



PRESCO PLC

Condensed financial statements for the 3 months period ended March 31st 2016

In accordance with International Financial Reporting Standards

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A. GENERAL INFORMATION

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

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

Presco supplies speciality 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.

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B. PRESCO PLC – CONDENSED FINANCIAL STATEMENTS

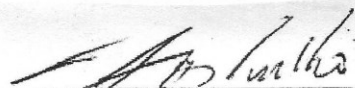
We are pleased to present below the 1st Quarter report for the period ended March 31st, 2016 in accordance with IFRS.

The interim financial statements of Presco Plc as at March 31st, 2016 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as issued by the IASB.

The following condensed financial statements have not been audited and will only be in the context of the publication of the previous annual financial statements in accordance with IFRS as at 31 December 2015.

CONDENSED STATEMENT OF FINANCIAL POSITION

<i>in Thousands NGN</i>	Notes	31/03/2016	31/12/2015 Restated	01/01/2015 Restated
ASSETS				
Non-current assets		52,988,832	49,464,915	45,438,426
Intangible assets		256,403	183,581	147,933
Biological assets	3	29,516,394	29,291,215	28,297,091
Property, plant and equipment		23,215,925	19,990,009	16,993,292
Other non-current assets		110	110	110
Current assets		6,194,740	6,013,083	4,380,064
Inventories		1,304,580	1,105,632	1,363,929
Biological Assets		1,280,250	1,252,379	1,184,273
Trade and other receivables		3,120,450	2,985,728	1,768,774
Cash and cash equivalents		489,460	669,344	63,088
TOTAL ASSETS		59,183,572	55,477,998	49,818,490



Mr. Félix Nwabuko
Managing Director/CEO
FRC/2016/ICAN/00000014276



Mr. Rudi Sylvain Bodar
Chief Finance Officer

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.....
Managing Director/CEO

.....
Chief Finance Officer

<i>in Thousands NGN</i>	Notes	31/03/2016	31/12/2015 Restated	01/01/2015 Restated
EQUITY AND LIABILITIES				
Equity		31,794,587	30,395,473	29,058,955
<i>Share capital</i>		500,000	500,000	500,000
<i>Share premium</i>		1,173,528	1,173,528	1,173,528
<i>Retained earnings</i>		30,062,335	28,663,221	27,342,427
<i>Other reserves</i>		58,724	58,724	43,000
Non-current liabilities		20,741,577	18,656,463	16,240,327
Provisions for employee benefits	4	271,481	271,481	234,897
Borrowings		4,198,159	4,042,077	2,354,727
Deferred income		106,845	224,191	111,787
Obligations under finance leases		418,605	521,249	949,480
Deferred tax liabilities		15,746,487	13,597,465	12,589,436
Current liabilities		6,647,408	6,426,062	4,519,208
Overdrafts		133,087	1,514,634	352,722
Borrowings		645,813	527,721	307,426
Trade and other payables		4,373,117	3,356,707	3,397,024
Current tax liabilities		1,386,951	905,058	399,453
Obligations under finance leases		7,046	27,541	26,883
Deferred income		101,394	94,401	35,700
TOTAL EQUITY AND LIABILITIES		59,183,572	55,477,998	49,818,490

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>in Thousands NGN</i>	Notes	31/03/2016	31/03/2015
Revenue		3,181,430	2,153,006
Cost of sales		-1,177,863	-851,593
Gross profit		2,003,567	1,301,413
Selling, general and administrative expenses		-424,487	-259,787
Distribution expenses		-52,144	-169,110
Other operating income		236,518	25,572
Operating profit		1,763,454	898,088
Financial expenses		-202,160	-134,799
Exchange gains/(losses)		-17,030	-127,983
Profit before gain/(loss) on change in fair value of non-biological assets and tax		1,544,264	635,306
Gain/(loss) on changes in the fair value of Biological Assets		253,050	1,062,230
Income tax expense (-)		-398,200	-303,085
PROFIT FOR THE PERIOD		1,399,114	1,394,451
Other comprehensive income			
Actuarial gains (losses) on defined benefit plans		0	0
Other comprehensive income, net of tax		0	0
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		1,399,114	1,394,451
EPS		1.40	1.39

CONDENSED STATEMENT OF CASH FLOWS

	01/01/2016 31/03/2016	01/01/2015 31/03/2015
<i>in Thousands NGN</i>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,554,018	1,962,302
Cash paid to suppliers and employees	-1,578,632	-1,474,886
Cash generated from/(used in) operating activities	1,975,386	487,416
Interests received	0	0
Interests paid	-157,311	-134,799
Income taxes paid	-12,564	-252,814
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,805,511	99,803
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-743,688	-449,887
Proceeds from sale of property, plant and equipment	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES	-743,688	-449,887
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		2,339,830
Repayment of borrowings	-68,110	-2,261,966
NET CASH FLOWS FROM FINANCING ACTIVITIES	-68,110	-77,864
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-993,714	-272,219
Cash and cash equivalents at the beginning of the period	-637,341	-262,751
Effects of exchange rate differences on the balance of cash held in foreign currencies		
Cash and cash equivalents at the end of the period	356,373	-534,970

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	
Balance at 1 January 2015	500,000	1,173,528	27,342,427	43,000	29,058,955
Result of the period			1,394,451		1,394,451
Other comprehensive income					
Total comprehensive income of the period	0	0	1,394,451		1,394,451
Balance at 31 March 2015	500,000	1,173,528	28,736,878	43,000	30,453,406
Balance at 1 January 2016	500,000	1,173,528	28,663,221	58,724	30,395,473
Result of the period			1,399,114		1,399,114
Other comprehensive income					
Total comprehensive income of the period	0	0	1,399,114		1,399,114
Balance at 31 March 2016	500,000	1,173,528	30,062,335	58,724	31,794,587

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE 1ST QUARTER OF 2016

1. Basis of preparation

The condensed financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

2. Summary of significant accounting policies

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

All amounts are presented in thousands of Nigerian Naira, unless otherwise indicated, rounded to the nearest NGN '000.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 December 2015, except for the impact of the adoption of the Standards and Interpretations described below.

a) *Standards applicable for the annual period beginning on 1 January 2013*

- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Government Loans* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)

- Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 *Separate Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (applicable for annual periods beginning on or after 1 January 2013)

b) Standards and interpretations issued but not yet effective in the current period

The Company elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB but are not yet mandatory as per December 31st, 2012:

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable for annual periods beginning on or after 1 January 2015)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)

The Company anticipates that the above-mentioned Standards and Interpretations will not have a significant impact on the financial statements of the Company in the period of initial application.

There was a reclassification of Biological Assets to Property Plant and Equipment subject to review of standard on IAS 41 and IAS 16 which commenced from 1st January, 2016. Value relating to IAS 16 in IAS 41 were thereupon reclassified, accordingly.

3. Biological Assets

At 31st March 2016, Presco's material biological asset consists only in palm fruits coming from 3 existing Estates (Obaretin, Cowan and Ologbo):

Since no reliable market-based prices are available to value the biological asset, the calculation method used being called the income method determines the present value of expected net cash flows from the biological asset in its present location and condition, discounted at a current market-determined rate.

Net cash flow that the asset is expected to generate in its most relevant market meaning at the earliest point at which a market exists being the price/ MT of CPO.

Any cash flows for financing the assets, taxation or re-establishing biological assets after harvest have been excluded.

The assumptions applied in the valuation were an assumed CPO CIF Rotterdam price on a discount rate of 20% at 31st March 2016.

There was a reclassification of Biological Assets to Property Plant and Equipment subject to review of standard on IAS 41 and IAS 16 which commenced from 1st January, 2016. Value relating to IAS 16 in IAS 41 were thereupon reclassified, accordingly.

4. Provision for employee benefits

The long term employee benefits can be classified as follows:

- post-employment benefits: gratuity benefits payable in case of leaving or death retirement benefits
- Other long term benefits: long service awards.

5. Events after the end of the reporting period

There were no material events that occurred after the end of the reporting period.