

# PRESKO PLC

## Annual Report & Accounts 2011

RC 174370





# PRESCO PLC

## Producer of Specialty Fats and Oils

**Presco** is a fully integrated agroindustrial 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** 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 customer's specification and assures reliability of supply of its products all year round. This is made possible by the integrated nature of the company's production process. Presco has commenced investments in the rubber sector and has already established a bud wood garden along with acquisition of approximately 14,000 ha of land for rubber plantation.

---

### Contact information:

Presco Plc  
Obaretin Estate  
Km 22 Benin / Sapele Road  
PO Box 7061  
Benin City, Edo State, Nigeria

Tel: +234 803 413 44 44  
Tel: +32 (0)2379 9230  
Fax: +32 (0)2379 9232  
e-mail: [info@presco-plc.com](mailto:info@presco-plc.com)  
[www.presco-plc.com](http://www.presco-plc.com)

## Contents

○○○ Notice of Annual General Meeting .....	4
○○○ Financial Highlights .....	5
○○○ Directors and Professional Advisers .....	7
○○○ Chairman's Statement .....	8
○○○ Directors of Presco Plc .....	10
○○○ Report of the Directors .....	13
○○○ Corporate Governance Report .....	16
○○○ Statement of Directors Responsibilities .....	20
○○○ Report of the Audit Committee .....	21
○○○ Report of the Auditors .....	22
○○○ Statement of Accounting Policies .....	23
○○○ Profit and Loss Account .....	25
○○○ Balance Sheet .....	26
○○○ Statement of Cash Flows .....	27
○○○ Notes to the Accounts .....	28
○○○ Statement of Value Added .....	37
○○○ Five Year Financial Summary .....	38
○○○ Graphic Illustrations .....	38
○○○ Proxy Form .....	40
○○○ Company Secretary's Address .....	41

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 19th Annual General Meeting of Presco Plc will be held at **The Dura Club, Obaretin Estate, Km.22, Benin/Sapele Road, Ikpoba-Okha LGA, Benin City, Edo State on Wednesday 25 July 2012 at 11.00 am** to transact the following business:

### Ordinary Business

1. To lay before the meeting the audited accounts of the Company for the year ended 31 December 2011 together with the reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect and re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

### Special Business

6. To approve the remuneration of Directors

### Notes

#### 1. Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed; executed proxy forms should be deposited at the office of the Company's Registrars, First Registrars Nigeria Limited, Plot 2, Abebe Village Road, Iganmu, Lagos not less than 48 hours before the time of the meeting.

#### 2. Closure of Register and Transfer Books

The Register of Members and Transfer Books will be closed from **Monday 16 July to Friday 20 July 2012** (both days inclusive) to enhance preparation for the payment of dividend.

#### 3. Dividend

If the dividend recommended by the Directors is approved, dividend warrants will be posted on **Monday 6 August 2012** to the shareholders whose names are on the register of members at the close of business on **Friday 13 July 2012**

#### 4. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act [capC20, Laws of the Federation of Nigeria, 2004] any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Meeting.

BY ORDER OF THE BOARD



Isaac O. Ona Esq.  
Company Secretary



#### Registered Office

Obaretin Estate,  
Km 22, Benin/Sapele Road  
Ikpoba-Okha Local Government Area,  
Benin City, Edo State.

Dated this 22<sup>nd</sup> day of March 2012

## Financial Highlights

	2011 N'000	2010 N'000	% increase/ (decrease)
<b>Major balance sheet items</b>			
Total assets	10,553,501	7,381,066	56.02
Shareholders' funds	4,691,153	3,518,197	33.33
Share capital	500,000	500,000	0.00
Share premium	1,173,529	1,173,529	0.00
Revenue reserve	3,017,625	1,843,494	63.69
<b>Major profit and loss account items</b>			
Turnover	8,536,172	5,386,056	58.48
Profit before tax	2,580,300	1,333,623	93.48
Profit after tax	1,692,421	1,095,030	54.55
Profit transferred to rev. reserves	1,692,421	1,095,030	54.55
<b>Information per 50 Kobo ordinary share</b>			
Earnings (Kobo)	169	110	53.64
Declared dividend (Kobo)	50	20	150.00
Net assets (Kobo)	469	352	33.24
Stock exchange quotation as at 31 Dec. (Naira)	8.67	6.85	26.57



## Company Profile

### HISTORY AND BUSINESS

Presco Plc was incorporated in Nigeria on 24 September 1991 as Presco Industries Limited, a private limited liability company, and became a public limited liability company in February 2002.

The company owns oil palm plantations, a palm oil mill and palm kernel crushing plant, vegetable oil refining and fractionation plants and is at present the only fully integrated company of its kind in Nigeria.

Presco Plc specializes in the cultivation of oil palms and in the extraction, refining and fractioning of crude palm oil into vegetable oil, palm stearin and other by-products. The company supplies these specialty fats and oils to the high quality specifications of its customers and assures a reliability of supply of its products all year round, due to the integration of the entire cycle. The company operates from two States, Obaretin Estate and Ologbo Estate in Edo State and Cowan Estate in Delta State.

In 2002 the company became a public limited company and with a successful Initial Public Offer (IPO) completed in October the same year, Presco shares were admitted to quotation at The Nigerian Stock Exchange. Presco Plc's shares are now actively traded on The Nigerian Stock Exchange, with the Siat Group holding 60% while the Nigerian Public holds 40%.

On re-registration as Public Company in 2002, the authorized share capital of the company was raised to N250,000,000 divided into 500,000,000 ordinary shares of 50k each. The authorized share capital was increased to N500,000,000 in 2008 divided into 1,000,000,000 ordinary shares of 50k each. There are currently 10000 shareholders on the company's register of shareholders.

The core shareholder and managing agent is nv Siat sa of Belgium, an international plantations holding company with operations in West and Central Africa and South East Asia.

## Directors and Professional Advisers

### BOARD OF DIRECTORS:

HE. Pierre Vandebееck (Belgian)  
Mr. U. Pilani (Indian)  
H. R. H. (Dr.) O. Akenzua, JP  
Engr. J.B. Erhuero, JP, mni  
Mr. Osa Osunde  
Chief O.F.J. Oyaide, OON  
Mr. Atedo N.A. Peterside, OON  
Dr. Shettima Mustafa, CON

Chairman  
Managing Director  
Director  
"  
"  
"  
"  
"

### COMPANY SECRETARY:

Isaac O. Ona Esq.

### REGISTERED OFFICE:

Obaretin Estate,  
Km. 22, Benin/Sapele Road,  
Ikpoba-Okha Local Government Area,  
Benin City, Edo State.

### REGISTRARS & TRANSFER OFFICE:

First Registrars Nigeria Ltd,  
Plot 2, Abebe Village Road,  
P.M.B. 12692  
Marina, Lagos.

### TECHNICAL PARTNER/ MANAGING AGENT:

sa Siat nv  
Brussels, Belgium.

### SOLICITORS:

Abdulai, Taiwo & Co.,  
Goodwill House,  
278, Ikorodu Road,  
Lagos.

### AUDITORS:

Spiropoulos, Adiele, Okpara & Co.  
59B Urubi Street,  
P.O.Box 8411,  
Benin City,  
Edo State, Nigeria.

## Chairman's Statement



Distinguished Shareholders, Fellow Directors, Ladies and Gentlemen,

it is my pleasure to welcome you all to the 19th Annual General Meeting of our Company. As we all know, we are here today to consider the Annual Report and Accounts of the Company for the year ended 31 December 2011, but as usual, before doing that it is necessary to review some of the relevant environmental factors under which we operated in the year 2011.

### The Business Environment

By the Fourth Quarter Report of the Central Bank of Nigeria, the National Bureau of Statistics (NBS) provisional data showed that the Country's gross domestic product (GDP) grew by 7.7 percent compared with 7.4 percent in the preceding quarter; the development was attributed largely to the increase in the contribution of industry and the non-oil sector.

Broad money supply grew by 5.4 per cent at end of December 2011 relative to the level at end-September 2011, and this is said to reflect a 24.3 and 7.7 per cent rise in domestic (net) and foreign assets (net) of the banking system respectively, which more than offset the 55.0 per cent fall in other assets (net) of the banking system.

Inflation rate on a twelve month moving average was 10.8 percent, which was lower than that of the previous year which stood at 13.7 per cent.

The 2011 was witnessed presidential elections which took place without any noticeable problem in most parts of the country. Of concern are the increasing terrorist actions of extreme militant groups in parts of the country. In spite of this, the year was very stable, and peaceful and hence the good industrial environment that prevailed throughout the year.

### Operating Results

Presco Plc has begun to reap the benefit of her expansion programme of the previous years.

The performance of the year 2011 can be described as very good. We achieved a total of fresh fruit bunches (ffb) production of 109,111 tons as against 87,856 tons in the previous year; crude palm oil (cpo) produced was 22,936 tons compared with 17,420 tons of the year 2010 and refined, bleached, deodorized oil of 22,936 tons.

Our turnover for the year was N8,536,172,000 as against N5,386,056,000 the previous year, resulting in a profit after tax of N1,692,421,000.00 compared with 2010 which was N1,095,030,000.

### Dividend

In compliance with our dividend policy supported by the good performance of the year, your Board of Directors has proposed a dividend of N1.00 per share, amounting to NGN1,000,000,000 for shareholders approval, subject to withholding tax at the appropriate rate.

### Community Relations

The Company's host communities' development programme continued during the year ended 31 December



## Chairman's Statement

2011. The focus is on education, roads, water and electricity. We enjoyed very cordial relationship with the host communities as usual.

### Research and Development

We are committed to Research and Development and devote each year more resources to this activity. Indeed, we are, together with our international partners at the forefront in the development of improved oil palm and rubber planting materials which aims at selecting strains adapted to our soils and weather and with increasing yield per planted hectare.

### Our People

On behalf of the Board and Shareholders, I thank all employees and their families for their loyalty and commitment to our Company. We also wish to thank those who have retired after many years of loyal service.

### Corporate Governance

We continue to strive to ensure we meet up with the requirements of the various regulatory bodies. In line with national and international requirements for greater disclosure and transparency of corporate governance this year's Annual Report as in the past contains an additional section, "The Corporate Governance Report".

### Appreciation

We continue to count on the support and technical expertise of our core shareholder, nv Siat sa, of which we hereby acknowledged. The contribution of Siat to Presco over the past 21 years has been the foundation of the Company's success.

To His Royal Majesty the Oba of Benin and to the Governments of Edo and Delta States may I express our deep gratitude for their continued support and for providing us with enabling and conducive environment to operate. Last but not the least, we all thank the management team for a job well done!

Finally, I thank all Shareholders for their commitment and support.

Thank you.



Pierre Vandebaeck  
Chairman

## Directors of Presco Plc Photographs

.....



**Mr. Pierre Vandebaeck**  
*Chairman*



**Chief O.F.J. Oyaide, OON**



**Mr. Uday Pilani**  
*Managing Director*



**Mr. Atedo N.A. Peterside, CON**



**HRH (Dr) O. Akenzua, JP**



**Dr. Shettima Mustafa, CON**



**Engr. J.B. Erhuero, JP, mni**



**Mr. Osa Osunde**

## Board Profile

### Board Profile



#### Mr Pierre Vandebееck (Chairman)

Mr. Pierre Vandebееck, a Belgian, is the Chairman Board of Directors of Presco Plc. He holds degrees in Chemistry from the Higher Institution for Chemistry, Sint Truiden, Belgium and Tropical Agriculture Engineering from Agricultural College, Vilvoorde, Belgium. He started his career in 1969 with Afrifina s.a. and was seconded to the Democratic Republic of Congo where he worked in several capacities in coffee, cocoa, rubber and palm plantations. Responsible for establishing several oil palm estates in Nigeria, Mr. Vandebееck joined Socfinco s.a. in 1974 to start Socfinco' Nigerian operations. He worked

as Plantation Manager for Adapalm from 1974 to 1978, then at the 10,000 hectare Risopalm oil palm project from 1978 to 1983. In 1983 he became the Director of Operations for Socfinco in Nigeria, responsible for the conception, preparation and implementation of major tree crop programmes for several state governments and private sector organizations. Prior to joining Presco in 1991 as Managing Director, he was Managing Director of Indufina s.a., Luxembourg from 1990 to 1991. He has been Chairman and Managing Director of Siat since 1991 and is a director of several other companies. Mr. Vandebееck became the Chairman of Presco Plc on 1 January 2010.

#### Mr. Uday Pilani

Uday Pilani was elected a member of the Board of Directors and appointed Managing Director on 19 November 2010. Until this appointment, he was the Company's Director of Finance and Controls.

Mr. Pilani was the CEO of Pilsu Nigeria Limited, Kano from 2003 to 2008; he previously worked for Pilani Exports (PEX), India, Jalwa Event Management, India and Strategic Stock Brokers, India as Partner. He is a holder of MBA (Finance) and Bachelor of Commerce.

#### HRH (Dr.) Omoregie Akenzua, JP

HRH (Dr.) Akenzua is the Enogie of Siluko. He is a marketing economist and member of the Nigerian Institute of Management. He was appointed to the Board of Presco Plc in June 1999. He has over the years held directorship in several companies in the public and private sectors, including Okomu Oil Palm Company Plc and Aiico Insurance Plc.

#### Engr. (Chief) James B. Erhuero, JP, mni

Engr. J.B. Erhuero joined the Board of Presco Plc on 15 July 2004. He was one time Secretary to the Delta State Government where he previously served as head of Service. Before he became the Head of Service to the Delta state Government, he was a Permanent Secretary in the Delta State Civil Service. Engr. Erhuero holds a B.Sc honours degree in Mechanical Engineering and a Masters degree in Systems and Manufacturing Engineering amongst others. He is a knight of St. Mulumba (KSM).

#### Chief Omoefe James Oyaide, OON

Chief Oyaide is an international civil servant cum diplomat, a development and management expert, a rural developer and a farmer. He holds B.Sc and M.Sc. degrees in Agriculture and certificates in Advanced Management and Environmental Impact Assessment respectively. After retiring from the Federal Civil service of Nigeria as Director of Agriculture and Rural Development, he joined the UN in 1989 and served as Project Controller (African Division) of the International Fund for Agricultural Development (IAFAD) in Rome, Italy. Chief Oyaide who was appointed to the Board in March in 2003 was before then, an Adviser to Siat (Nigeria) Ltd.

## Board Profile

### Mr. Osa Osunde

Mr. Osunde is a Chartered Stockbroker and presently the Managing Director and Chief Executive Officer of Fidelity Finance Company Limited. He holds a HND in Accountancy and a Fellowship of the Chartered Institute of Stockbrokers. He is also a council member of the same institute. An experienced capital market operator, he is a council member of The Nigerian Stock Exchange. He is a member of boards of many other companies. He joined the Board of Presco Plc in May 2003.

### Mr. Atedo N.A. Peterside, CON

Mr. Peterside was appointed to the Board in December 2005. Mr. Peterside, a highly experienced banker is the founder pioneer Chief Executive Officer of IBTC Limited. He is an economist by training, with a B.Sc. in Economics from The City University, London and M.Sc. from The London School of Economics and Political Science. He was one time Chairman of the Committee on corporate Governance for Public Companies in Nigeria. He is a director of the Nigerian Economic summit Group and a member of the Private Sector Advisory Board of the World Bank. He is currently the Chairman, Board of Directors of Stanbic IBTC Bank Plc and Cadbury Plc and a member of Board of Directors of Nigerian Breweries Plc.

### Dr. Shettima Mustafa, CON

Dr. Mustafa is a renowned Agriculturist who specialized in Plant Breeding and Agronomy.

He had served the Federal Republic of Nigeria in various capacities including Honourable Minister of Agriculture and Natural Resources between 1990 and 1992, Honourable Minister of Defence between 2008 and 2009 and Minister of Interior between 2009 and 2010. He previously held the position of Head, Agricultural Projects Monitoring and Evaluation Unit, where he was the Overseer of the ADPs nationwide. He holds a B sc Honours and Ph D from the Ahmadu Bello University, Zaria.

### Mr. Isaac O. Ona

Mr. Ona is the Company Secretary. He joined the Company in 2003 and became the substantive Company Secretary in July 2005. He served in the Nigerian Air Force where he held the position of Group Finance officer. He subsequently joined the Universal Investment and Development Company Plc as Company Secretary, and became the Managing Director of the Company, a position he held for six years. He was a member of Board of Directors of Eternit Ltd, and UIDC Securities Ltd. Mr. Ona holds LLB (Hons) degree of the University of Benin, and a call to the Nigerian Bar. He also has MA (Business Law) from London Metropolitan University and is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and an Associate of the Institute of Chartered Arbitrators of Nigeria (ACI Arb) (Nig).

## Report of the Directors

The Directors have the pleasure in submitting their report and the financial statements for the year ended December 31, 2011.

### 1. Principal Activities

The principal activities of the Company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Company are: refined bleached and deodorized palm oil, palm olein, palm stearin, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

### 2. Result

The Company's performance during the year under review is summarized below.

Turnover was 54.55% higher than the previous year. A net operating profit after taxation of N1, 692,421 million was achieved compared to a profit of N1,095,030 million for the year ended December 31, 2010.

	2011 N'000	2010 N'000
Turnover	8,536,172	5,386,056
Profit after taxation	1,692,421	1,095,030

### 3. Dividend

In respect of the current year, the directors recommend for approval a dividend of 100 kobo per share amounting to N1 billion, subject to the deduction of withholding tax at the appropriate rate.

At the last AGM shareholders approved the directors' recommendation of a dividend of fifty kobo on each 50 kobo ordinary share amounting to N500 million, subject to the deduction of withholding tax at the appropriate rate.

### 4. Directors

The directors who held office during the year and at the date of this report are:

Mr. Pierre Vandebecq	(Belgian)	Chairman
Mr. U. Pilani	(Indian)	Managing Director
H. R. H. (Dr.) O. Akenzua, JP		Director
Engr. J. B. Erhuero, JP, mni		"
Mr. Osa Osunde		"
Chief O. F. J. Oyaide, OON		"
Mr. Atedo N. A. Peterside, CON		"
Mr. D. Randall	(South Africa)	" (Resigned July 4, 2011)
Dr. Shettima Mustafa, CON		"

In accordance with the Company's Articles of Association, Engr. J. B. Erhuero and Chief O. J. Oyaide retire at this Annual General Meeting; being eligible Engr. J.B. Erhuero offers himself for re-election.

Chief O. J. Oyaide informed the Company that he has attained the age of 70 years and did not offer himself for re-election.

### 5. Directors' Interest in Shares

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, and disclosed in accordance with the Listing Rules of the Nigerian Stock Exchange is as follows:

## Report of the Directors

Names of Directors	As at Dec 31 2011	As at 31 Dec 2010
	(No. of shares)	(No. of shares)
H. R. H. (Dr.) O. Akenzua, JP	424,000	562,000
Engr. J. B. Erhuero, JP, mni	624,000	624,000
Chief O. F. J. Oyaide, OON	252,500	252,500
Mr. Atedo N. A. Peterside, CON	25,000,000	18,010,780
Dr. Shettima Mustafa, CON	167,500	167,500

There is no notification of any change in the above shareholding as at March 9, 2012.

### 6. Substantial Shareholding

The following shareholders held 5% and above of the issued share capital of the Company as at December 31, 2011.

Shareholding	Number	%
sa Siat nv	600,000,000	60.00
First Inland Bank /Fidelity Fin. Co. (TRDG)	81,073,248	8.11

### 7. Share Range Analysis

The range of the distribution of the shares of the company as at December 31, 2010 is as follows:

Share Range		Shareholders		Shareholdings	
		Number	%	Number	%
I	1000	2,140	22.72	1,563,940	0.16
100I	5000	3,914	41.55	10,613,952	0.06
500I	10000	1,418	15.05	11,483,783	1.15
1000I	50000	1,492	15.84	35,454,685	3.55
5000I	100000	241	2.56	19,155,991	1.92
10000I	500000	164	1.74	34,517,539	3.45
50000I	1000000	19	0.20	14,230,624	1.42
100000I	5000000	21	0.22	51,636,521	5.16
500000I	10000000	4	0.04	31,139,136	3.11
1000000I	50000000	4	0.05	108,555,041	10.86
5000000I	100000000	1	0.01	81,648,788	8.16
10000000I	1000000000	1	0.01	600,000,000	60.00
<b>TOTAL</b>		<b>9,420</b>	<b>100.00</b>	<b>1,000,000,000</b>	<b>100.00</b>

### 8. Fixed Assets

Significant fixed assets expenditure during the year was as follows:

	N'000
Work in progress	1,343,410
Building	49,955
Heavy duty equipment	40,636
Utilities	9,036
Furniture and fittings	34,990
Motor vehicles & wheel tractors	183,950
Processing equipment	515,703

## Report of the Directors

### 9. Major Customers

The Company's products are sold directly to customers comprising wholesalers, consumers and industrial users who are located within the country. Some of these are: Indomie Noodles, Nestle, Freisland Wamco, Cadbury Nigeria Plc, Dangote Noodle Limited, Chi Limited, PZ, Chikki Noodles Ltd, Yale Foods, Standard Biscuits, KFC, Saso Industries, Saponaria Industries, Bellocxi Foods amongst others.

### 10. Community Development Projects/Community Relations

The Company's host communities' development programme continued during the year ended December 31, 2011. The focus is on education, roads, water and electricity. Total expenditure was ₦34,988,855

### 11. Donations

A donation of ₦250,000 was made to The Institute of Chartered Accountants of Nigeria (ICAN) - building fund during the year.

### 12. Research and Development

The Company commits itself to Research and Development. It is at the forefront of new planting material development and has been successful in increasing the quantity of FFB and Oil per HA of plantation. We continued to make effort to be a leader in R & D and amount expended on R & D during the year under review was ₦103,117,070.

### 13. Employment of Disabled Persons

The Company maintains a policy of giving fair consideration to applications for employment of disabled persons having regards to their particular aptitudes and abilities. At present there are three disabled persons employed by the Company.

### 14. Health, Safety and Welfare

Medical services are provided free of charge for Company employees at the estate clinics. Appropriate personal protective equipment is provided for employees at work. There is a fire-fighting programme, which involves all employees and the use of sophisticated equipment. Welfare facilities provided include housing for employees (or payment of an allowance in lieu) and transport to and from the work place.

### 15. Employee Involvement and Training

The Company maintains communication and consultation on a regular basis with employee representatives to brief employees on matters affecting them. On-the-job training facilities are provided for all categories of employees with a view to improving their performance, job satisfaction and prospects. External training programmes are also undertaken.

### 16. Auditors

In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, Messrs Spiropoulos, Adiele, Okpara & Co., will continue as Auditors of the Company having indicated their willingness to do so. A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

BY ORDER OF THE BOARD



**Isaac O. Ona Esq.**

*Company Secretary - March 22, 2012*

## Corporate Governance Report

Presco Plc follows the Corporate Governance Guidelines which is in compliance with the code of Corporate Governance in Nigeria and supplemented by the Corporate Governance Guidelines for the Siat Group of which it is a member which is in line with International Best Practice.

### The Board

The primary responsibility of the Board is to ensure that the Company's business strategy is appropriate and implemented effectively.

On appointment, Directors receive a comprehensive induction, including site visits and meetings with senior management to help them build up quickly detailed understanding of the Company. Additional training is arranged as appropriate, by the Company and at the Company's expense.

### Independence & Executive Status of Directors

Mr. Pierre Vandebееck	Non Executive
Mr. U. Pilani	Executive
HRH (Dr.) O. Akenzua, JP	Independent
Engr. J.B. Erhuero, JP, mni	Independent
Mr. Duncan Randall	Non Executive (Resigned July 4, 2011)
Mr. Osa Osunde	Independent
Chief O.J. Oyaide, OON	Independent
Mr. Atedo N.A. Peterside, CON	Independent
Dr. Shettima Mustafa, CON	Non Executive

Details of each Director's experience can be found on the Company's website.

Information about Directors' remuneration is covered in the Annual Report.

Directors have no fixed term. However, one third of Directors retires annually by rotation and can present themselves for re-election. The average length of service of Directors is six years.

### Board Meetings

The Board of Directors met four times during the year, as follows:

Meeting date	Main items of business
March 25, 2011	Review of 2010 accounts and operation report for the first two months. Adoption of SEC approved Code of Corporate Governance, acquisition of land at Obagie Nunuame village in Orhionmwon Local Government Area of Edo State and additional land at Ologbo.
June 27, 2011	Review of 2nd quarter operations report. Appointment of Dr. Shettima Mustafa to replace Miss Marie Vandebееck on the Audit Committee.
October 26, 2011	Review of Board of Directors' remuneration. Consideration of draft budget for 2012.
December 9, 2011	Approval of 2012 budget.



## Corporate Governance Report

### Attendance at meetings by Board members

The number of attendance at meeting by Board members during the year under review is as follows:

Names of Directors	Number of Attendance at Meetings
Mr. P. Vandebecck (Chairman)	4
Mr. U. Pilani	4
Engr. (Chief) J. B. Erhuero, JP, mni	3
Dr. S. Mustafa, CON	3
Mr. Atedo Peterside, CON	3
H.R.H. (Dr.) O. Akenzua, JP.	1
Chief O. J. Oyaide, OON	3
Dr. D. Randall	0
M. O. Osunde	3

### Conflicts of Interest

All Directors and employees are expected to avoid direct or indirect conflicts of interest. Where a conflict of interest may arise in a matter to be decided by the Board of Directors the Director concerned is expected to inform the Board and to abstain from voting. Transactions between the Company and Directors, where they arise, take place at arm's length.

There have been no transactions and other contractual relationships between the Company and its Board members and executive managers, which are not covered by its legal provisions on conflicts of interest.

The Company carries out transactions with its parent company, sa Siat nv on an arm's length basis. The terms and conditions of transactions are covered by an agreement between Siat and Presco Plc. These transactions are in the nature of secondment of personnel and the purchase and supply of equipment and materials.

### Transactions in Shares and Compliance with Directives on Market Abuse

The use of inside or unpublished information about the Company in buying or selling of its shares is strictly forbidden. In order to comply with legislation on insider dealing and market manipulation (market abuse), Directors and executive management are expected to declare transactions on their own account in the shares or other financial instruments of the Company.

Where significant, such transactions will be disclosed to the market. There were no such transactions in the year under review.

### Committees - Audit Committee

Mr. Famous Igbinvbo (Chairman)	Shareholder member. (re-elected on July 27, 2011).
H.R.H. (Dr.) O. Akenzua, JP	Director member; (re-elected July 27, 2011).
Mr. Kingsley Iyekekpolor	Shareholder member, ( re- elected on July 27,2011).
Engr. J. B. Erhuero, JP, mni	Director member; (re-elected on July 27, 2011).
Engr. M.O. T. Tobun	Shareholder member, (re-elected on July 27, 2011).
Dr. Shettima Mustafa, CON	Director member; (appointed 2011).

## Corporate Governance Report

### Attendance at meetings by Audit Committee members

The number of attendance at meeting by Audit Committee members during the year under review is as follows:

Names of Committee Members	Number of Attendance at Meetings
Mr. Famous I. Igbinewbo (Chairman)	4
Mr. Kingsley Iyekekpolor	4
Engr. M. Olayiwola Tobun	4
H. R. H. (Dr.) O. Akenzua, JP	1
Chief J. B. Erhuero, JP, mni	3
Dr. S. Mustafa, CON	2

The Audit Committee met four times during the year, as follows:

#### Meeting date

March 24, 2011

July 25, 2011

October 25, 2011

December 8, 2011

#### Main items of business

Consideration of the draft audited accounts and management Report of the External Auditors for the year ended December 31, 2010.

Review of Internal Auditors report/programme.

Consideration and approval of External Auditors' 2011 Audit Planning Memorandum.

Review of Internal Audit Report.

### Remuneration Committee

A remuneration committee was constituted by the Board during the year under review in line with the requirement of Code of Corporate Governance. The members of the committee are:

Mr. Pierre Vandebecck ( Belgium)	Non Executive
Engr. J. B. Erhuero, JP, mni	Director
Mr. Osa Osunde	Independent
Mr. Atedo N. A. Peterside, CON	Independent

### Company Secretary

All Directors have access to, and the services of, the Company Secretary and may take independent professional advice at the company's expense.

The Company Secretary is also responsible for facilitating the induction and professional development of Board members as well as ensuring information flow within the Board, its Committees and between the Non-Executive Directors and senior management.

The Company Secretary is Mr. Isaac Ona. He has held the position since July 2005.

### Executive Management

Under the leadership of the Managing Director, Executive Management is responsible to the Board for the implementation of the strategy and policies approved by the Board; making and implementing operational decisions and running the Company. Non executive Directors, using their knowledge and experience, challenge, monitor and approve the strategy and policies recommended by Executive Management.

## Corporate Governance Report

### Internal Audit

The Company's internal audit function reports to the Managing Director. For its day-to-day and project work the department is guided by the instructions of the Audit Committee and the Company's Internal Audit Procedures Manual. The Internal Auditor is Mr. Iyekeoretin Obayuwana. He has held the position since March 2007.

### Environment, Health and Safety

Environment, Health and Safety

The Company conducts its affairs in a safe and environmentally sustainable manner as well as promote the health of its employees, contractors and host communities. Presco Plc complies with all applicable environmental, health and safety laws and regulations and aims to improve its performance in these areas. Environmental, health and safety matters are integrated into business decision-making and training is provided to ensure that stakeholders are aware of the requirements of the Company's Corporate Governance Guidelines.

The company commits significant resources towards environmental protection, health and safety. There are independent departments with budgets for same. The company is a forerunner in the process to classify Nigerian Palm Oil under Roundtable for Sustainable Palm Oil (RSPO).

### Major Contracts between the Company and Third Parties

There was no major contract with any third party.

### Shareholder Relations

The Company is committed to maintaining good relations with all Shareholders through the annual report, general meetings, website and Presco News. Shareholders are able to put questions to the Board at the Company's Annual General Meeting. Directors are available to talk on an informal basis to Shareholders at the Annual General Meeting.

At least 21 days' notice of the Annual General Meeting is given to Shareholders.



**Isaac O. Ona Esq.**

Company Secretary

March 22, 2012



## Statement of Directors' Responsibilities

### Statement of Directors' Responsibilities


For the year ended December 31, 2011

The directors accept responsibilities for the preparation of the annual financial statements set on pages 21 to 41 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

  
Signature

UDAY PILANI

Name

22-3-12

Date

  
Signature

PIERRE VANDENNEECK

Name

22-3-12

Date

## Audit Committee's Report to the Members of Presco Plc

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004, members of the Corporate Audit Committee of Presco Plc hereby report as follows:

We have exercised our functions under Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 and we acknowledge the co-operation of Management and Staff in the conduct of these responsibilities.

We confirm that:

- (a) The accounting and reporting policies of the Company are consistent with legal Requirements and agreed ethical practice.
- (b) The scope and planning of the external audit are in our opinion adequate.
- (c) The internal control system was in order.
- (d) The External Auditors' Management Control Report was satisfactorily dealt with by Management.

We deliberated with the External Auditors who confirmed that all necessary co-operation was received from Management and that they had issued a clean report.

**Mr. Famous Igbinewbo**  
*Chairman Audit Committee*

Dated this 21<sup>st</sup> day of March 2012.

### Members of the Committee

Mr. Famous Igbinewbo	Shareholder (Chairman)
H.R.H. (Dr.) O. Akenzua, JP.	Director
Mr. Kingsley Iyekekpolor	Shareholder
Engr. J. B. Erhuero, JP, mni.	Director
Engr. M.O.T. Tobun	Shareholder
Dr. Shettima Mustafa, CON	Director

The Company Secretary, Mr. Isaac O. Ona, acted as secretary to the Committee.



## Report of the Independent Auditors to the Members of Presco Plc



### Spiropoulos, Adiele, Okpara & Co

Chartered Accountants  
Nigerian Correspondent firm of  
Grant Thornton International  
Member of ICANI Faculties

#### Report of the Auditors on the Financial Statements

To the members of Presco Plc.

#### Report on the Financial Statements

We have audited the accompanying financial statements of Presco Plc, for the year ended 31 December 2011, set out on pages 22 to 24 which have been prepared on the basis of significant accounting policies on pages 19 to 21 and the other explanatory notes on pages 25 to 35.

#### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigerian and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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.

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December, 2011 in accordance with Statement of Accounting Standards issued by the Financial Reporting Council of Nigerian and the Companies and Allied Matters Act, CAP C20, LFN 2004.

#### Report on other legal requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the Company; and -
- iii) The Company's balance sheet and profit and loss account are in agreement with the books of account.

*Spiropoulos, Adiele, Okpara & Co.*  
(Chartered Accountants)  
Benin City, NIGERIA  
March 23, 2012.



18

3rd & 4th Floor,  
294, Herbert Macaulay Way  
Sabo - Yaba  
P. O. Box 5966, Surulere,  
Lagos - Nigeria  
Tel: 01 - 7744973, 0805 784 9477

Peter N. Oke, Isaac E. Eze, Ngini A. Ogun, Oji J. Okpachi, Victor O. Oke, Nwachi E. Abulu.

## Statement of Accounting Policies

### For the year ended 31 December 2011

The following are the significant accounting policies, which have been adopted in the preparation of its financial statements:

#### 1. Basis of Accounting

The financial statements are prepared under the historical cost convention.

#### 2. Turnover

Turnover represents the net value of goods and services sold to third parties during the year.

#### 3. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

#### 4. Depreciation

Depreciation of fixed assets is on a straight-line basis at the following rates calculated to write off the cost of the assets concerned over their estimated useful lives:

	2011	2010
	%	%
Leasehold Land	4	4
Plantation	4	4
Processing equipment	6 2/3	6 2/3
Buildings	5	5
Vehicles and wheel tractors	25	25
Heavy duty equipment	20	20
Utilities	10	10
Furniture and fittings	20	20
Computer equipment	25	25
Tankers and tractors	10	10

#### 5. Stocks

Stocks are valued at the lower of cost and net realizable value and are stated net of allowances for obsolete, slow moving or defective items, where appropriate. Cost incurred in bringing each stock item to its present location and condition is derived as follows:

Raw materials and engineering spares - Purchase costs on an average basis, including transportation and applicable handling charges.

Palm oil products and products in process - Average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.

Packaging materials of products are non returnable are valued at cost.

#### 6. Apportionment of estate overheads to development

Estate overheads are apportioned between agricultural investments and agricultural operating costs on the basis of the ratio of immature plantings to expenditure on mature plantings.

## Statement of Accounting Policies



### 7. Deferred taxation

Deferred taxation, which arises principally from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on the difference between the depreciation charged in the financial statements and the capital allowances claimable for tax. This is in accordance with SAS 19 on Accounting for Taxes.

### 8. Foreign currencies

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date. Gains or losses arising therefrom are recognized in the profit and loss account.

Where such gains or losses relate to long term foreign currencies denominated loans they are taken to foreign currency revaluation reserve and released at the expiration of the loan repayment.

### 9. Employees' pension and gratuity

The company operates a contributory pension scheme covering all eligible employees in accordance with the Pension Reform Act 2004. Deductions of 7.5% are made from employees' emoluments and in addition, the company makes a contribution of 7.5% of the employees' emoluments. The company's contribution is charged to the profit and loss account.

Liabilities for gratuity are provided for junior, senior and management staff by setting up a provision within the company. The provision represents the estimated value of the liability for the gratuity which is calculated annually by the company as a percentage of the current pensionable payroll and is charged to the profit and loss account so as to spread the cost over the estimated service lives of the employees.

### 10. Taxation

Income tax and education tax payable are provided on taxable profit and adjusted profit respectively at the current tax rates.

### 11. Borrowing costs

Borrowing costs relating to qualifying capital expenditure are capitalised in the period in which they are incurred in accordance with the provision of International Accounting Standard (IAS) 23.

### 12. Provisions

Provision is recognized when the company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation in accordance with the Statement of Accounting Standard (SAS) 23.



## Profit and Loss Account

For the year ended December 31, 2011

	Note	2011 N'000	2010 N'000
Turnover	2	8,536,172	5,386,056
Cost of sales	3	4,306,177	3,089,276
Gross Profit		4,229,995	2,296,780
Other Income	4	61,286	109,212
		4,291,281	2,405,992
Administration expenses		1,493,234	907,576
Operating profit		2,798,047	1,498,416
Interest and similar charges	5	217,742	164,793
Profit before taxation	6	2,580,305	1,333,623
Taxation	7	887,884	238,593
Profit after taxation transferred to rev. reserve		1,692,421	1,095,030
Earnings Per Share (EPS): Basic (Kobo)		169	110
Earnings Per Share (EPS): Adjusted (Kobo)		169	110

*The annexed notes and the accounting policies on pages 24 to 40 form an integral part of these financial statements*



## Balance Sheet

as at December 31, 2011

	Note	2010 N'000	2009 N'000
<b>FIXED ASSETS</b>	8	7,550,528	5,914,343
<b>FINANCE LEASE ASSETS</b>	9	0	12,798
		<b>7,550,528</b>	<b>5,914,343</b>
<b>CURRENT ASSETS</b>			
Stocks	10	2,017,738	828,482
Trade Debtors	11	590,500	172,384
Other debtors and prepayments	12	107,701	304,333
Bank balances and cash	13	28,958	161,524
Amount due from related companies	14	258,076	0
		<b>3,002,973</b>	<b>1,466,723</b>
<b>CREDITORS</b>			
<b>Amount falling due within one year</b>			
Bank overdrafts	15	754,055	0
Trade creditors	16	139,012	136,977
Taxation	7.2	203,864	26,719
Other creditors and accruals	17	677,339	357,266
Amount due to related companies	18	691,675	13,173
		<b>2,465,945</b>	<b>534,135</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		537,028	932,588
<b>Total Assets Less Current liabilities</b>		<b>8,087,556</b>	<b>6,846,931</b>
Deferred taxation	19	-1,573,471	-880,903
<b>CREDITORS</b>			
<b>Amount falling due after more than one year</b>			
Term loans	20	-1,626,917	-2,296,528
<b>PROVISIONS FOR LIABILITIES: STAFF GRATUITIES</b>	21	-196,015	-151,303
<b>Net assets</b>		<b>4,691,153</b>	<b>3,518,197</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	22	500,000	500,000
Share premium	23	1,173,528	1,173,528
Foreign currency revaluation reserve	24	0	1,174
Revenue reserves	25	3,017,625	1,843,494
		<b>4,691,153</b>	<b>3,518,196</b>

These financial statements were approved by the Board of Directors on March 22, 2012 and signed on its behalf by:

1. Director: Sign

Name: *[Signature]*

2. Director: Sign

Name: *[Signature]*

The annexed notes and the accounting policies on pages 25 to 41 form an integral part of these financial statements

## Statement of Cash Flows

For the year ended December 31, 2011

	Note	2011 N'000	2010 N'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		8,118,056	5,541,389
Cash paid to suppliers and employees		-5,397,882	-4,383,564
Tax paid	7.2	-36,461	-13,687
<b>Net cash provided by operating activities</b>	<b>26</b>	<b>2,683,713</b>	<b>1,144,138</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	8	-2,177,680	-1,660,882
Proceeds on sales of assets		7,606	0
<b>Net cash provided by investing activities</b>		<b>-2,170,074</b>	<b>-1,660,882</b>
<b>Cash flows from financing activities</b>			
Prior year dividend paid		-500,000	-198,309
Long term loan received	20	0	597,222
Term loans repaid	20	-669,611	-499,027
Gratuity paid	21.1	-12,900	-13,874
Obligation under finance lease	16.2	0	0
Interest paid	5	-217,742	-164,793
<b>Net cash provided by financing activities</b>		<b>-1,400,253</b>	<b>-278,781</b>
Decrease in cash and cash equivalents		-886,620	-795,525
Cash and cash equivalents at January 1		161,524	957,049
Cash and cash equivalents at Dec. 31		<b>-725,096</b>	<b>161,524</b>



## Notes to the Financial Statements

### I The Company

#### I.1 Legal Form

Presco Plc was incorporated as a private limited liability company on December 24, 1991 as Presco Industries Limited. Presco Plc became a public limited company in February 2002 with shares listed on the Nigeria Stock Exchange. sa SIAT nv of Belgium owns 60% of the Company's share capital while the balance of 40% is held by Nigerians.

#### I.2 Principal Activities

The principal activities of the company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining.

	2011 N'000	2010 N'000
<b>2 Turnover</b>		
<b>Local sales</b>		
Sales of main products	8,526,198	5,382,377
Mill by-products	6,148	3,255
Sales of palm seedlings & fertilizers	1,068	300
Ash, PKC, Sales	0	124
Export sales	2,758	0
	<b>8,536,172</b>	<b>5,386,056</b>
The export sales comprise sale of Red Bleach Deodorant Oil (RBDO).		
<b>3 Cost of sales</b>		
Raw materials consumed	1,873,612	1,292,926
Upkeep of mature plantings, harvesting & lab.	618,730	156,892
Mill processing, refinery and packaging costs	1,638,240	1,430,632
Total Production cost	<b>4,130,582</b>	<b>2,880,450</b>
Selling and distribution costs(net of prov.)	175,595	208,826
<b>Total cost of sales</b>	<b>4,306,177</b>	<b>3,089,276</b>
<b>4 Other Income</b>		
Miscellaneous sales	18,733	56,747
Discount received	41,683	52,465
Live stock sales	370	0
Palm seedlings/fert. Sales	500	0
	<b>61,286</b>	<b>109,212</b>
<b>5 Interest and Similar Charges</b>		
Interest on loans	207,684	151,271
Interest on Overdrafts, etc.	10,058	13,522
Total interest expenses	<b>217,742</b>	<b>164,793</b>

## Notes to the Financial Statements

### 6 Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

Depreciation of fixed assets	532,826	449,930
Directors' remuneration	6,102	5,020
Auditors' remuneration	8,000	8,000
Loss/(Profit) on disposal of fixed assets	-4,154	0
Interest on loans, overdraft, etc	217,742	164,793
Management fee	279,800	111,600
Seconded staff cost	465,811	317,122
Exchange (gain)/loss	14,854	-85,185

### 7 Taxation

#### 7.1 Profit and loss account

Income tax (7.1.1)	150,547	0
Education tax (7.1.2)	63,059	31,680
Provision on income tax no longer required	0	0
	<u>213,606</u>	<u>31,680</u>
Deferred taxation (Note 19)	674,278	206,913
	<u><b>887,884</b></u>	<u><b>238,593</b></u>

##### 7.1.1 Income tax

Provision in company's book	252,697	0
Over provision current year	-102,150	0
Under provision year 2010	0	0
Provision as per audited account	<u><b>150,547</b></u>	

##### 7.1.2 Education tax

Provision in company's book	47,176	0
Under provision current year	15,883	0
Provision as per audited account	<u><b>63,059</b></u>	<u>0</u>

#### 7.2 Balance sheet

As at January 1	26,719	8,726
Provision for the year	<u>213,606</u>	<u>31,680</u>
	<b>240,325</b>	<b>40,406</b>
Payment during the year	<u>-36,461</u>	<u>-13,687</u>
	<u><b>203,864</b></u>	<u><b>26,719</b></u>

## Notes to the Financial Statements

### 8 Fixed Assets

	Leasehold		Heavy Duty		Processing			Vehicles &			
	Land	Plantation	Buildings	Equipment	Equipment	Utilities	Wheel	Furniture	Work-In-		Total
	N'000	N'000	N'000	N'000	N'000	N'000	Tractors	& Fittings	Progress	N'000	N'000
<b>Cost:</b>											
As at January 1	1,238,587	900,317	519,768	352,034	2,914,982	236,087	562,209	380,815	2,112,353		9,217,152
Additions during the year	0	0	49,955	40,636	515,703	9,036	183,950	34,990	1,343,410		2,177,680
Transfer	1,810	878,490	39,552	0	729,331	0		0	-1,649,183		0
Disposals	0	0	0	0		0	-39,764				-39,764
<b>As at December 31</b>	<b>1,240,397</b>	<b>1,778,807</b>	<b>609,275</b>	<b>392,670</b>	<b>4,160,016</b>	<b>245,123</b>	<b>706,395</b>	<b>415,805</b>	<b>1,806,580</b>		<b>11,355,068</b>
<b>Depreciation:</b>											
As at January 1	445,073	191,095	230,751	134,299	1,494,114	152,350	318,958	336,167	0		3,302,807
Charged for the year	57,696	45,325	28,850	45,601	230,703	16,136	77,158	31,357	0		532,826
Transfer	0	0	0	0	0	0	0	0			0
On disposals	0	0	0	0	0	0	-31,093	0	0		-31,093
<b>As at December 31</b>	<b>502,769</b>	<b>236,420</b>	<b>259,601</b>	<b>179,900</b>	<b>1,724,817</b>	<b>168,486</b>	<b>365,023</b>	<b>367,524</b>	<b>0</b>		<b>3,804,540</b>
<b>Net Book Value:</b>											
As at December 31, 2011	737,628	1,542,387	349,674	212,770	2,435,199	76,637	341,372	48,281	1,806,580		7,550,528
As at December 31, 2010	793,514	709,220	289,017	217,735	1,420,868	83,737	243,251	44,648	2,112,353		5,914,343

## Notes to the Financial Statements

The charge for taxation is based on the provisions of the Companies Income Tax Act, Cap C21, LFN 2004, as amended to date and the Education Tax Act, Cap E4, LFN 2004

	2011 N'000	2010 N'000
<b>9 Finance lease assets Motor Vehicles</b>		
As at January 1	0	33,645
Additions during the period	0	0
Disposal	0	-33,645
As at December 31	<b>0</b>	<b>0</b>
<b>Depreciation</b>		
As at January 1	0	20,847
Charged for the period	0	0
Disposal	0	-20,847
As at December 31	<b>0</b>	<b>0</b>
<b>Net book value</b>		
As at December 31	<b>0</b>	<b>0</b>
<b>10 Stocks</b>		
Raw materials	0	9,000
Finished products	329,029	29,680
Cattle	14,430	14,031
Engineering spares	655,465	535,262
Fertiliser, chemicals, etc	259,542	33,513
Goods in transit	759,272	206,996
	<b>2,017,738</b>	<b>828,482</b>
<b>11 Debtors</b>		
Trade debtors	590,500	172,384
	<b>590,500</b>	<b>172,384</b>
<b>12 Other debtors and prepayments</b>		
Advances to suppliers	14,249	201,163
Staff loans and advances	20,966	17,016
Deposit and prepayments (Note 12.1)	36,855	34,352
Deposit for letters of credits	0	10,281
Sundry debtors	35,631	41,521
	<b>107,701</b>	<b>304,333</b>
<b>12.1 Deposit and prepayments</b>		
Insurance Prepaid	2,484	733
Rent Prepaid	15,118	14,828
Miscellaneous Prepaid	19,253	18,791
	<b>36,855</b>	<b>34,352</b>

## Notes to the Financial Statements

### 13 Cash and Bank balance

Cash at bank	16,538	158,542
Cash in hand	12,420	2,982
	<b>28,958</b>	<b>161,524</b>

### 14 Amount due from related companies

Siat sa	157,221	0
Siat Cross River Estate (SCR)	100,855	0
	<b>258,076</b>	<b>0</b>

### 15 Bank overdrafts and loans

Bank overdrafts	754,055	0
	<b>754,055</b>	<b>0</b>

### 16 Trade Creditors

Suppliers	<b>139,012</b>	<b>136,977</b>
-----------	----------------	----------------

### 17 Other creditors and accruals

Advances from customers	6,765	1,068
Accruals	605,606	309,716
Dividend unpaid (note 25.1)	12,460	12,460
Sundry creditors	52,508	34,022
	<b>677,339</b>	<b>357,266</b>

### 18 Amount due to related companies

Siat sa EUR	13,173	13,173
Ghana Oil Palm Development Company	459,789	0
Siat sa Supply account USD	218,713	0
	<b>691,675</b>	<b>13,173</b>

### 19 Deferred taxation

As at January 1	880,903	673,990
Charged for the year	674,278	206,913
Under provision for 2010	18,290	0
	<b>1,573,471</b>	<b>880,903</b>

### 20 Term loans

As at January (20.1)	2,296,528	2,198,333
Payment during the year (20.2)	-669,611	-499,027
Addition during the year (20.3)	0	597,222
As at December 31	<b>1,626,917</b>	<b>2,296,528</b>

#### 20.1 Term of Loan

To support its expansion programmes, in 2003 the Company entered into a loan agreement with a consortium of banks for a term loan of N1.3 billion at an interest rate of the higher of the maximum lending rate per annum or an average of the prime lending rates of all the lenders on the interest calculated to date subject to any maximum lending rate as specified



## Notes to the Financial Statements

by Central Bank of Nigeria.

The loan initially had a six year term with a moratorium of eighteen months and repayment was to commence on June 30, 2005. However, the facility was rescheduled in 2005 accounting year and as a result, the loan and moratorium periods were extended by 18 months. The first quarterly capital repayment commenced from December 31, 2006 while the final repayment of the loan was done on December 2011.

- 20.2** CACS loan of N2 Billion was available on October 2009. This has an interest rate of 9% per annum. It has a moratorium of 2 years with additional 5 years repayment. The repayment will commence from 31, January, 2012

The loans are secured on a negative pledge on the assets of the Company and a letter of comfort was issued by the holding company, sa SIAT nv, Belgium.

### 21 Provision for liabilities

#### 21.1 Staff Gratuity

	2011 N'000	2010 N'000
As at January 1	151,303	113,775
Provision for the year	56,882	51,402
	<hr/> 208,185	<hr/> 165,177
Payments during the year	-12,900	-13,874
As at December 31	<hr/> <b>195,285</b>	<hr/> <b>151,303</b>

#### 21.2 Provision for pending litigations

Total Provisions for liabilities	730	0
	<hr/> <b>196,015</b>	<hr/> <b>151,303</b>

### 22 Share Capital

*Authorised, issued and fully paid:*

1,000,000,000 ordinary shares of 50 kobo each	500,000	500,000
-----------------------------------------------	---------	---------

### 23 Share Premium

As at December 31	<hr/> <b>1,173,528</b>	<hr/> <b>1,173,528</b>
-------------------	------------------------	------------------------

### 24 Foreign Exchange Revaluation Reserve

As at January 1	1,174	1,174
Net movement during the year	-1,174	0
As at December 31	<hr/> <b>0</b>	<hr/> <b>1,174</b>

### 25 Revenue Reserve

As at January 1	1,843,494	948,464
Profit and loss account	1,692,421	1,095,030
Declared dividend (25.1)	-500,000	-200,000
Under provision for deferred taxation in 2010	-18,290	0
As at December 31	<hr/> <b>3,017,625</b>	<hr/> <b>1,843,494</b>

#### 25.1 Dividend

- (a) Declared dividend represents dividend proposed for the preceding year but declared during the current year:

## Notes to the Financial Statements

- (b) The movement in the dividend payable account was as follows:

	2011 N'000	2010 N'000
As at January 1	12,460	10,769
Declared dividend (note b)	500,000	200,000
Payments during the year	-500,000	-198,309
	<b>12,460</b>	<b>12,460</b>

- (c) Dividend payable of N12.46 million (2010: N12.46 million) as reported in the note 25.1 (b) above is included in cash and bank balances in note 13. On July 27, 2011, the shareholders declared at the Annual General Meeting a dividend per ordinary share of 50 Kobo amounting to N500 million and this was paid during the year less Withholding Tax.

In respect of the current year, the Directors propose that a dividend of 100 kobo per ordinary share will be paid to the shareholders. The total dividend payable of N1 billion is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders are now accounted for on the date of declaration as they do not meet the criteria of present obligation in Statement of Accounting Standard (SAS) 23.

The proposed dividend of N1 billion is subject to withholding tax at the appropriate tax rate.

### 26 Reconciliation of Profit before taxation to net cash provided by operating activities

	2011 N'000	2010 N'000
Profit after taxation	1,692,421	1,095,030
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Deferred taxation	692,568	206,913
Interest paid	217,742	164,793
Depreciation of fixed assets	532,826	449,930
Depreciation of finance lease fixed assets	0	0
Provision for gratuity	42,039	51,402
Loss /(profit) on disposal of fixed assets	-4,154	0
Loss on foreign exchange	14,854	-85,185
Prior year adjustments	0	0
<b>Changes in assets and Liabilities</b>		
Decrease/(increase) in stock	-1,189,256	279,312
Decrease/(increase) in trade debtors	-418,116	155,333
(increase)/decrease in other debtors & prepayments	196,632	-239,998
Decr/(Incr) in amount due from related companies	-258,076	-152,625
Increase /(decrease) in short term loans	0	0
Increase/(decrease) in trade creditors	2,035	-995,226
Exchange gain difference	11,725	79,625
Increase in taxation	177,145	224,867
Increase /(decr) in other creditors and accruals	294,826	62,592
Increase/(decrease) in amt due to related com.	678,502	-152,625
Total adjustments	991,291	49,108
<b>Net cash provided by operating activities</b>	<b>2,683,713</b>	<b>1,144,138</b>

## Notes to the Financial Statements

### 27 Cash and Cash Equivalents

Bank and cash balances	28,958	161,524
Bank overdraft	-754,055	0
	<b>-725,097</b>	<b>161,524</b>

### 28.1 Directors

Directors' remuneration Fees	6,102	5,333
Others	5,403	2,825
	<b>11,505</b>	<b>8,158</b>
Chairman	2,719	2,326
Highest paid Director	2,685	1,754

The number of Directors with gross emoluments within the bands stated were:

N	N	Number	Number
600,000	610,000	0	0
690,000	700,000	0	0
1,320,000	1,330,000	9	9
1,450,000	1,460,000	1	1
1,500,000	Above	0	0
		<b>10</b>	<b>10</b>

### 28.2 Employees

Average number of persons employed during the year	Number	Number
Management staff	30	22
Senior staff	68	52
Junior staff	347	259
	<b>445</b>	<b>333</b>

#### Aggregate payroll costs:

	N'000	N'000
Wages, salaries and allowances	397,146	341,913
Gratuity and pension costs	61,525	22,520
	<b>458,671</b>	<b>364,433</b>

The table below shows the salary band and the number of the employees of the company, other than employees who discharged their duties wholly or mainly outside Nigeria during the year.

Number	Number	2011 N'000	2010 N'000
70,001	200,000	N	N
		0	72
200,001	300,000	0	184
300,001	400,000	3	24
400,001	500,000	344	17
500,001	600,000	0	11
600,001	700,000	34	3
700,001	800,000	1	0
800,001	900,000	0	0
900,001	1,000,000	21	0

## Notes to the Financial Statements

1,000,001	1,100,000	8	0
1,100,001	1,200,000	4	4
1,200,001	1,300,000	0	5
1,300,001	1,400,000	0	0
1,400,001	1,500,000	0	2
1,500,001	1,600,000	0	2
1,600,001	1,700,000	0	0
1,700,001	1,800,000	0	2
1,800,001	1,900,000	0	1
1,900,001	2,000,000	0	0
2,000,001	3,000,000	27	6
3,000,001	4,000,000	3	0
		<b>445</b>	<b>333</b>

### 29 Contingent Liabilities

The company is the defendant in various law suits arising from normal course of business.

There were contingent liabilities as at December 31, 2011 in respect of pending litigations estimated at N305,290,114 (2010 N292,108,715)

### 30 Capital Commitments

Capital expenditure authorised by the directors, but not provided for in these financial statements was N752.7 million (2010 N1.172 billion).

### 31 Related Party Transactions

#### sa Siat nv, Belgium

Presco Plc is a subsidiary of sa Siat nv, Belgium with 60% holding. The company had significant transactions during the year:

#### Ghana Oil Palm Development Company Limited

Ghana Oil Palm Development Company Limited is a related company to Presco Plc. During the year, the company had significant transactions amounting to N926 Million which are in the nature of supply of palm oil products.

#### Siat Gabon

Siat Gabon is a related company to Presco Plc. There was no material transaction between the two companies during the period.

#### Compagnie Heveicole de Cavally, Ivory Coast

Compagnie Heveicole de Cavally is a related company to Presco Plc. There was no material transaction between the two companies during the year.

### 32 Comparative Figures

Some comparative figures have been restated to reflect a more meaningful comparison.

Due to changes in format to comply with statutory requirements some comparative figures are not available.

## Value Added Statement

FOR THE PERIOD ENDED DECEMBER 31, 2011.

	2011 N'000	%	2010 N'000	%
Turnover: Local	8,533,414		5,386,056	
Export	2,758		0	
Other income	61,286		109,212	
	8,597,458		5,495,268	
Bought in materials and services:				
Imported	-1,164,306		-834,285	
Local	-2,626,329		-1,834,463	
Value added	<b>4,806,823</b>	<b>100.00</b>	<b>2,826,520</b>	<b>100.00</b>

Applied as follows:

### To pay employees

Salaries, wages and others benefits	975,950	20.30	678,174	23.99
-------------------------------------	---------	-------	---------	-------

### To pay providers of capital

Interest on loans and overdrafts, etc	217,742	4.53	164,793	5.83
Dividend Declared	500,000	10.40	200,000	7.08

### To pay government:

Income tax	150,547	3.13	0	0.00
Education tax	63,059	1.31	31,680	1.12

### To provide for replacement of assets :

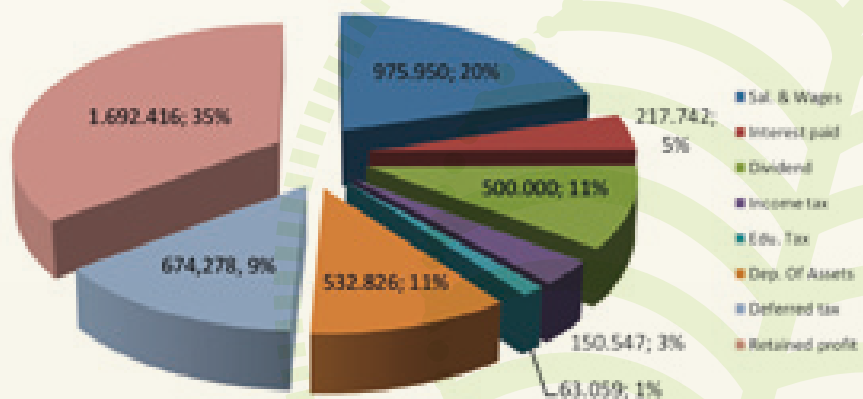
Depreciation of fixed assets	532,826	11.08	449,930	15.92
------------------------------	---------	-------	---------	-------

### To provide for the future:

Deferred taxation	674,278	14.03	206,913	7.32
Retained profit	1,692,421	35.21	1,095,030	38.74
	<b>4,806,823</b>	<b>100.00</b>	<b>2,826,520</b>	<b>100.00</b>

Value added represents the wealth created by the efforts of the company and its employees.

This statement shows the distribution of that wealth among employees, government, providers of capital and that amount retained for future creation of wealth.



## Five year financial summary

	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
<b>BALANCE SHEET</b>					
Fixed assets	7,550,528	5,914,343	4,753,772	4,223,150	3,904,957
Net current assets/(liabilities)	537,028	932,588	855,494	-281,234	-512,458
Long term liabilities	-3,396,403	-3,328,734	-2,986,099	-1,247,809	-1,435,537
<b>Net tangible assets</b>	<b>4,691,153</b>	<b>3,518,197</b>	<b>2,623,167</b>	<b>2,694,107</b>	<b>1,956,962</b>
<b>FINANCED BY</b>					
Share capital	500,000	500,000	500,000	500,000	250,000
Share premium	1,173,528	1,173,529	1,173,529	1,173,529	1,173,529
Foreign currency rev'tion reserve	0	1,174	1,174	11,542	64,030
Reserved for bonus issue	0	0	0	0	250,000
Revenue reserve	3,017,625	1,843,494	948,464	1,009,036	219,403
<b>Shareholders' funds</b>	<b>4,691,153</b>	<b>3,518,197</b>	<b>2,623,167</b>	<b>2,694,107</b>	<b>1,956,962</b>
<b>PROFIT AND LOSS ACCOUNT</b>					
Turnover	<b>8,536,172</b>	<b>5,386,056</b>	<b>4,004,524</b>	<b>3,964,454</b>	<b>2,266,945</b>
Profit before taxation	2,580,305	1,333,623	338,148	997,414	239,913
Taxation	-887,884	-238,593	-98,721	-182,781	-202,662
<b>Profit after taxation</b>	<b>1,692,421</b>	<b>1,095,030</b>	<b>239,427</b>	<b>814,633</b>	<b>37,251</b>
 Declared Dividend	 <b>500,000</b>	 <b>200,000</b>	 <b>300,000</b>	 <b>25,000</b>	 <b>300,000</b>
<b>Per share data (Kobo)</b>					
Earnings (Basic)	169	110	24	81	7
Dividend proposed	100	50	20	30	5
Net assets	469	352	262	269	391

Earnings per share, dividend per share and net assets per share are based on the number of 50 kobo share in issue at the relevant years.

## Share Capital History

Year	AUTHORISED		FULLY PAID		Description
	Number of shares	Value (Naira)	Number of shares	Value (Naira)	
1991	50,000,000	50,000,000	50,000,000	50,000,000	Cash
1992	50,000,000	50,000,000	50,000,000	50,000,000	
1993	50,000,000	50,000,000	50,000,000	50,000,000	
1994	100,000,000	100,000,000	100,000,000	100,000,000	Cash
1995	100,000,000	100,000,000	100,000,000	100,000,000	
1996	130,000,000	130,000,000	100,000,000	100,000,000	
1997	130,000,000	130,000,000	100,000,000	100,000,000	
1998	130,000,000	130,000,000	130,000,000	130,000,000	conversion of debt to equity
1999	260,000,000	130,000,000	260,000,000	130,000,000	conversion of share of NI to 50k
2000	260,000,000	130,000,000	260,000,000	130,000,000	
2001	500,000,000	250,000,000	300,000,000	150,000,000	conversion of debt to equity
2002	500,000,000	250,000,000	500,000,000	250,000,000	IPO
2003	500,000,000	250,000,000	500,000,000	250,000,000	
2004	500,000,000	250,000,000	500,000,000	250,000,000	
2005	500,000,000	250,000,000	500,000,000	250,000,000	
2006	500,000,000	250,000,000	500,000,000	250,000,000	
2007	500,000,000	250,000,000	500,000,000	250,000,000	
2008	1,000,000,000	500,000,000	1,000,000,000	500,000,000	Bonus of 1:1
2009	1,000,000,000	500,000,000	1,000,000,000	500,000,000	

## BONUS HISTORY

Date issued	Number issued	Amount (Naira)	Bonus ratio
2008	500,000,000	250,000,000	0

## Proxy Form

# PROXY FORM

## 19<sup>TH</sup> ANNUAL GENERAL MEETING

I/We\* .....  
the undersigned, being a member/members of Presco Plc, RC 174370, hereby appoint

\*\* .....  
or failing him / her.

\*\* .....  
as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on Wednesday 25 July 2012 and at any adjournment thereof. Unless otherwise instructed, the proxy will vote or abstain from voting as he / she thinks fit.

Dated this ..... day of ..... 2012

Signature .....

### NOTES

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must reach the Company Secretary's office at Obaretin Estate, Km 22, Benin/Sapele Road, Ikpoba-Okha Local Government Area, PO Box 7061, Benin City, Edo State, not less than 48 hours before the time of the meeting.
2. Where the appointer is a corporation, this form may be under seal or under hand of an officer or attorney duly authorised.
3. This proxy will be used in the event of a poll being directed, or demanded.
4. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders must be shown.



THE PROXY WILL VOTE (OR ABSTAIN FROM VOTING) AS HE / SHE THINKS FIT IN RESPECT OF ANY OTHER BUSINESS PROPOSED AT THE MEETING OF PRESCO PLC, RC 174370, (17<sup>TH</sup> ANNUAL GENERAL MEETING), TO BE HELD AT THE DURA CLUB, OBARETIN ESTATE, KM 22, BENIN / SAPELE ROAD, IKPOBA / OKHA LGA, EDO STATE ON Wednesday 25 JULY 2012 AT 11.00 A.M.

I/We desire this proxy to be used in favour of or against the resolution as indicated alongside. Strike out whichever is not desired.

ORDINARY RESOLUTION	FOR	AGAINST
1. To declare a dividend.		
2. To elect and re-elect Directors.		
3. To authorise Directors to fix the remuneration of the Auditors.		
4. To elect members of the Audit Committee.		
Name of candidate .....		
Name of candidate .....		
Name of candidate .....		
Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.		

Before posting the above form, please tear off this part and retain it for admission to the meeting

### ADMISSION CARD

**PRESCO PLC, RC 174370**

Number of shares held .....

Please admit the shareholder named on this form or his/her duly appointed proxy to the company's 19<sup>th</sup> Annual General Meeting to be held at the Dura Club, Obaretin Estate, Km 22, Benin/Sapele Road, Ikpoba-Okha LGA, Edo State on Wednesday 25 July 2012 at 11.00 a.m.

Name of Shareholder:\* ..... Signature: .....

Name of proxy:\*\* ..... Signature: .....

A Member (Shareholder) entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member. The proxy form has been prepared to enable you to exercise your right to vote.

### IMPORTANT

Please insert your name in BLOCK CAPITALS on both the proxy form and admission card where marked \*.

If a proxy is attending on your behalf, please insert the name of the person, whether a member of the Company or not, who will attend the meeting and vote on your behalf where marked \*\*.



The Company Secretary  
Presco Plc  
Obaretin Estate  
Km. 22, Benin/Sapele Road  
Ikpoba-Okha Local Government Area  
PO Box 7061  
Benin City  
Edo State.







