



**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.





**NOTICE IS HEREBY GIVEN** that the 31st Annual General Meeting of the company will be held at the Transcorp Hilton, 1 Aguiyi Ironsi street, Maitama Abuja on Wednesday, June 8th 2011 at 10am to transact the following:

#### ORDINARY BUSINESS

1. To receive and consider the audited accounts for the year ended 31st December 2010, together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend
3. To elect/re elect directors
4. To appoint new auditors, special notice having been given pursuant to section 364(1) (a) of the Companies and Allied Matters Act 1990: "That Messrs Horwath Dafinone be appointed auditors to the company"
5. To authorize the directors to fix the remuneration of the auditors
6. To elect members of the audit committee

#### SPECIAL BUSINESS

7. To fix the remuneration of the directors

#### PROXY

A member of the Company who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. Executed forms of proxy should be deposited at the office of the Registrars, City Securities Ltd, Primrose Towers, 17A Tinubu Street, Lagos not later than 48 hours before the time of the meeting.

To be valid, proxy cards should be duly stamped by the Commissioner of stamp duties.

#### NOTES:

##### 1. DIVIDEND WARRANTS

If a dividend is approved at the meeting, warrants will be posted on Friday 17th June to shareholders whose names appear in the register of members as at the close of register.

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

Notice is hereby given that the register of members and transfer books of the Company will be closed from Tuesday 17th May to Friday 20th May 2011 both days inclusive.

##### 2. NOMINATION FOR THE AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act 1990, 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.

By Order of the Board

Mrs. C. Igie-Audu  
Company Secretary  
March 30, 2011.

#### Registered office

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



Mrs. C. Igie-Audu  
Company Secretary



	2010 N'000	2009 N'000	Increase/(decrease) %
<b>Major balance sheet items</b>			
Total assets	8,668,126	7,980,336	8.62
Shareholders' fund	5,866,406	4,353,494	34.75
Share capital	238,478	238,478	0.00
Share premium	1,867,095	1,867,095	0.00
Revenue reserve	3,760,833	2,247,921	67.30
<b>Major profit and loss account items</b>			
Turnover	6,087,836	4,741,217	28.40
Profit before taxation	1,971,262	661,627	197.94
Profit after taxation	1,629,456	549,410	196.94
Dividend paid (see note)	143,087	119,239	20.00
Profit retained	1,629,456	430,171	278.79
<b>Information per 50k kobo ordinary share</b>			
Basic earnings per share (kobo)	342	115	197.39
Adjusted earnings per share (kobo)	342	115	197.39
Declared dividend per share (kobo)	30	25	20.00
Dividend cover (times)	11.39	4.61	147.07
Net assets per share (kobo)	1,230	913	34.70
Stock Exch. Quotation at Dec., 31 (N)	14.50	22.79	(36.38)





### **BOARD OF DIRECTORS**

Mr. Gbenga Oyebo MFR  
Dr. G. D. Hefer  
Hon. M. Aighobahi  
Ms B. Baethke  
Dr. L. J. J. Boedt  
Chief D. U. Edebiri OON  
Mr. P. A. E. Eguasa JP  
Mr. H. Fabri  
Mr. R. Helsmoortel  
Mr. Ph.de Traux de Wardin

Chairman  
Managing (South African)  
Resigned 29th October 2010  
(German)  
(Belgian)

(Belgian)  
(Belgian)  
(Belgian)

### **EXECUTIVE DIRECTORS**

Dr. G. D. Hefer Managing

(South African)

### **AUDIT COMMITTEE MEMBERS**

Mr. P. A. E. Eguasa JP  
Hon. M. Aighobahi  
Mr. M. Igrude  
Mr. S. P. N. Ola  
Rev. L. A. Ohenhen JP  
Dr. L. J. J. Boedt

(Chairman)  
Resigned 29th October 2010

### **COMPANY SECRETARY**

Mrs. C. Igie-Audu  
Okomu Oil Palm Estate,  
Okomu - Udo  
Edo State.

### **REGISTERED OFFICE**

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

### **REGISTRARS AND TRANSFER OFFICE**

City Securities (Registrars) Ltd,  
Primrose Towers, 17A, Tinubu Street,  
P. O. Box 9117, Lagos.

### **MANAGING AGENT**

Socfinco S. A.  
2, Place Du Champ De Mars  
B-1050 Brussels, Belgium.

### **SOLICITORS**

Chief Charles Adogah & Co.  
(Solicitors & Advocates)  
95<sup>B</sup> Wire Road, Benin City.

### **AUDITORS**

Spiropoulos, Adiele, Okpara & Co.,  
(Chartered Accountants)  
59<sup>B</sup> Urubi Street,  
Benin City.

### **ENVIROMENTAL CONSULTANTS**

Foremost Development Services Ltd  
21 Mercy Eneli Street,  
Surulere, Lagos.





**D**istinguished Shareholders, Guests of honour, Ladies and Gentlemen. You are all welcome to the 31st Annual General meeting of our Company. It is my pleasure to present to you the annual report and financial results for the year ended 31<sup>st</sup> December 2010.

As the spectre of the world recession subsided, commodities seemed to take centre stage in world trading circles. This enabled commodity prices to rise throughout the year and the prices of both oil palm and rubber were no exception as demand for these products, both internally as well as externally, excelled in 2010. Obviously, the increase in food and commodity prices contributed to local inflation which hovered around 13% for the year.

Hard currencies, such as the US dollar and the Euro came under pressure as a result of financial troubles within the Eurozone and inflation fears in the USA. This resulted in a more stable local currency against the crosses and, in fact, resulted in an exchange rate gain to the Company, unlike in the prior year.

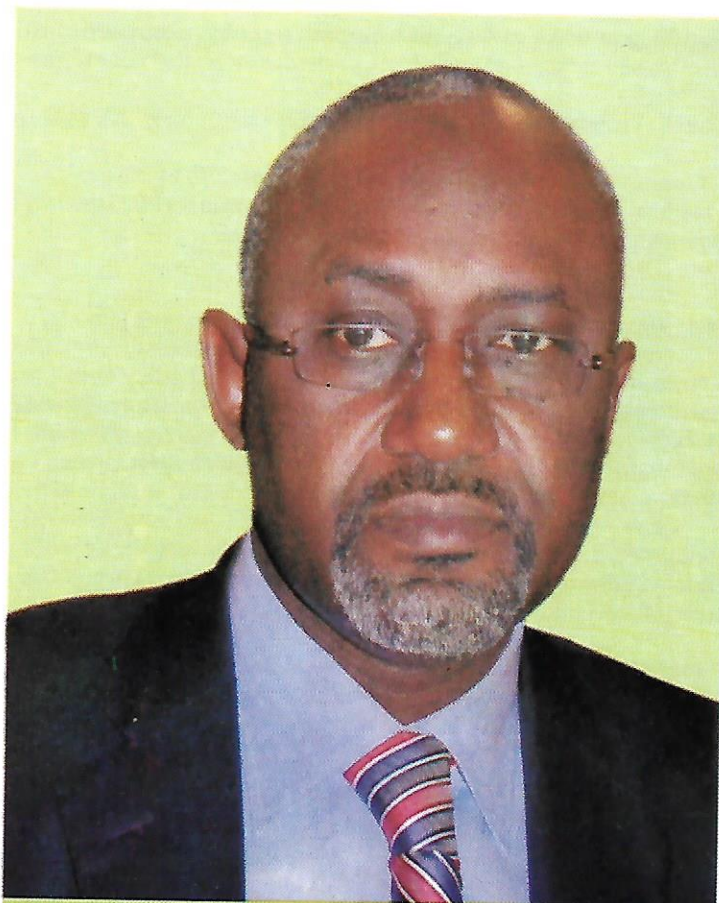
As at the 31<sup>st</sup> December 2010, the company registered a turnover of N6.087 billion, this being almost 9% better than budget and 28% better than for 2009. Profit before tax (PBT) at N1.97 billion was 198% higher than for 2009. Profit after tax (PAT) came in 96% better than budget and at N1.62 billion was 196% higher than the previous year's PAT.

Due to the above results, and the current exceptionally secure financial status of the Company, driven by its competent management team, the Board of Directors is well positioned to recommend to shareholders a dividend payment equivalent to N1.00/share for 2010, this being 70k/share more than 2009's dividend payout to shareholders.

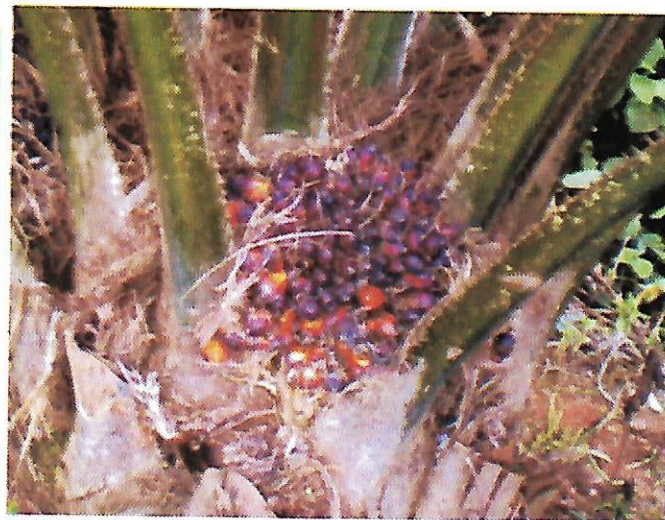
## THE COMPANY'S OPERATIONAL PERFORMANCE FOR 2010

### OIL PALM

Oil palm area increased by 261ha in 2010 to 9,555ha, with the total area of mature palm making up 8,857ha (79%) of the total area planted. The remainder consisted of immature palm (698ha).



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



**Total FFB production for 2010** was 114,187 tons which was 4% lower than budget, mainly due to inclement weather later in the year. Average FFB yields were 12.89t/ha which was 10% better than 2009, mainly as a result of the ongoing increase in fertilization which management instituted in the previous year, and which is now beginning to produce the expected results.

Total agricultural costs were well controlled in 2009, mainly due to diligent and prudent use of Company resources by management during the past financial year which kept increases below the current inflation rate. Management also continued to streamline transport contracts. Total agricultural costs/ton of palm product produced were 7% higher than for 2009 and total book cost/ton of palm product produced were 9% higher than in 2009.





Total processed palm products was 22,847 tonnes of CPO in 2010, this being 8% higher than for the corresponding period in 2009. Extraction rates at 20.01% were 2% down on that of 2009.

Processing costs were 2% less than that of 2009, whilst maintenance costs came in 49% lower than for 2009. Total ex factory costs for 2010 were 2% up on 2009 figures.

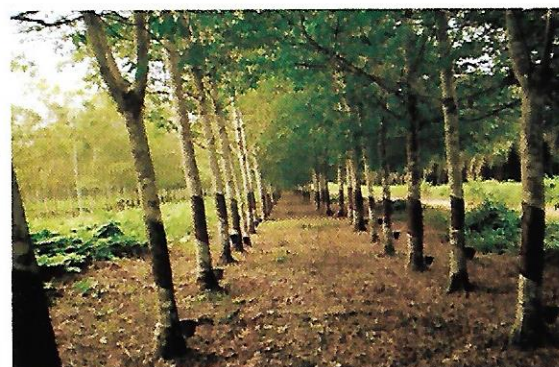
CPO prices, were, on average N169,953/t, and this price was nearly 10% higher than the price for 2009.

## **RUBBER**

The total area under rubber increased by 497ha to 5,860ha in 2010, with 78% being classified as mature plantings. Wet cup lump production (on a dry rubber equivalent) was 5,603 tons which was 2% lower than in 2009, mainly due to the high rainfall during the season which resulted in latex losses. The average yield of dry rubber for 2010 was 1.23 t/ha, this being 13% down on 2009, as a result of the above mentioned factors.

Field maintenance costs were 9% lower than in 2009, whilst field exploitation costs were 10% higher than in 2009, due to the opening of more areas for tapping during the year.

The rubber factory processed 4,465 tons rubber in 2009, this being 13% less than in 2009, as a result of lower rubber production than anticipated.



Rubber sales were 26% lower than in 2009. All rubber is exported through the Nigerian Export Promotions Council (NEPC) scheme, which is monitored by the CBN. Average rubber prices for 2010 were 72% better than in 2009.

## **FINANCIAL RESULTS**

Notwithstanding the challenges experienced by the company for the year under review, the Company recorded a turnover of N6.08 billion, this being 28% higher than for 2009.

Profit before tax (PBT) at N1.97 billion was 198% better than 2009. Profit after tax (PAT) came in at N1.62 billion which was 196% better than for the prior year.

Capital expenditure, including biological assets, amounted to N524.6 million for the year, this being 5% lower than for 2009, mainly due to the inclement weather which delayed building activities.

## **EDUCATION, CORPORATE SOCIAL RESPONSIBILITY & HEALTH, SAFETY & ENVIRONMENT**

The Company continually aspires to attain the highest levels of environmental conservation, health, education and safety to ensure any negative impacts on our staff, their families, communities and the surrounding biodiversity within our sphere of influence are minimized.

The Company also continued with their staff PPP/HIV programme in 2010. The new clinic ward was also completed at a cost of N793,00.00 which added 6 beds to the existing clinic. Furthermore, another toilet and laboratory was also added to the clinic to further enhance services to the work force and their dependents.

A total of 14,691 (cfr: 14,167 in 2009) employees and their dependents were treated for ailments at the Company's clinic during 2010 at a cost of more than N13 million for drugs, dressing costs and referrals (cfr: N7 million in 2009) to the company.

The Okomu Staff School took care of nearly 300 children and 22 daycare babies, supported by 13 teachers and 9 attendants. Furthermore, an ongoing joint programme between the local churches and the Company allowed more than N388,000.00 worth of schoolbooks and other items for both the staff and Government school pupils in 2010 to be purchased. The Government school was fenced off at a cost of N2.5 million to the Company.





The Company did not donate a significant amount to any causes, preferring rather to contribute to corporate social responsibility (CSR) programmes instead. Those major CSR programmes completed in 2010 by the company included the following:

- Road grading in Udo, ATP & the surrounding communities N4.5 million
- Repair of Udo/Okomu National Park road N10 million
- Interdepartmental football competition N500,000.00
- Scholarships for Udo & Okomu Village for 8 students in total N640,000.00
- Library books to Iguoriakhi College of Agriculture & Efor Primary School, Okomu Village N500,000.00 each
- Marionghionoba Primary School, AT&P village N300,000.00
- Bore hole at Udo Town subsidized together with the Rotary Club of Benin N500,000.00

A monthly health, safety and environment interdepartmental meeting, along with the Company's environmental consultants has continued to ensure that all levels of compliance are adhered to within the various departments, as well as ensuring that all laws, permits and certificates required and implemented by Government are updated timeously, on an ongoing basis. The Federal Ministry of Environment audited the Company and found nothing wanting within the Company pertaining to environmental issues.

### **STAFF & SECURITY**

The Company enjoyed a relatively peaceful and productive environment in 2010.

Total payroll as at December 2010 was 827, down by 52 in 2009. The company also trained 18 industrial trainees in 2010.

In terms of training, the Company once again invested in skills development of their staff in 2010. In this regard, a total of 330 people (cfr: 52 people in 2009) were trained, mainly through the Industrial Training Fund, at a total cost to Company of N4.3 million. Training spanned all grades and all departments, from cooking to developing interpersonal skills, industrial safety management and welding courses.

Security costs were kept in check without allowing the good security presence to be diminished, thereby creating a continued secure environment for all employees and visitors alike. Furthermore, the Company's security has shifted focus from solely one of protection to one of anti-theft which remains a problem on both rubber and palm fruits on the plantation.

### **FUTURE EXPANSION & DEVELOPMENT PLANS**

The expansion of Extension 1 is progressing and the environmental impact assessment is underway. In 2010, 650ha of oil palm was planted. The plan further makes provision for the planting of about another 3,500ha of rubber, which will hopefully in future lead to the rubber factory reaching its full capacity as a result of these plantings. In this regard, around 500ha of rubber is expected to be planted in 2012.

The Company will also clear and plant 200ha of rubber on the main plantation in 2011. The Company replanted 350ha of oil palm in 2010 and the same amount will be replanted in 2011 on Okomu.

Management completed the short cut through to Extension 1, in conjunction with the Okomu National Park, and this will elicit substantial savings in 2011 for the Company, especially with regard to transport costs. This has reduced the travel distance by 40km per round trip to the Company.

In conclusion, I am happy to be at the helm of a Company that, even under trying operating conditions, is now eventually beginning to show its true potential, as shown by the declaration of a higher dividend of N1.00/share. This, I am sure you will agree, underscores the fact that our Company is being managed by a group of dedicated individuals who are ensuring that their efforts result in the best return to their shareholders.

I wish to thank you for your attendance at our Annual General Meeting this year and wish you well in 2011.

Thank you.



## DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, (as amended) the Company's Directors are responsible for the preparation of the Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and its results for that year and comply with the Companies and Allied Matters Act. These responsibilities include ensuring that:

- Proper accounting records are maintained;
- Applicable Accounting Statements are followed;
- Suitable accounting policies are adopted and consistently applied;
- Adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities;
- It is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the company will not continue in business;
- Judgements and estimates made are reasonable and prudent.

## 1. 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.

## 2. RESULTS

The company's performance during the year together with 2009 comparatives are summarised below.

	2010 N'000	2009 N'000
Turnover	6,087,836	4,741,217
Operating profit	1,964,466	658,053
Net interest income	6,796	3,573
Profit before tax	1,971,262	661,627
Taxation	341,806	112,217
Profit after taxation	1,629,456	549,410
<b>Appropriations</b>		
Declared dividend	143,087	119,239

## 3. LEGAL FORM

The company, which was incorporated on December 3, 1979 as a private limited company, was converted to Public Limited Company (PLC) on September 19, 1997 under the Companies and Allied Matters Act, 1990. The shares are quoted on the Nigerian Stock Exchange.

## 4. DIVIDEND

The Directors recommend to the shareholders the declaration of a dividend at the Annual General Meeting of N476,955,000 which is 100kobo (2009: N143,086,500, i.e 30k) per 50k shares. This dividend, when declared is payable to eligible shareholders subject to deduction of 10% withholding tax, which is not retained by the company but is payable to the Federal and State Tax Authorities.



**5. SIGNIFICANT CHANGES IN FIXED ASSETS**

Significant Fixed Assets Expenditure during the year together with 2009 comparatives was as follows:

	2010 N'000	2009 N'000
Palm Plantation	160,328	42,472
Rubber Plantation	165,829	86,252
Machinery Equipment	102,508	15,168
Building	76,565	0
Palm Mill	135,138	356,695
Rubber Mill	5,161	52,693
Vehicles	51,601	65,821
Furniture and Equipment	7,517	54,977
Work in Progress	0	150,765
<b>Total</b>	<b>704,647</b>	<b>824,843</b>

**6. DIRECTORS**

The Directors who held office during the year are:

Mr. G. Oyeode MFR	Chairman
Dr. G.D. Hefer	Managing (South African)
Hon. M. Aighobahi,	Resigned October 29th 2010
Ms. B. Baethke	(German)
Dr. L.J.J. Boedt	(Belgian)
Chief D. U. Edebiri OON	
Mr. P. A. E. Eguasa, JP	
Mr. H. Fabri	(Belgian)
Mr. R. Helmoortel	(Belgian)
Mr. Ph.de Taux de Wardin	(Belgian)

In accordance with article 95 of the Company's Articles of Association, Messrs Boedt, Fabri and Ph.de Taux de Wardin retire by rotation and being eligible offer themselves for re-election.

In accordance with section 249(2) of the Companies and Allied Matters Act, resolutions will be proposed at the Annual General Meeting approving the appointments.

In accordance with section 277 of the Companies and Allied Matters Act, none of the directors has notified the company of any declarable interest in contracts with the company.

**7. DIRECTORS AND THEIR INTEREST**

Interest of the Directors who held office as at December 31, 2010 in the issued share capital of the company as recorded in the registers of members and/or as notified by them for the purpose of section 276 of the Company and Allied Matters Act 1990 are stated below:

Name	Shares Held	Value ₦
Mr Gbenga Oyeode MFR	20,642,057	10,321,028.50
Mr P. A. E. Eguasa JP	4,582,500	2,291,250.00

**8. RESEARCH AND DEVELOPMENT**

The Company also participated in various research and development programme which included the following:

- The Amphibian Research and Conservation Group, Dept. Of Animal and Environmental Biology, University of Benin.
- SOCFINDO, S.A. in conjunction with palm and rubber seed.
- Trials with a new chemical called "Stamina" to replace evisect. The trial was carried out by NIFOR at Okomu.

**9. DISTRIBUTORS**

The company's products are sold direct on cash basis to numerous customers who are located in different parts of the country and include a number of individual customers and individual users, or in the care of rubber products, exported.



## 10. SUPPLIERS

The Company obtains its spare parts and materials at arm's length basis from overseas and local suppliers. Amongst its main overseas and local suppliers are Sodimex, Technip LCI (Speicim), and local suppliers are Total Nigeria PLC and Samoor Nigeria Enterprises.

## 11. HUMAN CAPITAL

### • Employment and Employees

The Company's employment policy is in line with the needs of our business. Careful recruitment is always in focus to ensure that high potential professionals are attracted and retained.

Also, the company continues to encourage dialogue with workers' representatives in matters affecting staff welfare and performance in order to maintain a good relationship. Employees are constantly informed of developments within the company, which they should know.

### • Employees' Training and Development

Sound development of employees continued to be top priority. To this end, employees are constantly undergoing training programmes tailored to suit their requirements in the company.

### • Health

The company retains the services of private hospitals from which employees receive adequate medical care. In addition, the company has a clinic in the estate, which is manned by a medical doctor and experienced nurses.

### • Welfare

Welfare facilities provided by the company include housing for employees (employees not housed are paid allowance) and transport to and from work place. An estate market has also been constructed by the company and allocated to staff. The company complied with the provisions of the Pension Reform Act of 2004.

### • Employees Share Trust Fund

The company obtained a loan on behalf of the employees for the purchase of shares of the company during the privatisation exercise; the same applied during the rights issue exercise. The share trust fund was increased recently by the last bonus issue.

### • Employment of disabled persons

It is the policy of the company that there should be no discrimination in considering application for employment from physically challenged persons. The policy ensures that physically challenged persons are afforded, as far as is practicable, equal opportunities with other employees.

## 12. POST BALANCE SHEET EVENTS

There were no significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at December 31, 2010 and the profit for the year ended on that date which have not been adequately provided for or recognized.

## 13. DONATIONS

The Company made donations to the following body during the year ended December 31, 2010.

Body to whom donation was made	Amount
Association of Handicap Development of Social Welfare	N20,000





#### 14. SHARE CAPITAL HISTORY

The company was incorporated on 3rd December 1979 with an authorized share capital of N500, 000 divided into 500,000 ordinary shares of N1.00 each.

On the 22nd of June 1988 each ordinary share of N1.00 in the capital of the company was sub divided into ten ordinary shares of 0.10K each.

On the 27th of April 1990, the company passed a resolution to consolidate its shares into N0.50K each. At the Annual General Meeting of the company held on the 29th September 1993, the authorized share capital of the company was increased from N34 million to N40 million by the creation of additional 12,000,000 shares of 50 kobo each. At the Annual General Meeting of the company held on 29th July 1997 an ordinary resolution was passed to increase the authorized share capital from N40 million to N100 million by the creation of additional 120,000,000 shares of 50kobo each. At the Annual General Meeting of the company held on the 27th of June 2001, the authorized share capital of the company was increased from N100, 000,000 to N300, 000,000 by the creation of additional 400,000,000 shares of 50 kobo each.

#### 15. ANALYSIS OF SHAREHOLDINGS

Analysis of Shareholdings as at December 31, 2010:

Holdings Between	Number of Shareholders	Percentage %	Number of Shareholdings	Percentage %
1	50	1.1180	4,766	0.00100
51	100	2.1577	23,917	0.00501
101	500	38.2967	1,709,646	0.35845
501	1,000	16.1148	1,659,033	0.34784
1,001	5,000	30.7271	9,345,742	1.95946
5,001	10,000	4.9277	5,108,311	1.07103
10,001	50,000	4.9064	14,570,099	3.05482
50,001	100,000	0.6551	7,014,273	1.47064
100,001	500,000	0.8545	26,615,705	5.58034
500,001	1,000,000	0.0285	3,786,186	0.79382
1,000,001	476,955,000	0.2136	407,117,322	85.35760
<b>Grand Total</b>	<b>14,043</b>	<b>100.0000</b>	<b>476,955,000</b>	<b>100.00000</b>

#### 16. SUBSTANTIAL INTEREST IN SHARES

According to the register of members, two shareholders of the company held more than 5% of the Issued share capital as at December 31, 2010.

Shareholder	2010 Number of Shares	%	2009 Number of Shares	%
Intercultures S. A.	249,580,525	52.32	249,580,525	52.32
Deg-Deutsche Investitions-UND <sub>1</sub>	33,117,742	6.94	33,117,742	6.94

#### 1. DEG-DEUTSCHE INVESTITIONS-UND,

ENTWICKLUNGSGESELLSCHAFT MBH KAEMMER GASSE 22 50675 KOELN

#### 17. AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act, the company has in place an Audit Committee comprising three Directors and three Shareholders as follows:

Mr. P. A. E. Eguasa JP	(Chairman)
Hon. M. Aighobahi	(Resigned 29th October 2010)
Dr. L. J. J. Boedt	(Belgian)
Mr. M. Igbrude	
Rev. L. A. Ohenhen JP	
Mr. S.P.N. Ola	

The functions of the audit committee are as laid down in section 359(7) of the Companies and Allied Matters Act.



**18. AUDITORS**

In accordance with section 357(1) of the Company and Allied Matters Act, a resolution will be proposed at the Annual General Meeting appointing Messrs Horwath Dafinone as the new auditors to the company. A resolution will also be proposed authorising the Directors to determine their remuneration.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'C. Igie-Audu Mrs'.

C. Igie-Audu Mrs  
**Company Secretary**  
Benin City, Nigeria.  
Dated: 29<sup>th</sup> March 2011





The Okomu Oil Palm Company PLC is committed to the best practice and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner, which conforms to high ethical standards.

### THE BOARD

The Company is headed by a collegial Board. The Board consist of the Chairman, who has no executive responsibilities, eight non-executive Directors (all of whom are considered independent by the Board) and one executive director: the Managing Director. The major responsibility of the board is to ensure that The Okomu Oil Palm Company Plc's business strategy and risk status is appropriate and implemented effectively.

The non-executive Directors receive comprehensive induction on appointment which includes site visits and meeting with members of top management to help them build a working knowledge and detailed understanding of the company. Where necessary, additional training is arranged for them.

### INDEPENDENT AND EXECUTIVE STATUS OF DIRECTORS

Mr. G. Oyeboode MFR		Non Executive
Dr. G. D. Hefer	(South African)	Executive
Hon. M. Aighobahi,		Non Executive (Up to 29/10/10)
Ms. B. Baethke	(German)	Non Executive
Dr. L. J. J. Boedt	(Belgian)	Non Executive
Chief D. U. Edebiri OON		Non Executive
Mr. P. A. E. Eguasa, JP		Non Executive
Mr. H. Fabri	(Belgian)	Non Executive
Mr. R. Helsmoortel	(Belgian)	Non Executive
Mr. Ph. de Traux de Wardin	(Belgian)	Non Executive

#### Note:

1. Hon. M. Aighobahi represented Ovia South West LGA of Edo state where the company is located. Hon. M. Aighobahi, was the executive chairman of the local government.
2. Ms B. Beathke represents DEG- Deutsche investments-UND which has 6.94% shareholding in the company.
3. Messrs H. Fabri, Ph de Traux de Wardin, Dr. L. J. J. Boedt and R. Helsmoortel represent Socfinco, the managing agent and Intercultures S. A. Intercultures S. A. has 52.32% Shareholding in the company.
4. Chief D. U. Edebiri represents Edo State Government.

### BOARD MEETINGS

Members of the Board of Directors hold quarterly meetings to decide on policy matters and to direct the affairs of the company, programme and performance, operations, finances, risk management and formulate growth strategy. The board met during the year as follows:

- March 30, 2010; ● June 8, 2010; ● November 2, 2010; ● December 21, 2010.

Attendance of Directors at the quarterly meetings was very good. In line with provisions of Section 258(2) of the Companies and Allied Matters Act, the record of Directors attendance at Board meetings is available for inspection at the Annual General meeting.

### CONFLICTS OF INTEREST

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

During the year under review, there has been no transactions and other contractual relationships between the Company and its Board members and managers, which are not covered by its legal provisions on conflicts of interest. Transactions with related parties (Socfinco S. A., Intercultures S. A. Sodimex,). These transactions were for management fees, interest on loan, purchase and supply of equipment, materials and services respectively.

### INSIDER DEALING & MARKET ABUSE IN SHARES

The use of inside or unpublished information about the Company in buying or selling of The Okomu Oil Palm Company PLC shares is strictly forbidden. In order to comply with legislation on insider dealing and market manipulation (market abuse), Directors and executive management are expected to declare transactions on their own account in the shares of other financial instruments of the company. Where such transaction is significant, it will be disclosed to the market. There were no such transactions in the year under review.

### BOARD COMMITTEES

#### Finance and General Purpose Committee (F&GPC)

Hon M. Aighobahi	(Chairman)	(Resigned 29th October 2010)
Chief D U Edebiri OON		
Mr. P. A. E. Eguasa, JP		
Ms B. Baethke		
Dr. L. J. J. Boedt		
Mr. H. Fabri		



This committee reviewed the annual budget, financial performance, business development and other financial matters. The committee met four times during the year under review as follows: **March 30, 2010; June 8, 2010; November 2, 2010 and December 21, 2010.** The average attendance of the entire committee in 2010 was 100%. Details of attendance at meetings are available for inspection at the annual general meeting.

#### AUDIT COMMITTEE

Mr P. A. E. Eguasa, JP (Chairman)  
Mr. S. P. N. Ola  
Rev. L. A. Ohenhen JP  
Mr. Moses Igbrude  
Hon. M. Aighobahi (Resigned 29th October 2010)  
Dr. L. J. J. Boedt

The committee met four times during the year as follows: **January 15, 2010; March 30, 2010; October 29, 2010; December 20, 2010.** The Average attendance of all committee members in 2010 was 100%. Details of attendance at meetings are available for inspection at the annual general meeting.

There is currently no Board Remuneration Committee because the only executive director (Managing Director) is employed by the managing agent.

The is no risk management committee as the Board in consultation with Management, determine any risk management strategies of the Company.

#### COMPANY SECRETARY

All Directors have access to, and the services of, the Company Secretary and may take independent professional advice at The Okomu Oil Palm Company PLC's expense.

The Company secretary acts as secretary to Board committees.


The Company Secretary is also responsible for facilitating the induction and professional development of Board members as well as ensuring good information flows within the Board, its committees and between the Non-Executive Directors. The Company Secretary is Mrs. C. Igie-Audu.

#### INTERNAL CONTROL AND INTERNAL AUDIT

The Board of Directors have put in place a well established internal control arrangement in the company with a view to ensuring that:

- Proper accounting statements are maintained;
- Applicable accounting statements are followed;
- Suitable accounting policies are adopted and consistently applied;
- Adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds and other irregularities;
- It is appropriate for the financial statement to be prepared on a going concern basis unless it is presumed that the company will not continue in business;
- Judgments and estimates made are reasonable and prudent.

Pursuant to the foregoing, it has also established an efficient and effective internal audit whose function is to report to the Managing Director. For its day-to-day and project work, the department is guided by the instructions of the Audit Committee and the Company's Internal Audit Procedures Manual.

  
C. Igie-Audu Mrs.  
Company Secretary  
Benin City, Nigeria.  
Dated: March, 2011





## Spiropoulos Adiele Okpara & Co

Chartered Accountants  
Nigerian Correspondent Firm of  
Grant Thornton International Ltd.

### *Report of the Auditors on the Financial Statements To the members of The Okomu Oil Palm Company PLC*

We have audited the accompanying financial statements of **The Okomu Oil Palm Company PLC**, which comprise the balance sheet as at December 31, 2010, the profit and loss account, statement of cash flows, value added statement for the year then ended, summary of significant accounting policies, notes to the financial statements and the five year financial summary set out on pages 19 to 31.

#### **Directors' Responsibility for the Financial Statements**

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles applicable in Nigeria and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our **audit in accordance with Nigerian Standards on Auditing (NSAs)**. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

#### **Basis of opinion**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In

making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the company's books of account have been properly kept so far as appears from our examination of those books. The financial statements present fairly, in all material respects, the financial position of The Okomu Oil Palm Company Plc as at December 31, 2010, and of its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles applicable in Nigeria, and of the relevant Statements of Accounting Standards issued by the Nigerian Accounting Standards Board and the Company and Allied Matters Acts, CAP C20 LFN 2004.

*Spiropoulos Adiele Okpara & Co.*  
CHARTERED ACCOUNTANTS

BENIN CITY, NIGERIA

March 15, 2011.







**TO THE MEMBERS OF THE OKOMU OIL PALM COMPANY PLC**

In accordance with the requirements of section 359(6) of the Companies and Allied Matters Act (Cap 59) of 1990, we are pleased to report that we have examined the Auditors report, the annexed Balance Sheet and Profit and Loss Account and have obtained all the information and explanations which we considered necessary.

We certify that the accounting and reporting policies of the Company were in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ending December 31st, 2010, were adequate.

**Members of the Audit Committee are:**

Mr. P. A. E. Eguasa, JP	(Chairman)
Hon. M. Aighobahi	(Resigned)
Mr. M. Igbrude	
Mr. S. P. N. Ola	
Rev. L. A. Ohenhen JP	
Dr. L. J. J. Boedt	(Belgian)

**In Attendance**

Mrs. C. Igie-Audu	Company Secretary
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**Mr. P. A. E. Eguasa, JP**  
**Chairman**



## 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. STOCKS

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

- Raw materials and engineering spares -Purchase Costs on an average basis, including transportation and applicable handling charges.
- Palm oil products, rubber products and products in process- Average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.

Containers used in packaging oil and rubber products are non returnable are valued at cost.

## 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. INCOME TAX

Income tax expense is the aggregate charge to profit and loss account in respect of company income tax, education tax, capital gain tax and deferred tax. The components are charged as follows:

- Company income tax is the expected amount of income tax payable on taxable profits determined in accordance with the Company Income Tax Act (CITA) using the statutory tax rate at the balance sheet date.
- Education tax is assessed at 2% of the chargeable profit while capital gains tax is assessed at 10% of the capital gain.

## 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 operates a contributory staff retirement benefit scheme for its Nigerian employees and is managed by Pension Administrators in line with the Pension reform Act of 2004.

**11. LEASE****(a) Operating leases**

Lease rental income/expense is recognised in the profit and loss account on a systematic basis in line with the time pattern of the benefit provided/received by the Company.

**12. 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.



	Note	2010 N'000	2009 N'000
<b>Turnover</b>	2	6,087,836	4,741,217
Cost of Sales	3	2,299,876	2,240,911
Gross Profit		3,787,960	2,500,306
<b>Net Operating expenses</b>	4	1,756,559	1,683,485
Operating profit		2,031,401	816,821
Investment Income	5	6,796	3,573
		2,038,197	820,394
Interest Payable	6	66,935	158,653
<b>Profit Before Tax</b>		1,971,262	661,741
Taxation	7.1	341,806	112,217
<b>Profit After Tax Transf. to Rev. a/c</b>	20	<b>1,629,456</b>	<b>549,524</b>
Earnings Per Share (EPS): Basic in kobo		342	115
Earnings Per Share (EPS): Adjusted in kobo		342	115
Declared Dividend Per Share (DPS) in kobo		30.00	25.00
Dividend Cover (Times - After Tax) in times		11.39	4.61

*The annexed notes form an integral part of these financial statements*



	Note	2010 N'000	2009 N'000
<b>Fixed Assets</b>	9	6,415,413	6,253,692
Long Term Debtors	11.1	28,076	32,254
		<b>6,443,489</b>	<b>6,285,946</b>
<b>Current Assets (Amount falling due within one year)</b>			
Stock	10	998,123	1,079,671
Debtors and Prepayments	11.2	681,616	368,454
Bank and Cash	12	544,898	246,265
		<b>2,224,637</b>	<b>1,694,390</b>
<b>Current Liabilities (Amount falling due within one year)</b>			
Creditors and Accruals	13	795,338	804,825
Bank Overdrafts	14	7	268,045
Taxation	7.2	36,256	19,815
		<b>831,601</b>	<b>1,092,685</b>
<b>Net Current Assets</b>		<b>1,393,036</b>	<b>601,705</b>
Deferred Taxation	15	-1,005,604	-708,161
<b>Amount falling due after one year</b>			
Retirement Benefits/Gratuity	16	-574,321	-546,523
Term Loans	17	-390,194	-1,279,473
		<b>-964,515</b>	<b>-1,825,996</b>
<b>Total Net Assets</b>		<b>5,866,406</b>	<b>4,353,494</b>
<b>FINANCED BY CAPITAL AND RESERVES</b>			
Share Capital	18	238,478	238,478
Share Premium Account	19	1,867,095	1,867,095
Revenue Reserves	20	3,760,833	2,247,921
		<b>5,866,406</b>	<b>4,353,494</b>

These financial statements were approved by the Board of Directors on March, 29th 2011 and signed on its behalf by:

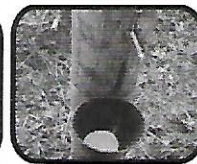
1. Director: Sign.....

Name.....

2. Director: Sign.....

Name.....

The annexed notes form an integral part of these financial statements



	Note	2010 N'000	2009 N'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers		6,103,087	4,693,665
Cash Paid for Goods and Services		-2,226,914	-1,923,055
Cash Paid for Expenses		-1,509,584	-1,647,062
<b>Net Cash Flow from Operating Activities</b>	23	<b>2,366,399</b>	<b>1,085,426</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	9	-704,647	-824,843
Interest Received	5	6,796	3,573
Proceeds from sales of Fixed Assets		0	4,277
<b>Net Cash Flow from Investing Activities</b>		<b>-697,851</b>	<b>-816,993</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan Received		0	320,691
Loan Repayment		-891,929	-142,782
Dividend Paid	21	-143,087	-119,239
Interest Paid	6	-66,935	-158,653
<b>Net Cash Flow from Financing Activities</b>		<b>-1,101,951</b>	<b>-99,983</b>
Net increase /(decrease) in cash and cash Equivalent		566,597	168,450
Cash and Cash Equivalent 1st January		-21,706	-190,156
<b>Cash and Cash Equivalent at 31st Dec.</b>	22	<b>544,891</b>	<b>-21,706</b>



**1 THE COMPANY****1.1 The Legal Form.**

The Okomu Oil Palm Company PLC, was incorporated on December 3, 1973 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 (Intercultures) Group of Belgium which owns 52.32% of the Company's share capital, while the balance of 47.68% is shared by DEG-Deutsche Investitions-UND of Germany (6.94%) and Nigerians (40.74%).

**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.

**2 TURNOVER**

Turnover represents the invoice value of goods and services rendered to third parties during the year

Local sales

Export sales

**2010****N'000****2009****N'000**

4,292,240

3,520,903

1,795,596

1,220,314

**6,087,836****4,741,217****3 COST OF SALES**

Production Costs:

Palm products

Rubber products

Selling and distribution cost

1,577,422

1,170,628

609,799

849,362

112,655

220,921

**2,299,876****2,240,911****4 OPERATING EXPENSES**

Directors' fees and expenses

Adm. Salaries and wages

Exchange loss /(gain)

Adm. Depreciation

Other administrative expenses

Net operating (income)/cost

**N'000****N'000**

10,471

5,984

398,612

171,924

-84,663

210,484

168,575

126,207

1,301,520

1,208,890

-37,956

-40,004

**1,756,559****1,683,485****5 INVESTMENT INCOME**

Interest on Deposit A/C and others

6,796

3,573

**6 INTEREST PAYABLE**

Interest on Long Term Loans

66,935

158,653

**7 TAXATION****7.1 Profit and Loss Account**

Provision for Edu. tax

Deferred taxation ( see note 15 )

44,363

22,217

297,443

90,000

**341,806****112,217****7.2 Balance sheet**

At January 1st

Provision for Edu. tax

19,815

35,720

44,363

**64,178****22,217**

Payment during the year

27,922

57,937

As per Balance Sheet

**36,256****38,122****19,815**



## 8 PROFIT BEFORE TAXATION

This is arrived at after charging:

Directors' emoluments  
Depreciation of fixed assets  
Auditors' remuneration  
Exchange gains/(losses) (net)

2010  
N'000

2009  
N'000

10,471	5,984
517,787	444,063
20,000	20,000
84,663	-210,484

## 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, 2010	1,480,946	2,709,046	487,223	761,891	1,499,450	869,826	340,292	300,964	148,547	8,598,185
Additions	160,328	165,829	102,508	76,565	135,138	5,161	51,601	7,517	0	704,647
Reclassification Transfers	71,663	-29,484	91,343	1,712	-49,017			-91,344	5,127	0
Disposal	-33,835		-42,113				-32,990	-27,661	0	-136,599
As at December 31, 2010	1,679,102	2,845,391	638,961	840,168	1,585,571	874,987	358,903	189,476	153,674	9,166,233
Depreciation As at January 1, 2010	334,410	361,416	338,883	190,811	661,621	76,831	198,324	182,197	0	2,344,493
Charge for the year	69,687	113,309	68,781	38,901	122,559	43,658	51,205	9,687	0	517,787
Disposal	-8,697		-42,112				-32,990	-27,661		-111,460
As at December 31, 2010	395,400	474,725	365,552	229,712	784,180	120,489	216,539	164,223	0	2,750,820
Net Book Value As at December 31, 2010	1,283,702	2,370,666	273,409	610,456	801,391	754,498	142,364	25,253	153,674	6,415,413
As at December 31, 2009	1,146,536	2,347,630	148,340	571,080	837,829	792,995	141,968	118,767	148,547	6,253,692

## 10 STOCK

Fuel and Lubricants  
Spare parts  
General Stores and Various Materials  
Agricultural Consumables  
Finished Goods-Palm & Rubber Products  
Goods in Transit

2010  
N'000

2009  
N'000

82,323	38,947
381,169	472,447
67,033	45,516
78,341	93,597
139,426	146,657
249,831	282,507
<b>998,123</b>	<b>1,079,671</b>

## 11 DEBTORS AND PREPAYMENTS

### 11.1 Amount falling due after one year

Employees' Share Trust Fund

28,076

32,254

### 11.2 Amount falling due within one year

Trade Debtors (Customers)  
Deposit with Suppliers  
Sundry Debtors  
Staff Debtors  
Prepayments  
Provision for doubtful debts (specific)

197,197	212,448
439,446	84,735
20,696	35,786
20,253	34,912
6,035	2,584
-2,011	-2,011
<b>681,616</b>	<b>368,454</b>





	2010 N'000	2009 N'000
<b>12 BANK AND CASH BALANCES</b>		
Cash in Hand	2,001	3,094
Dividend account	98,454	98,454
Cash at Bank	444,443	144,717
	<b>544,898</b>	<b>246,265</b>
<b>AMOUNT FALLING DUE WITHIN ONE YEAR</b>		
<b>13 Creditors and Accruals</b>		
Trade Creditors	214,903	287,865
Payment Received on Account	206,138	50,678
Amount due to Related companies	130,568	136,135
Short term loan (note 25)	0	140,446
Other Creditors	87,371	63,741
Pension fund (note 26)	15,733	2,121
Accruals and provisions	71,261	44,495
Dividend payable(note 21)	69,364	79,344
	<b>795,338</b>	<b>804,825</b>
<b>14 BANK OVERDRAFT</b>		
Zenith bank PLC	0	268,038
Access Bank PLC	0	0
Dividend account 1999	7	7
	<b>7</b>	<b>268,045</b>
<b>15 DEFERRED TAXATION</b>		
At January 1	708,161	291,846
Charged to current year P&L a/c	297,443	90,000
Charged against Revenue reserves	0	326,315
At December 31,	<b>1,005,604</b>	<b>708,161</b>

The potential liability to deferred taxation of N1,005,604,000 at December 31, 2010 has been accounted for in full in the financial statements. Whereas N708,161,000 was charged against revenue in previous years, N297,443,000 is been charged against profits during the year under review.

	N'000	N'000
<b>16 RETIREMENT BENEFITS/GRATUITY</b>		
Balance as at January 1,	546,523	610,238
Provision for the year	46,723	46,122
Payment during the year	-18,925	-109,837
Balance as at December 31,	<b>574,321</b>	<b>546,523</b>

The gratuity provision for the year was bases upon independent actuarial valuation and the last such valuation was carried out as at December 31, 2010

	2010 N'000	2009 N'000
<b>17 TERMLOANS</b>		
<b>Amount falling due after one year</b>		
Foreign loans: Intercultures S.A.	0	895,331
Foreign Loans: DEG	390,194	384,142
	<b>390,194</b>	<b>1,279,473</b>

#### 17.1 Term Loans

##### Germany Investment & Development Co. (DEG):

The Company entered into a N697 million term loan agreement with DEG, a foreign lender, in 2003 to provide additional capital to support its expansion programmes at an interest rate of 8.8% per annum.

The repayment period, excluding moratorium, shall be eight years from the date the initial draw down of each advance.



### Intercultures S. A.

In 2006, the company entered into a N551 million convertible term loan with Intercultures S. A., a foreign lender, to support its on-going expansion programmes at an interest rate of 10% per annum. The repayment period is five years from the date of the initial drawdown of each advance if not converted into equity.

This loan was fully liquidated during the year ended December 31, 2010.

All the term loans are secured on the assets of the company

## 18 SHARE CAPITAL

### 18.1 AUTHORISED

600,000,000 Ord. Shares of 50k each

### 18.2 ISSUED AND FULLY PAID

476,955,000 Ord. Shares of 50k each

	2010 N'000	2009 N'000
	300,000	300,000
	238,478	238,478

The directors recommended, and was approved by shareholders at the 2007 AGM, that one new ordinary share for every two existing shares then held representing 158,985,000 ordinary shares of 50k each ranking pari-passu with then existing shares of the company, thus bring the issued share capital to 476,955,000 ordinary shares of 50kobo each.

## 19 SHARE PREMIUM

Share Premium

## 20 REVENUE RESERVES

At 1st January

Prior Year Adjustment (Note 24)

Deferred tax written off (note 15)

Retained Profit for the year

Dividend declared

As at December 31

	1,867,095	1,867,095
	2,247,921	2,177,415
	26,543	-33,464
	0	-326,315
	2,274,464	1,817,636
	1,629,456	549,524
	3,903,920	2,367,160
	-143,087	-119,239
	3,760,833	2,247,921

## 21 DIVIDEND

- (a) Declared dividend represents dividend proposed for the preceding year but declared during the current year.  
(b) The movement in the dividend payable account was as follows.

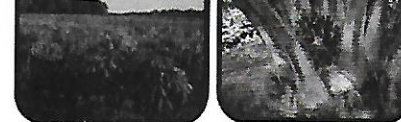
	2010 N'000	2009 N'000
Balance January 1,	79,344	79,344
Declared dividend	143,087	119,239
Payment during the year	-143,087	-119,239
Write back of unclaim dividend	-9,980	0
Balance December 31,	69,364	79,344

- (c) Dividend payable of N69.4 million (2009: N79.3 million) was included in the reported dividend account of N98.454 million under cash and bank balances (Note 11).

Unclaimed dividend was also held by the Registrars at the year end.

- (d) Dividend of N476,955,000, ie N1.00 per 50k share (2009: N143,086,500) is proposed. This dividend, when declared is payable to eligible shareholders subject to deduction of 10% withholding tax, which is not retained by the company but is payable to the Federal and State Tax Authorities.





	2010	2009
	N'000	N'000
<b>22 CASH AND CASH EQUIVALENT</b>		
Cash in hand	2,001	3,094
Dividend account	98,454	98,454
Cash at bank	444,443	144,717
Bank overdraft	-7	-268,045
	<b>544,891</b>	<b>-21,780</b>
<b>23 RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
	2010	2009
	N'000	N'000
Profit after tax	1,629,456	549,524
Adjustment to reconcile net Income to net cash provided by operating activities		
Depreciation	517,787	444,063
Tax paid	27,922	38,122
Prior year adjustment	-26,525	33,464
Write back of unclaim dividend	-9,980	0
<b>Changes in assets and liabilities</b>		
Decrease / (increase) in stock	81,548	8,205
Decrease / (increase) in Debtors & Prepy.	-313,162	157,087
(Increase)/decrease in Creditors & Accrual	9,487	115,567
(Increase)/decrease in tax Payable	-16,441	-15,905
(Increase)/decrease in long term loans	889,279	104,418
Decrease/(increase) in staff gratuity	-27,798	63,715
Decrease/(increase) in long term debtors	4,178	3,481
(Increase)/decrease in deferred tax	-297,443	-416,315
Reduction in prior year depreciation	-101,909	0
Total adjustment	736,943	535,902
<b>Net cash provided by operating activities</b>	<b>2,366,399</b>	<b>1,085,426</b>
<b>24 PRIOR YEAR ADJUSTMENT</b>	<b>26,525</b>	<b>-33,464</b>
Previous years amendments		
<b>25 SHORT TERM LOAN</b>		
DEG short term loan	0	128,047
DEG loan for small holders	0	12,399
	<b>0</b>	<b>140,446</b>
<b>26 PENSION FUND</b>		
Balance as January 1,	2,121	5,334
Provision during the year	26,813	25,651
	28,934	30,985
Less payment during the year	13,201	28,864
Balance as December 31,	<b>15,733</b>	<b>2,121</b>



**27 FINANCIAL COMMITMENTS**

Contracted for capital goods  
Operating lease annual rentals

2010	2009
N'000	N'000
0	0
132,041	132,041

**28 PARTICULARS OF DIRECTORS AND EMPLOYEES**

The average number of persons (including Directors)  
employed by the Company during the year are as shown below

**Category**

Directors

Management

Others

Employees other than Directors who earned more  
than N100,000 in the year:

100,001 - 120,000

120,001 - 240,000

240,001 - 360,000

360,001 - and above

Number Number

10 10  
13 13  
827 879

70 70  
420 455  
250 250  
100 117

2010 2009  
N'000 N'000

Staff cost of the above persons

Wages and salaries

398,61 171,924

Pension and gratuity

32,317 110,029

Emoluments constitute annual sums paid to  
employees which are subject to Nigerian income tax.

**Directors**

Emolument of chairman

2,336 1,470  
8,135 8,232

Fees paid to Non-Executive directors

Emoluments of directors were within the  
following band (annualised figures)

Number Number

150,001 - 200,000

2 1

200,001 - 250,000

1 2

250,001 - 300,000

0 3

300,001 - and above

5 4

**29 PENSION COMMITMENTS**

The Company operates an employee/employer contributory deposit administration pension scheme for its Nigerian staff. Benefits under the scheme are related to employees' length of service and remuneration.

**30 COMPARATIVE FIGURE**

Certain comparative figures have been restated to ensure more meaningful comparison.

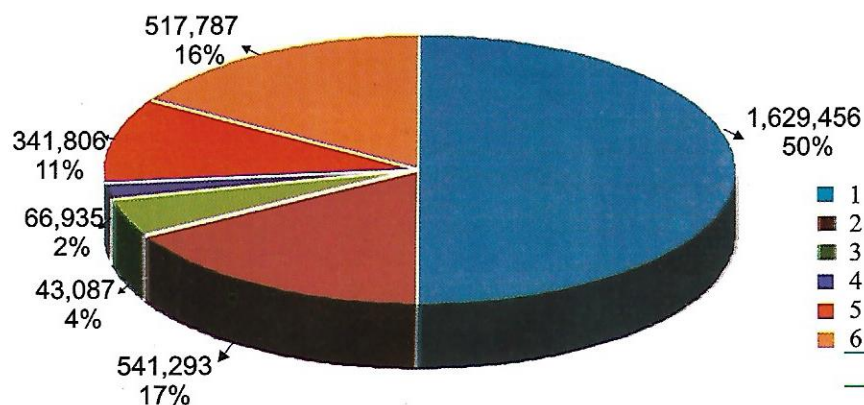
**31 DATE OF APPROVAL**

The financial statements were approved by the Board of Directors on March, 2011.



	2010 N'000	%	2009 N'000	%
Turnover (see note 2)	6,087,836		4,741,217	
Bought in materials & services:				
- Imported	-723,056		-781,004	
- Local	-2,169,168		-2,343,011	
	3,195,612		1,617,203	
Other operating income(net)	37,956		40,004	
Interest income	6,796		3,573	
<b>Value Added</b>	<b>3,240,364</b>	<b>100.00</b>	<b>1,660,780</b>	<b>100.00</b>
<b>Applied as Follows:</b>				
To pay mgt. & employees:				
Salaries, Wages, Pension etc	541,293	16.70	277,084	16.68
<b>To pay providers of capital</b>				
Declared dividend to shareholders	143,087	4.42	119,239	7.18
Interest on loans	66,935	2.07	158,653	9.55
<b>To Government tax</b>				
	341,806	10.55	112,217	6.76
<b>To provide for enchancement and expansion of assets:</b>				
Depreciation	517,787	15.98	444,063	26.74
<b>Retained for company growth</b>	<b>1,629,456</b>	<b>50.29</b>	<b>549,524</b>	<b>33.09</b>
	<b>3,240,364</b>	<b>100.00</b>	<b>1,660,780</b>	<b>100.00</b>

## Distribution of Value Added



	N'000	%
1 Retained profit	1,629,456	50
2 Sal., wages etc	541,293	17
3 Dividend	143,087	4
4 Interest on loans	66,935	2
5 Taxation	341,806	11
6 Depreciation	517,787	16
	<b>3,240,364</b>	<b>100</b>



## BALANCE SHEET

### Assets Employed

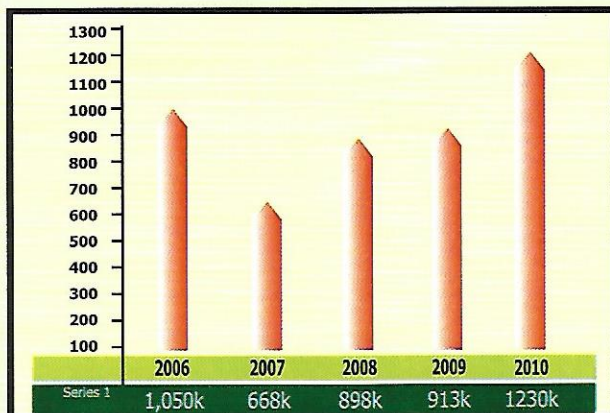
	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
Fixed assets	6,415,413	6,253,692	5,878,168	5,703,653	5,096,360
Long term debtors	28,076	32,254	32,254	39,216	
Deferred Rev Exp.	0	0	0	0	8,938
Net current assets	1,393,036	601,705	446,224	-438,098	-21,588
	7,836,525	6,887,651	6,360,127	5,304,771	5,083,710
Deferred Tax	-1,005,604	-708,161	-291,846	-291,846	0
Long Term Debts	-964,515	-1,825,996	-1,785,293	-1,824,750	-1,743,483
<b>Net assets</b>	<b>5,866,406</b>	<b>4,353,494</b>	<b>4,282,988</b>	<b>3,188,175</b>	<b>3,340,227</b>
Financed by:					
Share Capital	238,478	238,478	238,478	238,478	158,985
Share Premium	1,867,095	1,867,095	1,867,095	1,867,095	1,867,095
Reserves for bonus	0	0	0	0	79,493
Revenue Reserves	3,760,833	2,247,921	2,177,415	1,082,602	1,234,654
Shareholders' fund	<b>5,866,406</b>	<b>4,353,494</b>	<b>4,282,988</b>	<b>3,188,175</b>	<b>3,340,227</b>

## PROFIT AND LOSS ACCOUNT

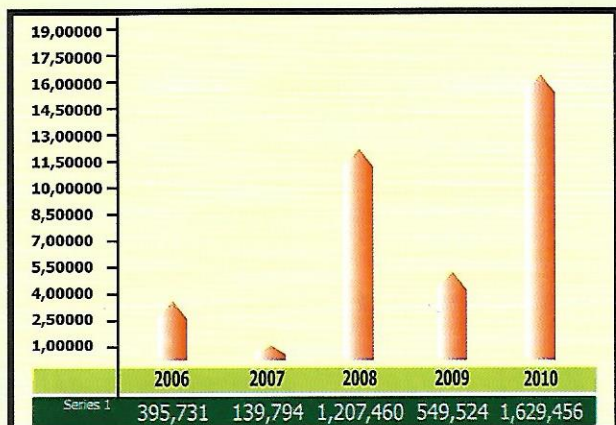
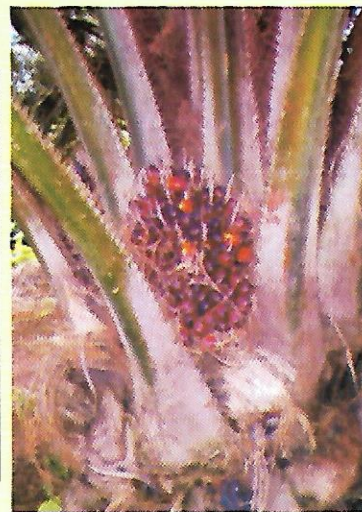
### Turnover

	6,087,836	4,741,217	4,734,193	2,807,711	2,740,784
Profit/(loss) b/4 tax	1,971,262	661,741	1,240,038	150,794	405,674
Profit/(loss) after tax	1,629,456	549,524	1,207,460	139,794	395,731
Declared dividend	143,087	119,239	119,239	0	0
Earnings p/s( 50k) (K)	342	115	253	29	124
EPS adjusted p/s (50k) (K)	342	115	253	29	83
Declared div p/s (50k) (K)	30.00	25.00	25	0	0
Div. Cover(times)	11.39	4.61	10.13	0	0
Net Asset p/s( 50k) (K)	1,230	913	898	668	1,050

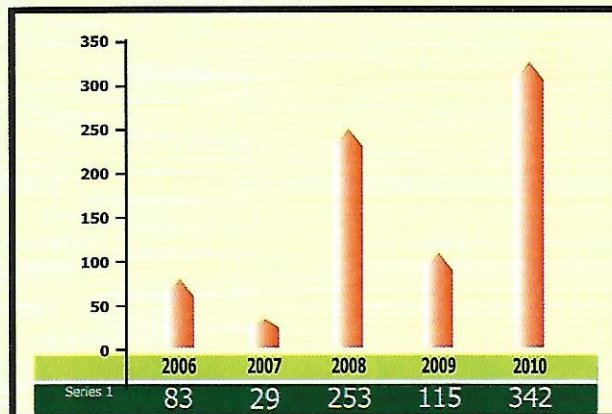




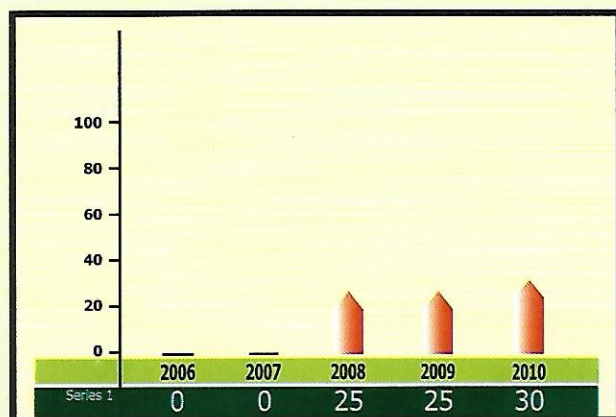
**Net Asset Per 50k share  
2006 - 2010 in kobo**



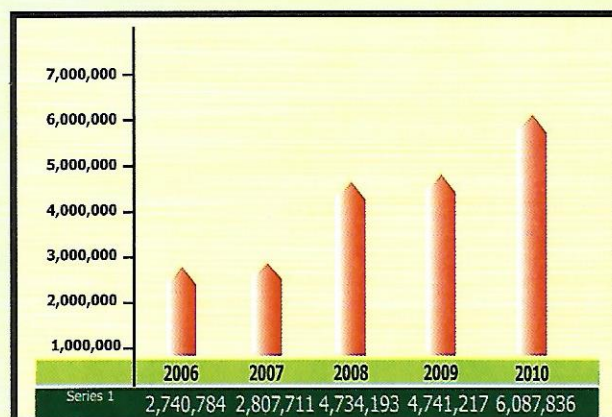
**Profit After Taxation  
2006 - 2010 Naira in Millions**



**Adjusted Earning Per 50k Share  
2006 - 2010 in kobo**



**Dividend Per 50k Share  
2006 - 2010 in kobo**



**Turnover  
2006 - 2010 Naira in Millions**