

# **PRESCO PLC**

## **Condensed interim financial statements for the nine months ended 30 September 2021**

Presco Plc  
Obaretin Estate  
Km 22 Benin / Sapele Road  
PO Box 7061  
Benin City, Edo State, Nigeria  
Tel: +234 8034134444  
E-mail: [info.presco@siat-group.com](mailto:info.presco@siat-group.com)  
[www.presco-plc.com](http://www.presco-plc.com)

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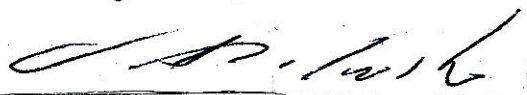
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**Certification Pursuit to Section 60 (2) of Investment and Security Act No. 29 of 2007**

We the undersigned hereby certify the following with regards to our financial report for the nine months ended September 2021 that:

- a) We have reviewed the report
- b) To the best of our knowledge, the report does not contain
  - (i) Untrue statement of material effect, of
  - (ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstance under which such statements were made.
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly represent in all material respects the financial condition and the results of the operations of the Company as of, and for the period presented in the report.
- d) We:
  - (i) Are responsible for establishing and maintaining internal controls;
  - (ii) Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within entities particularly during the period in which the periodic reports are being prepared;
  - (iii) Have evaluated the effectiveness of the Company's internal controls as of the date within 90 days prior to the report;
  - (iv) Have presented in the report our conclusions about the effectiveness of the Company's internal controls; and
- e) We are not aware of and have disclosed as such to the Auditors and Audit Committee:
  - (i) Significant deficiencies in the design and operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's Auditors any material weakness in the internal controls; and
  - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.
- f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weakness.



Felix Nwabuko  
Managing Director/CEO  
FRC/2016/ICAN/00000014276



Kenneth Crockett  
Chief Financial Officer  
FRC/2019/ICAN/00000019300

**Approval of Financial Statements**

These condensed interim financial statements were approved for issue in accordance with a resolution of the Board of Directors on 27<sup>th</sup> October, 2021.

PRESCO PLC  
Financial Statements  
for the nine months ended 30 September 2021

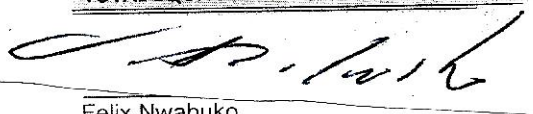
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

in Thousands NGN	Notes	30/09/2021	30/09/2020	01/07/2021	01/07/2020
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue		34,236,787	18,921,922	12,771,864	5,463,500
Cost of sales		(10,711,955)	(6,999,975)	(5,776,280)	(2,583,126)
<b>Gross profit</b>		<b>23,524,832</b>	<b>11,921,947</b>	<b>6,995,584</b>	<b>2,880,374</b>
Administrative expenses		(4,820,487)	(3,263,831)	(1,922,398)	(1,368,551)
Selling and distribution expenses		(464,109)	(274,283)	(158,068)	(89,880)
Other gains and losses		(713,895)	(586,440)	(323,295)	(226,965)
Gains on biological asset revaluation		600,500		150,000	
<b>Operating profit before finance cost and finance income</b>		<b>18,126,841</b>	<b>7,797,393</b>	<b>4,741,823</b>	<b>1,194,978</b>
Finance cost		(545,048)	(1,220,014)	(104,899)	(388,215)
<b>Profit before tax</b>		<b>17,581,793</b>	<b>6,577,379</b>	<b>4,636,924</b>	<b>806,763</b>
Tax expense		(3,806,359)	(1,546,998)	(988,357)	(166,392)
<b>PROFIT FOR THE PERIOD</b>		<b>13,775,434</b>	<b>5,030,381</b>	<b>3,648,567</b>	<b>640,371</b>
<b>Other comprehensive income</b>					
Actuarial gains (losses) on defined benefit plans		0	0	0	0
<b>Other comprehensive income, net of tax</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE PERIOD</b>		<b>13,775,434</b>	<b>5,030,381</b>	<b>3,648,567</b>	<b>640,371</b>
<b>Basic Earning per share (Kobo)</b>		<b>1,378</b>	<b>503</b>	<b>365</b>	<b>64</b>
<b>Diluted Earning per share (Kobo)</b>					

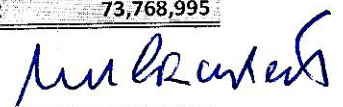
PRESCO PLC  
Financial Statements  
for the nine months ended 30 September 2021

CONDENSED STATEMENT OF FINANCIAL POSITION

<i>in Thousands NGN</i>	Notes	30/09/2021 Unaudited	31/12/2020 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			74
Property, plant and equipment		50,103,998	52,109,564
Right-of-use assets		1,624,456	1,624,456
<b>Total Non-current assets</b>		<b>51,728,454</b>	<b>53,734,094</b>
<b>Current assets</b>			
Inventories		4,917,311	3,549,206
Biological assets		7,538,344	6,937,844
Trade and other receivables		8,183,795	6,962,759
Cash and cash equivalents		15,018,679	2,585,092
<b>Total Current assets</b>		<b>35,658,129</b>	<b>20,034,901</b>
<b>TOTAL ASSETS</b>		<b>87,386,582</b>	<b>73,768,995</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		500,000	500,000
Share premium		1,173,528	1,173,528
Other reserves		(140,088)	(140,088)
Retained earnings		41,293,449	29,518,014
<b>Total Equity</b>		<b>42,826,889</b>	<b>31,051,455</b>
<b>Non-current liabilities</b>			
Borrowings		7,935,282	6,810,188
Defined benefit obligation		704,551	938,705
Deferred tax liabilities		7,570,083	9,055,816
Deferred income		466,365	466,365
Lease liabilities		186,529	186,529
<b>Total Non-current liabilities</b>		<b>16,862,810</b>	<b>17,457,604</b>
<b>Current liabilities</b>			
Trade and other payables		5,375,554	11,541,335
Current tax liabilities		4,726,454	628,181
Bank Overdrafts		2,160,852	6,364,154
Borrowings		15,133,029	6,425,272
Deferred income		267,489	267,489
Lease liabilities		33,506	33,506
<b>Current liabilities</b>		<b>27,696,884</b>	<b>25,259,937</b>
<b>Total Liabilities</b>		<b>44,559,694</b>	<b>42,717,541</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>87,386,582</b>	<b>73,768,995</b>



Felix Nwabuko  
Managing Director/CEO  
FRC/2016/ICAN/00000014276



Kenneth Crockett  
Chief Financial Officer  
FRC/2019/ICAN/00000019300

## CONDENSED STATEMENT OF CHANGES IN EQUITY

<i>in Thousands NGN</i>	Attributable to owners of the parent				Total equity
	Share capital	Share premium	Retained earnings	Other reserves	
<b>Balance at 1 January 2020</b>	500,000	1,173,528	26,256,085	(41,737)	27,887,876
Profit for the period			5,030,381		5,030,381
Net measurement gain on defined benefit					
Total comprehensive income	0	0	5,030,381		5,030,381
Dividend paid			(2,000,000)		(2,000,000)
<b>Balance at 30 September 2020</b>	<b>500,000</b>	<b>1,173,528</b>	<b>29,286,466</b>	<b>(41,737)</b>	<b>30,918,257</b>
<b>Balance at 1 January 2021</b>	500,000	1,173,528	29,518,014	(140,088)	31,051,454
Profit for the period			13,775,434		13,775,434
Total comprehensive income	0	0	13,775,434		13,775,434
Dividend paid			(2,000,000)		(2,000,000)
<b>Balance at 30 September 2021</b>	<b>500,000</b>	<b>1,173,528</b>	<b>41,293,449</b>	<b>(140,088)</b>	<b>42,826,888</b>

**PRESCO PLC**  
**Financial Statements**  
**for the nine months ended 30 September 2021**

**CONDENSED STATEMENT OF CASH FLOWS**

<i>in Thousands NGN</i>	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	13,775,434	5,030,381
Adjustments for:		
- Tax expense	3,806,359	1,546,998
- (Gain)/Loss on Biological Assets valuation	(600,500)	
- Intangible assets reclassified to CWIP		342,172
- Depreciation on property plant and equipment	1,863,094	1,095,551
- Finance Cost	545,048	1,220,014
- Loss on sales of seedlings	713,895	586,440
	<b>20,103,330</b>	<b>9,821,556</b>
Movement in working capital:		
- Trade and other receivable	(1,221,036)	(150,436)
- Inventories	(1,368,105)	(581,187)
- Trade and other payable	(6,165,781)	2,322,791
- Increase in deferred income from advance from customers		(37,419)
- Strategic spares transferred into inventory	4,120,315	
Cash generated from/(used in) operating activities	<b>15,468,723</b>	<b>11,375,305</b>
- Benefits paid	(234,154)	96,217
- Tax paid	(744,990)	(1,629,240)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>14,489,579</b>	<b>9,842,282</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
-Acquisition of property, plant and equipment	(2,744,426)	(4,918,642)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,744,426)</b>	<b>(4,918,642)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
-Interest paid	(546,031)	(1,221,786)
-Loan received during the period	14,000,000	3,500,000
-Repayment on loan during the period	(4,181,612)	(6,571,021)
-Dividend paid	(2,000,000)	(2,000,000)
-Unclaimed dividend received from Registrars	(672,291)	
-Effect of movements in exchange rates on cash held	(700,985)	(27,376)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>5,899,080</b>	<b>(6,320,183)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,644,233</b>	<b>(1,396,542)</b>
Cash and cash equivalents at the beginning of the period	(4,786,406)	(3,109,669)
<b>Cash and cash equivalents at the end of the period</b>	<b>12,857,827</b>	<b>(4,506,211)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

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## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 3<sup>RD</sup> QUARTER OF 2021**

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### **1. General Corporate Information**

Presco Plc was incorporated in Nigeria on 24<sup>th</sup> September, 1991 as Presco Industries Limited, a private limited liability company under the Companies and Allied Matters Act, and became a public limited liability Company in February, 2002. Presco Plc's shares are actively traded on The Nigerian Stock Exchange with the Siat Group holding 60% while the Nigeria Public holds 40%.

Presco is a fully integrated agro-industrial establishment with oil palm plantations, palm oil mill, palm kernel crushing plant and vegetable oil refining plant. Presently, the only one of such in Nigeria.

Presco specializes in the cultivation of oil palm and in the extraction, refining and fractionation of crude palm oil into finished products.

Presco supplies specialty fats and oils of outstanding quality to customers' specification and assures a reliability of supply of its products all year round. This is made possible by the integrated nature of the company's production process.

The company operates from four estates: Obaretin Estate, Ologbo Estate and Sakpomba Estate in Edo State and Cowan Estate in Delta State.

The address of the Company's registered office is Obaretin Estate, Km 22 Benin/Sapele Road, Benin City.

### **2. Basis of Accounting**

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 Interim Financial Reporting, should be read in conjunction with the company's last annual financial statements as at and for the year ended 31 December 2020. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

#### **Basis of Measurement**

The condensed interim financial statements have been prepared under the historical cost convention, except for the revaluation of biological assets.

#### **Functional and Presentation of Currency**

The condensed interim financial statements are presented in Nigeria Naira which is the Company's functional currency. Except otherwise indicated, rounded up to the nearest thousand

### 3. Judgements and Estimates

In preparing these interim financial statements, management has made judgements and estimates that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

### 4. Significant accounting policies

The accounting policies applied in this interim financial report are consistent with those applied in the annual financial statements as at and for the financial year ended 31 December 2020.

A number of other new standards are effective from 1 January 2021 but they do not have material effect on the Company's financial statements.

New Standards or amendments for 2021 and forthcoming requirements

Title	Effective Date
IFRS 17 Insurance Contracts	01 January 2021
Amendment to IFRS 16, Covid 19-related rent concessions beyond	30 June 2021
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	01 January 2022

In accordance with the transitional requirements, the 2021 amendment has been applied retrospectively, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained profits at 1 January 2021

The following table summarized the impacts on the Company's statement of financial position:

Line items in the statement of Financial position impacted by the Application of amendment to IFRS 16	Carrying amount At 31 December 2020 N'000	Effect of adoption of amendment to IFRS 16 N'000	Carrying amount at 1 January 2021 N'000
Property, plant and equipment	52,109,564	-	52,109,564
Total Non-current assets	53,734,094	-	53,734,094
Lease liabilities (current)	33,506	-	33,506
Current liabilities	25,259,937	-	25,259,937
Net current assets	5,225,036	-	5,225,036
Total assets less current liabilities	48,509,058	-	48,509,058
Net assets/Total equity	31,051,454	-	31,051,454
Retained profits	3,163,578	-	3,163,578

## 5. Unusual Items

There were no unusual items as at the end of September 2021 (30 September 2020: Nil)

## 6. Correction of prior period Errors

The prior year amounts in Cost of Sales and Administrative expenses, Selling and distribution expenses, other operating income and other gains and losses have been regrouped to align with current period presentation. This does not have any material impact on the overall results of the company reported in the prior year.

## 7. Revenue

Revenue comprise the following:

	09 2021	09 2020
	'000	'000
Revenue from contracts with customers	34,236,787	18,921,922

Disaggregation of the company's revenue from contracts with customer:

	09 2021	09 2020
Major goods and services: Sales of CPO, etc.	34,236,787	18,921,922

Timing of revenue recognition

	09 2021	09 2020
-at a point in time	34,236,787	18,921,922
-over time	-	-
	34,236,787	18,921,922

## 9. Employee Benefits

The employees of the Company are members of a state-managed retirement benefit plan operated by the government of Nigeria. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The company also recognizes provision for post-employment benefits for all its permanent employees in accordance with the statute. The provision is based on an actuarial calculation by an independent actuary using 'Projected Unit Credit Method'.

## 10. Tax

Tax expense is recognized based on the pre-tax income of the interim reporting period. Tax rate in respect of operations for the nine months ended 30 September 2021 was 32% (September 2020: 32%)

## 11. Inventories

In the course of nine months ended 30 September 2021, the company did not write down its finished goods inventory (30 September 2020: Nil).

## 12. Intangible assets and goodwill

- a. During the nine months ended 30 September 2021, the asset was nil (31 December 2020: NGN 74,000).

### 13. Properties, plant and equipment

#### a. Acquisition and disposal of Property plant and equipment

- a. During the nine months ended 30 September 2021, there was an addition to the assets NGN 2,744,426,000 (31 December 2020: NGN 7,382,775,000).
- b. Assets with a carrying amount of NGN 713,895,000 were disposed of (31 December 2020: NGN 2,932,983,000).

### 14. Biological Assets: Agricultural Produce

	09 2021	12 2020
	'000	'000
At Fair Value		
Fresh Fruit Bunches at 1 <sup>st</sup> January	6,937,844	5,092,477
Change in fair value less costs to sell due to prices changes	600,500	1,845,367
	7,538,344	6,937,844

Analyzed into		
Non-Current		
Current	7,538,344	6,937,844
	7,538,344	6,937,844

### Impairment loss of property, plant, equipment, intangible or other assets, and reversal of such impairment loss

Within the period under review, none was impaired and there were no reversals of previous impairment charges in the current period.

### 15. Capital commitment

There were no capital commitments at the end of 30 September 2021 (31 December 2020: Nil).

### 16. Capital and Reserves

#### Share Capital

	09 2020	12 2020
	'000	'000
Authorized share capital: 1,100,000,000 ordinary shares of 50k each	550,000	550,000
Issue and fully paid up capital: 1,000,000,000 ordinary shares of 50k each	500,000	500,000

#### Earnings Per share

	09 2021	09 2020
	'000	'000
Net profit attributable to equity holders of the company	13,775,434	5,030,381

Weighted average number of shares	1,000,000	1,000,000
Basic (kobo)	1,378	503
Diluted (kobo)	1,378	503

## Dividend

No dividend declared for the period ending 30 September 2021 (30 September 2020: Nil)

## 17. Financial instruments – fair value and risk reports

### A. Accounting classifications and fair values

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosed are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

### Fair value hierarchy

09 2021

#### Financial Assets

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Financial Assets: Loans and receivables				
Cash and bank balances		15,018,679		15,018,679
Trade and other receivables		8,183,795		8,183,795
		23,202,474		23,202,474

#### Financial Liabilities

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Borrowings		23,068,311		23,068,311
Trade and other payables		5,375,554		5,375,554
Overdrafts		2,160,852		2,160,852
		30,604,717		30,604,717

12 2020

#### Financial Assets

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Financial Assets: Loans and receivables				
Cash and bank balances		2,585,092		2,585,092
Trade and other receivables		6,962,759		6,962,759
		9,547,851		9,547,851

#### Financial Liabilities

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
Borrowings		13,235,461		13,235,461

Trade and other payables		11,541,335		11,541,335
Overdrafts		6,364,154		6,364,154
		31,140,950		31,140,950

The fair value of the financial assets and financial liabilities included in the level 2 category above have been based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

#### Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker, industry company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities or available for sale.

#### Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

#### Financial instrument in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### B. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the company uses other publicly available financial information and its own trading records to rate its major customers. The company's exposures to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

#### Financial assets and other credit exposures

	09 2020	12 2020
	N'000	N'000
Cash and bank balances	15,018,679	2,585,092
Trade and other receivables	8,183,795	6,962,759
	23,202,474	9,547,851

The Company does not hold any collateral or other credit enhancements to cover this credit risk.

### 19. Business Combination

There was no business combination during the period.

## **20. Restructuring and reversals of restructuring provisions**

There was no provision for restructuring or reversal of previous restructuring arrangements for the nine months ended 30 September 2021 (Dec 2020: Nil).

## **21. Significant events after the end of the interim reports**

There were no significant events that occurred after the second quarter that would necessitate a disclosure and, or adjustments.

## **22. Approval of Financial Statements**

These condensed interim financial statements were approved for issue in accordance with a resolution of the Board of Directors on 27<sup>th</sup> October, 2021.

## **23. Security Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (issuers Rule) Presco Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.