lubricants	**727,502**	616,865
Tyres and Batteries	**1,201,300**	1,220,772
Stencil Ink	**2,418**	3,577
	34,775,878	56,914,785

	2014	2013
	GH¢	GH¢

16 ACCOUNTS RECEIVABLE

	2014 GH¢	2013 GH¢
Trade receivables due from customers	**42,449,336**	23,443,084
Other receivables	**39,106,799**	26,728,103
Staff Loans and Advances	**4,178,413**	3,312,216
Prepayments	**1,126,266**	1,093,087
Staff Loans Discounted	**(6,341)**	(691)
	86,854,473	54,575,799

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 year did not exceed **GH¢4,178,413** (2013 - GH¢3,312,216).

17 SHORT TERM INVESTMENTS

	2014 GH¢	2013 GH¢
Fixed Deposit	**46,352,148**	98,252,687
Call	**1,184,989**	1,076,313
	47,537,137	99,329,000

18 CASH AND CASH EQUIVALENTS

	2014 GH¢	2013 GH¢
Bank Balances	**17,193,690**	6,665,657
RCPA Account and Cash Balances	**10,792,987**	2,719,241
	27,986,677	9,384,898

19 ACCOUNTS PAYABLE

	2014 GH¢	2013 GH¢
Non-trade payables and accrued expenses	**10,567,540**	8,684,614
Accrued Charges	**1,091,860**	1,268,663
	11,659,400	9,953,277

20 BANK OVERDRAFT

	2014 GH¢	2013 GH¢
Ecobank Ghana Limited	**89,923**	0
Ghana Commercial Bank	**49,890,659**	51,792,524
Barclays Bank Ghana Limited	**49,600,431**	49,767,111
SG-SSB Limited	**19,713,498**	25,403,512
Stanbic Bank	**0**	32,946,094
Standard Chartered Bank	**18,549,984**	18,882,267
HFC Bank Limited	**201**	21,979,259
Energy Bank Ghana Limited	**899,238**	0
Zenith Bank Ghana Limited	**20,379,762**	0
Others	**83**	0
	159,123,779	200,770,767

Ecobank Ghana Limited

The company has an overdraft facility of GH¢5,000,000 with the bank. The facility expires on 30 September, 2015 at an interest rate of 26.95%.

Ghana Commercial Bank

The company has an overdraft facility of GH¢50,000,000 with the bank. The facility is to support Cocoa purchases. The facility expires on 31 December, 2014 at an interest rate of 22.26%.

Barclays Bank Ghana Limited

The company has an overdraft facility of GH¢50,000,000 with Barclays Bank Ghana Limited. Interest rate is at 4.0% per annum above the Bank's Base Rate. The effective rate shall not fall below the BOG 182 Treasury Bill Rate at the commencement of each month the facility remains utilised.

SG-SSB Bank

The company has an overdraft facility of GH¢25,000,000 with the bank. Interest rate is at 24.0% per annum. The facility expires on 30 September 2015.

Standard Chartered Bank

The company has an overdraft facility of GH¢19,000,000 with the bank. Interest rate is at 25.0% per annum. The facility expires on 30 September 2014.

Energy Bank Ghana Limited

The company has an overdraft facility of GH¢5,000,000 with Energy Bank Ghana Limited at an interest rate of 24.5% and the facility expires on 30 September, 2014.

Zenith Bank Ghana Limited

The company has an overdraft facility of GH¢25,000,000 with Zenith Bank Ghana Limited. Interest rate is at 25.75% per annum. The facility expires on 04 February 2015

	2014	2013
	GH¢	GH¢
21 SHORT TERM LOANS		
Ecobank Ghana Limited	**20,000,000**	50,000,000
First Atlantic Bank Ghana Limited	**10,000,000**	0
Produce Loan (Seed Fund)	**88,270,000**	0
	118,270,000	50,000,000
Processing Fee	**(75,000)**	(187,500)
	118,195,000	49,812,500

Ecobank Ghana Limited

The Company has been granted a Revolving Short Term Loan facility of GH¢60,000,000 by Ecobank Ghana Limited. The facility expires on 30 September, 2015.

First Atlantic Bank Ghana Limited

The Company has been granted a Short Term Loan facility of GH¢20,000,000.00 by the financial institution. The facility expires on 31 August, 2015.

	2014	2013
	GH¢	GH¢
22a MEDIUM TERM LOAN		
Ecobank Limited	**1,849,671**	2,458,763
National Investment Bank	**4,800,604**	4,750,711
SG-SSB Limited	**9,676,170**	9,654,432
	16,326,445	16,863,906
Processing Fee	**(19,194)**	(37,097)
	16,307,251	16,826,809
Current portion payable within 12 months	**5,854,018**	6,059,317
Long term portion payable after 12 months	**10,453,232**	10,767,492

Ecobank

The bank granted a medium term loan facility of GH¢8,000,000 to the company. The facility is due to expire on November, 2015 and interest rate was at bank's Base Rate (current 24.0%) minus a spread of 3.75% per annum payable monthly in arrears.

An additional loan of USD2,413,793.10 was granted by the bank to the company. The interest rate is at the bank's Dollar Base Rate of 11.0% per annum minus a spread of 3.0% payable monthly in arrears. The facility is for a tenor of 60 months expiring on November 2015.

National Investment Bank

The company has a medium term facility of USD2,413,793.10 (equivalent of GH¢3,500,000) The facility is to be repaid by a monthly installments over a period of sixty (60) months and will expire on November 2015. Interest rate is at 8.0%.

An additional loan of GH¢5,500,000 was granted by the bank to the company at an interest rate of 16.0%. The facility is for a tenor of 60 months expiring on November 2016.

SG-SSB Bank

The company has a medium term facility of GH¢10,000,000 with the bank. Interest rate is at 17.5% per annum. The facility expires on 30 September 2017.

	2014	2013
22b LONG TERM LOAN	GH¢	GH¢
Ghana Cocoa Board	**8,334,072**	5,262,033

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 Take Over receivables, Butter proceeds from the factory and charge over the plant and equipment of PBC-Shea Limited. Interest rate is at 8.5% on reducing balance basis.

23 FINANCE LEASE

	2014 GH¢	2013 GH¢
Current portion payable within 12 months	**1,166,803**	1,040,475
Long term portion payable after 12 months	**4,546,891**	0
	5,713,694	1,040,475

SG-SSB Bank

The company was granted a new Finance Lease by SG-SSB Bank Ghana Limited of GH¢6,191,946. The a facility was used to re-financed the purchase of twenty (20) Articulated Tractor Unit Heads and twenty (20) Massey Ferguson Tractors and Trailers purchased by PBC Limited with their own Funds. The facility is for a period of (60) months from initial drawing of the facility with an interest rate of 24% per annum fixed over the tenor.

The company was on 30 August, 2013 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.

24 STATED CAPITAL

a Ordinary shares

	2014 No. of Shares	2014 Proceeds GH¢	2013 No. of Shares	2013 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

	2014 No. of Shares	2014 Proceeds GH¢	2013 No. of Shares	2013 Proceeds GH¢
No. of preference shares	**1**	**100**	1	100

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

c Retained earning/(Income surplus)

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

d Other reserves

This represent gains arising from fair value changes of available for sale financial asset held in Ghana Commercial Bank Limited.

	2014	2013
	GH¢	GH¢
Balance at 1st October	**3,624,104**	1,224,103
Revaluation	**(123,637)**	2,400,001
Balance at 30th September	**3,500,467**	3,624,104

e Share in treasury

Shares in Treasury as at 30th September 2014:-1,877,370 (2013 - 1,907,170).

25 TITLE DEEDS

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 Property, Plant and Equipment ceded to PBC Limited by Ghana Cocoa Board. As mentioned in our report , we have not had sight of the Title Deeds 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 Limited and accordingly undertakes to ensure that 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 Limited".

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 Limited in the said assets".

26 EARNINGS PER SHARE

Basic and Diluted earnings per share

The calculation of basic and diluted earnings per share at 30th September 2014 was based on the loss attributable to ordinary shareholders of (GH¢25,266,550), (2013; Loss GH¢8,831,622) and a weighted average number of ordinary shares outstanding of 480 million (2013 ; 480 million)

27 DIVIDEND

No dividends are recommended by the directors for the year ended 30 September 2014.

28 FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments;

Credit risk
Liquidity risk
Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Finance committee, which is responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes selected members of executive management and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

The company's Audit and Finance Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of risk management framework in relation to the risks faced by the company. This committee is assisted in these functions by a risk management structure in all the units of the company which ensures a consistent assessment of risk management control and procedures.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Trade and other receivables

The company's exposure to credit risk is minimised as all sales are made to one individual customer. The company has transacted business with this customer over the years, there has not been much default in payment of outstanding debts.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of risk and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2014	**2013**
	GH¢	**GH¢**
Available for sale Financial Assets	**3,730,870**	3,854,547
Investment in Subsidiaries	**57,533,966**	20,838,055
Loans and Receivables	**86,854,473**	54,575,799
Cash and Cash Equivalents	**27,986,677**	9,384,898
	176,105,986	88,653,299

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was;

Public Institutions	**42,449,336**	23,443,084

Impairment Losses

		2014		**2013**
	Gross	**Impairment**	Gross	Impairment
	GH¢	**GH¢**	GH¢	GH¢
Past due 0 - 180 days	**42,449,336**	**0**	23,443,084	0

The movement in the allowance in respect of trade receivables during the year was as follows

	2014	**2013**
	GH¢	**GH¢**
Balance at 1 October	**42,449,336**	23,443,084
Impairment loss recognised	**0**	0
	42,449,336	23,443,084

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days.

Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities;

30 September 2014

Non-derivative financial liability	**Amount**	**6 mths or less**	**6-12 mths**	**1-3 years**
	GH¢	**GH¢**	**GH¢**	**GH¢**
Secured bank loans	148,550,016	121,705,411	3,510,411	23,334,195
Trade and other payables	11,655,925	11,655,925	0	0
Bank overdraft	159,123,779	159,123,779	0	0
Balance at 30 September 2014	**319,329,720**	**292,485,115**	**3,510,411**	**23,334,195**

30 September 2013

Secured bank loans	72,941,817	53,362,396	3,549,896	16,029,525
Trade and other payables	9,953,277	9,953,277	0	0
Bank overdraft	200,770,767	200,770,767	0	0
Balance at 30 September 2013	283,665,861	264,086,440	3,549,896	16,029,525

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The company is not exposed to currency risk as there are no transactions and balances denominated in currencies other than the functional currency.

Interest rate risk

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was;

	Carrying amount	
	2014	2013
Variable rate instrument	**GH¢**	GH¢
Financial liabilities	**307,673,795**	273,712,584

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 30 September 2014 and also at 30 September 2013

29 FAIR VALUES

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet are as follows;

	30 September 2014		30 September 2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Loans and Receivables	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Trade and Other Receivables	**86,854,473**	**86,854,473**	54,575,799	54,575,799
Cash and Cash Equivalents	**27,986,677**	**27,986,677**	9,384,898	9,384,898
Short Term Investments	**47,537,137**	**47,537,137**	99,329,000	99,329,000
	162,378,287	**162,378,287**	163,289,697	163,289,697
Available for Sale				
Long Term Investment	**3,730,870**	**3,730,870**	3,854,547	3,854,547
Investment in Subsidiaries	**57,533,966**	**57,533,966**	20,838,055	20,838,055
	61,264,836	**61,264,836**	24,692,602	24,692,602
Other Financial Liabilities				
Secured Bank Loan	**148,550,016**	**148,550,016**	72,941,817	72,941,817
Trade and Other Payables	**11,655,925**	**11,655,925**	9,953,277	9,953,277
Bank Overdraft	**159,123,779**	**159,123,779**	200,770,767	200,770,767
	319,329,720	**319,329,720**	283,665,861	283,665,861

30 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at the balance sheet date and at 30 September 2014

31 EMPLOYEE BENEFITS

Deferred Contribution Plans

Social Security

Under a National Deferred Benefit Pension Scheme, the company contributes 13.0% of employee basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The company's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligations however, rest with SSNIT.

Provident Fund

The company has provident fund schemes for the staff under which the company contributes a total of 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on the dates to the fund manager.

32 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

33 PRIOR YEAR ADJUSTMENT

This represents additional corporate taxes resulting from Ghana Revenue Authority.
Tax Audit from year 2010 to 2012.

34 SHAREHOLDING DISTRIBUTION

Category	Total Holding	Percentage Holding (%)
1 - 1,000	5,109,278	1.06
1,001 - 10,000	20,285,786	4.23
Over 10,001	454,604,936	94.71
Total	**480,000,000**	**100.00**

35 DIRECTORS SHAREHOLDING

The Directors named below held the following number of shares in the company as at 30th September 2014.

Names	2014	2013
Mr. Yaw Sarpong	**31,959**	31,959
Mr. Kojo Attah-Krah	**9,750**	9,750
Mrs. Mabel Oseiwa Quakyi	**4,000**	4,000
Mr. Thomas Dzoleto	**100,737**	0
	146,446	45,709

36 TWENTY LARGEST SHAREHOLDERS

	Shareholders	Number of Shares	Percentage Holding (%)
1	Social Security & National Insurance Trust	182,879,412	38.10
2	Ministry of Finance - Government of Ghana	176,112,259	36.69
3	African Tiger Mutual Fund Limited	38,000,000	7.92
4	NTHC/Institutional Investor Consortium	14,050,719	2.93
5	SCBN/Mauritius Re Altree Custody Services Limited	12,008,105	2.50
6	Current PBC Employees/Commission Agents	5,140,575	1.07
7	NTHC Limited	4,891,934	1.02
8	GCCSFA/Farmers - Individuals	1,547,307	0.32
9	GCCFA/Farmers - Association	1,250,000	0.26
10	Yirenkyi Samuel Ernest Mr.	1,014,172	0.21
11	SCBN/SSB Eaton Vance Tax-Manager Emerging Market Fund	650,000	0.14
12	SCBN/Parametric - EVSEMF	582,428	0.12
13	STD Noms TVL PTY/BNYM SANV/Em'ing Mkt Eqty Mgr Port 1-P'mtric	516,618	0.11
14	STD Noms TVL PTY/Databank Ark Fund	400,000	0.08
15	STD Noms TVL PTY/BNYM SANV/Wilmington Multi-Manager Int. Fund	288,000	0.06
16	Equity Focus Company Limited	223,000	0.05
17	Hoffmann Gerhard Ernest	215,000	0.04
18	Ansah Micheal Owusu	172,025	0.04
19	SCBN/JP Morgan Chase Offshore 6178C	162,500	0.03
20	EGH/Aluworks Tier 3 Provident Fund Scheme Master Distr.	158,800	0.03
Total Holding by twenty largest Shareholders		**440,262,854**	**91.72**
Totals of others		**39,737,146**	**8.28**
		480,000,000	**100.00**

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1.0. REPORTING ENTITY

PBC Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 1 of the annual report. The company is authorised;

- to acquire and take over as a going concern the activities and business of the Produce Buying Division of the Ghana Cocoa Marketing Board and all or any of the assets and liabilities of the said Produce Buying Division of Ghana Cocoa Marketing Board;
- to buy, collect, store, transport, process or otherwise deal in cocoa, coffee and sheanuts and shea butter and any agricultural produce;
- to carry out arrangements, financial or otherwise for the purchase of cocoa and sell same to the Ghana Cocoa Board;
- to carry out arrangements, financial or otherwise for the purchase and sale of coffee, sheanuts, shea butter and other agricultural produce;
- to carry on business related and incidental to agricultural inputs, supply and services and estate development, and;
- to appoint agents or enter into arrangement with any company, firm or any person or group of persons with the view to carrying on the business of the company.

2.0 BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

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

c. Functional and presentational currency

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

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 29.

3.0 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

a. Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

Non-derivative financial instruments are categorised as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

- Available-for-sale financial assets - The Company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Stated capital (Share capital)

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference share capital is classified as equity if it is non-redeemable or is redeemable but only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by Board of Directors.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary.

Dividends thereon are recognised as distributions within equity upon approval by Board of Directors.

Repurchase of stated capital (treasury shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on transaction is transferred to/from retained earnings.

(b) Leases

(i) Classification

Leases that the company assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and Equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods 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. Gains and losses on disposal of property, plant and equipment are included in the income statement.

(d) Intangible Assets

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances 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) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the income statement when they are due.

(i) 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. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

(ii) Sale of services

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

(j) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the statement of comprehensive income statement on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.
Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the income statement using the effective interest method.

(k) Impairment

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(l) Income tax

Income tax expense comprises current and deferred tax. The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(n) Event after reporting date

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(o) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information based on the internal reports regularly reviewed by the company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the company presents segment information in respect of its business segments (see note 5). Under the management approach, the company will present segment information in respect of marketing and haulage.

(p) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Borrowing cost

Borrowing costs shall be recognised as an expense in the period in which they are incurred, except to the extent that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when: expenditures for the asset are being incurred; borrowing costs are being incurred; and activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation of borrowing cost shall be suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

(r) New standards and interpretations not yet adopted:

	Amendments/Improvements	Effective date
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (May 2014) Amendments bringing bearer plants into the scope of IAS 16 (June 2014)	1 January 2016
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects.	1 January 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IFRS 9	Financial Instruments IFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities..	1 January 2015

4.0 DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as the carrying values of approximate their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

(iii) Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

5 SEGMENT REPORTING

Segmental information is presented in respect of the company's business segments. The primary format and business segments, is based on the company's management and internal reporting structure.

The company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses which are managed centrally.

The two main business segments are:

- Marketing – sale of cocoa beans
- Haulage – transporting of cocoa beans

The company does not have a geographical segment.