



# THE OKOMU OIL PALM COMPANY PLC

(RC 30894)

## ANNUAL REPORT & ACCOUNTS 2019

The central graphic is a large hexagon with a white border. It is divided into three sections: the top-left section shows a close-up of a palm tree trunk with a collection cup attached; the top-right section shows a pile of ripe, reddish-brown palm fruit; the bottom section shows a close-up of palm fronds. Overlaid on this hexagon is a white hexagon containing the text 'ANNUAL REPORT & ACCOUNTS 2019' in black and red.

ISO 9001  
BUREAU VERITAS  
Certification



ISO 14001  
BUREAU VERITAS  
Certification



OHSAS 18001  
BUREAU VERITAS  
Certification



*...creating wealth from the soil*



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## Mission Statement

**T**o be Nigeria's leading agro-business, through the efficient and effective management of our various plantations by a highly motivated workforce, working in harmony with our other stakeholders, and continuously returning favourable results to our shareholders.

**NOW AVAILABLE**

 **Okomu Oil Palm Company Plc.**

Introducing her  
**Banga**  
Red Palm Oil



**IN SACHET  
750ML  
200ML**



Produced and Packaged By  
The Okomu O.P.C. Plc,  
Okomu-udo, Ovia South West  
L.G.A. Edo State, Nigeria.  
Visit us at: [www.okomunigeria.com](http://www.okomunigeria.com)  
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- **1976** - Okomu oil Palm was established as a Federal Government pilot project aimed at rehabilitating oil palm production in Nigeria. At inception, the pilot project covered a surveyed area of 15,580 hectares of Government de-reserved forest reserve, out of which a net arable area of 12,500 hectares could be planted.
- **1979** - Okomu was officially incorporated as a limited liability company by the Federal Government.
- **1985** - the company acquired and installed a 1.5-ton Fresh fruit Bunch (FFB)/hr oil mill.
- **1989** - 5,500ha was planted to oil palm while other critical infrastructure such as staff quarters, schools and clinics were built.
- **1990** - the Technical Committee on Privatisation and Commercialisation (TCPC) privatized The Okomu Oil Palm Company on behalf of the Federal Government of Nigeria and, through an initial public offering (IPO), shares were sold to the public and the company was duly registered on the Nigerian Stock Exchange. Besides the opportunity for more than 14,000 Nigerian shareholders to own a part of this company, the success of the company has been further exemplified by the strong increase of its net income which has resulted in a 4 fold increase in the company's share price since 2012 and the payout of annual dividends to its many shareholders.
- **2001** - the company obtained another 6,116 ha now known as Extension 1 and as the end of 2017 there was 1,969 ha of palm and 1,811 ha rubber planted on it.
- **2008** - 2.5 t/hr rubber processing plant was commissioned and compliments the company's rubber plantations and allows it to generate vital foreign exchange for Nigeria since all of the company's rubber is exported annually.
- **2013** - the company expands its current 30t/hr oil mill to a 60t/hr oil mill and produces around 40,000t of CPO/annum.
- **2014** - Responding to the Government's change in policy from a solely crude oil based economy to an agro based one, the company further expanded its operations which culminated in the acquisition of 11,416 ha of land in the Ovia NE LGA/Uhunmwonde LGA, including 664 ha of cultivated oil palm.
- **2016** - the company erects a 50ha palm nursery in Extension 2, the biggest in Africa, and plants more than 4,000ha of palm in one year, also a record.
- **2017** - the company's total concessions in Edo state expands to 33,112 ha, with palms covering 17,177ha and 7,335 ha under rubber as at the end of this year.
- **2018** - Another 2,300 ha of oil palm is planned to be planted in Ext 2 in 2018 which will complete the area to be planted on Extension 2, the net arable area totaling approximately 9,500ha in extent.
- **2018** - the company begins the erection of the first of its 2 new 30t/hr oil mills in Extension 2.
- **2019** - Total area under palm was 19,060ha and total area under rubber was 7,335ha.
- **2020** - Another 1,500 ha of rubber is planned in Extension 1.
- **2020** - Okomu became the First Oil Palm Company in Edo State to obtain its RSPO certification, alongside its earlier ISO 9001 : 2015, ISO 14001 : 2015 and ISO 18001 : 2007 certification
- **2021** - Okomu plans to commission the first of its two new 30 t/hr oil mills in Extension 2 and expects to double its production of CPO to around 80,000t per annum by 2025.
- **2021** - The company will commence the erection of its second 30 t/hr oil mill at Extension 2.
- The company has consistently posted profits in the last 12 years, a period during which most other agricultural initiatives in the country had either folded up or were performing sub-optimally.
- Okomu Oil Palm Company Plc is ranked in the top 10 among listed companies with the largest turnovers quoted on the Nigerian Stock Exchange (NSE).
- According to the June/July 2016 issue of the Bottomline magazine, the Okomu Oil Palm Company Plc is ranked as the ninth largest company with the highest profits before tax among companies quoted on the NSE, and the only agro-business on the Exchange's top 16, earning it a number of accolades at both State and Federal levels.
- Just as the company is expanding in size, its corporate social environment is also expanding. Currently, the company employs nearly 2,000 workers, directly, and 5 times that, indirectly, together with several hundred independent sub-contractors who provide essential support services to the company.
- The company is the largest private sector employer in Edo State, second only to that of the Edo State Government.
- The company provides free health care, housing, power, water, schooling and other benefits to its workers and has a social corporate responsibility (CSR) programme that assists 29 neighbouring communities surrounding the company's three plantations.
- CSR includes boreholes, road grading, school and clinic refurbishment, town halls, scholarships, and the like. Okomu also provides assistance to parastatal organisations such as the Nigerian Police Force, the Nigerian Army, Nigerian Immigration Service, Ministries of Justice and Education and Local Governments to enable them to boost their zones of influence and to benefit all concerned within these areas.



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 40th Annual General Meeting of The Okomu Oil Palm Company Plc will be held at Harbour Point Event Centre, 4 Wilmot Point Road, Victoria Island, Lagos, **on Thursday, 28th May, 2020** at 10:00am to transact the following business:

### ORDINARY BUSINESS

- To receive and consider the audited accounts for the year ended 31st December 2019, together with the reports of the Directors, Auditor, Board Appraiser and Audit committee thereon.
- To declare a dividend.
- To elect/re-elect the following Directors whose profiles appear in the Annual Report and on the company's website:
  - Dr. Luc Boedt, a non Executive Director
  - Mr. Peter A. E. Eguasa, a non-Executive Director
  - Mr. Asue Ighodalo, an Independent Director
- To authorize the Directors to fix the remuneration of the Auditors
- To elect members of the Audit Committee

### NOTES

#### 1. PROXY

The Okomu Oil Palm Company Plc, as a responsible corporate company, is aware of the unusual challenges posed by the COVID-19 Pandemic and careful of the need for all to take action to check the spread of the virus. To this end, the Management of Okomu Oil Palm Company Plc has put stringent internal measures in place to safeguard its workers from the pandemic. Workers have also been encouraged to comply with the safety precautions as recommended by the Government, WHO, Ministry of Health and the Management of OOPC.

To ensure the safe conduct of the 40th Annual General Meeting in accordance with the guidelines issued by the Nigeria Centre For Disease Control and the Corporate Affairs Commission (CAC), Shareholders are hereby notified that attendance shall only be by proxy and shall be limited to a maximum of twenty people (the maximum crowd size currently permitted by Lagos State Government, the host city of the meeting). A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the company. However, in view of the foregoing, Shareholders are encouraged to select from the underlisted proposed proxies to attend and vote in their stead at the meeting:

- |                       |                  |
|-----------------------|------------------|
| a. Mr G. Oyeboode MFR | f. Mr M. Igbrude |
| b. Dr G. Hefer        | g. Sir S. Nwosu  |
| c. Mr A. Ighodalo     | h. Mr G. Idowu   |
| d. Mr A. Arhainx      | i. Mr P. Owolabi |
| e. Mr C. Onwusoro     | j. Mrs B. Bisi   |

A proxy form is attached to the Annual Report or can be found on the company website at [www.okomunigeria.com](http://www.okomunigeria.com). All executed proxy forms should be emailed to [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com) or deposited at the office of the Registrars, Cardinalstone Registrars Ltd, 358, Herbert Macaulay Road, Yaba, Lagos not later than 48 hours before the time of the meeting. For the appointment of a proxy to be valid for the purposes of the meeting, the Company has made arrangements to bear the cost of stamp duties on the instruments of proxy.

#### 2. DIVIDEND QUALIFICATION DATE

Members, whose names appear in the Register of Members at the close of business on Monday 18th May, 2020 shall qualify for the dividend payment.

#### 3. CLOSURE OF REGISTER AND TRANSFER BOOKS

In accordance with Section 89 of the Companies and Allied Matters Act, 2004 (CAMA), Notice is hereby given that the Register of Members and Transfer Books of the company will be closed from Tuesday 19th May to Friday 22nd May 2020 (both days inclusive) to enable the Registrar to prepare for the payment of any dividends.

#### 4. PAYMENT OF DIVIDEND

If the proposed dividend of N2.00 per 50 kobo Ordinary Share is approved at the meeting, the dividend will be made on Friday, 29th May, 2020, to Shareholders whose names appear on the register of members at the close of business on Monday 18th May, 2020.

#### 5. E-ANNUAL REPORT

The electronic version of the Annual report is available at [www.cardinalstoneregistrars.com](http://www.cardinalstoneregistrars.com). Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via email. Furthermore, Shareholders who are interested in receiving the electronic version of the Annual Report are kindly required to request for it via email to [adetoun.akingbojule@cardinalstone.com](mailto:adetoun.akingbojule@cardinalstone.com).

#### 6. E-DIVIDEND

Notice is hereby given to all Shareholders who are yet to mandate their dividends to their bank accounts to kindly update their records by completing the e-dividend mandate form and submitting same to the Registrar, as the dividend will be credited electronically to Shareholders' accounts pursuant to the directive of the Securities and Exchange Commission.

A detachable application Mandate form for e-dividend payment is inserted into this Annual Report & Accounts 2019 for completion by all Shareholders to furnish the particulars of their accounts to the Registrars (Cardinalstone Registrars Ltd, 358 Herbert Macaulay Way, Yaba, Lagos) or email to – [raymond.akokota@cardinalstone.com](mailto:raymond.akokota@cardinalstone.com).

#### 7. NOMINATION FOR THE AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act 2004 (CAMA), 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 Annual general meeting. Copies of the prospective candidates shall be posted on the company website before the date of the meeting.

#### 8. RIGHTS OF SECURITIES HOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook 2015, every Shareholder has the right to ask questions, not only at the Annual General Meeting, but may also submit written questions to the Company prior to the Meeting. Such questions should be sent by electronic mail to [compsec@okomunigeria.com](mailto:compsec@okomunigeria.com), or addressed to the Company Secretary and delivered to the Company not less than 7 days to the date of the meeting.

#### 9. WEBSITE

A copy of this Notice and other information relating to the meeting (with a link for all Shareholders to join the meeting on the 28th May, 2020) can be found at [www.okomunigeria.com](http://www.okomunigeria.com).

By Order of the Board



**Chibuike O. Onwusoro, Esq.**

P.C.Obi & Co  
Company Secretary  
FRC/2020/002/00000020769  
Dated this 16th day of March, 2020

#### REGISTERED OFFICE:

Okomu Oil Palm Company Plc Estate  
Okomu-Udo, Ovia South West L.G.A,  
Edo State.



**Chibuike O. Onwusoro, Esq.**  
Company Secretary

## Results At A Glance

	2019 N '000	2018 N '000	%
<b>REVENUE</b>	18,867,271 =====	20,257,669 =====	(7)
Profit on continuing operations before taxation	7,523,187	10,337,171	(27)
Companies income tax charge	(2,473,550)	(1,835,322)	35
Profit on continuing operations after taxation	5,049,637 =====	8,501,849 =====	(41)
Other comprehensive income (net)	318,711 =====	(261,946) =====	
Total comprehensive income	5,368,348 =====	8,239,903 =====	(35)
<b>NET ASSETS</b>	29,180,280 =====	28,514,154 =====	2
Employees expenses	1,094,367 =====	973,127 =====	13
	<b>No.</b>	<b>No.</b>	
<b>NUMBER OF EMPLOYEES</b>	474 ===	491 ===	
Basic earnings per 50 kobo share (Naira)	5.29 =====	8.91 =====	
Net asset per 50 kobo share (Naira)	30.59 =====	29.89 =====	

### DIRECTORS

#### CHAIRMAN

Mr. G. Oyebo MFR

#### MANAGING DIRECTOR

Dr. G. D. Hefer (South African)

#### FINANCE DIRECTOR/CHIEF FINANCIAL OFFICER

Mr. A. Arhainx (French)

#### NON EXECUTIVE DIRECTORS

Dr. L. J. J Boedt (Belgian)

Chief D.U. Edebiri OON

Mr. P.A.E Eguasa JP

Mr. H.Fabri (Belgian)

Mr. Ph.de Traux de Wardin (Belgian)

Mr. R. Helmoortel (Belgian)

Mr. S. F. Claeys (Belgian)

#### INDEPENDENT DIRECTOR

Mr. A. Ighodalo

#### COMPANY SECRETARY

P. C. Obi & Co represented by

Mr. Chibuike Odim Onwusoro

#### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Okomu Oil Palm Estate

Okomu-Udo

Edo State

#### INDEPENDENT AUDITORS

Crowe Dafinone (Formerly Horwath Dafinone)

Chartered Accountants

15 Elsie Femi Pearce Street

Victoria Island, Lagos

Lagos State.

#### BANKERS

##### - Nigerian

Access Bank Plc

Polaris Bank Limited

Zenith Bank Plc

##### - Foreign

Banque Cantonale de Fribourg

Freiburger Kanonal Bank

### SOLICITORS

Chief Charles Adogah & Co

(Solicitors & Advocates)

34 Oziegbe Street, New Benin

Benin City

### REGISTRARS

Cardinalstone Registrars Ltd.

358, Herbert Macaulay Way

Yaba,

Lagos

### MANAGING AGENT

Socfinco F.R. S.A

Square des Places 3

1700Fribourg

Switzerland

RC No. 30894



Distinguished Shareholders, Guests of Honour, Ladies and Gentlemen, welcome to the 40th Annual General meeting of our Company. It is once again a pleasure to present to you the annual report and financial results for the year ended 31st December 2019, more especially since it's on the 40th anniversary of our Company's AGM.

#### THE OPERATING & ECONOMIC ENVIRONMENT FOR 2019

Last year was dominated by the immense surge in illegal imports of olein into Nigeria that led to the effective log jamming of all sectors of the oil palm pipeline for nearly two quarters. This, together with the USA/China trade war and the increase in import duties by India, the largest importer of palm oil in the world, which caused a drop in the world market prices for crude palm oil (CPO), resulted in immense difficulties for the Company in its ability to sell her CPO into the local market over this period. In order to mitigate this problem to some extent over this time, the Company even resorted to processing around 10,000t of its CPO into olein which at least enabled it to hold her stock for a longer period than if it had remained as CPO because of CPO's propensity for degrading faster than olein.

The subsequent closure of all land borders to CPO and other allied products by the Government was timeous and welcomed as this led to a significant decline in illegal products in the market place from the third quarter on, allowing us, at least once again, to sell our product, albeit still at lower world market prices for similar reasons to those stated herein above.

Also, continued low commodity prices were still prevalent in the rubber market as well and ongoing cost cutting exercises which allowed us to tread water were still the order of the day in 2019, as they were in 2018.

A depressed local market, due to the lack of disposable income in the general populace also had an adverse effect on inventories, especially amongst downstream users of our products.

The past year saw nearly a 14% drop in CPO prices whilst rubber prices remained essentially stable year on year (YoY). CPO production was 6% higher than for the same period 2018 even with the earlier stated illegal imports, whilst rubber production was 4% lower than for the same period 2018. Operating expenses continued to be managed but are higher by 6% YoY.

The combined effect of all the factors stated herein above, together, led to a 35% drop in total comprehensive income for the year, when compared to 2018.

#### OPERATING RESULTS

Consolidated revenues were 7% lower than that of 2018 at ₦18.9 billion, mainly due to lower product prices and illegal imports. The Company paid 35% more Companies Income Tax in 2019 than in 2018.



**Mr. G. Oyebo** M.F.R.  
Chairman

#### DIVIDENDS

Despite the drop in net profit in 2019 over that of the prior year, the Board of Directors recommended for approval, an interim dividend payment of ₦2.00 per ordinary share, in October 2019, which was duly paid out to our shareholders, and propose a further ₦2.00 per 50K share, representing a total dividend of nearly ₦4 billion for the year ended 2019.

#### OPERATIONAL PERFORMANCE BY SECTOR

##### PALM

As at the end of 2019, total oil palm area was 19,060ha, out of which 1,883ha were immature and/or new plantings. No replanting took place in 2019, but 181ha of palm was newly planted in Extension 2 which completed the total area to be cultivated on this plantation. Total agricultural palm plantation costs for the year were 11% higher than for 2018.



Costs of crude palm oil production from the oil mill were 2% higher than 2018's production, due to increased preventative maintenance costs, whilst oil extraction rates averaged approximately 22.19%, this being around 3% higher than for the same period 2018.

Total book costs for all oil palm products were up 2%, YoY, which were better than the inflation.

#### RUBBER

A total of 7,335ha of rubber was recorded at the end of 2019, consisting of 1,892ha of immature area and 300ha in new plantings. A total of 609ha of immature rubber was put into bearing in 2019. Dry rubber production saw a decrease of 3% YoY, whilst rubber agricultural plantation costs were nearly 6% higher than those for 2018.

The rubber factory processed around 4% less dry rubber in 2019, compared with the prior year, whilst the price of processed rubber remained stable, on average, on a YoY basis.



Factory processing costs increased by 5% YoY and the total rubber book cost for 2019 was 11% higher than 2018 book costs.

#### CONSOLIDATED FINANCIAL RESULTS

During the year under review, the results of the Company recorded a combined revenue totalling ₦18.87 billion, nearly 7% less than 2018's consolidated revenues.

Consolidated direct costs of sales were 11% higher than 2018 at ₦6.1 billion (cf 2018: ₦5.5 billion).

Consolidated net profit for 2019, as stated earlier, showed a 35% drop YoY, mainly due to lower CPO prices (-14%).

#### ENVIRONMENT SUSTAINABILITY, HEALTH, EDUCATION & SAFETY FOR 2019

The Company became the first in Edo State to be officially Roundtable on Sustainable Palm Oil (RSPO) certified in Edo State, this being achieved without even a single non conformity. This is a wonderful achievement as it proves, independently, that our peers, worldwide, confirm that our practices at Okomu main estate conform to internationally recognized standards, including those of sustainable environmental conservation, health, education, community, worker, legal and safety practices.

Apart from the acclaimed RSPO certification, once again, the Company successfully completed all other statutory environmental audits in 2019 without any State or Federal sanctions, as well as the re-certification of 3 ISO certification schemes, namely ISO9001:2015, ISO14001:2015 and ISO18001:2007 for good quality products, environment and safety, respectively.

High conservation value areas (HCVs) within all areas of the Company continue to be well monitored, according to independent RSPO audits, with more than 10% of the Company's total land area being classified as such and a notable achievement in the area of conservation. In 2019, the Company spent ₦18.7 million on environmental impact assessment and audit costs (cf 2018: ₦8.3 million). The Company also spent ₦66.2 million in 2019 (cf 2018: ₦49.6 million) on staff health, safety and welfare programmes.

Due to the ongoing efforts of the Health, Safety and Environment (HSE) department, to ensure the safety of all stakeholders, the Company is proud to announce that it did not lose any employees due to industrial accidents in 2019 (cf 2018: 3).

#### EMPLOYEES

The number of staff (including contract staff) as at the end of 2019 decreased from 1,462 to 1,431 as a result of natural attrition and as the Company continued to seek efficiency in its operations. The Company also increased its investment in employee skills training programmes by 33% YoY (cf 2019: ₦45.5 million; 2018: ₦34.2 million).

#### CORPORATE SOCIAL RESPONSIBILITY

Our now renowned corporate social responsibility (CSR) programme for her neighbouring communities which is freely available for all to see on our Company homepage at [www.okomunigeria.com](http://www.okomunigeria.com), and our Face Book page, shows the ongoing commitment by management to ensure that our neighbouring communities share in the progress of our Company. Annual disbursements for ongoing training, the completion of 9 of the 20 building projects, 34 bursaries for 17 communities, 22 recipients for the skills acquisition programme, and the like, were made to our local communities and/or Government departments amounting to ₦183.6 million (cf 2018: ₦257.2 million) in 2019.

#### FUTURE EXPANSION & DEVELOPMENT PLANS FOR 2020

The first of the two 30t/hour oil mills in Extension 2 are already at roofing level and the boilers have arrived, according to plan. Most of the more than 200 containers have already arrived on site and plans are to ensure that commissioning will still occur in the first quarter of 2021.

The 5Mw turbine has arrived on site at Okomu and will be erected at the oil mill by the beginning of July 2020, slightly delayed because of logistical constraints in getting a lorry able to pull it from the port to Okomu. The turbine will generate enough power for both Okomu and Extension 1, together, basically for free after this time.

As an extra insurance against breakdown in the current oil mill at Okomu, a third line is being installed to ensure that throughput is not disrupted at any time.

The memorandum of understanding (MoU) with the Okomu National Park (ONP) wherein the park partnered with the Company to co-manage the buffer zones and HCVs bordering the ONP is ongoing. The Company initiated park management plan strategy will progress further in 2020.

The Company is very involved in partnerships with Non-Governmental Organisations (NGO's) since last year which will hopefully initiate smallholder programmes, together with the Edo State Government, in order to increase the Company's CPO production through the purchasing of fresh fruiting bunches (FFB) from them, whilst also concurrently improving the lot of small scale growers. The possibility of starting 250ha by 2021 is the goal of the Company at present, hopefully in collaboration with local communities under the Company's footprint.

### CONCLUSION

Ladies and Gentlemen, in closing on this our 40th AGM, and in the first year of our second decade in the 21st Century, what I do know is that despite ongoing headwinds, the fact that the Company still managed to propose a total dividend of N4.00/50K share shows the resilience of our Company in fending off these extraneous issues. We are confident that, God willing, 2020 will be a better year and shareholders can expect to start seeing the benefits of our Extension 2 plantation coming through as the 9,000ha nears maturity. Lastly, I would like to thank the management, staff, contractors, communities and all other stakeholders who, once again, have supported our Company through all of her trials and tribulations. My Board and I would also like to thank all the Board committees, and, last but not least, you, our valued shareholders, who have once again supported the Company for another year. More is promised in 2020. So, thank you for your attendance at our Annual General Meeting this year and I wish you well for 2020.

Thank you.



Mr. G. Oyebo MFR  
Chairman  
FRC/2013/NBA/0000000254  
16th March, 2020





## Director's Profile



**Mr. G. Oyebo MFR**  
Chairman

Name: **Gbenga OYEBODE MFR**

Residence: Nigeria

Appointment: Non Executive Director

Qualification: LLB, BL, LLM

Work Experience & Occupation: Gbenga Oyebo is the Chairman of Aluko & Oyebo, (Barristers, Solicitors & Trademark Agents), one of the largest integrated law firms in Nigeria, with offices in Lagos, Abuja and Port-Harcourt.

Gbenga was an Associate with White & Case, New York between 1982 and 1983.

Gbenga was educated at the University of Ife (LL.B Honours), and the University of Pennsylvania, Philadelphia (LL.M) graduating in 1979 and 1982, respectively. He is a Barrister and Solicitor of the Supreme Court of Nigeria (admitted June 1980) and an attorney-at-law of the Supreme Court of New York State (admitted November 1983). He was conferred Doctor of Laws (Honoris Causa), by the Ekiti State University, Ado Ekiti (2016) and Elizade University, Ilara Mokin, Ondo State, Nigeria (2017). He is the Chancellor of Elizade University, Ilara Mokin, Ondo State, Nigeria.

Gbenga is a Fellow of the Chartered Institute of Arbitrators (UK) (FCIArb) and the Nigerian Leadership Initiative (NLI). He is also a member of the Nigerian Bar Association, the American Bar Association, and the International Bar Association (IBA). Gbenga is the past Chairman of the Section of Business Law of the Nigerian Bar Association.

Gbenga was conferred with one of Nigeria's highest honours, the Member of the Order of the Federal Republic of Nigeria (MFR) in the year 2000. He was also conferred with the Belgian Royal Honour of 'Knight of the Order of Leopold' in 2007. He was conferred with an award for Lifetime Contribution to Law at the Law Digest Africa Awards 2015.

He was Chairman, Access Bank Plc (2005-2015) and the Chairman of Okomu Oil Palm Company Plc (both listed on the Nigerian Stock Exchange NSE) and serves on the Boards of

MTN Nigeria Limited, Nestle Nigeria Plc and Socfinaf S.A (listed on the Luxemburg Stock Exchange). He is the Chairman of CFAO Nigeria Plc.

Gbenga sits on the Africa Advisory Committee of the Johannesburg Stock Exchange (JSE), is the Chairman of Teach for Nigeria, Director Teach for All, New York, Member of the Global Advisory Council of the Africa Leadership Academy, Johannesburg, Director Jazz at the Lincoln Centre, New York and Director African Philanthropy Forum. Member Board of Trustees Carnegie Hall, New York.

Name: **Graham HEFER**

Residence: Nigeria

Appointment: Managing Director

Qualification: Msc. Agric, PHD. Agric

Work experience & occupation

Lecturer/Research fellow: University of Natal

Agricultural director: Tongaat Cotton Ltd

Executive director: Noordelike Sentrale katoen(PTY)

Managing Director: Okomu Oil Palm Company Plc



**Dr. G. D. Hefer**

Name: **Arnaud ARHAINX**

Residence: Nigeria

Appointment: Finance Director

Qualification: MBA, Corporate Strategy, MBA, Financial markets, MSC, Company Economics & Business Administration

Work Experience & Occupation

CFO: Global Gold Trade Group A.G. Decovar. London

Finance Director Group: Premier logistics UK LTD

Finance Director/CEO: 3T Logistics Holdings LTD

Finance Director: Okomu Oil Palm Company Plc



**Mr. A. Arhainx**

## Director's Profile *Cont'd*



**Mr. H. Fabri**

Name: **Hubert FABRI**

Residence : Switzerland

Appointment: Non Executive Director

Qualification : BSc Business Administration

Work Experience & Occupation:

Chairman : Bereby Finances (Befin), Liberian Agricultural Corporation (LAC), Palmeraies de Mopoli, Plantations Socfinaf Ghana (PSG), Socfin, Socfinaf, Socfinasia, Director : Bolloré Group, Brabanta, Compagnie du Cambodge, Coviphama, Financière Moncey, Forestière Equatoriale, OKOMU, PT Socfin Indonesia (SOCFINDO), Safacam, Socapalm, Socfin Agricultural Company SL (SAC), Socfin KCD, Société Industrielle et Financière de l'Artois, SOGB, SudComoeCaoutchouc (SCC)



Name: **David U. EDEBIRI OON**

Residence: Nigeria

Appointment: Non Executive Director

Qualification: Dip. Journalism

Work experience & occupation

Public relations/information officer in the Civil Service, Chairman of various committees including Palace Committee on Benin traditional sports and games. Author of a number of books on Benin kingdom, General business and fish farming.

Director: Okomu Oil Palm Company Plc



**Chief D. U. Edebiri OON**



**Dr. L. J. J. Boedt**

Name: **Luc BOEDT**

Residence : Switzerland

Appointment: Non Executive Director

Qualification : PhD. Agronomy Sciences

Work Experience & occupation : General manager : Socfinco FR, Bereby Finances

(Befin). Chairman : Agripalma, Brabanta, Safacam, Salala Rubber Corporation (SRC), Socfin Agricultural Company SL (SAC), Socfin Green Energy, Socfin KCD, Socfinco FR Director : Bereby Finances (Befin), Camseeds, Coviphama, Liberian Agricultural Corporation (LAC), OKOMU, Plantations Socfinaf Ghana (PSG), PT. Socfin Indonesia (SOCFINDO), Socapalm, SOGB, SudComoeCaoutchouc (SCC), Socfin, Socfinaf, Socfinasia, Socfin Research

Name: **Peter EGUASA (JP)**

Residence: Nigeria

Appointment: Non Executive Director

Qualification: BBA, MBA

Work Experience & Occupation: EGUASA, P.A.E. (JP) FCS., M.I.O.D, is an alumnus of Florida International University (B.B.A) and Nova University (M.B.A), with qualifications in Accounting and Finance. He has since veered into the Capital Market Operations, Banking and Finance services, which has made him become one of the major players in the industry.

Mr. Eguasa belongs to several professional bodies amongst which are: Fellow Chartered Institute of Stockbrokers (F.C.S), Member Institute of Directors (M.I.O.D) Nigeria, and Fellow, Association of M.B.A. Executives. U.S.A As part of his early working experience, he worked with South-East Bank Incorporated, Miami Florida U.S.A., U.A.C.N PLC as a field sales manager, in the then A.J. Seward Division., Abacus Merchant Bank/Abacus Securities Limited as a Senior Investment Executive, Lagos., Bendel Brewery Ltd as Distribution Manager, U.I.D.C. Securities Ltd as Managing Director/CEO., Centrust Securities Ltd as Managing Director/CEO., Oko-Iyekogba Community Bank Ltd, as Director. He also served as Council Member of the Chartered Institute of Stockbrokers, of which he is one of the founding members of the Institute.

Mr. Eguasa has also attended several Local and International Multi-disciplinary courses. He is also an Authorized Dealing Clerk of the Nigerian Stock Exchange. He is currently Managing Director/CEO of perfect Securities and Investment Ltd. (A Civil Engineering and Investment Consultancy Firm). He is widely travelled and happily married with children.



**Mr. P. A. E. Eguasa, JP**

## Director's Profile *Cont'd*

**Name : Philippe de Taux de WARDIN**

Residence : Switzerland

Appointment: Non Executive Director

Qualification : BSc Applied Economic Science

Work Experience & Occupation : General manager : Socfinco FR\_Chairman : Camseeds, Coviphama, Socfin Research

Director : Bereby Finances (Befin), Brabanta, Liberian Agricultural Corporation (LAC), OKOMU, Palmeraies de Mopoli, Plantations Socfinaf Ghana (PSG), PT Socfin Indonesia (SOCFINDO), Salala Rubber Corporation (SRC), Safacam, Socapalm, Socfin Agricultural Company SL (SAC), Socfin KCD, Société Industrielle et Financière de l'Artois, SOGB, SudComoeCaoutchouc (SCC), Socfin, Socfinaf, Socfinasia, Socfinco FR, Socfin Green Energy



**Mr. Ph. de Taux de Wardin**



**Mr. R. Helmoortel**

**Name : Regis HELSMOORTELE**

Residence : Switzerland

Appointment: Non Executive Director

Qualification : BSc Industrial Management, MSc Agricultural Engineering

Work Experience & occupation: Head : Agronomy Department at Socfinco FR

Director : Brabanta, Camseeds, Liberian Agricultural Corporation (LAC), OKOMU, Plantations Socfinaf Ghana (PSG), Socapalm, Socfin Agricultural Company SL (SAC), Socfinco FR, Socfin Research



**Mr. A. Ighodalo**

**Name: Asue IGHODALO**

Residence: Nigeria

Appointment: Independent Director

Qualification: Bsc. Economics, LLB, BL

Work experience & Occupation

Foundation Partner: Banwo & Ighodalo (Law Firm)

Director: Christopher Kolade Foundation, Dangote Flour Mills Plc (Chairman)

FATE Foundation, Nigerian Economic Summit Group (Vice Chairman)

Okomu Oil Palm Company Plc, Sterling Bank Plc (Chairman)



**Mr. S. F. Claeys**

**Name : Sven CLAEYS**

Residence : Belgium

Appointment: Non Executive Director

Qualification : MSc Agricultural Engineering, M.A International Policy

Work experience & occupation Head : Industrial Department at Socfinco SA

Director : Liberian Agricultural Corporation (LAC), OKOMU, Salala Rubber Corporation (SRC), Socfin Agricultural Company SL (SAC), SOGB, SudComoeCaoutchouc (SCC), Socfinco FR, Socfin Green Energy, SPFS



The directors' present their annual report together with the audited financial statements report for the year ended 31<sup>st</sup> December, 2019.

**1. PRINCIPAL ACTIVITIES**

The principal activities of the company are the cultivation of oil palm, processing of fresh fruit bunches into crude palm oil for resale, rubber plantation and processing of rubber lumps to rubber cake for export.

**2. RESULTS FOR THE PERIOD**

These are as set out on page 31 of these financial statements.

**3. FUTURE PROSPECTS & REVIEW**

The review of the company's activities for the year is as set out within the Chairman's statement. The reports should be read in conjunction with this financial statement.

**4. DIVIDEND**

The directors recommended that, an interim dividend of ₦2 per ordinary share be paid during the year. In respect of the year ended 31<sup>st</sup> December 2019, they proposed an additional dividend of ₦2 per ordinary share subject to the deduction of withholding tax at the appropriate rate.

**5. DIRECTORS' RESPONSIBILITIES**

The Companies and Allied Matters Act, CAP C20, LFN 2004, and the Financial Reporting Council Act No. 6 of 2011 requires the directors to prepare the financial statements, in respect of each financial year, that give a true and fair view of the statement of the financial position of the company as at the end of the year and of the profit and statement of comprehensive income generated by the company for the year ended on that date together with the relevant notes to the financial statements.

In preparing the financial statements, the directors were required to:

- select suitable significant accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the applicable International Financial Reporting Standards have been followed and in the case of any material departures from there, ensure that these have been fully disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is deemed inappropriate to assume that the company shall continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the company to enable them ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Financial Reporting Council Act No. 6 of 2011, the requirements and regulations of the Stock Exchange and the Securities and Exchange Commission together with the applicable International Financial Reporting Standards.

The directors are also responsible for safeguarding the assets of the company, and for therefore ensuring that all reasonable steps have been taken for prevention and detection of fraud and other irregularities.

**6. CREDITORS PAYMENT POLICY**

The company's code in respect of its practices on payments are to settle the supplier's accounts in accordance with the individual contractual terms of business agreed with each organisation to whom it is liable. Credit taken on trade payables amounted to 61 days of credit on average during the year (2018: 105 days).

**7. MANAGEMENT AND TECHNICAL SERVICE PROVIDER**

Okomu Oil Palm Company Plc received technical support from Socfinco. The agreements are made with the approval of the National Office for Technology Acquisition and Promotion (NOTAP).

**8. PROPERTY, PLANT AND EQUIPMENT**

These are set out in note 21 to the financial statements.

**9. BEARER BIOLOGICAL ASSETS**

These are set out in note 22 to the financial statements.

**10. RESEARCH AND DEVELOPMENT**

The activities of the company did not necessitate any expenditure on research and development during the year under review as the research into its biological assets is carried out by the technical partners as part of the provisions of the technical support.

**11. DIRECTORS**

The members of the Board of Directors during the year under review comprise:

- Mr. G Oyebo MFR Chairman
- Dr. G. D. Hefer Managing Director (South African)
- Mr. A. Arhainx Finance Director (French) appointed October, 2019
- Chief D.U Edebiri OON
- Mr. H. Fabri (Belgian)
- Mr. R. Helsmoortel (Belgian)
- Dr. L. J. J. Boedt (Belgian)
- Mr. P. A. E. Eguasa JP
- Mr. A. Ighodalo (Independent)
- Mr. Ph.de Traux de Wardin (Belgian)
- Mr. S. F. Claeys (Belgian)
- Mr. A. Mary (French) Resigned October, 2019

**13. DIRECTORS RETIRING**

In accordance with Section 259 (1) of the Companies and Allied Matters Act, CAP C20 LFN, 2004, one-third of the directors shall retire at the conclusion of the Annual General Meeting, and these directors, being eligible, hereby offer themselves for re-election. The directors retiring are: Dr L J Boedt, Mr. P A E Eguasa and Mr. A Ighodalo.

**HISTORY OF THE SHARE CAPITAL**

Year	Authorised share capital number	Value N	Issued & fully paid shares	Value N	Remarks
1989	68,000,000	34,000,000	50,700,000	500,000	Initially the share of the company were 10k/shar e
1989	68,000,000	34,000,000	50,700,000	25,350,000	By Ord. Resolution passed on 27/04/1990, 340,000,000 ord. Shares of 10k was consolidated and divided into 68,000,000 shares of 50k each.
1991	68,000,000	34,000,000	55,200,000	27,600,000	Listed on Stock Exchange on 8 March 1991
1992	68,000,000	34,000,000	66,240,000	33,120,000	
1993	80,000,000	40,000,000	79,884,000	39,120,000	Bonus shares of 1 for 5 held issued and fully paid

**13. HISTORY OF SHARE CAPITAL (Continue)**

Year	Authorised share capital		Issued & fully paid shares	Value N	Remarks
	Number	Value N			
1994	80,000,000	40,000,000	79,884,000	39,744,000	
1995	80,000,000	40,000,000	79,884,000	39,744,000	
1996	80,000,000	40,000,000	79,884,000	39,744,000	
1997	200,000,000	100,000,000	105,984,000	52,992,000	Increase in Share Capital and Rights issue of 1 for 3 held
1998	200,000,000	100,000,000	105,984,000	52,992,000	
1999	200,000,000	100,000,000	105,984,000	52,992,000	
2000	200,000,000	100,000,000	105,984,000	52,992,000	
2001	600,000,000	300,000,000	317,970,000	158,985,000	Increase in Authorised Share capital & a rights issue of 2 for 1 held
2002	600,000,000	300,000,000	317,970,000	158,985,000	
2003	600,000,000	300,000,000	317,970,000	158,985,000	
2004	600,000,000	300,000,000	317,970,000	158,985,000	
2005	600,000,000	300,000,000	317,970,000	158,985,000	
2006	600,000,000	300,000,000	476,955,000	238,476,000	Bonus issue of 1 for 2 held
2007	600,000,000	300,000,000	476,955,000	238,476,000	
2008	600,000,000	300,000,000	476,955,000	238,476,000	
2009	600,000,000	300,000,000	476,955,000	238,476,000	
2010	600,000,000	300,000,000	476,955,000	238,476,000	
2011	600,000,000	300,000,000	476,955,000	238,476,000	
2012	600,000,000	300,000,000	476,955,000	238,476,000	
2013	1,200,000,000	600,000,000	953,910,000	476,956,000	Increase in share capital & Bonus issue of 1:1
2014	1,200,000,000	600,000,000	953,910,000	476,956,000	
2015	1,200,000,000	600,000,000	953,910,000	476,956,000	
2016	1,200,000,000	600,000,000	953,910,000	476,956,000	
2017	1,200,000,000	600,000,000	953,910,000	476,956,000	
2018	1,200,000,000	600,000,000	953,910,000	476,956,000	
2019	1,200,000,000	600,000,000	953,910,000	476,956,000	

**14 DIRECTORS' INTEREST**

The directors' interest in the ordinary shares of 50 kobo each that are fully paid up as recorded in the register of directors' shareholdings and/or notified by them for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20 LFN 2004 are as follows:

Held as at: 31<sup>st</sup> December, 2019 31<sup>st</sup> December, 2018

Name	Direct Number	Indirect Number	Direct Number	Indirect Number
Mr. G. Oyebo MFR	35,938,136	5,730,978	35,938,136	5,345,978
Mr. P.A.E. Eguasa JP	9,165,000	-	9,165,000	-
Mr. A. Ighodalo	-	921,284	-	921,284

**NB:** On the indirect share shown above for 2019, Mr. G. Oyebo is representing Coordinated Nigeria Limited, while Mr. Ighodalo is representing Moehi Nigeria Limited.



**15. SHAREHOLDING**

The shares of Okomu Oil Palm Company Plc are 62.69% owned by Socfinaf S.A which is incorporated under the laws of Luxembourg and 37.31% by a diversified spread of Nigerian individuals and institutional shareholders. Other than Socfinaf S.A, no other shareholder holds more than 5% of the issued share capital of the company.

**16. EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS**

The company's policy is to give equal consideration to all persons, including the physically challenged persons, in all matters of employment, after taking cognisance of their special aptitudes or challenges. Employees who become physically challenged during the course of their employment are given reasonable alternatives, having regard to their disabilities. There was no physically challenged person in the employment of the company.

**17. EMPLOYEE INVOLVEMENT AND TRAINING**

The company provides all of the appropriate training for its employees through the acquisition of the relevant experience that they obtain whilst working and through their attendance at other relevant external courses. The company incurred 45.5 million (2018: 34.2 million (note 10) in providing training during the year.

**18. HEALTH, SAFETY AND WELFARE**

Health and safety regulations are in force within the company and are displayed on various notice boards within the premises. The company has three staff clinics and also provides medical facilities to all levels of employees. The company incurred 66.2 million (2018: 49.6 million) during the year.

**19. CORPORATE GOVERNANCE**

The corporate governance report and the directors' responsibilities are set out on pages 20 to 25 and form an integral part of this report.

**20. CHARITABLE DONATIONS**

The company did not make any charitable donations during the year (2018: nil).

**21. CORPORATE SOCIAL RESPONSIBILITIES**

The company made corporate social responsibilities of 183.6 million during the year (2018: 257.2 million). These comprised:

	2019	2018
	₦ '000	₦ '000
· Community projects	180,572	253,964
· Scholarships given	3,060	3,240
	<hr/>	<hr/>
	183,632	257,204
	=====	=====

**22. STATEMENT OF DISCLOSURE TO AUDITORS**

In accordance with Section 369 (1(a) & (b)) & 369(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, each and all of the directors, as at the date of the approval of this report confirm that:

So far as he is or they are aware, there is no information, which would be required by the company's auditors in connection with their compilation of their audit report, which the auditors have not been made aware; and

Each director has taken all of the reasonable steps that he ought to have taken as a director to make himself aware of any such information, and to establish that the auditors are aware of such information.

**23. ANALYSIS OF SHAREHOLDING**

	Range	No. of holders	Percent	Unit	Percent
1	-50	649	4.02	14,638	0.00
51	-100	478	2.96	42,147	0.00
101	-500	3,327	20.61	1,176,616	0.12
501	-1000	3,594	21.26	2,892,368	0.30
1001	-5000	5,365	33.24	12,828,037	1.34
5001	-10000	1,189	7.37	8,761,086	0.92
10001	-50000	1,138	7.05	25,346,078	2.66
50001	-100000	177	1.10	12,748,725	1.34
100001	-500000	158	0.98	33,821,406	3.55
500001	-1000000	23	0.14	16,923,659	1.78
1000001	-953910000	44	0.27	839,355,240	87.99
<b>Grand Total</b>		<b>16,142</b>	<b>100</b>	<b>953,910,000</b>	<b>100</b>

**24. AUDIT COMMITTEE**

Pursuant to Section 359(4) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the company established an audit committee comprising of an equal number of the representatives of both the Directors and the Shareholders. The members of the Committee are: Chief D.U. Edebiri OON, Mr. L. A Ohenhen, Mr. P. A. E Eguasa, Mr. M. Igbrude, Mr. A. Imadu and Dr. Luc Boedt. Mr. L. A. Ohenhen acted as the Chairman of the Committee.

**25. COMPANY SECRETARY**

The Company Secretary, Mr. Christian Mariere resigned his appointment on 31<sup>st</sup> January, 2020. The Lawfirm P. C. Obi & Co, represented by Mr Chibuike Odum Onwusoro was appointed by the Board to replace him on 16<sup>th</sup> March, 2020.

**26. INDEPENDENT AUDITORS**

Messrs Crowe Dafinone (Formerly Horwath Dafinone), Chartered Accountants, having indicated their willingness, to continue in office, shall do so in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

By Order of the Board



Mr Chibuike Odum Onwusoro  
FRC/2020/002/000000020769  
Company Secretary  
16<sup>th</sup> March, 2020



### Grant Thornton

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#### *Report of the External Consultant on The Okomu Oil Palm Company Plc's Board of Directors Appraisal*

We have completed our procedures for The Okomu Oil Palm Company Plc's board of directors' appraisal for the year ended 31 December 2019 in accordance with the Securities and Exchange Commission's (SEC) Code of Corporate Governance 2011 for public companies in Nigeria.

The scope of our review focused on all the relevant sections of the SEC's Code.

Based on our review, as well as analysis of board members self-evaluation questionnaires, we are of the opinion that the board's performance complied with the requirements set out in the Securities and Exchange Commission's Code of Corporate Governance 2011 for public companies in Nigeria.

Our review procedures were in accordance with the limited scope of our engagement and might not necessarily identify all irregularities that may exist in the underlying information.

This report should not be construed as expression or approval of matters not specifically mentioned therein.

The review was concluded in January 2020. The key findings and specific recommendations for improvements have been articulated and included in our detailed report to the board of directors.

Yours faithfully,

Ngozi Ogwo

FRC/2013/ICAN/00000004923

20<sup>th</sup> February, 2020

**Partners:**

Peter N. Orizu (Executive Chairman)  
Isaac E. Esene  
Ngozi A. Ogwo  
Orji J. Okpechi  
Victor O. Osifo  
Nkwachi U. Abuka

**Audit \* Tax \* Advisory**

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The Board is responsible to the shareholders for the management and control of the company's activities and is committed to the highest standards of corporate governance as set out in the National Code of Corporate Governance. It is the Board's view that the company has fully complied with the provisions of the Code during the year.

This section together with the Directors' report on pages 14 to 18 provides the details of how the company applied the principles and complied with the provisions of the Code.

#### BOARD COMPOSITION AND BALANCE

During the year, the Board comprised a Non-Executive Chairman, one Independent Non-Executive Director, seven Non-Executive directors and two Executive Directors.

The posts of Chairman and Managing Director are separate and independent. The Chairman is responsible for the working and leadership of the Board and for the balance of its membership. The Managing Director is responsible for leading and managing the business within the authority delegated by the Board.

The Board considers that during the year the company was in full compliance with the code, which requires that the membership of the Board should not be less than 5 persons and should be a mix of executive and non-executive directors headed by a Chairman with at least one independent director.

It is part of the Board's plan to ensure that it has a blend of skills experience and independence that is required to provide leadership and to shape the overall strategic development of the company.

#### FUNCTIONING OF THE BOARD

The Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings. The Board receives presentations from non-board members on matters of significance which help to give the Board greater insight into the business of the company. The company's solicitors and Company Secretary provide the Board with ongoing reports that cover legal and regulatory changes and developments.

The Board has a formal schedule of matters specially reserved to it for decision making, although its primary role is to provide leadership and to review the overall strategic development of the company as a whole. In addition, the Board sets the company's values and standards and ensures that the company acts ethically and that its obligations to its shareholders are understood and met. The Board is specifically responsible for the:

- Approval of the company's strategy and its budgetary and business plans;
- Approval of the significant investments and decisions;
- Review of the performance, assessed against the company's strategy, objectives, business plans and budgets;
- Approval of the annual results, interim management statements, accounting policies and the appointments and, subject to shareholder approval, remuneration of the external auditors;
- Approval of the dividend policy, the interim dividend and the recommendation of the final dividend;
- Changes to the company's capital structure and the issue of any securities;
- Establishing the company's risk policies, system of internal control, governance and approval authorities;
- Executive performance and succession planning, including the appointment of new directors; and
- Determine the standards of ethics and policy in relation to business practice, health, safety, environment, social and community responsibilities.

At its meetings during the year, the Board discharged the duties above and received updates on the following financial performance indicators; key management changes; material new projects; financial plans; legal and regulatory updates, and in particular, it continued with development work in the future expansion project of the company. In addition to formal reports passed to the directors, the directors are expected to take responsibility for identifying their own individual needs and to take appropriate steps to ensure that they are properly informed about the company and their responsibilities as a Director.

The Board has delegated authority to certain committees to carry out specified objectives which are defined by their terms of reference. Additional information on the responsibility of each of the Board Committees are outlined on pages 21 to 24.

#### BOARD PERFORMANCE AND EVALUATION

In the year under review, the company's consultants Grant Thornton, Chartered Accountants undertook an annual independent evaluation of the Board and Board committee performance and also ascertained whether there were areas where performance and procedures might be further improved. The outcome of the Board evaluation was highly enlightening and very satisfactory. The summary of the report is as set out on page 19.



#### BOARD TRAINING

The company's policy encourages directors to attend different training programmes and seminars that enhances their professional skills and informs them of new developments in the company's business and operating environment. The costs of such training is borne by the company.

#### DIRECTORS' CONFLICTS OF INTEREST

The Directors have and are aware of the statutory duty to avoid a situation in which they have, or could have, an interest that conflicts or possibly may conflict with the interests of the Company. They will not be in breach of that duty if the relevant matter has been authorized in accordance with the Articles by the other Directors. The Board has adopted a set of guiding principles on managing conflicts and has approved a process for identifying current and future actual and potential conflicts of interest.

#### BOARD RESIGNATION

Changes in the composition of the Board is as set out in the Directors report on page 15.

#### BOARD APPOINTMENTS

The Board has a written policy in respect of the appointment of new members. The policy sets out the basis of selection, the process of examining and evaluating the curriculum vitae together with personal interviews by the Chairman and members of the Board. An induction process is held prior to the formal acceptance of the person on the Board. Mr Arnaud Arhainx was appointed during the year to replace Mr. A Mary.

#### BOARD MEETINGS

During the year the Board held four scheduled meetings. The names of the Directors and the record of attendance at the scheduled Board committee meetings that were convened in the year ended 31 December 2019 are as follows:-

S/N	Name of Director	Board of Directors	Audit committee	Risk management committee	Governance/ Remuneration Committee
<b>Number of meetings held</b>		<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>
1.	Mr. G. Oyeboode	4 <b>C</b>	-	-	-
2.	Dr. G. Hefer	3 <b>E</b>	3+	2	3
3.	Dr. L. J. J Boedt	4	4	-	-
4.	Mr. P. A. E Eguasa	4	4	3 <b>C</b>	4
5.	Mr. P. De Traux de Wardin	4	-	-	4
6.	Mr. H Fabri	4	-	-	-
7.	Mr. R. Helsmoortel	3	-	-	3
8.	Chief D. U Edebiri	4	4	3	4
9.	Mr. A. Ighodalo	4 <b>I</b>	-	-	4 <b>C</b>
10.	Mr. A. Mary	1 <b>E</b>	2+	2	1
11.	Mr. A. Arhainx	2 <b>E*</b>	2+	1	2
12.	Mr. S F. Claeys	4	-	3	-

- Non member      C Chairman      E Executive      I Independent

All Board members not separately designated are non executive.

\* 1<sup>st</sup> Meeting was as an attendee but was not yet formally appointed.

+ In attendance, not being a member.

In line with the provisions of Section 258(2) of the Companies and Allied Matters Act Cap C20 LFN 2004, the record of directors' attendance at board meetings shall be available for inspection at the Annual General Meeting.

The Board and Committee meetings are structured to allow open discussion. All directors receive detailed papers in advance of Board meetings. When unable to be physically present in person, Directors may attend by audio or video conference. When directors are not able to attend Board or committee meetings, their comments on the paper to be considered at that meeting are relayed in advance to the Chairman of that meeting, or an alternate is produced were applicable.

The Company Secretary, whose appointment is a matter reserved for the Board, is responsible for advising and supporting the Chairman and the Board on company law and corporate governance matters and for ensuring that Board procedures are duly followed. The officer is also responsible for ensuring that there is a smooth flow of information to enable effective decision making. All directors have access to the advice and services of the company's legal counsel and the Company Secretary and through him, have access to independent professional advice in respect of their duties at the company's expense.

#### **YEARS OF SERVICE**

<b><u>Board</u></b>		<b><u>Years</u></b>
Chairman	- Mr. G. Oyeboode MFR	28
Managing Director	- Dr. G. D. Hefer	13
Executive	- Mr. A. Mary	9
Independent	- Mr. A. Ighodalo	8

#### **Non Executive**

Chief D. U. Edebiri, OON	11
Mr. H. Fabri	30
Mr. R. Helsmoortel	11
Dr. L. J. J. Boedt	24
Mr. P. A. E. Eguasa JP	28
Mr. Ph. De Traux de Wardin	22
Mr. S. F. Claeys	7

#### **External auditors**

Messrs. Crowe Dafinone	9
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#### **External Corporate Governance**

Grant Thornton	6
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#### **BOARD COMMITTEES**

The Board has delegated certain authority to the committees each of whom has formal terms of reference, which are available on request or can be obtained from the Company Secretary. The principal committees of the Board are as follows:

- Risk Management Committee
- Audit Committee
- Governance/Remuneration Committee

The Chairman is not a member of any Committee of the Board.

#### **RISK MANAGEMENT COMMITTEE**

The Committee comprises of three non-executive directors who are shown below:

Mr. P.A.E. Eguasa	Director	Chairman
Chief D.U Edebiri, OON	Director	Member
Mr. S. F. Claeys	Director	Member

The Risk management committee is charged with the responsibility for acknowledging and identifying risk in the work place and the operating environment, evaluating and prioritizing such risks that may arise and advising the company on how to avoid, modify and manage all of the risks the company may encounter. During the year, the committee was chaired by Mr. P. A. E Eguasa with two other non-executive directors as members. The committee met 3 times in 2019.

#### AUDIT COMMITTEE

The Committee comprises of three non-executive directors and three elected members of the shareholders as shown below:-

Mr. L.A. Ohenhen	Shareholder	Chairman
Mr. M. Igbrude	Shareholder	Member
Mr. P.A.E. Eguasa	Director	Member
Rev. A. Imadu	Shareholder	Member
Dr. L. J. J. Boedt	Director	Member
Chief D.U Edebiri, OON	Director	Member

It was chaired by Mr. P. A. E. Eguasa from October, 2018 to October, 2019 and Mr. L.A. Ohenhen from October 2019 to October 2020. The committee met four times during the year. At these meetings, the Managing Director, the Finance Director, the representative of External Auditors (attended twice), the Internal Auditor and the company secretary were all in attendance. The Board considers that the members of Audit committee collectively have sufficient recent and relevant financial experience to carry out the functions of the Committee.

The Board has delegated to the committee the responsibility for overseeing the financial reporting, internal risk management and control functions and for making recommendations to the Board in relation to the appointment of the company's internal and external auditors. The committee is authorized to investigate any matter within its terms of reference and, where necessary, to obtain external legal or other independent professional advice.

The Committee's principal activities during the year included:

- Reviewing the half year and annual financial statements with particular reference to accounting policies, together with significant estimates and financial reporting judgements and the disclosures made therein.
- Monitoring the financial reporting process;
- Reviewing management representations made to the external auditors;
- Reviewing the company's procedures to ensure that all relevant information is disclosed;
- Discussing any issues arising out of the full year audit with the external auditors (in the absence of management where appropriate);
- Making recommendations to the Board with regard to continuing the appointment and remuneration of the external auditors;
- Overseeing the company's relations with the external auditors and the effectiveness of the process;
- Reviewing and assessing the effectiveness of the company's internal financial controls and their applications;
- Monitoring and reviewing the internal audit function, reviewing all reports prepared by the internal auditors and assessing management's responses to such reports; and
- Reviewing and assessing the efficiency of the company's internal control and risk management systems.

To enable it to carry out its duties and responsibilities effectively, the committee relies on the information and support from the management across the business.

The committee also considers on an ongoing basis the independence of the external auditors and has established policies to consider the appropriateness or otherwise of appointing the external auditors to perform non-audit services, including consideration as to whether the auditors are the most suitable supplier of such services.

#### GOVERNANCE/REMUNERATION COMMITTEE

This Committee comprises four non-executive directors and an Independent Director as shown below:

Mr. Asue Ighodalo	Independent director	Chairman
Mr. Ph. De Traux de wardin	Director	Member
Mr. R. Helmoortel	Director	Member
Mr. P.A.E. Eguasa	Director	Member
Chief D.U Edebiri, OON	Director	Member

The company secretary provides the secretarial and related advisory services to the committee as necessary.

The committee's principal responsibilities are to determine the company policy on senior management remuneration and approve appropriate salary packages of the senior Nigerian Management staff and non-executive Board allowances. The committee (excluding the non-executive chairman) determines the level of fees payable to the Non-Executive Chairman as well as establishing the criteria for Board and Board committee membership.

Given the central part that remuneration plays in the success of the company, in terms of recruitment, motivation and retention of high quality employees, the committee is consulted on the remuneration packages of the Senior Nigerian Management staff. The committee also reviews the remuneration of other members of the company's Non-Executive Board.

#### RELATIONS WITH SHAREHOLDERS

The company recognizes the importance of maintaining regular dialogue with its shareholders hence the institution of a comprehensive programme to maintain the ongoing two-way dialogue between the company and shareholders as it helps to ensure that the Board is aware of shareholders' views on a timely basis. This programme is carried out through the office of the Company Secretary. The company has established a web portal on the company's website at [www.okomunigeria.com](http://www.okomunigeria.com) for its shareholders to ensure access to the relevant historical financial information.

The Annual General Meeting (AGM) provides the Board with a valuable opportunity to communicate with the shareholders and is generally attended by all the Directors. Shareholders are given the opportunity to ask questions during the meeting and to meet the directors following the conclusion of the formal part of the meeting. The directors aim to give as much notice of the AGM as possible which will be at least 21 clear days, as required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the relevant of the Code of Corporate Governance. In accordance with the Articles, electronic and proper proxy appointments and voting instructions must be received not later than 7 days before a general meeting.

#### INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for establishing and maintaining the company's system of risk management and internal control to safeguard shareholders' investments and the company's assets and for reviewing the effectiveness of this system. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Key elements of the company's system of risk management and internal controls are:

- The regular review and assessment of the performance of the business in relation to risk management and internal control by the Board and its subcommittees;
- The company's risk management policy which sets out the process for identifying, evaluating and managing the key risks to the company's business objectives, supported by an appropriate organisational structure and clearly defined management responsibilities;
- The company's risk committee which reports to the Board and is tasked with the review, discussion and challenges of key risks reported, the ongoing development of internal controls and the monitoring of internal audits and other sources assurance on the effectiveness of internal controls.

The audit committee has reviewed the effectiveness of the system of risk management and internal control. In performing its review of effectiveness, the Audit Committee considers the following reports and activities:

- Internal audit reports on the review of priority controls across the company and the monitoring of management actions arising there from;
- Management's own assessment of the performance of the system of risk management and internal control during 2019; and
- Reports from the external auditors on issues identified during the course of their work.

The Board, having reviewed the effectiveness of the system of internal control, can confirm that necessary actions have been, or are being taken to remedy any significant failings or weaknesses identified.

#### COMPLAINTS MANAGEMENT POLICY

The company has a Complaints Management Policy and Framework in place in accordance with SEC Directives on the resolution of complaints. This policy has been uploaded on the company's website for public access.



**GENDER DIVERSITY**

The Board is aware of the need to ensure equal and fair opportunities to all persons regardless of gender or physical attributes. The Board is currently examining its policies to ensure a more focused approach in recruiting and promoting women within its organisation.

	No.
No. of women employed were:	
Management	1
Others	383
	<hr/>
	384
	===

**EMPLOYEES**

The company continues to promote an equal opportunity, merit based environment for all of its employees.

**PROHIBITION OF INSIDER TRADING**

The company's Code of Conduct (in accordance with the extant Nigerian laws and rules of the Nigerian Stock Exchange) prohibits employees and Directors from insider trading, dealings and stock tipping when in possession of price-sensitive, non-public information relating to the company's business and from sharing or using such insider information.

**SEC CODE OF CORPORATE GOVERNANCE FOR PUBLIC COMPANIES IN NIGERIA**

The company complied with the SEC Code of Corporate Governance for Public Companies in Nigeria.

**WHISTLE-BLOWING**

The company encourages its employees to report the concerns which they feel the need to be brought to the attention of management. Whistle-blowing procedures, which are displayed on the company's notice boards, are available to employees who are concerned about possible impropriety, security breaches, or any other issue and who may wish to ensure that appropriate action is taken without fear of victimization or reprisal.

**CODE OF CONDUCT**

The company's Code of Ethics and Business Conduct is readily available to all employees, and in particular to ensure that employees have a single reference point (which is available in local language as appropriate) which details the company's commitment and approach to ethical business conduct.

**GOING CONCERN**

The Board of Directors has undertaken a thorough review of the company's budget and forecasts that the management has produced which are detailed and realistic cash flow projections. These cash flow projections, when considered in conjunction with the company's anticipated undrawn facilities and cash (including consideration of reasonable possible changes in trading performance), demonstrate that the company has sufficient working capital for the foreseeable future. Consequently, the directors believe that the company has adequate resources to continue its operational existence. The financial statements have therefore been prepared on a going concern basis.



Chibuike Odim Onwusoro, Esq.  
P. C. Obi & Co,  
Company Secretary  
FRC/2020/002/000000020769  
By the Authority of the Board  
Okomu-Udo  
Edo State

16<sup>th</sup> March, 2020

In compliance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we, the members of the Audit Committee of Okomu Oil Palm Company Plc, having carried out our functions under the Act, confirm that the accounting and reporting policies of the company as contained in the audited financial statements for the year ended 31<sup>st</sup> December, 2019 are in accordance with legal requirements and agreed ethical practices.

We confirm that the external auditors, Messrs Crowe Dafinone, Chartered Accountants have issued an unqualified opinion on the Company's financial statements for the year ended 31<sup>st</sup> December, 2019.

In our opinion, the scope and planning of the audit for the year ended 31<sup>st</sup> December, 2019 were adequate and we confirm that the responses by the management to the external auditors findings on Management matters were satisfactory.



**Mr. L. A. Ohenhen**  
**FRC/2020/002/00000020596**

Chairman, Audit Committee

Dated this 13<sup>th</sup> March, 2020

#### MEMBERS OF THE AUDIT COMMITTEE:

Mr. L. A. Ohenhen (JP)	-	Chairman	
Mr. M. Igbrude	-	Member	
Mr. P. A. E Eguasa (JP) MBA (Finance and Accounting)	-	Member	(Director)
Rev. A. Imadu	-	Member	
Chief D. U. Edebiri OON	-	Member	(Director)
Dr. L. J.J. Boedt	-	Member	(Director)

The Company Secretary, Mr. C. J. Mariere, acted as the Secretary to the Committee up to the 31<sup>st</sup> December, 2019. Mr Chibuikwe Odum Onwusoro was appointed to succeed Mr Mariere.



**Rev. L. A. Ohenhen (JP)**



**Dr. L. J. J. Boedt**



**Chief D. U. Edebiri OON**



**Mr. P. A. E Eguasa (JP)**



**Mr. M. Igbrude**



**Rev. A. Imadu**

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007**

We the undersigned hereby certify the following with regards to the financial reports for the year ended 31 December, 2019 that:-

- a) We have reviewed the report
- b) To the best of our knowledge, the report does not contain;
  - (i) Any untrue statement of material effect, or
  - (ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances 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 present in all material respects the financial condition and results of operations of the company as of the reporting date 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 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 control based on our evaluation as of that date;
- e) We have disclosed 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 internal controls, and
  - (ii) Any fraud whether or not material, that involved 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 internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.



**Dr. Graham D. Hefer**  
Managing Director/CEO  
FRC/2013/IODN/00000002460  
16<sup>th</sup> March, 2020



**Mr. Arnaud Arhainx**  
Chief Finance Officer  
FRC no (see note 44)  
16<sup>th</sup> March, 2020



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Chartered Accountants,  
Ceddi Towers,  
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Lagos, Nigeria.

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Fax: +234 1 4600619  
E-mail: info@dafinone.com  
PIN NO: 01860732 0001

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OKOMU OIL PALM COMPANY PLC

### REPORT ON THE FINANCIAL STATEMENTS

#### OPINION

We have audited the financial statements of Okomu Oil Palm Company Plc which comprise, statement of profit or loss and other comprehensive income, statement of financial position as at 31<sup>st</sup> December, 2019, statement of changes in equity, statement of cash flows for the year then ended, other explanatory notes, statement of value added and financial summary. These financial statements are set out on pages 31 to 65 and have been prepared using the significant accounting policies set out on pages 35 to 44.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31<sup>st</sup> December, 2019 and of its financial performance and its cash flows for the year ended on that date, and comply with the applicable International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act No. 6, 2011 and Companies and Allied Matters Act CAP C20 LFN, 2004.

#### BASIS OF OUR OPINION

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and in the manner required by the Nigerian Standards on Auditing (NSAs). Our responsibilities are further described in the auditor's responsibilities for the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate so as to provide us with a reasonable basis for our audit opinion.

#### INDEPENDENCE

We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA) Code. We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT

The directors' report and other information contained therein are the responsibility of management. Our opinion does not cover these reports and accordingly we do not express any

form of assurance conclusion thereon. It is our responsibility to read the other information and in doing so, consider whether the information is materially inconsistent with the financial statements or with the knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work we conclude that there is material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

#### KEY AUDIT MATTERS

Key audit matters are those matters that in our professional judgment, were of significant importance in the performance of our audit of the financial statements. These matters were fully addressed during the audit of the financial statements as a whole and in forming our opinion. We do not provide a separate opinion on these matters.

#### REVENUE

The primary determinant and key performance indicator of performance is the revenue generated given the nature of its business. The Revenue this year was ₦18.9 billion (2018: ₦20.26 billion) (note 6).

#### OUR AUDIT PERFORMED AND RESPONSES THEREON

We have tested the accounting systems and internal controls pertaining to the processing, delivery, receipt and recording of income in respect of such revenue. The results of the tests provided sufficient evidence that reliance could be placed on such systems.

We have also obtained written representation from management particularly in confirming that override of the systems by management did not occur.

We have accordingly placed reliance on these systems.

The substantive tests in respect of revenue and the trade receivables existing as at the reporting date were carried out and we obtained written confirmation from the related parties on the volume through the related parties. We also confirmed that the sales to related parties are at arm's length and all revenue earned meet the requirement of IFRS 15 and other relevant standards.

We reviewed the sectoral analysis of the Revenue and the basis of their allocation to determine if it was appropriate and had been properly applied. Appropriate tests were made to ensure compliance with the sectoral policy.



No evidence of any error or misstatement in respect of the amounts disclosed as revenue or the related debts came to our attention.

#### BIOLOGICAL ASSETS

##### BEARER BIOLOGICAL ASSETS

The company's biological assets comprise the natural production assets in the form of rubber and oil palm trees. The summary of the costs incurred up to the reporting date is set out in note 22.

The value of these assets as at the reporting date was 18 billion (2018: 16 billion).

We carried out tests on the current bearer biological assets to obtain assurance as to their cost. The amounts incurred in creation of the immature parts of the plantation were subject to tests of accuracy and authenticity.

#### DIRECTORS AND MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors and the management are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act No. 6, 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate significant accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate so as to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of the significant accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to such in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit and remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in the manner that achieves fair presentation.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with Section 360 (1) and (2) of the Companies and Allied Matters Act CAP C20 LFN 2004 we confirm that the financial statements are in agreement with the accounting records, which have been properly kept.

In accordance with Section 359(2) of the Companies and Allied Matters Act, CAP LFN 2004, we confirm that we received all of the information and explanations that were required for the purpose of the audit.



Lagos, Nigeria  
16<sup>th</sup> March, 2020

Igho Dafinone, FCA  
FRG/2012/ICAN/0000000622  
Engagement Partner  
for: Crowe Dafinone  
(Formerly Horwath Dafinone)  
Chartered Accountants

**Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 31<sup>st</sup> December, 2019*

	Notes	2019 N' 000	2018 N' 000
<b>REVENUE</b>	6	18,867,271	20,257,669
Other works performed by the entity capitalised	7	2,552,986	3,446,502
Changes in inventories of the finished goods and work in progress	8.1	(296,029)	185,360
Raw materials and consumables	8	(4,325,299)	(4,415,829)
External charges	9	(3,784,600)	(3,988,470)
Employees' expenses	10	(1,094,367)	(973,127)
Depreciation on property, plant and equipment	21	(1,325,260)	(1,178,556)
Depreciation and impairment charges on bearer biological assets	22	(369,293)	(327,814)
Administrative expenses	11	(3,065,881)	(2,929,317)
Other income	12	194,786	183,506
<b>OPERATING PROFIT BEFORE TAX, FINANCE AND OTHER RELATED COSTS</b>		<b>7,354,314</b>	<b>10,259,924</b>
Finance income	15	348,889	353,685
Gain on disposal of assets	16	9,383	16,170
Finance costs	17	(189,399)	(292,608)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE OTHER COMPREHENSIVE INCOME AND TAXATION</b>	18	<b>7,523,187</b>	<b>10,337,171</b>
Companies income tax charge	19.1	(2,473,550)	(1,835,322)
<b>PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION</b>		<b>5,049,637</b>	<b>8,501,849</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain/loss	32	455,301	(374,209)
Deferred tax on actuarial gain/loss	19.2	(136,590)	112,263
<b>Total comprehensive income</b>		<b>5,368,348</b>	<b>8,239,903</b>
Basic earnings per 50 kobo ordinary share (Naira)	20	5.29	8.91

The general information, critical information and the significant accounting policies that are set out on pages 35 to 44 and the notes on pages 35 to 63 form integral parts of the financial statements.

## Statement of Financial Position

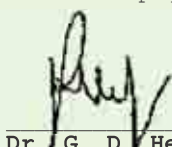
As at 31<sup>st</sup> December, 2019

	Notes	2019 N'000	2018 N'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	21	13,922,995	13,392,195
Bearer biological assets	22	18,201,055	16,017,362
		<hr/>	<hr/>
		32,124,050	29,409,557
<b>CURRENT ASSETS</b>			
Inventories	23	3,734,734	3,148,880
Trade receivables	24	57,066	40,021
Advance to suppliers	24	4,177,038	704,292
Intercompany receivables	25	98,465	447,522
Other receivables	26	720,378	538,247
Cash and bank equivalents	27	2,684,061	4,129,434
		<hr/>	<hr/>
		11,471,742	9,008,396
<b>TOTAL ASSETS</b>			
		<hr/>	<hr/>
		<b>43,595,792</b>	<b>38,417,953</b>
		=====	=====
<b>Equity and liabilities</b>			
Share capital	28 (b)	476,955	476,955
Share premium	29	1,867,096	1,867,096
Revenue reserves	30.1	26,759,026	26,411,611
Non-distributable reserves	30.2	77,203	(241,508)
		<hr/>	<hr/>
		29,180,280	28,514,154
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	19.4	1,684,600	1,548,010
Post-employment benefits obligations	32	935,379	1,165,774
Borrowings	33	8,264,436	2,267,286
		<hr/>	<hr/>
		10,884,415	4,981,070
<b>CURRENT LIABILITIES</b>			
Trade payables	34	1,252,738	1,548,070
Intercompany payables	35	16,055	-
Other payables	36	51,680	61,083
Accruals	37	353,619	319,924
Borrowings	33	709,435	464,433
Tax payable	19.3	1,147,570	2,529,219
		<hr/>	<hr/>
		3,531,097	4,922,729
<b>TOTAL LIABILITIES</b>			
		<hr/>	<hr/>
		<b>14,415,512</b>	<b>9,903,799</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<hr/>	<hr/>
		<b>43,595,792</b>	<b>38,417,953</b>
		=====	=====

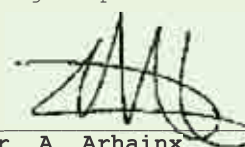
The general information, critical information and the significant accounting policies that are set out on pages 35 to 44 and the notes on pages 35 to 63 form integral parts of the financial statements.



Mr. G. Oyebo MFR  
Chairman  
FRC/2013/NBA/00000002546



Dr. G. D. Hefer  
Managing Director  
FRC/2013/IODN/00000002460



Mr. A. Arhainx  
Chief Finance Officer  
(see note 44)

Approved by the Board of Directors on 16<sup>th</sup> March, 2020



## Statement of changes in Equity

For the year ended 31<sup>st</sup> December, 2019

	Note	Share Capital N'000	Share premium N'000	Non distributable reserves N'000	Revenue reserves N'000	Total N'000
<b>EQUITY AS AT 1<sup>st</sup> JANUARY, 2018 AS RESTATED</b>		<b>476,955</b>	<b>1,867,096</b>	<b>20,438</b>	<b>20,771,492</b>	<b>23,135,981</b>
<b>TRANSACTIONS WITH SHAREHOLDERS</b>						
Dividends paid	31	-	-	-	(2,861,730)	(2,861,730)
		<b>476,955</b>	<b>1,867,096</b>	<b>20,438</b>	<b>17,909,762</b>	<b>20,274,251</b>
Profit for the year		-	-	-	8,501,849	8,501,849
Actuarial loss	32	-	-	(374,209)	-	(374,209)
Deferred tax on actuarial loss	19.2	-	-	112,263	-	112,263
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>(261,946)</b>	<b>8,501,849</b>	<b>8,239,903</b>
<b>Equity as at 31<sup>st</sup> December, 2018</b>		<b>476,955</b>	<b>1,867,096</b>	<b>(241,508)</b>	<b>26,411,611</b>	<b>28,514,154</b>
<b>Equity as at 1<sup>st</sup> January, 2019</b>		<b>476,955</b>	<b>1,867,096</b>	<b>(241,508)</b>	<b>26,411,611</b>	<b>28,514,154</b>
<b>TRANSACTIONS WITH SHAREHOLDERS</b>						
Dividends paid	31	-	-	-	(2,861,730)	(2,861,730)
Interim dividend paid		-	-	-	(1,907,820)	(1,907,820)
Statute barred dividend					67,328	67,328
		<b>476,955</b>	<b>1,867,096</b>	<b>(241,508)</b>	<b>21,709,389</b>	<b>23,811,932</b>
Profit for the year		-	-	-	5,049,637	5,049,637
Actuarial gain	32	-	-	455,301	-	455,301
Deferred tax on actuarial gain	19.2	-	-	(136,590)	-	(136,590)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>318,711</b>	<b>5,049,637</b>	<b>5,368,348</b>
<b>EQUITY AS AT 31<sup>st</sup> DECEMBER, 2019</b>		<b>476,955</b>	<b>1,867,096</b>	<b>77,203</b>	<b>26,759,026</b>	<b>29,180,280</b>

The movement from distributable revenue profits to non distributable profits arises from the requirements of Section 380 of the Companies and Allied Matters Act, CAP C20, LFN 2004 which do not allow the distribution of dividends from gains arising from the revaluations of non-current assets and actuarial gains on post-employment benefits.

The general information, critical information and the significant accounting policies that are set out on pages 35 to 44 and the notes on pages 35 to 63 form integral parts of the financial statements.

## Statement of Cash Flows

For the year ended 31<sup>st</sup> December, 2019

	Notes	2019 N '000	2018 N '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit on continuing operations before tax	18	7,523,187	10,337,171
<b>Adjustments for items not involving movement of cash</b>			
Loss/(profit) on disposal of property, plant and Equipment	16	-	(1,412)
Depreciation on plant, property and equipment	21	1,325,260	1,178,556
Depreciation of bearer biological assets	22	369,293	327,814
		<hr/>	<hr/>
		9,217,740	11,842,129
<b>Movement in working capital</b>			
Increase in inventories		(585,854)	(461,684)
(Increase)/decrease in trade receivables		(17,045)	49,630
Increase in advance from customers		(3,472,746)	(328,721)
Inter-company receivables		365,112	50,300
Other receivables		(182,131)	(25,336)
(Decrease)/increase in trade and other payables		(304,735)	1,093,109
Increase/(decrease) in accruals		33,695	(119,755)
Retirement benefits		224,906	120,432
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>5,278,942</b>	<b>12,220,104</b>
Tax paid	19.3	(3,855,199)	(2,905,193)
		<hr/>	<hr/>
		<b>1,423,743</b>	<b>9,314,911</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	21	(1,856,060)	(3,354,216)
Pre-cropping expenditure incurred	22	(2,552,986)	(3,446,502)
Proceeds from disposal of property, plant and equipment		-	1,412
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(4,409,046)</b>	<b>(6,799,306)</b>
<b>Cash flow from financing activities</b>			
Loans and borrowings		6,242,152	1,480,214
Dividends paid	31	(4,769,550)	(2,861,730)
Statue barred dividend received		67,328	-
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from financing activities</b>		<b>1,539,930</b>	<b>(1,381,516)</b>
<b>Net cash (outflow)/inflow in the year</b>			
		<hr/>	<hr/>
		(1,445,373)	1,134,089
Cash and cash equivalent as at the beginning of the year		4,129,434	2,995,345
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR*</b>	27	<b>2,684,061</b>	<b>4,129,434</b>
		=====	=====

\* Cash and cash equivalents as at the end of the year comprise cash and bank balances only.

The general information, critical information and the significant accounting policies that are set out on pages 35 to 44 and the notes on pages 35 to 63 form integral parts of the financial statements.

**1. GENERAL INFORMATION**

The company was incorporated as a private limited liability company on 3<sup>rd</sup> December, 1979. It was converted to a public limited company on 19<sup>th</sup> September, 1997 under the Companies and Allied Matters Act CAP C20 LFN, 2004.

**1.1 GOING CONCERN**

These financial statements have been prepared on the going concern basis. Management has no doubt that the company would remain in existence after 12 months. The company has no intention or need to substantially reduce its business operations. The management believes that the going concern assumption is appropriate for the company due to sufficient capital adequacy and projected liquidity, based on historical experience that its short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the company is carried out by the company to ensure that there are no impediments to the operations of the company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are as set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

**2.1 Basis of preparation and measurement**

The significant accounting policies adopted in the preparation of the financial statement are as set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

**Compliance with International Financial Reporting Standards**

The financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

**Use of significant estimates, assumptions and management's judgement**

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**Functional and presentation currency**

These financial statements are presented in Nigerian Naira because it is the functional currency of the primary economic environment in which the company operates.

The financial statements were authorised for issue by the Board of Directors on 16<sup>th</sup> March, 2020. The shareholders of Okomu Oil Palm Company Plc do not have the right to amend the issued financial statements after they have been approved by the Board and accepted by the shareholders at the Annual General Meeting.

The financial statements have been prepared using a rounding level to the nearest 1000.

**Basis of measurement**

The financial statements have been prepared on a historical cost basis except for the fair value basis that has been applied to certain non-current assets.

**2.1.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES****New standards, interpretations and amendments issued but not yet effective**

A number of new standards, interpretations and amendments were issued in respect of periods beginning on (or after) 1<sup>st</sup> January, 2019. The company has elected not to adopt them in these financial statements. The nature and effect of each new standard, interpretation and amendment yet to be adopted by the company are as detailed below.

Pronouncement	Nature of change	Effective date
<b>IFRS 17 Insurance Contracts</b>	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 <i>Insurance Contracts</i>. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>discounted probability-weighted cash flows</li> <li>an explicit risk adjustment, and</li> <li>a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policy holders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features</p>	1 January 2021

## 2.2 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Okomu Oil Palm Company Plc. The company operates only one line of business.

## 2.3 FOREIGN CURRENCY TRANSLATION

### (a) *Functional and presentation currency*

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which Okomu Oil Palm Company Plc operates ('the functional currency'). The functional currency of Okomu Oil Palm Company Plc is the Nigerian Naira. The financial statements are also presented in Naira.

### (a) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement under 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement under 'other (expenses)/income – net'. Translation differences related to changes in amortised cost are recognised in profit or loss.

The company has applied IAS 21 for the treatment of foreign currency translation.



## 2.4 PROPERTY, PLANT AND EQUIPMENT

### Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Prior to the assets being brought into operation the amounts incurred are recorded as part of capital work-in-progress.

### Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost less any residual values over their estimated useful lives, as follows:

<u>Class of asset</u>	<u>Rate</u>
	%
Building	5
Mill Machinery and Equipment	10
Crawlers and Equipment	20
Agricultural Equipment	20
Workshop Equipment	20
Tools	20
Power Supply Equipment	20
Miscellaneous Equipment	12.5
Nursery Equipment	12.5
Radio Communication & Survey Equipment	12.5
Water Supply	12.5
Light Vehicles and Lorries	25
Tractors and Trailers	20
Furniture, Fittings and Equipment	12.5 & 20
	=====

The company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Also, when parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated based on their different useful lives. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Items classified as capital work in progress are not depreciated.

### Impairment of property, plants and equipment

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

All repairs, maintenance and renewal expenses shall be charged to the statement of income during the period in which they are incurred.

Capital Work in progress (CWIP) is stated at cost. When the asset is ready for intended use, CWIP shall be transferred to property, plant and equipment and depreciated in accordance with company's policy. Interest costs on borrowings to finance the construction of property, plant & equipment shall be capitalised as part of the cost of the asset.

**Disposal**

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

**2.5 BEARER BIOLOGICAL ASSETS**

Biological assets comprise the land and associated natural assets situated on such. These assets are initially recognized at their historic cost. The historic cost comprises the amounts incurred from the stage of pre-cropping, land clearing, agricultural labour, the costs of materials and the other expenditure incurred to bring the biological assets to the point of maturity.

Each group of biological assets is grouped in to the year in which the cultivation of the biological assets commences. The groups of assets are segregated according to the year and the product type. The biological assets are first recognised as immature until classified as mature.

Biological assets are recognised as mature when the following events occur:

- Palm Oil plantations are treated as mature when 60% of palm per block are bearing fruits with an average weight of 3kg or more.
- Rubber plantations are treated as mature when 40% of the trees can be tapped during the year.

Bearer plants are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributed to the planting and nurturing of the bearer plant prior to the asset being tapped and harvested the amounts incurred are recorded as immature plantation. All other costs incurred for maintenance after recognition as matured plantation are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

Depreciation is calculated using the straight line method to allocate their cost over their estimated useful lives as follows:

Class of asset	Rate
Palm plantation	5%
Rubber plantation	5%

Useful lives of the assets are reviewed annually and adjusted if appropriate. Items classified as immature plantations are not depreciated.

**Impairment of Biological bearer plants**

Where an indication of impairment exists, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

All maintenance expenses shall be charged to the statement of income during the period in which they are incurred.

Immature plantation shall be stated at cost when ready for tapping and harvesting they shall be transferred to matured plantation and depreciated in accordance with company's policy.

**Disposal**

The gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income.

**2.6 FINANCIAL INSTRUMENTS**

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

**2.6.1 Classification**

The classification is based on both the company's business model for managing the financial assets and the characteristics of the financial assets contractual cash flow. Management determines the classification of its financial instruments at initial recognition.

The company classifies its financial assets in the following categories: fair value through profit, fair value through comprehensive income and amortised cost.

Non-derivative financial assets

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

**(b) Financial assets at fair value through other comprehensive income**

Fair value through other comprehensive income is the classification for instruments for which an entity has a dual business model i.e. the business model is achieved by both holding the financial assets to collect the contractual cash flows and through the sale of the financial assets. The characteristics of the contractual cash flows of instruments in this category must still be solely payments of principal and interest.

The changes in fair value of FVOCI debt instruments are recognised in other comprehensive income (OCI). Any interest income, foreign exchange gains/losses and impairments are recognised immediately in profit or loss. Fair value changes that have been recognised in OCI are recycled to profit or loss upon disposal of the debt instruments.

**Amortised cost**

Amortised cost applies to instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and the interest.

**2.6.2 RECOGNITION AND MEASUREMENT****(a) Financial assets at fair value through profit or loss**

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Interest swaps and warrants are classified as current.

**(b) Financial assets at fair value through other comprehensive income**

A financial asset is classified as subsequent measured at FVOCI if it:

- meet the SPPI criterion; and
- is held in a business model in which assets are managed both in order to collect contractual cash flow and for sale.

**(c) Financial assets measured at amortised cost**

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flow where those cash flow represent solely payments of principal and interest. After initial measurement, debts instruments in this category are carried at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any discount or premium on acquisition, transactions costs and fees that are an integral part of the effective interest rate. Impairment on financial assets measured at amortised costs is calculated using the expected credit loss approach.

**Trade and other receivables**

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment for trade receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets' carrying amount and the recoverable amount net of any costs that may be incurred in recovering the debt. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

Bad accounts shall be written off when there is no possibility of recovery.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

**Cash, cash equivalents and bank overdrafts**

Cash and cash equivalents shall comprise cash, bank current accounts, and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

For the purpose of the Statement of cash flows, cash and cash equivalents comprise of: cash in hand, cash at bank, short term bank deposits, domiciliary account balance and bank overdraft.

**(d) Amortised cost**

Non-derivative financial liabilities

Financial liabilities at amortized cost include trade and other payables, bank overdraft, short and long term borrowings.

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

**Borrowings**

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

**Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Deposit for shares**

Deposit received from existing shareholder, against future allotment is included in non-current liabilities in company's financial statements in the period in which they are received.

**2.6.3 IMPAIRMENT OF FINANCIAL ASSETS**

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing financial difficulty, default in interest or principal payments, or the probability that they will enter bankruptcy and where there is an indication of a decrease in the estimated future cash flows.

For loans and receivables, the amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

**2.6.4 OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

**2.7 INVENTORIES**

Agricultural inventories held at the reporting date in respect of both rubber and oil palm is valued at the net realisable value. Agricultural inventories are passed to the manufacturing processes at these values.

Palm oil products, rubber products and work in progress that are subject to the manufacture or refining process are valued at the value of direct materials and the labour plus appropriate amount attributable to production overheads based on the normal levels of production capacity.

All inventories are evaluated for any impairment in value whether arising from a deficit of net realisable value, obsolescence or other technical factors. The risk crystallising from the risk of impairment from whatever cause is recognised in the profit and loss account as a charge against profit.



**2.8 FINANCE INCOME AND FINANCE COST*****Finance income***

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss on the date that the company's right to receive payment is established.

***Finance cost***

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration. They are recognised in profit or loss.

***Borrowing cost***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. Capitalised) until such time as the assets are substantially ready for their intended use or sale

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.9 PROVISIONS**

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the company will be required to settle that obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

**2.10 INCOME TAX**

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

***Current tax***

The tax currently payable is based on taxable profit for the year and education tax. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Tax payable is provided in accordance with the provisions of the Companies Income Tax Act (as amended) and Education Tax Decree (as amended) on the profits as adjusted for that purpose.

Withholding taxes are recognised as a taxable asset on the occurrence of the receipt of the evidence of withholding tax certificates from the tax authority.

Withholding tax for which the tax certificates are available and for which no recovery is foreseen by the Directors, through the offset against the company's income tax liability is charged against the profits of the company through the tax charge in the year the loss is foreseen.

***Deferred tax***

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

## 2.11 EMPLOYEE BENEFITS

### (a) *Defined Contribution scheme*

The company operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The employer's contributions are recognised as employee benefit expenses when they are due. The employer and the employee contributes 8% and 10% respectively of the employees' total emolument. The fund is independently managed by a Pension Fund Administrator in line with the Act. The company has no further payment obligation once the contributions have been paid.

### (b) *Defined benefit gratuity scheme*

The service gratuity plan provided a defined terminal benefit to the employees based on the salary and years of employment and was calculated annually by independent actuaries using the projected unit credit method. The liability recognised in the statement of financial position in respect of the service gratuity scheme is the present value of the defined benefit obligation at the reporting date, together with adjustments for actuarial gains/losses and past service cost. The plan was unfunded.

Actuarial gains and losses were recognized in full in the period in which they occurred, in other comprehensive income and cumulated in other reserves without recycling to profit or loss in subsequent periods. Current service cost, the recognized element of any past service cost and the interest expense arising on the pension liability are included in the comparative period in the same line items in profit or loss as the related compensation cost.

## 2.12 GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable. A grant without specified future performance conditions is recognised in income when the grant proceeds are receivable. A grant that imposes specified future performance conditions is recognised in income when those conditions are met. Government grants are presented separately from the assets to which they relate. Government grants recognised in income are presented separately in the notes. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position. No amount is recognised for those forms of government assistance that cannot reasonably have a value placed on them. However, the entity discloses information about such assistance.

## 2.13 REVENUE

Revenue from sales of agricultural produce and refined palm oil related products is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Revenue is recognised when performance is complete, measurement is possible, and collection is assured. Performance would be regarded as being achieved when all of the following criteria have been met:

- Company's performance is complete; and significant risk and reward of ownership has been transferred to the buyer.
- The amount of revenue can be measured reliably.
- The benefit of the revenue will actually flow to the company.
- The company can reliably measure all costs relating to the transaction, past and future. The seller retains no continuing managerial involvement or control over the products sold. Collection is not an issue because of the advance payment. Advance payment establishes the presence of an arrangement. Performance criteria must be met for revenue to be recognised.

#### 2.14 LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

##### *Operating lease*

Leases where the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on straight line basis over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### *Finance lease*

Finance leases that transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases of items by the company where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### 2.15 SHARE CAPITAL

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 FINANCIAL RISK FACTORS

The company's business activities expose it to a variety of financial risks:

- market risk (including foreign exchange, interest rate, and price);
- credit risk; and
- liquidity risk

The objective of the company's risk management programme is to minimise potential adverse impacts on the company's financial performance.

##### **Risk management framework**

Risk management is carried out in line with policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

Risk management is the responsibility of the Managing Director, which aims to effectively manage the financial risk of Okomu Oil Palm Company Plc, according to the policies approved by the Board of Directors.

The company's financial instruments consist of trade and other receivables and trade and other payables, bank overdraft, cash and cash equivalents and loan.

##### **(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of the company's holdings of financial instruments.

##### **(i) Currency risk**

The company is exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The company buys and imports some of the raw materials used for production, the payments for which are made in Euro and US Dollars. The company makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in Euro.

Management's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions.

##### **(ii) Price risk**

The company is not exposed to price risk as it does not hold any equity instruments.

##### **(iii) Interest rate risk**

The company's interest rate risk arises from trade finance. The company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for its overdrafts and trade finances.

##### **(b) Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

The company uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the

obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks. At the year end, Okomu Oil Palm Company Plc considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The company does not hold any collateral as security.

The table below analyses the company's financial assets into relevant maturity groupings as at the reporting date.

	Neither past due nor impaired		Past due		
	1-30 days N '000	30 to 60 days N '000	61-360 days N '000	Over 360 days N '000	Impaired N '000
<b>31<sup>st</sup> December, 2019</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	2,684,061	-	-	-	-
Trade receivables	57,066	-	-	-	-
	<u>2,741,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====
<b>31<sup>st</sup> December, 2018</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	4,129,434	-	-	-	-
Trade receivables	40,021	-	-	-	-
	<u>4,169,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====

#### Impaired losses

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	2019 N '000	2018 N '000
Balance as at 1 <sup>st</sup> January,	-	-
Impairment loss recognised	-	-
Amounts written off	-	-
	<u>-</u>	<u>-</u>
Balance as at 31 <sup>st</sup> December,	<u>-</u>	<u>-</u>
	=====	=====

#### (c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times so that the company does not breach borrowing limits on any of its borrowing facilities. The company manages liquidity risk by effective working capital and cash flow management.

The table below places the company's financial liabilities into relevant maturity classes based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows



**Liquidity risk** *Con'td*

	Less than 1 year N '000	Between 1 and 2 years N '000	Over years N '000	Total N '000
<b>31<sup>st</sup> December, 2019</b>				
<b>Financial liabilities:</b>				
Trade payables	1,252,738	-		1,252,738
Borrowings (principal and interest)	319,972	6,308,728	2,345,171	8,973,871
	<u>1,572,710</u>	<u>6,308,728</u>	<u>2,345,171</u>	<u>10,226,609</u>
	=====	=====	=====	=====
<b>31<sup>st</sup> December, 2018</b>				
<b>Financial liabilities:</b>				
Trade payables	1,548,070	-	-	1,548,070
Borrowings (principal and interest)	-	1,401,054	1,330,665	2,731,719
	<u>1,548,070</u>	<u>1,401,054</u>	<u>1,330,665</u>	<u>4,279,789</u>
	=====	=====	=====	=====

### 3.2 CAPITAL MANAGEMENT

The objective in managing capital is to safeguard the company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

Consistent with others in the industry, the company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios at the end of the year are as follows:

	<b>31<sup>st</sup> December, 2019</b>	<b>31<sup>st</sup> December, 2018</b>
Total borrowings	8,973,871	2,731,719
Less cash and cash equivalents	(2,684,061)	(4,129,434)
	<u>6,289,810</u>	<u>(1,397,715)</u>
	=====	=====
Total equity	29,180,280	28,514,154
	<u>29,180,280</u>	<u>28,514,154</u>
	=====	=====
Gearing ratio	22%	(5%)
	===	===

### 3.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

#### (a) Financial instruments measured at fair value

	<b>31<sup>st</sup> December, 2019</b>		<b>31<sup>st</sup> December, 2018</b>	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets:</b>				
Cash and bank balances	2,684,061	2,684,061	4,129,434	4,129,434
Trade receivables	57,066	57,066	40,021	40,021
Intercompany receivables	98,465	98,465	447,522	447,522
	<u>2,839,592</u>	<u>2,839,592</u>	<u>4,616,977</u>	<u>4,616,977</u>
	=====	=====	=====	=====
<b>Financial liabilities:</b>				
Trade payables	1,252,738	1,252,738	1,548,070	1,548,070
Borrowings	8,973,871	8,973,871	2,731,719	2,731,719
Intercompany payables	16,055	16,055	-	-
	<u>10,242,664</u>	<u>10,242,664</u>	<u>4,279,789</u>	<u>4,279,789</u>
	=====	=====	=====	=====

**(b) Fair value hierarchy**

IFRS 7 requires disclosures for all financial instruments measured at fair value.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (level 3).

**(c) Fair valuation methods and assumptions**

**(i) Cash and bank balances**

Cash and bank balances represent cash held with various banks of the various jurisdictions in which the company operates. The fair value of these balances is their carrying amounts.

The following table presents the company's assets that are measured at fair value at 31<sup>st</sup> December, 2019.

	Level 1 N '000	Level 2 N '000	Level 3 N '000
<b>Assets</b>			
Cash and bank balances	2,684,061	-	-
Trade receivables	57,066	-	-
	<hr/>	<hr/>	<hr/>
	2,741,127	-	-
	=====	=====	=====

The following table presents the company's assets that are measured at fair value at 31<sup>st</sup> December, 2018.

	Level 1 N '000	Level 2 N '000	Level 3 N '000
<b>Assets</b>			
Cash and bank balances	4,129,434	-	-
Trade receivables	40,021	-	-
	<hr/>	<hr/>	<hr/>
	4,169,455	-	-
	=====	=====	=====

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.

The fair value of financial instruments that are not traded in an active market (for example, unquoted equities) is determined by using valuation techniques. These valuation techniques maximise 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. For unquoted equities where the fair value cannot be reliably estimated, they are carried at cost.

Unquoted equities where the fair value cannot be reliably determined are carried at cost.

### **3.4 FINANCIAL INSTRUMENTS WHICH ARE CARRIED AT OTHER THAN FAIR VALUE**

The carrying value of all financial assets and financial liabilities is a reasonable approximation of fair value. No further disclosure is required.

## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **Critical accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. No significant accounting judgments and estimates was made by the management in the preparation of this financial statements.

## **5. SEGMENT INFORMATION**

IFRS 8 Operating segments requires the operating segments to be based on the company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board of Directors which includes executive directors and other key management. It is the Board of Directors that has responsibility for planning and controlling the activities of the company.

The company's reportable segment has been identified on a product basis based on the manufacturing and distribution of palm and rubber products. The company is a two segment business.

There are no customer sales greater than 10% of sales of the company except the export sales of rubber which are sold to Sogescol FRSA.

Revenue is generated from both local and international sales. The analysis based on the geographical location of the customer is as set out below:

### **Segmental information**

For management purposes, the company's revenue can be derived through its product type and the final geographical location of its customers.

The company's plantation carries on the business of oil palm and rubber cultivation. These are processed and the refined palm oil products and its by products are sold locally. The processed rubber product is exported.

### **(i) Analysis of the revenue by product:**

	<b>2019</b>	<b>2018</b>
	<b>₦ '000</b>	<b>₦ '000</b>
Palm oil products	15,798,765	17,148,945
Rubber products	2,994,917	2,921,459
Services	73,589	187,265
	<hr/>	<hr/>
	<b>18,867,271</b>	<b>20,257,669</b>
	<b>=====</b>	<b>=====</b>

(i) Profitability by product

	Palm Oil		Rubber		Services	
	2019 N '000	2018 N '000	2019 N '000	2018 N '000	2019 N '000	2018 N '000
(i) Total revenue	5,798,936	17,148,945	2,994,746	2,921,459	73,589	187,265
Profit from continuing operations before tax, finance cost and other related cost	6,158,301	8,685,445	1,167,328	1,479,634	28,685	94,844
Finance income	293,294	302,202	55,595	51,483	-	-
Finance cost	(159,219)	(250,015)	(30,180)	(42,592)	-	-
Taxation/tax credit	(2,462,082)	(1,815,497)	-	-	(11,468)	(19,825)
Gain on disposal of assets	7,888	13,816	1,495	2,354	-	-
Profit on continuing operations	3,838,182	6,935,951	1,194,238	1,490,879	17,217	75,019

(ii) Profit summary by product

	2019 N '000	2018 N '000
Derived from palm oil	3,838,182	6,935,951
Derived from rubber	1,194,238	1,490,879
Services	17,217	75,019
	5,049,637	8,501,849

**6. REVENUE**

The turnover by geographical destination and operations is:

Local (sales and services)	15,872,354	17,336,210
Export (rubber)	2,994,917	2,921,459
	18,867,271	20,257,669

**7. OTHER WORKS PERFORMED BY THE ENTITY CAPITALISED**

Biological assets: Palm immature	2,226,339	3,009,349
Biological assets: Rubber immature	326,647	437,153
	2,552,986	3,446,502

Other work capitalised relates to overhead costs incurred on immature biological assets during the year is that was earlier expensed and is capitalised in line with the relevant standard.

**8. RAW MATERIALS AND CONSUMABLES**

Upkeep of mature plantation	416,078	556,294
Harvesting and collection	448,416	364,538
Purchases of rubber lump	72,668	123,981
General overheads	3,388,137	3,371,016
	4,325,299	4,415,829

**8.1 Charges in inventory of finished goods and work in progress**

(296,029)	185,360
-----------	---------

This refers to adjustments made for stock variation during the year.

	<b>2019</b> <b>N '000</b>	<b>2018</b> <b>N '000</b>
<b>9. EXTERNAL CHARGES</b>		
Transport	958,220	1,021,810
Contractor Wages	2,826,380	2,902,390
Technical assistance	-	64,270
	<u>3,784,600</u>	<u>3,988,470</u>
	=====	=====
<b>10. EMPLOYEES' EXPENSES</b>		
Staff salaries (Excluding directors' remuneration):	438,153	425,702
Staff welfare	38,612	38,495
Pension - employer's contribution	25,193	22,387
Training	45,546	34,195
Gratuity	252,730	145,361
Production bonus	137,493	145,936
Other allowances	156,640	161,051
	<u>1,094,367</u>	<u>973,127</u>
	=====	=====
<b>11. ADMINISTRATIVE EXPENSES</b>		
Management fees*	1,020,937	1,073,194
Directors remuneration	84,580	73,367
Security and safety expenses	409,133	419,952
Repairs and maintenance	433,607	382,333
Rent and rates	23,849	11,234
Professional and legal fees	103,072	115,127
Auditors remuneration	28,000	23,000
Corporate social responsibilities	183,632	257,204
Subscription	23,393	3,205
Overseas travel	89,130	80,845
Third party taxes	6,500	3
Power & electricity	166,189	146,113
Bad debt written off	157,630	-
Drugs	66,197	49,635
Others	270,032	294,105
	<u>3,065,881</u>	<u>2,929,317</u>
	=====	=====

\*Management fees comprises of management and technical fees for the year. The management fees is 3% of the profit before tax of the company while the technical fees is 3% of net sales of the company.

	<b>2019</b> <b>N '000</b>	<b>2018</b> <b>N '000</b>
<b>12. OTHER INCOME</b>		
Insurance claim (note (I))	23,483	15,888
Sales of other products (note (ii))	119,835	104,781
Others	49,433	62,837
Technical assistance	2,035	-
	<u>194,786</u>	<u>183,506</u>
	=====	=====

**(i) Insurance claims compensation**

Insurance claims represent the compensation received from the insurance in respect of damages caused by natural disasters on electronic installations as well as on work related accidents.



**(ii) Sale of other products**

This represents what the company is reimbursed by its clientele and staff when petroleum products (diesel and kerosene) are used by its clients, suppliers or staff.

**(iii) Others**

This relates to income received from contractors for hire of equipment, medical bills for contractors and rent received.

**13. SECTORIAL ANALYSIS**

**13.1 Cost of sales**

	2019 N '000	2018 N '000
Oil Palm	4,426,181	4,094,616
Rubber	1,459,925	1,264,441
	<u>5,886,106</u>	<u>5,359,057</u>
	=====	=====

**13.2 Gross profit**

By products:		
Oil Palm	11,446,173	13,241,594
Rubber	1,534,992	1,657,018
	<u>12,981,165</u>	<u>14,898,612</u>
	=====	=====

**14. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

**a) Director's emoluments**

Fees	68,380	59,867
Other emoluments and expenses	16,200	13,500
	<u>84,580</u>	<u>73,367</u>
	=====	=====

**b) Emoluments:**

Chairman	11,546	9,587
	=====	=====
Highest paid director	11,546	9,587
	=====	=====

**c) Scale of other directors' remuneration (excluding the chairman)**

150,000 - 700,000	<b>Number</b>	<b>Number</b>
3,000,001 - 7,550,000	-	-
	8	8
	==	==

**d) Employees remunerated at higher rate:**

200,000 - 500,000		-
500,001 - 1,000,000	267	315
1,000,001 and above	207	176
	<u>474</u>	<u>491</u>
	====	====

**e) Average number of persons employed**

474	491
==	==

**15. FINANCE INCOME**

	2019 N '000	2018 N '000
Interest income on placement of funds	94,594	326,347
Foreign exchange gains	1,886	27,338
Interest income from dividend	252,409	-
	<u>348,889</u>	<u>353,685</u>
	=====	=====

**16. GAIN ON DISPOSAL OF ASSETS**

Sale of scrap	9,383	14,758
Gain/(loss) on sale of property, plant and equipment	-	1,412
	<u>9,383</u>	<u>16,170</u>
	=====	=====

**17. FINANCE COSTS**

Interest on long term loans	151,899	105,430
Foreign exchange losses	37,500	187,178
	<u>189,399</u>	<u>292,608</u>
	=====	=====

**18. PROFIT FROM CONTINUING OPERATIONS BEFORE OTHER COMPREHENSIVE INCOME AND TAXATION**

Is stated after charging/crediting):

Depreciation on property, plant and equipment	1,325,260	1,178,556
Depreciation on bearer biological assets	369,293	327,814
Auditors' remuneration	28,000	23,000
Directors' emoluments and expenses	84,580	73,367
Finance costs (note 17)	189,399	292,608
Finance income (note 15)	(348,889)	(353,685)
	<u>7,523,187</u>	<u>10,337,171</u>
	=====	=====

**19. TAXATION**

**INCOME TAXES RELATING TO CONTINUING OPERATIONS**

**19.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS**

**Current tax**

Expense in respect of the current year	1,090,661	1,592,072
Education tax	161,396	243,250
Under provision in prior years	1,221,493	-
	<u>2,473,550</u>	<u>1,835,322</u>

**Deferred taxation**

Deferred tax expenses/(assets) recognised in the current year	136,590	(112,263)
Total income tax expense recognised in current year relating to current operations	<u>2,610,140</u>	<u>1,723,059</u>
	=====	=====

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

Profit before tax	7,523,187	10,337,171
	<u>7,523,187</u>	<u>10,337,171</u>

	2019 N '000	2018 N '000
Expected income tax expense calculated at 30% (2018: 30%)	2,256,956	3,101,151
Education tax expense calculated at 2% (2018: 2%) of assessable profit		243,250
Effect of revenue/expenses that are not deductible or chargeable in determining the taxable profit	(1,004,899)	(1,509,079)
Deferred tax relating to actuarial (loss)/gains	136,590	(112,263)
Adjustment recognised in the current year in relation to prior years	1,221,493	-
	<hr/> 2,610,140	<hr/> 1,723,059
	=====	=====
Effective tax rate	35%	17%
	===	===

The tax rate used for 2019 and 2018 reconciliation above is the company income tax rate of 30% which is based on the current provisions of the Companies Income Tax Act, CAP C21, LFN 2001, as amended. The rate of 2% for education tax is based on the current provisions of the Tertiary Education Tax Act, CAP E4, LFN 2004.

## 19.2 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

### Deferred tax

Arising on income and expenses recognised in other comprehensive income:  
Arising from actuarial gain/losses on staff retirement benefit plan

	2019 N '000	2018 N '000
	-	-
	136,590	(112,263)
	=====	=====

## 19.3 CURRENT TAX PAYABLE

As at the beginning of the year  
Income tax expense recognised in current year  
Payments during the year  
Under provision in prior years

	2019 N '000	2018 N '000
	2,529,219	3,599,090
	1,252,057	1,835,322
	(3,855,199)	(2,905,193)
	1,221,493	-
	<hr/> 1,147,570	<hr/> 2,529,219
	=====	=====

As at 31<sup>st</sup> December

## 19.4 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The analysis of the deferred tax liabilities after the offset presented in the statement of financial positions:

	2019 N '000	2018 N '000
<b>Deferred tax liabilities</b>		
As at the beginning of the year	1,548,010	1,660,273
Recognised in other comprehensive income	136,590	(112,263)
	<hr/> 1,684,600	<hr/> 1,548,010
	=====	=====
<b>Split as follows:</b>		
Income tax	1,651,513	1,651,513

**Notes to the Financial Statements** *Cont'd*  
*For the year ended 31<sup>st</sup> December, 2019*

	2019 N '000	2018 N '000
Actuarial valuation	33,087	(103,503)
As at 31 <sup>st</sup> December,	1,684,600 =====	1,548,010 =====

**20. BASIC EARNINGS PER SHARE**

Basic earnings per 50kobo ordinary share	5.29 =====	8.91 =====
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Basic earnings per share are calculated using the profit after tax from continuing operations and divided by the 953,910,000 ordinary shares that were in issue as at the reporting date.

**21. PROPERTY, PLANT AND EQUIPMENT**

	Machinery & equipment N '000	Building N '000	Land N '000	Palm mill N '000	Rubber mill N '000	Vehicle N '000	Furniture & equipment N '000	Work-in- progress N '000	Total N '000
<b>COST</b>									
As at 1 <sup>st</sup> January, 2019	2,541,959	4,199,126	2,051,165	6,864,583	1,122,835	2,434,471	350,050	1,724,917	21,289,106
Additions	86,555	13,826	-	116,447	100,436	96,679	17,787	1,424,330	1,856,060
Reclassification/ Transfer	33,127	249,948	-	1,093,609	96,722	-	23,190	(1,496,596)	-
Disposals	-	-	-	-	-	(2,085)	-	-	(2,085)
<b>As at 31<sup>st</sup> December, 2019</b>	<b>2,661,641</b> =====	<b>4,462,900</b> =====	<b>2,051,165</b> =====	<b>8,074,639</b> =====	<b>1,319,993</b> =====	<b>2,529,065</b> =====	<b>391,027</b> =====	<b>1,652,651</b> =====	<b>23,143,081</b> =====
As at 1 <sup>st</sup> January, 2018	2,219,949	3,232,798	2,051,165	5,532,802	1,045,375	1,938,941	271,637	1,644,600	17,937,267
Additions	123,106	9,531	-	530,240	60,272	483,418	24,130	2,123,519	3,354,216
Reclassification/ transfer	198,904	956,797	-	801,541	17,188	14,264	54,508	(2,043,202)	-
Disposals	-	-	-	-	-	(2,152)	(225)	-	(2,377)
<b>As at 31<sup>st</sup> December, 2018</b>	<b>2,541,959</b> =====	<b>4,199,126</b> =====	<b>2,051,165</b> =====	<b>6,864,583</b> =====	<b>1,122,835</b> =====	<b>2,434,471</b> =====	<b>350,050</b> =====	<b>1,724,917</b> =====	<b>21,289,106</b> =====
<b>DEPRECIATION</b>									
As at 1 <sup>st</sup> January, 2019	1,835,548	1,139,983	-	2,838,401	549,564	1,331,336	202,079	-	7,896,911
Charge for the year	263,374	217,203	-	424,999	76,247	317,739	25,698	-	1,325,260
Eliminated on disposal	-	-	-	-	-	(2,085)	-	-	(2,085)
<b>As at 31<sup>st</sup> December, 2019</b>	<b>2,098,922</b> =====	<b>1,357,186</b> =====	<b>-</b> =====	<b>3,263,400</b> =====	<b>625,811</b> =====	<b>1,646,990</b> =====	<b>227,777</b> =====	<b>-</b> =====	<b>9,220,086</b> =====
As at 1 <sup>st</sup> January, 2018	1,597,066	950,692	-	2,477,666	481,684	1,031,498	182,126	-	6,720,732
Charge for the year	238,482	189,291	-	360,735	67,880	301,990	20,178	-	1,178,556
Eliminated on disposal	-	-	-	-	-	(2,152)	(225)	-	(2,377)
<b>As at 31<sup>st</sup> December, 2018</b>	<b>1,835,548</b> =====	<b>1,139,983</b> =====	<b>-</b> =====	<b>2,838,401</b> =====	<b>549,564</b> =====	<b>1,331,336</b> =====	<b>202,079</b> =====	<b>-</b> =====	<b>7,896,911</b> =====
<b>Carrying amount</b>									
<b>As at 31<sup>st</sup> December, 2019</b>	<b>562,719</b> =====	<b>3,105,714</b> =====	<b>2,051,165</b> =====	<b>4,811,239</b> =====	<b>694,182</b> =====	<b>882,075</b> =====	<b>163,250</b> =====	<b>1,652,651</b> =====	<b>13,922,995</b> =====
<b>As at 31<sup>st</sup> December, 2018</b>	<b>706,411</b> =====	<b>3,059,143</b> =====	<b>2,051,165</b> =====	<b>4,026,182</b> =====	<b>573,271</b> =====	<b>1,103,135</b> =====	<b>147,971</b> =====	<b>1,724,917</b> =====	<b>13,392,195</b> =====

**22. BEARER BIOLOGICAL ASSETS**

**COST**

As at 1 <sup>st</sup> January, 2019	13,068,623	5,433,523	18,502,146
Additions	2,226,339	326,647	2,552,986
Disposals	-	(156,641)	(156,641)

As at 31 <sup>st</sup> December, 2019	15,294,962	5,603,529	20,898,491
---------------------------------------	------------	-----------	------------

As at 1 <sup>st</sup> January, 2018	10,059,275	5,118,198	15,177,473
Additions	3,009,348	437,154	3,446,502
Disposals*	-	(121,829)	(121,829)

As at 31 <sup>st</sup> December, 2018	13,068,623	5,433,523	18,502,146
---------------------------------------	------------	-----------	------------

**Depreciation**

As at 1 <sup>st</sup> January, 2019	1,182,365	1,302,419	2,484,784
Charge for the year	144,811	172,082	316,893
Impairment	-	52,400	52,400
Disposals	-	(156,641)	(156,641)

As at 31 <sup>st</sup> December, 2019	1,327,176	1,370,260	2,697,436
---------------------------------------	-----------	-----------	-----------

As at 1 <sup>st</sup> January, 2018	1,045,408	1,233,391	2,278,799
Charge for the year	136,957	141,702	278,659
Impairment	-	49,155	49,155
Disposals*	-	(121,829)	(121,829)

As at 31 <sup>st</sup> December, 2018	1,182,365	1,302,419	2,484,784
---------------------------------------	-----------	-----------	-----------

**Carrying amount**

As at 31 <sup>st</sup> December, 2019	13,967,786	4,233,269	18,201,055
---------------------------------------	------------	-----------	------------

As at 31 <sup>st</sup> December, 2018	11,886,258	4,131,104	16,017,362
---------------------------------------	------------	-----------	------------

<b>Palm Plantation '000</b>	<b>Rubber Plantation '000</b>	<b>Total '000</b>
-------------------------------------	---------------------------------------	-----------------------

**(i) Analysis by maturity (2019)**

Matured plantation	12,312,380	2,396,599	14,708,979
Immature plantation	1,655,406	1,836,670	3,492,076
	13,967,786	4,233,269	18,201,055

**(ii) Analysis by maturity (2018)**

Matured plantation	1,753,044	2,137,902	3,890,946
Immature plantation	10,133,214	1,993,202	12,126,416
	11,886,258	4,131,104	16,017,362

\* This represents the cost, depreciation and impairment of the portion of rubber plantation that was destroyed due to a storm in 2018



**23. INVENTORIES**

	2019 N '000	2018 N '000
Raw materials and consumables	97,863	111,042
General stores and agricultural consumables	2,121,304	2,113,670
Finished goods	592,633	875,814
Goods-in-transit	922,934	48,354
	<hr/>	<hr/>
	3,734,734	3,148,880
	=====	=====

**24. TRADE RECEIVABLES**

Trade receivables	57,066	40,021
Advances to suppliers *	4,177,038	704,292
	<hr/>	<hr/>
	4,234,104	744,313
	=====	=====

\* Trade receivables represent the amounts due from the trade customers as at the end of the year. The company's operational policy is not to give credit, but those with a significant volume of business are given and they have an average credit period of between 7 to 15 days.

Trade receivables are those that are neither past due nor impaired and are credit worthy debtors with past payment records with the company. The majority of the trade receivables arise from customers who have a business relationship with the company that is greater than 2 years.

\* Included in advances to suppliers is an amount of N3.39 billion ( \$11.20 million) made to Besteel Berhad for the construction of the new oil mill out of which is a letter of credit of \$3.89 million from Zenith Bank Plc.

**25. INTERCOMPANY RECEIVABLES**

	2019 N '000	2018 N '000
Sogescol (note 39(i))	91,637	321,713
Sodimex (note 39(iii))	5,689	118,503
Socfinaf	-	1,606
SCOB	-	1,140
Brabanta	651	651
Socapalm	-	1,955
Safacam	-	977
AMD Agro	488	488
Sud comoe	-	489
	<hr/>	<hr/>
	98,465	447,522
	=====	=====

**26. OTHER RECEIVABLES**

Staff loans and advances	125,778	141,495
Government grants (a)	-	157,630
Other receivables	594,460	238,982
Prepaid rent	140	140
	<hr/>	<hr/>
	720,378	538,247
	=====	=====

(a) **Government grants**

	2019 N '000	2018 N '000
Export Expansion Grant as at 1 <sup>st</sup> January	1,050,883	1,050,883
Utilised in the year	-	-
Export Expansion Grant as at 31 <sup>st</sup> December	1,050,883	1,050,883
Less: Impairment	-	(893,253)
Less: write off	(1,050,883)	-
	-	157,630
	=====	=====

The management assessed the recoverability of the total government export expansion grant and concluded that the amount may not translate to any economical value for the company in near future. The export expansion grant receivable was therefore written off during the year and the balance of 157,630 million written off to profit or loss for the year.

**27. CASH AND CASH EQUIVALENTS**

	2019 N '000	2018 N '000
Cash balances	8,826	5,078
Bank balances	2,675,235	4,124,356
	2,684,061	4,129,434
	=====	=====

**28. SHARE CAPITAL**

(a) **Authorised:**

1.2 billion ordinary shares of 50kobo each	600,000	600,000
	=====	=====

The members, by an ordinary resolution which was passed on the 13<sup>th</sup> June, 2012 increased the company's authorised share capital from 300,000,000 to 600,000,000 by the creation of 600,000,000 ordinary shares of 0.50 each. The filing of the notification shares with Corporate Affairs Commission was completed on 4<sup>th</sup> February, 2013.

(b) **Issued called up share capital**

	2019 N '000	2018 N '000
953,910,000 ordinary shares of 50 kobo each	476,955	476,955
	=====	=====

At the Annual General Meeting of the company, which was held on 5<sup>th</sup> of June 2013, the shareholders approved the amount of 228,478,000, which was standing to the credit of the company be distributed among the existing shareholders in proportion to the respective holdings as bonus shares in the ratios of one share for every one ordinary share held as at 14<sup>th</sup> May 2013.

**29. SHARE PREMIUM**

As at 31<sup>st</sup> December

2019 N '000	2018 N '000
1,867,096 =====	1,867,096 =====

Share premium is the excess of value paid by shareholders over the nominal value for their shares.

**30.1 REVENUE RESERVES**

Retained earnings as previously stated

Dividend paid (31)

Interim dividend paid

Unclaimed dividend (I)

Retained profit for the year

2019 N '000	2018 N '000
26,411,611	20,771,492
(2,861,730)	(2,861,730)
(1,907,820)	-
67,328	-
21,709,389	17,909,762
5,049,637	8,501,849
26,759,026 =====	26,411,611 =====

- (i) This relates to unclaimed dividends declared for the years 2001 up to 2006. Section 379 – 386 of Companies and Allied matters Act, Cap C20 LFN 2004, stipulates that where dividends remain unclaimed for more than twelve (12) years, the amounts unclaimed by the investor/shareholder revert back to the company.

**Year**

2001  
2002  
2003  
2004  
2005  
2006

2019 N '000	2018 N '000
2,500	-
1,500	-
17,000	-
9,000	-
34,500	-
2,828	-
67,328	-

**30.2 NON-DISTRIBUTABLE RESERVES**

As at 1<sup>st</sup> January

Addition during the year:

Actuarial gain/(loss)

Deferred tax on actuarial gain/loss

As at 31<sup>st</sup> December

(241,508)	20,438
455,301	(374,209)
(136,590)	112,263
77,203	(241,508)

The non-distributable reserves relate to the net actuarial (losses)/gains on the employee retirement benefit obligation.

**31. DIVIDEND PAID**

Dividends paid during the year comprises:

Final dividend 2017 (3.00 per share)

Final dividend 2018 (3.00 per share)

Interim dividend 2019 (2.00 per share)

Paid during the year to 31<sup>st</sup> December,

2019 N '000	2018 N '000
-	2,861,730
2,861,730	-
1,907,820	-
4,769,550 =====	2,861,730 =====

**32. POST EMPLOYMENT BENEFIT OBLIGATIONS**

Present value of unfunded obligation

Liability in the balance sheet

2019 N '000	2018 N '000
1,390,680 =====	791,565 =====

**Movement in the present value of the gratuity scheme in the current year were as follows:**

	2019 N '000	2018 N '000
Defined benefit obligation as at the beginning of the year	1,165,774	671,133
Current service cost	54,785	32,663
Interest cost	197,945	112,699
Remeasurement (gain)/losses arising from past service cost including curtailment gains	(455,301)	374,209
Benefits paid	(27,824)	(24,930)
Defined benefit obligation as at the end of the year	935,379 =====	1,165,774 =====

**The amount recognised in comprehensive income in respect of the gratuity scheme is as follows:**

Current service costs	54,785	32,663
Net interest expense	197,945	112,699
Amounts recognised in the income statements	252,730	145,362
Remeasurement of the defined benefit obligation actuarial losses arising	(455,301)	374,209
Amounts recognised in other comprehensive income	(455,301)	374,209
Total	(202,571) =====	519,571 =====
<b>Actuarial gain/(loss)</b>	<b>455,301</b> =====	<b>(374,209)</b> =====

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The actuarial valuation was carried out by Messrs Pension Architects, FRC who are in the process of registering with the Financial Reporting Council.

The current service cost and the net interest expense for the year are included in the employee benefit expense as surplus or loss. The entire net interest expense for the year has been included in administration costs.

The principal actuarial assumptions were as follows:

	2019 N '000	2018 N '000
Average discount rate (p.a.)	13.92% =====	16.40% =====
Average salary increase rate (p.a.)	6% =====	13% =====

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease to 25.5 million (increase to 26.7 million).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase to 27.2 million (decrease to 26.2 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised the statement of financial position.

#### **Exposure of risk**

The risks faced by the group as a result of the defined benefit obligation can be summarised as follows:

- Liquidity risk: Given that the benefits are unfunded, the company would need enough liquid assets in order to pay the gratuity benefits.
- Salary increases: Higher than expected salary increases would result in higher liabilities and gratuity payments. There is in addition the further risk that the company would not be able to pay the benefits.
- Discount rate (and other economic assumptions): Adverse movement in the discount rate (and other economic assumptions) would increase the liability, leading to statement of financial position volatility for the company.

The gratuity provision for the year was based upon the independent actuarial valuation. The last actuarial valuation was carried out as at 31<sup>st</sup> December, 2019.

### **33. BORROWINGS**

Zenith Bank Plc (I)  
Bank of Industry (ii)  
Zenith Bank Plc (iii)

As at 31<sup>st</sup> December

The financial liability is disclosed as follows:

Current  
Non-current

	2019 N '000	2018 N '000
	319,972	765,458
	1,769,715	1,966,261
	6,884,184	-
	<u>8,973,871</u>	<u>2,731,719</u>
	=====	=====
	709,435	464,433
	8,264,436	2,267,286
	<u>8,973,871</u>	<u>2,731,719</u>
	=====	=====

#### **(i) Zenith Bank Plc loan**

The Zenith Bank Plc loan represents 2 billion commercial agricultural credit loan received under a scheme of the Federal Government intervention which was obtained by the company through Zenith Bank Plc. The total amount was drawn down in August 2016 and bears interest at the rate of 8% per annum. The facility has a repayment period of 5 years in 60 consecutive monthly repayments of principal and interest ending in August 2020. This facility was obtained to finance the expansion of the 4 new vertical sterilizers at the current oil mill situated at Okomu-Udo, Ovia South West local Government Area in Edo state. It is secured by a legal mortgage over the plant and machinery acquired.

#### **(ii) Bank of Industry loan**

The Bank of Industry loan represents a 1,947,314,434.50 loan received from the Bank of Industry (BOI) to finance the procurement of items of plant and machinery towards the expansion of Okomu Oil Palm processing plant in Okomu-Udo, Edo State. The total amount was drawn down in May, 2018 and bears interest at the rate of 10% per annum payable monthly. The facility has a one (01) year moratorium period beginning from the date of first disbursement. It has a repayment period of sixty (60) equal and consecutive monthly instalments commencing immediately after the moratorium period. It is secured with a bank guarantee of the loan and accruing interest on a continuous basis by Sterling Bank Plc.

**(iii) Zenith bank Plc Loan**

The Zenith bank Plc loan represents a ₦10 billion loan received from Zenith bank Plc under the Central Bank of Nigeria Differentiated Cash Reserves Requirement (DCRR) to finance the development of Okomu Oil Palm Plantation. The sum of ₦6.884 billion was drawn down as at September at an interest rate of 8% per annum (subject to review in line with DCRR). The facility has a 3 year moratorium on its principal from date of first disbursement with a repayment of twelve (12) equal and consecutive quarterly repayments immediately after the moratorium period. It is secured with a legal mortgage over the 11,416 hectares oil palm plantation situated at Uhiere Ovia North East Local government area in Edo State.

**34. TRADE PAYABLES**

Trade payables  
Advances from customers

2019 N '000	2018 N '000
890,721	1,128,156
362,017	419,914
<u>1,252,738</u>	<u>1,548,070</u>
=====	=====

**35. INTERCOMPANY PAYABLES**

Socfinco (note 39(ii))  
Induservices Fnbourg  
Socaplam  
Socfin Research

10,039	-
3,826	-
1,991	-
199	-
<u>16,055</u>	<u>-</u>
=====	=====

**36. OTHER PAYABLES**

Value Added Tax  
Withholding tax

7,469	10,018
44,211	51,065
<u>51,680</u>	<u>61,083</u>
=====	=====

**37. ACCRUALS**

Accrued management fees payable  
Accrued audit and professional fees  
Accruals others  
Pension liabilities

2019 N '000	2018 N '000
192,190	52,559
49,000	48,300
95,313	202,486
17,116	16,579
<u>353,619</u>	<u>319,924</u>
=====	=====

**38. DIVIDEND PAYABLE**

Dividend bank account (a)  
Unclaimed dividend (b)

376,102	596,950
(376,102)	(596,950)
<u>-</u>	<u>-</u>
=====	=====

(a) Dividend bank account represents the returns on the company's portfolio with Stanbic IBTC in respect of unclaimed dividend.

(b) The amount represents unclaimed dividends declared up to and including the 2017 financial year and the accumulated interest from the investment with Stanbic IBTC. Section 379-386 of Companies and Allied Matters Act, CAP C20 LFN 2004, stipulates that where dividends remain unclaimed for more than twelve (12) years, such amounts revert back to the company.

**39. RELATED PARTY TRANSACTIONS**

The company entered into the following material transactions during the year with the under listed related companies.

**(I) SOGESCOL FR SA**

The company exports its rubber to SOGESCOL FR S.A (a related company). Sales during the year amounted to ₦2.994 billion (2018: ₦2.921 billion) and these were carried out on an arm's length basis. The amount due to the company from SOGESCOL FR S.A. as at year end was ₦92 million (2018: ₦323 million).



- (ii) **SOCFINCO FR**  
SOCFINCO FR SA has exclusive rights to know-how and manages the affairs of the company. In consideration of the provision to the company of this technical know-how, management fees and other support charges are paid to SOCFINCO FR SA. The technical fees are calculated at an aggregate rate equal to 3% of the company's net sales and management fees are 3% of profit before tax. The technical know-how and management service agreements are made with the approval of the National Office for Technology Acquisition and Promotion (NOTAP). The company incurred ₦882 million (2018: ₦933 million) which did not include withholding tax and value added tax of ₦139 million (2018: ₦140 million) separately paid on management and technical fees during the year. These fees were incurred on an arm's length basis. The amount due from the company to SOCFINCO FR SA at the yearend was ₦10 million (2018: nil).
- (iii) **SODIMEX FR**  
The company purchases a large amount of its equipment and spare parts from SODIMEX FR (a related company). During the year under review, the company incurred ₦380 million (2018: ₦688 million) in costs to procure capital assets and spare parts and these were carried out on an arm's length basis. The amount due to the company from SODIMEX FR as at the end of the year was ₦5.7 million (2018 due from: ₦118 million).
- (iv) **SOCFINDO S.A.**  
The company purchased palm seeds from SOCFINDO S.A (a related company). During the year under review, the company incurred nil (2018: ₦20.3 million) to procure the seeds on an arm's length basis. The amount due to SOCFINDO S. A. from the company as at the end of the year was nil (2018 due from: nil).
- (v) **SOCFIN AGRICULTURAL COMPANY**  
The company purchases mucuna seeds from Socfin Agricultural Company. The amount due from Socfin Agricultural Company as at the end of the year was nil (2018 due from: nil).
- (vi) **INDUSERVICES FR**  
Induservices FR provides internet services for the company. The company incurred ₦11 million (2018: 9 million) in costs to procure internet services. The amount due to the company as at the end of the year was ₦3.8 million (2018 due to: nil).
- (vii) Perfect Securities is involved in building construction services for Okomu Oil Palm Company Plc. The managing director of Perfect Securities Mr. P.A.E. Eguasa (JP) is a director in Okomu Oil Palm Company Plc. Transactions during the year with Perfect Securities were ₦ 13.94 million (2018: ₦ 5.52 million) and the outstanding amounts due as at year end was nil (2018: nil).

**40. ULTIMATE HOLDING COMPANY**

The ultimate holding company is SOCFINAF Luxembourg which is incorporated under the laws of Luxembourg.

**41. PROPOSED DIVIDEND TO BE DECLARED**

The Board of Directors recommends a dividend of ₦2 per 50 kobo ordinary share (2018: ₦3.00 per 50 kobo ordinary share) held, subject to the payment of withholding tax at the appropriate rate.

**42. CAPITAL COMMITMENTS**

As at 31<sup>st</sup> December

2019 ₦ '000	2018 ₦ '000
2,614,397 =====	831,503 =====

**43. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified in line with the current year's presentation wherever this has been deemed necessary to ensure compliance with International Financial Reporting Standards.

**44. FINANCIAL REPORTING COUNCIL WAIVER**

The company applied on the 31<sup>st</sup> January, 2020 and was granted on 20<sup>th</sup> February, 2020, the waiver from the requirement that the Chief Financial Officer, Mr. Arnaud Arhainx sign the financial statements using his Financial Reporting Council registration number. The company has undertaken that the requirements waived shall be complied with by the time of signing of the 2020 financial statements.

## Statement of value Added

For the year ended 31<sup>st</sup> December, 2019

	2019 N '000	%	2018 N '000	%
Revenue from sales of products	18,867,271		20,257,669	
Other income	2,747,772		3,630,008	
	<hr/>		<hr/>	
Bought in materials and service	21,615,043 (11,066,457)		23,887,677 (10,892,212)	
	<hr/>		<hr/>	
Value added	10,548,586	100	12,995,465	100
	<hr/>	<hr/>	<hr/>	<hr/>
Distribution of value added				
<b>To employees and directors:</b>				
Employees, costs (including director's remuneration)	1,178,947	11	1,046,494	8
<b>To government:</b>				
Government as taxes	2,473,550	23	1,835,322	14
<b>To providers of capital:</b>				
Interest on loan	151,899	1	105,430	1
Dividend	4,769,550	45	2,861,730	22
<b>For replacement of property and Equipment</b>				
Depreciation on property, plant and Equipment	1,325,260	13	1,178,556	9
Depreciation on bearer biological asset	369,293	4	327,814	3
Retained earnings	280,087	3	5,640,119	43
	<hr/>		<hr/>	
	10,548,586	100	12,995,465	100
	<hr/>	<hr/>	<hr/>	<hr/>
*Other income comprises				
Other work performed by the entity	2,552,986		3,446,502	
Other income	194,786		183,506	
	<hr/>		<hr/>	
	2,747,772		3,630,008	
	<hr/>		<hr/>	

This statement represents the distribution of the wealth created through the use of the company's assets and its employee's efforts.

## Five Year Financial Summary

Year ended 31st December	2019 ₦ '000	2018 ₦ '000	2017 ₦ '000	2016 ₦ '000	2015 ₦ '000
<b>Profit or loss account</b>					
Revenue	18,867,271	20,257,669	20,261,918	14,364,736	9,738,015
Profit before continuing operations before gain/loss in fair value taxation	7,354,314	10,259,924	11,128,186	6,951,562	3,278,181
<b>Profit before taxation</b>	7,523,187	10,337,171	11,140,142	5,906,453	2,898,645
Tax charge	(2,473,550)	(1,835,322)	(1,825,820)	(996,180)	(239,038)
Deferred tax	-	-	-	-	-
Profit on continuing Operations	5,049,637	8,501,849	9,314,322	4,910,273	2,659,607
<b>Other comprehensive income</b>					
Actuarial gains/(loss)	455,301	(374,209)	(317,336)	73,999	94,872
Deferred tax on actuarial loss/(gains)	(136,590)	112,263	95,200	(22,200)	(28,462)
Profit after tax	5,368,348	8,239,903	9,092,186	4,962,072	2,726,017
<b>Statement of financial position</b>					
Property plant & Equipment	13,922,995	13,392,195	11,216,535	9,217,423	9,848,681
Bearer biological assets	18,201,055	16,017,362	12,898,674	9,399,803	7,395,989
Current assets	11,471,742	9,008,396	7,158,496	5,890,439	2,755,570
<b>Total assets</b>	43,595,792	38,417,953	31,273,705	24,507,665	20,000,240
Non current liabilities	10,884,415	4,981,070	3,096,864	4,487,690	5,472,091
Current liabilities	3,531,097	4,922,729	5,040,860	3,007,934	2,382,789
Total liabilities	14,415,512	9,903,799	8,137,724	7,495,624	7,854,880
Share capital	476,955	476,955	476,955	476,955	476,955
Share premium	1,867,096	1,867,096	1,867,096	1,867,096	1,867,096
Revenues	26,836,229	26,170,103	20,791,930	14,667,990	9,801,309
<b>Total equity and reserves</b>	29,180,280	28,514,154	23,135,981	17,012,041	12,145,360
Total equity and liabilities	43,595,792	38,417,953	31,273,705	24,507,665	20,000,240
Basic earnings per 50 kobo ordinary Share (Naira)	5.29	8.91	9.76	5.15	2.79
Net assets per share (Naira)	31	30	24	18	13

## Proxy Form

*The Okomu Oil Palm Company Plc*

I/We\* \_\_\_\_\_

the undersigned being member/members of the above named company hereby appoint Mr G. Oyebode MFR or Dr G. Hefer or Mr. A. Ighodalo or Mr. A. Arhainx or Mr. C. Onwusoro or Mr. M. Igbrude or Sir S. Nwosu or Mr. G. Idowu or Mr. P. Owolabi or Mrs. B. Bisi 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 28<sup>th</sup> May, 2020 and at any adjournment thereof. Unless otherwise instructed, the proxy will vote or abstain from voting as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

### NOTES

1. This form of proxy together with the power of attorney of other authority, if any, under which it is signed or a notorially certified copy thereof must reach the Registrars Cadinalstone Limited, 358, Herbert Macaulay Way, Yaba, Lagos not later than 48 hours before the time of the meeting.
2. Where the appointee is a corporation, this form may be under seal or under hand of an officer or attorney duly authorized.
3. This proxy will be used only in the event of all a poll being directly demanded.
4. In the case of joint holder, the signature of any of them will suffice, but the name of all joint holders should be shown.
5. The company shall bear the costs of the stamp duty for this proxy.

**THE PROXY WILL VOTE (OR ABSTAIN FROM VOTING) AS HE THINKS FIT IN RESPECT OF ANY OTHER BUSINESS PROPOSED AT THE MEETING OF THE OKOMU OIL PALM COMPANY PLC. RC 30894 (40<sup>TH</sup> ANNUAL GENERAL MEETING) TO BE HELD AT HARBOUR POINT EVENT CENTRE, 4 WILMOT POINT ROAD, VICTORIA ISLAND, LAGOS ON THURSDAY 28<sup>TH</sup> MAY 2020.**

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

RESOLUTION	FOR	AGAINST
<b>ORDINARY RESOLUTIONS</b>		
To declare a dividend		
To re-elect Dr. L.J. Boedt		
To re-elect Mr. P.A.E. Eguasa		
To re-elect Mr. A. Ighodalo		
To authorize the Directors to determine the remuneration of the Auditors		
To elect members of the Audit Committee		

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.

In view of the COVID-19 pandemic, the Corporate Affairs Commission (CAC) has approved that the AGM be conducted by proxy. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her/its place. A proxy need not be a member of the Company. In view of the above, members should appoint a proxy of their choice from the following proposed proxies to represent them at the meeting and to vote in their stead: (a) Mr G. Oyebode MFR (b) Dr G. Hefer (c) Mr. A. Ighodalo (d) Mr. A. Arhainx (e) Mr. C. Onwusoro (f) Mr. M. Igbrude (g) Sir S. Nwosu (h) Mr. G. Idowu (i) Mr. P. Owolabi (j) Mrs. B. Bisi

**Before posting the above form, please tear off this part and retain it.**

### ADMISSION CARD

**THE OKOMU OIL PALM COMPANY PLC, RC. 30894**

**Number of Shares held** \_\_\_\_\_

*Please admit the duly appointed proxy to the Company's 40<sup>th</sup> Annual General Meeting to be held at HARBOUR POINT EVENT CENTRE, LAGOS on Thursday 28<sup>th</sup> May 2020 at 10.00 am.*

**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 in his stead. The Proxy Card has been prepared to enable you to exercise your right to vote.*

**IMPORTANT: Please insert your name in block capitals on this proxy form (marked\*). Insert the name of any one of the above stated persons who will attend the meeting and vote on your behalf in the blank space (Marked\*\*).**







**Renovated Town Hall at Odighi Community**



**Renovated Nurses quarters at Uhiere community**



**Staff Quarters at AT&P school**



**Block of Classroom @ Inikorogha**



**Completion of Town Hall at Odiguetue (1)**



**Town Hall project at Owan Community**



**Market Stall at Agbanikaka Community**



**Market Stall at AT&P**



## Photo Speaks

Corporate Social responsibility in partnership with the communities



**Borehole Project at Orhua Community**



**Boreholder at Ofunama**



**Borehole Commissioning at Oke Community**



**Cassava processing Mill at Gbele Uba**



**Plantain Processing mill at owan Community**



**Commissioning of a block of market stall  
at Owan community**



**Presentation of Learning material to  
Okomu Govt School**



**Premeter fence at AT&P School**



## Photo Speaks

Corporate Social responsibility in partnership with the communities



Participants of the 2019 community training in a group photograph with Mr. Arnaud Arhainx



Beneficiaries of the 2019 bursary awards in a group photo with Mr. Arnaud Arhainx



Group photo of the students, armed forces command and staff school with some managers of Okomu Oil Palm Company Plc



Women of Madagbayo Community welcoming Dr Graham Hefer and his team to their community during the commissioning of the Madagbayo Ultra Modern Town Hall



Participants at the 2019 community training



Guest Lecturer at the 2020 Okomu Community training held recently



Members of the African Palm Oil Initiative During their tour of Okomu Plantation



Management Staff and some contractors



## Photo Speaks



**Novelty Match for the outgoing  
FD Mr Alain Mary**



**Final of the 2019 MD's cup**



**Commissioning of the Alain Mary  
Multi purpose court**



**Recipients of the 2019 Long Service Award**



**Kate Egbon(2019 award recipient) poses with  
Dr Graham Hefer, Family and friends**



**Eunice Okoruwa (2019 award recipient) poses  
with Mr Billy Ghansah and family members**



**King size bed and wardrobe given out to the  
2019 long Service Award Recipients**



**Some of the Items given to the 2019 Long  
Service Award recipients**



## Photo Speaks



**Art work Presented to Outgoing FD,  
Alain Mary during his send forth ceremony**



**Members of the medical team carrying  
out free medical check up**



**(L-R) Mr Fidelis Olise, Communication Officer, OOPC;  
Mr Richard Edebiri, Commissioner for Agric.; Dr Graham Hefer,  
MD, OOPC; Mr Ben Iyase Commissioner for Special Duties.**



**Some Managers at the RSPO "Thank you" party**



**Group Photo of MD and Organising committee**



**The Okomu HSE team and RSPO auditors**



**Dr Hefer in a group photo with workers of  
Admin and Finance Depts.**




**Dr Hefer in a group photo with workers  
of HSE Dept.**

## Mandate for E-Dividend Payment

Affix  
Current  
Passport  
(To be stamped by Bankers)

Write your name at the back of  
your passport photograph



**CARDINALSTONE**  
REGISTRARS

**E-DIVIDEND MANDATE ACTIVATION FORM**

**Instruction**

Please complete all section of this form to make it eligible for processing and return to the address below

**The Registrar,**  
CardinalStone Registrars, Limited  
358, Herbert Macaulay Way, Yaba,  
P.O. Box 9117, Marina, Lagos  
Nigeria.

We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

**Shareholder Account Information**

Surname / Company's Name      First Name      Other Names

Address :

City       State       Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1       Mobile Telephone 2

Email Address

Signature(s)       Company Seal (If applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
<input type="checkbox"/>	ACORN PET. PLC	
<input type="checkbox"/>	AFRIK PHARMACEUTICALS PLC	
<input type="checkbox"/>	AG HOMES SAVINGS & LOANS	
<input type="checkbox"/>	AG LEVENTIS	
<input type="checkbox"/>	ARBICO PLC	
<input type="checkbox"/>	ASHAKACEM PLC	
<input type="checkbox"/>	BANKERS WAREHOUSE	
<input type="checkbox"/>	BETA GLASS	
<input type="checkbox"/>	CAPITAL HOTEL PLC	
<input type="checkbox"/>	ELLAH LAKES	
<input type="checkbox"/>	EVANS MED PLC	
<input type="checkbox"/>	FCMB BOND	
<input type="checkbox"/>	FCMB GROUP PLC	
<input type="checkbox"/>	FIDSON BOND	
<input type="checkbox"/>	G. CAPPALC	
<input type="checkbox"/>	GUINEA PLC	
<input type="checkbox"/>	IMB ENERGY MASTER FUND	
<input type="checkbox"/>	JOS INT. BREWERIES PLC	
<input type="checkbox"/>	KOGI SAVINGS & LOAN LTD	
<input type="checkbox"/>	LAFARGE AFRICA PLC	
<input type="checkbox"/>	LAFARGE BOND	
<input type="checkbox"/>	LAW UNION & ROCK PLC	
<input type="checkbox"/>	LEGACY FUND	
<input type="checkbox"/>	LIVESTOCK FEEDS PLC	
<input type="checkbox"/>	MORISON PLC	
<input type="checkbox"/>	MRS OIL PLC	
<input type="checkbox"/>	NAHCO BOND	
<input type="checkbox"/>	NAHCO PLC	
<input type="checkbox"/>	NEWPAK PLC	
<input type="checkbox"/>	N.G.C PLC	
<input type="checkbox"/>	NGC STERILE	
<input type="checkbox"/>	NPF MICROFINANCE BANK	
<input type="checkbox"/>	NULEC INDUSTRIES PLC	
<input type="checkbox"/>	OKOMU OIL PALM PLC	
<input type="checkbox"/>	PREMIER PAINT PLC	
<input type="checkbox"/>	REAN PLC	
<input type="checkbox"/>	SKYE BANK PLC	
<input type="checkbox"/>	TOTAL NIG. PLC	
<input type="checkbox"/>	TRANEX PLC	
<input type="checkbox"/>	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for  
Issue resolution or clarification: 01-7120090

**CARDINALSTONE REGISTRARS**  
website:www.cardinalstone.com; E-mail: registrars@cardinalstone.com

**REGISTRARS**

Cardinalstone (Registrars) Ltd,  
358 Herbert Macualay Way,  
Yaba, Lagos  
Tel: +234 1 4405107,  
+234 1 7924462





**NOKO 10**



**4LITRES**



**2LITRES**

**OKOMU BANGA RED PALM OIL**



## THE OKOMU OIL PALM COMPANY PLC (RC 30894)

### WHISTLE BLOWING POLICY

#### BACKGROUND

The Securities and Exchange Commission of Nigeria has recommended that companies formulate and implement a whistle blowing policy as a matter of high priority. While our company expects all our employees and stakeholders to abide by our core values of honesty, service and recognition, the possibility of some employees and members of the public committing fraud or sabotage of any nature against the company, is not ruled out.

#### POLICY STATEMENT

EMPLOYEES WITH VITAL INFORMATION OF FRAUD, EXTORTION OR SABOTAGE SHOULD SEND SUCH INFORMATION IN CONFIDENCE TO [OKOMUINFO@OKOMUNIGERIA.COM](mailto:OKOMUINFO@OKOMUNIGERIA.COM) OR SEND TEXT TO 08060361068, THE WHISTLE BLOWER WILL BE REWARDED WITH 10% OF THE ANTICIPATED VALUE OF THE FRAUD RECOVERED. (Value to be determined by the company).

**THE COMPANY PLEDGES TO PROTECT  
THE IDENTITY OF THE WHISTLE BLOWER**



Noel Emma, 08052143411, 08039122235

**Banga red palm oil now available in sachets**