



THE OKOMU OIL PALM COMPANY PLC

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MANAGEMENT REPORTS (INTERIM)
FOR 9 MONTHS
ENDED SEPTEMBER 30, 2020

THE OKOMU OIL PALM COMPANY PLC

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

2. TURNOVER

Turnover represents the invoice value of goods sold to third parties.

3. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

4. DEPRECIATION OF FIXED ASSETS

Depreciation is calculated at rates, consistent with previous years to write off the cost of the fixed assets over their estimated useful lives on the straight-line basis at the following rates.

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%

5. **STOCK**

Stocks were valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in bringing goods and products to their present locations and conditions.

6. **DEBTORS**

Debtors are stated after deduction of specific provisions for the debts considered to be doubtful of collection.

7. **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated into Naira at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in currencies other than the Naira have been translated into Naira at the applicable rate of exchange ruling at the balance sheet date. Gains and losses on such transactions are included in the profit and loss account for the year.

8. **TAXATION**

Provision for tax in the accounts is based on the following components:

- Company income tax based on the company's assessable profit for the year.
- Education tax based on the company's adjusted profit for the year.

9. **DEFERRED TAXATION**

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the tax authorities) is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal. A deferred tax assets is recognised only to the extent that it is probable that future taxable will profits will be available against which the assets can be utilised.

10. **EMPLOYEES' RETIREMENT BENEFITS**

(a) **Gratuity Scheme:**

Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of the Nigerian employees. Independent actuarial valuations are performed periodically on a projected benefit obligation

basis. Actuarial gains or losses arising from valuations are charged in full to the profit and loss account.

(b) Pension Scheme:

The company complied with the provisions of the Pension Reform Act of 2004. The company operates a contributory staff retirement benefit scheme for its Nigerian employees and is managed by Pension Administrator.

11. CASH AND CASH EQUIVALENTS

For the purpose of reporting cash flows, cash and cash equivalents include cash in hand, cash balances with banks, bank overdrafts and short-term deposits with banks.

12. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Nigeria Naira which is the companies' functional currency. All the financial information presented in Nigeria Naira has been rounded to the nearest thousand.

13. DISCLOSURE OF DEALINGS IN ISSUER'S SHARES:

In relation to securities transactions by directors, an issuer shall disclose in its interim reports (and summary interim reports, if any) and the Corporate Governance Report contained in its annual reports (and summary financial reports, if any):

- (1) The company has adopted a code of conduct that requires its directors to abide with the standard set by the rules of the exchange and issuer's code of conduct, in line with the approved Security Trading Policy of the company in their security transactions dealing:
- (2) The directors of the company have been abiding by these rules in their dealings with their securities transactions as set out in the listings rules and issuer's code of conduct regarding securities transactions by directors; and
- (3) There is no case of non compliance by the directors on their securities transactions with regards to the rules.

THE OKOMU OIL PALM COMPANY PLC
PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED(INTERIM) SEPTEMBER, 2020

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		Sep-20 N'000	Sep-19 N'000	Sep-20 N'000	Sep-19 N'000
Turnover	2	5,093,142	6,977,859	18,619,812	15,543,319
Cost of Sales	3	1,075,713	523,494	2,158,694	2,215,177
Gross Profit		4,017,429	6,454,365	16,461,118	13,328,142
Net Operating expenses	4	2,568,963	3,432,488	9,203,058	7,394,796
Profit from continuing operations before tax changes in fair value		1,448,466	3,021,877	7,258,060	5,933,346
Finance Income	5	5,281	356,515	10,809	381,302
		1,453,747	3,378,392	7,268,869	6,314,648
Finance Costs	6	139,658	113,936	450,307	215,041
Profit on continuing operation b4 tax		1,314,089	3,264,456	6,818,562	6,099,607
Taxation	8	322,398	1,681,284	1,819,949	1,987,484
Profit on continuing operation after tax		991,691	1,583,172	4,998,613	4,112,123
OTHER COMPREHENSIVE INCOME					
Actuarial gains		-	-	-	-
		-	-	-	-
Total comprehensive income		991,691	1,583,172	4,998,613	4,112,123
Earnings Per Share (EPS): Basic (N)		1.04	1.66	5.24	4.31

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	NOTE	Sep-20 N'000	Dec-19 N'000
FIXED ASSETS	9	34,516,421	32,124,050
		<u>34,516,421</u>	<u>32,124,050</u>
CURRENT ASSETS (Amount falling due within one year)			
Inventory	10	6,326,127	3,734,734
Trade Receivables and others	11	4,519,543	5,052,947
Bank and Cash	12	5,086,449	2,684,061
		<u>15,932,119</u>	<u>11,471,742</u>
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	13	4,482,838	3,531,097
		<u>4,482,838</u>	<u>3,531,097</u>
NET CURRENT (LIABILITIES)/ ASSETS		11,449,281	7,940,645
Deferred Taxation	14	1,651,512	1,684,600
		<u>1,651,512</u>	<u>1,684,600</u>
Amount falling due after one year			
Retirement Benefits/Gratuity		1,004,554	935,379
Long Term Loans	15	11,038,563	8,264,436
		<u>12,043,117</u>	<u>9,199,815</u>
Total Net Assets		<u>32,271,073</u>	<u>29,180,280</u>
FINANCED BY			
CAPITAL AND RESERVES			
Share Capital	16	476,955	476,955
Share Premium Account	17	1,867,096	1,867,096
Revenue Reserves	18	29,927,022	26,836,229
		<u>32,271,073</u>	<u>29,180,280</u>


Dr. G. Heter
Managing Director
 FRC/2013/IODN/00000002460


F. ODIGHIZUWA FCA
Chief Finance Officer
 FRC/2012/ICAN/00000000341

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CHANGES IN EQUITY

	Share Capital =N='000	Share Premium =N='000	Non- Distributabl e reserves =N='000	Revenue Reserves =N='000	Total =N='000
Balance as at 1st January,2019	476,956	1,867,095	- 241,508	26,411,611	28,514,154
Dividend paid	-	-	-	- 2,861,730	- 2,861,730
Interim Dividend paid				- 1,907,820	- 1,907,820
Statues barred dividend			-	67,328	67,328
Transaction with shareholders	-	-	-	- 4,702,222	- 4,702,222
Profit for the period				5,049,637	5,049,637
Actuarial gain			455,301		455,301
Deferred tax on actuarial gain			- 136,590		- 136,590
Comprehensive income for the year	-	-	318,711	5,049,637	5,368,348
Equity as at 31st December,2019	476,956	1,867,095	77,203	26,759,026	29,180,280
Equity as at 1st January,2020	476,956	1,867,095	77,203	26,759,026	29,180,280
Dividend paid	-	-	-	-	-
Transaction with shareholders	-	-	-	-	-
Profit for the period				4,998,613	4,998,613
Dividend paid				- 1,907,820	- 1,907,820
Comprehensive income for the year	-	-	-	3,090,793	3,090,793
Equity as at 30th September,2020	476,956	1,867,095	77,203	29,849,819	32,271,073

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED SEPTEMBER 30,2020

	Sep-20	Sep-19
receipts from customers	19,266,815	15,386,109
Payments to suppliers	- 6,852,638	- 7,011,575
Payment to employees	- 511,487	- 478,771
Payment of operating expenses	- 4,121,452	- 4,915,428
Payment of taxes:CIT	- 1,232,597	- 2,483,918
Value added tax	- 116,180	- 52,664
Withholding tax	- 444,719	- 288,245
Other receipts	<u>235,090</u>	<u>149,504</u>
Net cash inflow from operating activities	<u>6,222,832</u>	<u>305,012</u>
<u>Cash flow from investing activities</u>		
Acquisition of PPE	- 3,117,879	- 994,680
Proceeds from disposal of PPE	-	-
Finance income received	5,528	381,302
Pre cropping expenditure incurred(Biological assets)	- 992,375	- 1,178,391
Net cash outflow from investing activities	<u>- 4,104,726</u>	<u>- 1,791,769</u>
<u>Cash flow from financing activities</u>		
Interest paid	- 310,649	- 215,041
New Loans	3,115,816	6,884,184
Loans reimbursement	- 612,069	- 427,708
Dividend paid	- 1,907,820	- 2,861,730
Net cash inflow/(outflow) from financing activities	<u>285,278</u>	<u>3,379,705</u>
Net cash inflow in the year	2,403,384	1,892,948
Cash and cash equivalent as at the 1/1/2020	<u>2,683,065</u>	<u>4,129,434</u>
Cash and cash equivalent as at 30/09/2020	<u>5,086,449</u>	<u>6,022,382</u>
<u>Cash and cash equivalent</u>		
Cash and bank balance	5,086,449	2,022,382
Fixed deposit		4,000,000
	<u>5,086,449</u>	<u>6,022,382</u>

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED SEPTEMBER 30,2020

	Sep-20	Dec-19
	N'000	N'000
Revenue from sale of products	18,619,812	18,867,271
Other Income	<u>1,227,465</u>	<u>2,747,772</u>
	19,847,277	21,615,043
Bought in materials and services	<u>- 8,406,304</u>	<u>(11,066,457)</u>
Value added	<u><u>11,440,973</u></u>	<u><u>10,548,586</u></u>
 Distribution of value added		
To employee and directors:		
Employees, cost (including director's remuneration)	581,603	1,178,947
To government:		
Government as taxes	1,819,949	2,473,550
To providers of capital:		
Interest on Loan	415,105	151,899
Dividend	1,907,820	4,769,550
For replacement of property and equipments:		
Depreciation on property, plant and equipment	1,067,118	1,325,260
Depreciation on bearer biological asset	650,765	369,293
Retained earnings	<u>4,998,613</u>	<u>280,087</u>
	<u><u>11,440,973</u></u>	<u><u>10,548,586</u></u>
 Other income comprises:		
Other work performed by the entity	1,178,390	2,552,986
Other income	<u>149,504</u>	<u>194,786</u>
	<u><u>1,327,894</u></u>	<u><u>2,747,772</u></u>

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS

1 The Company

1.1 The Legal Form.

The Okomu Oil Palm Company PLC, was incorporated on December 3, 1979 as a private limited liability company. It was converted to a Public Limited Company (PLC) on September 19, 1997 under the Company and Allied Matters Act, 1990. It is a member of Socfinal group of Luxemborg which owns 62.6% the Company's shares with Nigerians owning the balance of 37.47%.

1.2 Principal Activities

The principal activities of the company are the development of oil palm plantation, palm, oil milling, palm kernel processing and the development of rubber plantation. The products are palm oil, palm kernel oil, palm kernel cake, banga (package) and rubber cup lumps.

	3 MONTHS ENDED		9 MONTHS ENDED	
	Sep-20	Sep-19	Sep-20	Sep-19
	N'000	N'000	N'000	N'000
2 TURNOVER				
Turnover represents the invoice value of goods and services rendered to third parties during the year				
Local sales	4,226,714	5,952,688	16,649,533	13,066,923
Export sales	866,428	1,025,171	1,970,279	2,476,396
	5,093,142	6,977,859	18,619,812	15,543,319
3 COST OF SALES				
Oil Palm	924,896	457,187	1,921,238	1,862,299
Rubber	150,817	66,307	237,456	352,878
	1,075,713	523,494	2,158,694	2,215,177
4 OPERATING EXPENSES				
Total net operating expenses	2,568,963	3,432,488	9,203,058	7,394,796
5 FINANCE INCOME				
Interest on fixed Deposit A/C and others	5,280	355,531	10,688	380,312
Exchange gain	1	984	121	990
	5,281	356,515	10,809	381,302
6 FINANCE COST				
Bank charges	4,679	9,014	17,574	15,878
Exchange loss	437	18,149	17,629	20,245
Interest on Long Term Loans	134,542	86,773	415,104	178,918
	139,658	113,936	450,307	215,041
7 Other comprehensive income				
Fair value of non-current biological assets	-	-	-	-
8 TAXATION				
Profit and Loss Account				
Provision for Edu. tax	22,650	24,048	116,247	93,248
Income Tax	299,748	1,657,236	1,703,702	1,894,236
Other taxes (investigations)				
Deferred Tax				0
	322,398	1,681,284	1,819,949	1,987,484

THE OKOMU OIL PALM COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSETS

	Palm Plantation N'000	Rubber Plantation N'000	Machinery & Equip N'000	Building N'000	Palm Mill N'000	Rubber Mill N'000	Vehicles N'000	Furniture & Equip N'000	Work In Progress N'000	Total N'000
Gross Book Value										
As at January 1, 2020	15,294,962	5,603,529	2,661,641	6,514,065	8,074,639	1,319,993	2,529,065	391,027	1,652,651	44,041,572
Additions	741,094	251,281	129,510	655,274	970,858	14,464	226,402	21,512	1,099,859	4,110,254
Disposal	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-
As at September 30, 2020	16,036,056	5,854,810	2,791,151	7,169,339	9,045,497	1,334,457	2,755,467	412,539	2,752,510	48,151,826
Depreciation										
As at January 1, 2020	1,327,176	1,370,260	2,098,922	1,357,186	3,263,400	625,811	1,646,990	227,777	-	11,917,522
Charge for the period	509,379	141,386	199,727	175,468	351,010	65,099	253,397	22,417		1,717,883
Adjustments										
Disposal	0	0	0	-	-	-	-	-	-	0
As at September 30, 2020	1,836,555	1,511,646	2,298,649	1,532,654	3,614,410	690,910	1,900,387	250,194	-	13,635,405
Net Book Value										
As at September 30, 2020	14,199,501	4,343,164	492,502	5,636,685	5,431,087	643,547	855,080	162,345	2,752,510	34,516,421
Net Book Value										
As at December 31, 2019	13,967,786	4,233,269	562,719	5,156,879	4,811,239	694,182	882,075	163,250	1,652,651	32,124,050

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS CONT'D

	Sep-20 N'000	Dec-19 N'000
10 STOCK		
Raw materials and consumables	215,223	97,863
General Stores and agricultural consumables	3,364,094	2,121,304
Finished Goods-Palm & Rubber Products	773,483	592,633
Goods-in-transit	1,973,327	922,934
	<u>6,326,127</u>	<u>3,734,734</u>
11 TRADE RECEIVABLES AND OTHERS		
Trade Receivables	470,063	57,066
Advances paid to suppliers	3,756,930	4,177,038
Intercompany receivables	6,491	98,465
Other receivables and shortterm payments	286,059	720,378
	<u>4,519,543</u>	<u>5,052,947</u>
12 BANK AND CASH BALANCES		
Cash and Bank balances	5,086,449	2,684,061
	<u>5,086,449</u>	<u>2,684,061</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	716,801	890,721
Other current payables	105,445	51,680
Advances from customers	612,971	362,017
Taxation	1,837,270	1,147,570
Intercompany payables	34,982	16,055
Current provisions and accruals	785,901	353,619
Borrowings	389,468	709,435.00
	<u>4,482,838</u>	<u>3,531,097</u>
14 DEFERRED TAXATION		
At January 1	1,651,512	1,548,010
Net Charged for the period		
Adjustments(other comp.income)	0	136,590
As At the end of the period	<u>1,651,512</u>	<u>1,684,600</u>

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS CONT'D

	Sep-20 N'000	Dec-19 N'000
15 Term Loans		
Amount falling due after one year		
Zenith Bank CACS Loan	0	0
Zenith Bank DCRR Loan	10,000,000	6,884,184
Bank of Industry	<u>1,038,563</u>	<u>1,380,252</u>
	<u>11,038,563</u>	<u>8,264,436</u>

15.1 Long Term Loans

Zenith Bank Plc Loan

The Zenith Bank Plc loan represents a =N= 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 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. Its secured by a legal mortgage over the plant and machinery acquired.

Bank of Industry

The Bank of Industry loan represents a =N=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 Sterly Bank Plc.

Zenith Bank Plc Loan

The Zenith Bank Plc loan represents a =N=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 =N=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 three 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 of oil palm plantation situated at Uhiere, Ovia North East Local Government area in Edo State.

16 SHARE CAPITAL

	N'000	N'000
16.1 AUTHORISED		
1,200,000,000 Ord. Shares of 50k each	<u>600,000</u>	<u>600,000</u>
16.2 ISSUED AND FULLY PAID		
Existing 953,910,000 Ord. Shares of 50k each	<u>476,955</u>	<u>476,955</u>
17 SHARE PREMIUM		
Share Premium	1,867,096	1,867,096
18 REVENUE RESERVES		
At 1st January	26,836,229	26,411,611
	<u>26,836,229</u>	<u>26,411,611</u>
Actuarial gains		77,203
Retained Profit for the period	<u>4,998,613</u>	<u>5,049,637</u>
	<u>31,834,842</u>	<u>31,538,451</u>
Dividend paid	-1,907,820	-2,861,730
Interim dividend paid	0	-1,907,820
Unclaimed dividend		67,328
As at September 30 2020	<u>29,927,022</u>	<u>26,836,229</u>

19 COMPARATIVE FIGURES

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