



PRESS RELEASE

PR. No 205/2011

**PRODUCE BUYING COMPANY LIMITED (PBC) -
UN-AUDITED FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDING JUNE 30, 2011**

PBC has released its un-audited Financial Statements for the nine months ending June 30, 2011 as per the attached.

Issued in Accra, this 27th
day of July, 2011.

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att'd.

Distribution:

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

For enquiries, contact:

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

**JEB*

PRODUCE BUYING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THIRD QUARTER ENDED 30TH JUNE, 2011

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 , 2011

INCOME STATEMENT	NOTE	2011 GH¢	2010 GH¢
Revenue	4	1,101,339,142	565,892,261
Cost of Sales		(990,625,005)	(504,179,429)
Gross Profit		110,714,137	61,712,832
Other Income	6	5,122,244	1,557,475
Direct Operating Expenses		(33,272,899)	(16,489,510)
General and Administrative Expenses	5	(16,948,025)	(11,903,229)
Operating profit before financing cost		65,615,457	34,877,568
Net Finance Expenses	7	(34,152,717)	(21,647,241)
Profit before Taxation		31,462,740	13,230,327
Income Tax Expense	8a	(7,865,685)	(3,307,582)
Profit for the period transferred to Income Surplus Account		23,597,055	9,922,745
INCOME SURPLUS ACCOUNT			
		2011 GH¢	2010 GH¢
Balance at 1 October		7,381,947	5,981,312
Net Profit for the period		23,597,055	9,922,745
Dividend paid		(4,165,799)	-
Balance at 30 June		26,813,203	15,904,057

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

BALANCE SHEET AS AT 30TH JUNE, 2011

BALANCE SHEET	NOTE	2011 GH¢	2010 GH¢
Non-Current Assets			
Property, plant and equipment	10	37,743,815	25,236,635
Intangible assets	11	24,641	38,163
Long term investment	9	2,196,364	1,178,182
Total non-current assets		39,964,820	26,452,980
Current Assets			
Inventories	12	135,839,703	25,058,871
Trade and other receivables	13	66,101,933	16,459,849
Short term investments	14	1,458,888	476,144
Cash and cash equivalents	15	23,273,433	16,902,916
Total current assets		226,673,957	58,897,780
Total assets		266,638,777	85,350,760
Equity			
Stated Capital	21	15,000,000	4,914,377
Share Deals Account	21	-	-
Retained earnings		26,813,203	15,904,057
Other reserves		1,984,466	1,016,818
Total equity		43,797,669	21,835,252
Liabilities			
Deferred tax liability	8b	2,472,541	1,725,266
Income Tax liability	8a	6,788,553	3,515,542
Finance Lease	20	2,686,168	3,287,058
Medium term loan	19	7,260,836	4,788,953
Preference share capital	21	100	100
Total non-current liabilities		19,208,198	13,316,919
Bank Overdraft	17	18,380,271	49,216,838
Short Term Loan	18	183,810,409	-
Medium term loan (current portion)	19	1,083,014	636,795
Finance Lease (current portion)	20	157,196	115,896
Trade and other payables	16	202,020	229,060
Total current liabilities		203,632,910	50,198,589
Total liabilities		222,841,108	63,515,508
Total liabilities and equity		266,638,777	85,350,760

PRODUCE BUYING COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

Cash Flows from Operating Activities	2011	2010
	GH ¢	GH ¢
Profit before taxation	<u>31,462,740</u>	<u>13,230,327</u>
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	5,642,588	2,613,008
Interest Received	(938,298)	(576,574)
Interest expense	<u>35,092,015</u>	<u>22,223,815</u>
Operating Profit Before Working Capital Changes	71,259,045	37,490,576
Change in inventories	(38,634,995)	(2,553,067)
Change in trade and other receivables	(33,545,954)	15,805,765
Change in trade and other payables	<u>(8,218,665)</u>	<u>(11,943,917)</u>
Cash generated from operations	(9,140,569)	38,799,357
Income taxes paid	(6,539,102)	(172,561)
Net cash flow from operating activities	(15,679,671)	38,626,796
Cash flow from investing activities		
Interest Received	938,298	576,574
Interest paid	(35,092,015)	(22,223,815)
Payments to acquire assets	<u>(13,948,622)</u>	<u>(2,343,495)</u>
Net Cash used in Investing Activities	(48,102,339)	(23,990,736)
Cash flows from Financing Activities		
Short Term Loan	83,622,271	(43,179,000)
Dividend paid	(4,165,799)	
Short Term Investment	3,662,066	4,757,174
Finance Lease	(423,304)	(318,384)
Medium Term Loan	1,352,074	(2,063,590)
Net Cash used in Financing Activities	84,047,308	(40,803,800)
Net Increase in Cash and Cash equivalents	20,265,298	(26,167,740)
Cash and Cash equivalents at 1 October	(14,971,612)	(6,146,182)
Cash and Cash equivalents at 30 June	5,293,686	(32,313,922)

Analysis of changes in cash and cash equivalents.

	1st October 2010	Cash Flow	30 June 2011
	GH ¢	GH ¢	GH ¢
Cash in Hand and at Bank	3,232,870	20,441,087	23,673,957
Bank overdraft	(18,204,482)	(175,789)	(18,380,271)
	<u>(14,971,612)</u>	<u>20,265,298</u>	<u>5,293,686</u>

PRODUCE BUYING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

2 **CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Share Deals	Other Reserves	Total Equity
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 01.10.10	15,000,000	7,381,947	-	1,242,648	23,624,595
Total recognised Income and Expenses		23,597,055			23,597,055
Dividend paid		(4,165,799)			(4,165,799)
Movement in available for sale asset				741,818	741,818
Balance at 30.06.11	15,000,000	26,813,203	-	1,984,466	43,797,669

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

3 SEGMENT REPORTING	PRODUCE		HAULAGE		SHEANUT		TOTALS	
	2011 GH¢	2010 GH¢	2011 GH¢	2010 GH¢	2010 GH¢	2010 GH¢	2011 GH¢	2010 GH¢
Segment Revenue	1,092,968,465	557,159,237	8,370,677	6,993,652	-	1,739,372	1,101,339,142	565,892,261
Segment Cost	(986,503,200)	(498,400,740)	(4,121,805)	(3,846,509)	-	(1,932,180)	(990,625,005)	(504,179,429)
Segment Results	<u>106,465,265</u>	<u>58,758,497</u>	<u>4,248,872</u>	<u>3,147,143</u>	<u>-</u>	<u>(192,808)</u>	<u>110,714,137</u>	<u>61,712,832</u>
Unallocated expenses							<u>(50,220,924)</u>	<u>(28,392,739)</u>
Results from Operating activities							<u>60,493,213</u>	<u>33,320,093</u>
Other Income							<u>5,122,244</u>	<u>1,557,475</u>
Net Finance Cost							<u>(34,152,717)</u>	<u>(21,647,241)</u>
Corporate tax expense							<u>(7,865,685)</u>	<u>(1,173,465)</u>
Profit for the year							<u><u>23,597,055</u></u>	<u><u>12,056,862</u></u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

	2011 GH ¢	2010 GH ¢
4 REVENUE		
Sale of Produce	1,092,968,465	557,159,237
Services (Haulage)	8,370,677	6,993,652
Sheanut	-	1,739,372
	<u>1,101,339,142</u>	<u>565,892,261</u>
5 ADMINISTRATIVE AND GENERAL EXPENSES including the following:		
Depreciation and amortisation	564,086	190,580
Auditors Remuneration	21,000	15,960
Directors emoluments	77,143	77,903
Subscriptions and Donations	84,252	77,375
	<u>746,481</u>	<u>361,818</u>
6 OTHER INCOME		
Rent Income	1,803,443	41,651
Recoveries from Shortages/Haulages	3,257,863	1,429,154
Sundry Income	60,938	45,570
Sale of Unserviceable vehicle	-	41,100
	<u>5,122,244</u>	<u>1,557,475</u>
7 NET FINANCE EXPENSES		
Interest Income	938,298	576,574
Bank and Produce loan interest	(35,092,015)	(22,223,815)
	<u>(34,153,717)</u>	<u>(21,647,241)</u>

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

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 2011	(4,568,664)	6,539,102	(7,865,685)	(5,895,247)
	(4,568,664)	6,539,102	(7,865,685)	(5,895,247)
Capital gain transfer to NRL	(806,850)			(806,850)
	(86,456)			(86,456)
	<u>(5,461,970)</u>	6,539,102	(7,865,685)	(6,788,553)

8b DEFERRED TAX

	2011	2010
Balance at June 2011	<u>2,472,541</u>	<u>1,725,266</u>

PRODUCE BUYING COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

9	LONG TERM INVESTMENTS	2011 GH¢	2010 GH¢
		<u> </u>	<u> </u>
	Quoted Equity Investments	<u><u>2,196,364</u></u>	<u><u>1,178,182</u></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, 2011

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 1.10.2010:	4,570,111	6,270,398	30,129,352	1,246,298	2,648,566	44,864,725
Additions during the period	2,007,909	1,081,817	6,134,474	236,638	4,487,784	13,948,622
Transfer to Asset	2,648,566				(2,648,566)	
Balance at 30.06.2011	9,226,586	7,352,215	36,263,826	1,482,936	4,487,784	58,813,347
Depreciation						
Balance at 1.10.2010:	1,140,046	3,768,723	9,660,941	867,375	-	15,437,085
Charge for the period	375,946	758,748	4,309,613	188,140	-	5,632,447
Released on Disposals	-		-	-	-	-
Balance at 30.06.2011	1,515,992	4,527,471	13,970,554	1,055,515	-	21,069,532
Carrying amounts						
At 30.06.11	7,710,594	2,824,744	22,293,272	427,421	4,487,784	37,743,815
At 31.06.10	3,124,318	2,741,533	17,072,749	344,520	1,953,515	25,236,635

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

	2011 GH¢	2010 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	32,826	19,304
Amortisation for the period	<u>10,141</u>	<u>10,141</u>
Balance at 30JUNE	<u>42,967</u>	<u>29,445</u>
Carrying amount		
At 30JUNE	<u>24,641</u>	<u>38,163</u>

This relate to the cost of purchased computer software.

12 INVENTORIES

Trading:

Cocoa	135,264,453	23,285,000
Sheanut	-	1,098,637
Non-Trading	<u>575,250</u>	<u>675,234</u>
	<u>135,839,703</u>	<u>25,058,871</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

	2011 GH ¢	2010 GH ¢
13 ACCOUNTS RECEIVABLE		
Trade receivables due from customers	64,773,312	15,023,243
Other receivables	520,600	873,796
Staff Loans and Advances	838,635	567,060
Staff Loans Discounted	(83,864)	(50,750)
Prepayments	53,250	46,500
	66,101,933	16,459,849

- 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¢838,635(2010- GH¢576,060)

	GH ¢	GH ¢
14 SHORT TERM INVESTMENTS		
Call & Fixed Deposits	1,355,888	419,834
Treasury Bills	103,000	56,310
	1,458,888	476,144
15 CASH AND CASH EQUIVALENTS		
Bank Balances	23,270,913	16,901,716
Cash Balances	2,520	1,200
	23,273,433	16,902,916
16 ACCOUNTS PAYABLE		
Trade payables due to related parties	-	-
Non-trade payables and accrued expenses	136,820	205,500
Accrued Charges	65,200	23,560
	202,020	229,060

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

17	BANK OVERDRAFT	<u>2011</u> GH ¢	<u>2010</u> GH ¢
	Ecobank Ghana Limited	7,270,697	4,988,092
	Standard Chartered Bank	-	4,983,164
	Ghana Commercial Bank	3,190,470	15,012,294
	Agricultural Development Bank	113,587	2,992,636
	SG-SSB Limited	-	21,240,652
	Stanbic	7,805,517	-
		<u>18,380,271</u>	<u>49,216,838</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

	2011 GH ¢	2010 GH ¢
18 SHORT TERM LOANS		
Produce Loan (Seed Fund)	183,810,409	-
	<u>183,810,409</u>	<u>-</u>
19		
MEDIUM TERM LOAN		
Barclays Bank Ghana Limited	750,000	2,250,000
Standard Chartered Bank	-	199,668
Ecobank Limited (Haulage)	5,564,794	2,803,568
Ecobank limited (parking Lot)	100,000	200,000
NIB	1,929,056	(27,488)
	<u>8,343,850</u>	<u>5,425,748</u>
Current portion payable within 12 months	1,083,014	636,795
Long term portion payable after 12 months	<u>7,260,836</u>	<u>4,788,953</u>

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2011

	2011	2010
	GH¢	GH¢
	<hr/>	<hr/>
20 FINANCE LEASE		
Current portion payable within 12 months	157,196	115,896
Long term portion payable after 12 months	2,686,168	3,287,058
	<hr/> 2,843,364 <hr/>	<hr/> 3,402,954 <hr/>

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, 2011

21 STATED CAPITAL

	2011		2010	
	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	3,327,477
	<u>480,000,000</u>	<u>15,000,000</u>	<u>480,000,000</u>	<u>4,914,277</u>

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

	No. of Shares	Proceeds	No. of Shares	Proceeds
b Preference shares				
No. of preference shares	1	100	1	100
Total stated capital		<u>15,000,100</u>		<u>4,914,377</u>

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

PRODUCE BUYING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30TH JUNE, 2011

c Share in treasury

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

d Income surplus (Retained earning)

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

e Share deals

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

f Other reserves

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

TITLE DEED

- a** Included in the ordinary shares issued for consideration other than cash is an amount of GH¢954,000 which represents part of the value of fixed assets ceded to Produce Buying Company Limited by Ghana Cocoa Board. As mentioned in our report , we have not had sight of the Title Deed of the sheds and buildings as stated in the Company's books to establish the Company's ownership of these assets. However, in a letter dated November 18, 1999 the Government of Ghana gave the following undertaking :
- b** "The Government has taken over the interest of the Ghana Cocoa Board(Cocobod) in PBC and accordingly undertakes to ensure that the Cocobod takes all steps required of it under the Ceding Agreement of June 30, 1999 executed between the Cocobod and PBC including but not limited to the perfection of all interests and the execution of all documents to effectuate the cession of assets to PBC".
- c** "The Government further assures the investing public that in the event of Cocobod failing its obligations under the cession agreement, it will take such additional steps including but not limited to compulsory acquisition and arranging of payment of adequate compensation by Cocobod so as to concretise the interest of PBC in the said assets".