



Responsible tropical agriculture

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

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**MANAGEMENT REPORTS (INTERIM)**  
**FOR 3 MONTHS**  
**ENDED MARCH 31, 2019**

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## **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%

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**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.

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**(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.


**THE OKOMU OIL PALM COMPANY PLC**  
**PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED MARCH, 2019**

	Note	Mar-19 N'000	Mar-18 N'000
Turnover	2	4,220,458	7,342,209
Cost of Sales	3	<u>838,155</u>	<u>655,187</u>
Gross Profit		3,382,303	6,687,022
Net Operating expenses	4	<u>2,055,151</u>	<u>2,669,560</u>
Profit from continuing operations before tax changes in fair value		1,327,152	4,017,462
Finance Income	5	<u>21,943</u>	<u>91,398</u>
		1,349,095	4,108,860
Finance Costs	6	<u>75,994</u>	<u>128,093</u>
Profit on continuing operation b4 tax		1,273,101	3,980,767
Taxation	8	<u>266,200</u>	<u>507,440</u>
Profit on continuing operation after tax		1,006,901	3,473,327
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gains		-	-
		-	-
Total comprehensive income		<u>1,006,901</u>	<u>3,473,327</u>
Earnings Per Share (EPS): Basic (K)		<u>106</u>	<u>364</u>

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF FINANACIAL POSITION AS AT MARCH 31, 2018**

	NOTE	Mar-19 N'000	Dec-18 N'000
FIXED ASSETS	9	29,738,148	29,409,557
		<u>29,738,148</u>	<u>29,409,557</u>
<b>CURRENT ASSETS</b> (Amount falling due within one year)			
Inventory	10	3,530,673	3,148,880
Trade Receivables and others	11	2,218,204	1,730,082
Bank and Cash	12	<u>3,279,287</u>	<u>4,129,434</u>
		<u>9,028,164</u>	<u>9,008,396</u>
<b>CURRENT LIABILITIES</b> (Amount falling due within one year)			
Trade Payables and others	13	<u>3,754,764</u>	<u>4,458,296</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		5,273,400	4,550,100
Deferred Taxation	14	<u>1,651,512</u>	<u>1,548,010</u>
<b>Amount falling due after one year</b>			
Retirement Benefits/Gratuity		1,233,863	1,165,774
Long Term Loans	15	<u>2,605,117</u>	<u>2,731,719</u>
		<u>3,838,980</u>	<u>3,897,493</u>
<b>Total Net Assets</b>		<u>29,521,056</u>	<u>28,514,154</u>
<b>FINANCED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Share Capital	16	476,956	476,955
Share Premium Account	17	1,867,096	1,867,096
Revenue Reserves	18	<u>27,177,004</u>	<u>26,170,103</u>
		<u>29,521,056</u>	<u>28,514,154</u>

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

  
**Mr. Alain Mary**  
**Chief Finance Officer**  
 FRC/2013/IMULTI/00000002461

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF CHANGES IN EQUITY**

	Share Capital =N='000	Share Premium =N='000	Non- Distributable Reserves =N='000	Revenue Reserves =N='000	Total =N='000
Balance as at 1st January, 2018	476,956	1,867,096	20,438	20,771,492	23,135,982
Dividend paid	-	-	-	- 2,861,730	- 2,861,730
Transaction with shareholders	-	-	-	- 2,861,730	- 2,861,730
Profit for the period	-	-	-	8,501,849	8,501,849
Actuarial Loss/ Deferred tax on actuarial loss	-	-	- 261,946	-	- 261,946
Comprehensive income for the year	-	-	- 261,946	8,501,849	8,239,903
Equity as at 31st December, 2018	476,956	1,867,096	241,508	26,411,611	28,514,155
Equity as at 1st January, 2018	476,956	1,867,096	241,508	26,411,611	28,514,155
Dividend paid	-	-	-	-	-
Transaction with shareholders	-	-	-	-	-
Profit for the period	-	-	-	1,006,901	1,006,901
Dividend paid	-	-	-	-	-
Comprehensive income for the year	-	-	-	1,006,901	1,006,901
Equity as at 30th September, 2018	476,956	1,867,096	241,508	27,418,512	29,521,056

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2019**

	Mar-19	Mar-18
receipts from customers	3,310,435	6,941,007
Payments to suppliers	- 1,293,099	726,774
Payment to employees	- 172,486	- 170,939
Payment of operating expenses	- 1,814,522	- 1,889,345
Payment of taxes:CIT	-	-
Value added tax	- 13,269	- 19,296
Withholding tax	- 103,652	- 140,177
Other receipts	93,764	156,040
<b>Net cash inflow from operating activities</b>	<b>7,171</b>	<b>5,604,064</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of PPE	- 371,795	- 750,098
Proceeds from disposal of PPE	-	-
Finance income received	20,482	91,398
Pre cropping expenditure incurred(Biological assets)	- 359,185	- 519,953
<b>Net cash outflow from investing activities</b>	<b>- 710,498</b>	<b>- 1,178,653</b>
<b><u>Cash flow from financing activities</u></b>		
Interest paid	- 39,165	- 128,093
New Loans	-	-
Loans reimbursement	- 107,655	- 177,190
Dividend paid	-	-
<b>Net cash Inflow/(outflow) from financing activities</b>	<b>- 146,820</b>	<b>- 305,283</b>
Net cash inflow in the year	- 850,147	4,120,128
Cash and cash equivalent as at the 1/1/2019	4,129,434	3,093,792
<b>Cash and cash equivalent as at 31/03/2019</b>	<b>3,279,287</b>	<b>7,213,920</b>
<b><u>Cash and cash equivalent</u></b>		
Cash and bank balance	2,279,287	4,915,473
Fixed deposit	1,000,000	2,200,000
Dividend bank account	98,447	98,447
	<b>3,279,287</b>	<b>7,213,920</b>

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED MARCH 31, 2019**

	Mar-19 N'000	Dec-18 N'000
Revenue from sale of products	4,220,458	20,257,669
Other Income	423,667	3,630,009
	4,644,125	23,887,678
Bought in materials and services	(2,971,207)	(10,892,213)
Value added	<u>1,672,918</u>	<u>12,995,465</u>
<b>Distribution of value added</b>		
<b>To employee and directors:</b>		
Employees, cost (including director's remuneration)	224,463	1,046,494
<b>To government:</b>		
Government as taxes	-	1,835,322
<b>To providers of capital:</b>		
Interest on Loan	39,165	105,430
Dividend	-	2,861,730
<b>For replacement of property and equipments:</b>		
Depreciation on property, plant and equipment	324,629	1,178,556
Depreciation on bearer biological asset	77,760	327,814
Retained earnings	1,006,901	5,640,119
	<u>1,672,918</u>	<u>12,995,465</u>
<b>Other income comprises:</b>		
Other work performed by the entity	359,184	519,954
Other income comprises:	64,483	46,889
	<u>423,667</u>	<u>566,843</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 Luxembourg 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.

<b>2 TURNOVER</b>	<b>Mar-19</b>	<b>Mar-18</b>
Turnover represents the invoice value of goods and services rendered to third parties during the year	<b>N'000</b>	<b>N'000</b>
Local sales	3,499,807	6,358,615
Export sales	720,651	983,594
	<u>4,220,458</u>	<u>7,342,209</u>
<b>3 COST OF SALES</b>		
Oil Palm	695,038	567,415
Rubber	143,117	87,772
	<u>838,155</u>	<u>655,187</u>
<b>4 OPERATING EXPENSES</b>		
Total net operating expenses	2,055,151	2,669,560
<b>5 FINANCE INCOME</b>		
Interest on fixed Deposit A/C and others	21,937	69,511
Exchange gain	6	21,887
	<u>21,943</u>	<u>91,398</u>
<b>6 FINANCE COST</b>		
Exchange loss	3,338	105,944
Interest on Long Term Loans	72,656	22,149
	<u>75,994</u>	<u>128,093</u>
<b>7 Other comprehensive income</b>		
Actuarial gains	-	-
<b>8 TAXATION</b>		
<b>Profit and Loss Account</b>		
Provision for Edu. tax	29,200	75,440
Income Tax	237,000	432,000
	<u>266,200</u>	<u>507,440</u>

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
<b>Gross Book Value</b>										
As at January 1, 2019	13,088,623	5,433,523	2,541,959	6,250,291	6,864,583	1,122,835	2,434,471	350,050	1,724,917	39,791,252
Additions	263,523	95,662	21,622	104,028	67,029	4,514	16,526	8,480	149,596	730,980
Disposal	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>13,332,146</b>	<b>5,529,185</b>	<b>2,563,581</b>	<b>6,354,319</b>	<b>6,931,612</b>	<b>1,127,349</b>	<b>2,450,997</b>	<b>358,530</b>	<b>1,874,513</b>	<b>40,522,232</b>
<b>Depreciation</b>										
As at January 1, 2019	1,182,385	1,302,419	1,835,548	1,139,983	2,838,401	549,564	1,331,336	202,079	-	10,381,695
Charge for the period	35,345	42,415	63,382	52,174	105,212	17,801	80,059	6,001	-	402,389
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposal	0	0	0	-	-	-	-	-	-	0
<b>As at March 31, 2019</b>	<b>1,217,710</b>	<b>1,344,834</b>	<b>1,898,930</b>	<b>1,192,157</b>	<b>2,943,613</b>	<b>567,365</b>	<b>1,411,395</b>	<b>208,080</b>	<b>-</b>	<b>10,784,084</b>
<b>Net Book Value</b>										
As at March 31, 2019	12,114,436	4,184,351	664,651	5,162,162	3,987,999	559,984	1,039,602	150,450	1,874,513	29,738,148
<b>Net Book Value</b>										
As at December 31, 2018	11,886,258	4,131,104	706,411	5,110,308	4,026,182	573,271	1,103,135	147,971	1,724,917	29,409,557

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

	<b>Mar-19</b> <b>N'000</b>	<b>Dec-18</b> <b>N'000</b>
<b>10 STOCK</b>		
Raw materials and consumables	71,233	111,042
General Stores and agricultural consumables	2,132,833	2,113,670
Finished Goods-Palm & Rubber Products	1,245,511	875,814
Goods-in-transit	81,096	48,354
	<u>3,530,673</u>	<u>3,148,880</u>
<b>11 TRADE RECEIVABLES AND OTHERS</b>		
Trade Receivables	112,814	40,021
Advances paid to suppliers	1,810,387	704,292
Intercompany receivables	37,707	447,522.00
Other receivables and shortterm payments	257,296	538,247
	<u>2,218,204</u>	<u>1,730,082</u>
<b>12 BANK AND CASH BALANCES</b>		
Cash and Bank balances	2,279,287	4,129,434
Fixed deposits	1,000,000	0
	<u>3,279,287</u>	<u>4,129,434</u>
<b>Amount falling due within one year</b>		
<b>13 Current Liabilities</b>		
Trade Payables	392,375	1,128,156
Other current payables	0	61,083
Advances from customers	169,645	419,914
Taxation	2,899,379	2,529,219
Current provisions and accruals	293,365	319,924
	<u>3,754,764</u>	<u>4,458,296</u>
<b>14 DEFERRED TAXATION</b>		
At January 1	1,548,010	1,660,273
Net Charged for the period	0	0
Adjustments(other comp.income)	103,502	-112,263
As At the end of the period	<u>1,651,512</u>	<u>1,548,010</u>

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

	Mar-19 N'000	Dec-18 N'000
<b>15 Term Loans</b>		
Amount falling due after one year		
Zenith Bank CACS Loan	657,803	765,458
Foreign Loans: SOCFINAF		0
Bank of Industry	<u>1,947,314</u>	<u>1,966,261</u>
	<u>2,605,117</u>	<u>2,731,719</u>

**15.1 Long Term Loans**

**Zenith Bank Plc Loan**

The Zenith Bank Plc loan represents =N= 2 billion commercial agricultural credit loan received under a scheme of the Federal government, which was obtained by the company through Zenith Bank Plc. The total amount was drawn down in August 2015 and bears interest rate of 9% per annum. The facility has a repayment period of 5 years in 60 consecutive monthly repayment of principal and interest ending in August 2020. This facility was obtained to finance the development of the newly acquire 11,416 hectares of oil palm plantation situated at uhiere, Ovia North East Local Government Area in Edo State. Its secured by a legal mortgage over the land(11,416 hectares of plantation

**Socfinaf S.A**

The company entered into a 10 million euro term loan agreement with SOCFINAF S.A in 2014 to finance capital investment in it's extension(also called extension 2) and working capital in order to facilitate the smooth and efficient operation of the company's business at a coupon rate of 8% per annum. The repayment period, excluding moratorium was five years and repayment will commence December 1st 2017 in five equal instalments of 2 million euros. The final instalment was paid in the first quarter of 2018

**Bank of Industry**

The Bank of Industry loan represents =N=1,947,314,434.50 agricultural credit loan just received under a scheme of the Federal Government, which was obtained by the company through Bank of Industry. The total amount was drawn down in April 2018 and bears interest rate of 10% per annum. However negotiation is still ongoing on the moratorium period before repayment would commence.

**16 SHARE CAPITAL**

	N'000	N'000
<b>16.1 AUTHORISED</b>	<b>600,000</b>	<b>600,000</b>
1,200,000,000 Ord. Shares of 50k each	<u>600,000</u>	<u>600,000</u>
<b>16.2 ISSUED AND FULLY PAID</b>	<b>476,956</b>	<b>476,955</b>
Existing 953,910,000 Ord. Shares of 50k each	<u>476,956</u>	<u>476,955</u>
<b>17 SHARE PREMIUM</b>	<b>1,867,096</b>	<b>1,867,096</b>
Share Premium	<u>1,867,096</u>	<u>1,867,096</u>
<b>18 REVENUE RESERVES</b>	<b>26,170,103</b>	<b>20,771,492</b>
At 1st January	26,170,103	20,771,492
Adjustments	<u>26,170,103</u>	<u>20,771,492</u>
Dividend paid	-	-2,861,730
Retained Profit for the period	<u>1,006,901</u>	<u>8,501,849</u>
	<u>27,177,004</u>	<u>26,411,611</u>
Non-distributable reserves		-241,508
As at September 30 2018	<u>27,177,004</u>	<u>26,170,103</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.