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MANAGEMENT REPORTS (INTERIM)
FOR 6 MONTHS
ENDED JUNE 30, 2019

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.


THE OKOMU OIL PALM COMPANY PLC
PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED(INTERIM) JUNE, 2019

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		Jun-19 N'000	Jun-18 N'000	Jun-19 N'000	Jun-18 N'000
Turnover	2	4,345,002	5,596,430	8,565,460	12,938,639
Cost of Sales	3	853,528	1,142,588	1,691,683	1,797,775
Gross Profit		3,491,474	4,453,842	6,873,777	11,140,864
Net Operating expenses	4	1,907,157	1,505,343	3,962,308	4,174,903
Profit from continuing operations before tax changes in fair value		1,584,317	2,948,499	2,911,469	6,965,961
Finance Income	5	2,844	141,021	24,787	232,419
		1,587,161	3,089,520	2,936,256	7,198,380
Finance Costs	6	25,111	125,629	101,105	253,722
Profit on continuing operation b4 tax		1,562,050	2,963,891	2,835,151	6,944,658
Taxation	8	40,000	494,308	306,200	1,001,748
Profit on continuing operation after tax		1,522,050	2,469,583	2,528,951	5,942,910
OTHER COMPREHENSIVE INCOME					
Actuarial gains		-	-	-	-
		-	-	-	-
Total comprehensive income		1,522,050	2,469,583	2,528,951	5,942,910
Earnings Per Share (EPS): Basic (N)		1.60	2.59	2.65	6.23

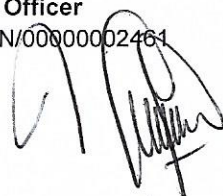
THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF FINANACIAL POSITION AS AT JUNE 30, 2019

	NOTE	Jun-19 N'000	Dec-18 N'000
FIXED ASSETS	9	30,152,325	29,409,557
		<u>30,152,325</u>	<u>29,409,557</u>
CURRENT ASSETS (Amount falling due within one year)			
Inventory	10	4,029,836	3,148,880
Trade Receivables and others	11	3,137,690	1,730,082
Bank and Cash	12	1,775,945	4,129,434
		<u>8,943,471</u>	<u>9,008,396</u>
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	13	3,786,499	4,458,296
NET CURRENT (LIABILITIES)/ ASSETS		5,156,972	4,550,100
Deferred Taxation	14	1,651,512	1,548,010
Amount falling due after one year			
Retirement Benefits/Gratuity		1,289,660	1,165,774
Long Term Loans	15	4,186,750	2,731,719
		<u>5,476,410</u>	<u>3,897,493</u>
Total Net Assets		<u>28,181,375</u>	<u>28,514,154</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	25,837,324	26,170,103
		<u>28,181,375</u>	<u>28,514,154</u>

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


23/7/19

Mr. Alain Mary
Chief Finance Officer
FRC/2016/IODN/00000002461


23/7/2019

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	1,867,095	20,438	20,771,492	23,135,981
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
Dividend paid		- 261,946		-	- 261,946
Comprehensive income for the year	-	-	- 261,946	8,501,849	8,239,903
Equity as at 30th June, 2017	476,956	1,867,095	- 241,508	26,411,611	28,514,154
Equity as at 1st January, 2018	476,956	1,867,095	- 241,508	26,411,611	28,514,154
Dividend paid	-	-	-	-	-
Transaction with shareholders	-	-	-	-	-
Profit for the period	-	-	-	2,528,951	2,528,951
Dividend paid			- 2,861,730	-	- 2,861,730
Comprehensive income for the year	-	-	-	- 332,779	- 332,779
Equity as at 30th June, 2019	476,956	1,867,095	- 241,508	26,078,832	28,181,375

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30,2019

	Jun-19	Jun-18
receipts from customers	8,360,147	12,816,284
Payments to suppliers	- 3,786,916	- 747,194
Payment to employees	- 330,063	- 323,092
Payment of operating expenses	- 2,849,010	- 3,174,903
Payment of taxes:CIT	- 738,412	- 1,569,266
Value added tax	- 34,745	- 47,919
Withholding tax	- 205,671	- 286,325
Other receipts	247,584	1,213,313
Net cash inflow from operating activities	662,914	7,880,898
<u>Cash flow from investing activities</u>		
Acquisition of PPE	- 699,142	- 1,754,147
Proceeds from disposal of PPE	-	-
Finanace income receieved	24,787	232,419
Pre cropping expenditure incurred(Biological assets)	- 853,191	- 1,926,330
Net cash outflow from investing activities	- 1,527,546	- 3,448,058
<u>Cash flow from financing activities</u>		
Interest paid	- 101,105	- 253,722
New Loans	1,724,184	1,947,314
Loans reimbursement	- 250,206	- 299,963
Dividend paid	- 2,861,730	- 2,861,730
Net cash inflow/(outflow) from financing activities	- 1,488,857	- 1,468,101
Net cash inflow in the year	- 2,353,489	2,964,739
Cash and cash equivalent as at the 1/1/2019	4,129,434	3,007,109
Cash and cash equivalent as at 30/06/2019	1,775,945	5,971,848
<u>Cash and casn equivalent</u>		
Cash and bank balance	1,775,945	3,852,633
Fixed deposit	-	2,000,000
Dividend bank account	119,215	119,215
	1,775,945	5,971,848

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED JUNE 30,2019

	Jun-19 N'000	Dec-18 N'000
Revenue from sale of products	8,565,460	20,257,669
Other Income	<u>955,710</u>	<u>3,630,009</u>
	9,521,170	23,887,678
Bought in materials and services	<u>- 2,081,765</u>	<u>- 10,892,213</u>
Value added	<u><u>7,439,405</u></u>	<u><u>12,995,465</u></u>
Distribution of value added		
To employee and directors:		
Employees, cost (including director's remuneration)	408,602	1,046,494
To government:		
Government as taxes	738,412	1,835,322
To providers of capital:		
Interest on Loan	92,145	105,430
Dividend	2,861,730	2,861,730
For replacement of property and equipments:		
Depreciation on property, plant and equipment	653,181	1,178,556
Depreciation on bearer biological asset	156,384	327,814
Retained earnings	<u>2,528,951</u>	<u>5,640,119</u>
	<u><u>7,439,405</u></u>	<u><u>12,995,465</u></u>
Other income comprises:		
Other work performed by the entity	853,191	519,954
Other income	<u>102,519</u>	<u>46,889</u>
	<u><u>955,710</u></u>	<u><u>566,843</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 Socfin 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.

	3 MONTHS ENDED		6 MONTHS ENDED	
	Jun-19	Jun-18	Jun-19	Jun-18
	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	3,614,428	5,135,229	7,114,235	11,493,844
Export sales	730,574	461,201	1,451,225	1,444,795
	4,345,002	5,596,430	8,565,460	12,938,639
3 COST OF SALES				
Oil Palm	710,074	1,029,548	1,405,112	1,596,963
Rubber	143,454	113,040	286,571	200,812
	853,528	1,142,588	1,691,683	1,797,775
4 OPERATING EXPENSES				
Total net operating expenses	1,907,157	1,505,343	3,962,308	4,174,903
5 FINANCE INCOME				
Interest on fixed Deposit A/C and others	2,844	136,532	24,781	206,043
Exchange gain	0	4,489	6	26,376
	2,844	141,021	24,787	232,419
6 FINANCE COST				
Bank charges	4,453	14,124	6,864	14,124
Exchange loss	1,242	69,111	2,096	175,055
Interest on Long Term Loans	21,900	42,394	92,145	64,543
	25,111	125,629	101,105	253,722
7 Other comprehensive income				
Fair value of non-current biological assets	-	-	-	-
8 TAXATION				
Profit and Loss Account				
Provision for Edu. tax	40,000	62,308	69,200	137,748
Income Tax	0	432,000	237,000	864,000
Other taxes (investigations)				
Deferred Tax				0
	40,000	494,308	306,200	1,001,748

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, 2019	13,068,623	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	666,868	186,323	68,827	197,009	127,414	19,581	54,450	17,009	214,852	1,552,333
Disposal	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-
As at June 30, 2019	13,735,491	5,619,846	2,610,786	6,447,300	6,991,997	1,142,416	2,488,921	367,059	1,939,769	41,343,585
Depreciation										
As at January 1, 2019	1,182,365	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	71,083	85,301	128,741	106,072	211,188	36,035	158,892	12,253	-	809,565
Adjustments	-	-	-	-	-	-	-	-	-	-
Disposal	0	0	0	-	-	-	-	-	-	0
As at June 30, 2019	1,253,448	1,387,720	1,964,289	1,246,055	3,049,589	585,599	1,490,228	214,332	-	11,191,260
Net Book Value										
As at June 30, 2019	12,482,043	4,232,126	646,497	5,201,245	3,942,408	556,817	998,693	152,727	1,939,769	30,152,325
Net Book Value										
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

	Jun-18 N'000	Dec-18 N'000
10 STOCK		
Raw materials and consumables	141,632	111,042
General Stores and agricultural consumables	2,189,454	2,113,670
Finished Goods-Palm & Rubber Products	1,436,278	875,814
Goods-in-transit	262,472	48,354
	<u>4,029,836</u>	<u>3,148,880</u>
11 TRADE RECEIVABLES AND OTHERS		
Trade Receivables	250,754	40,021
Advances paid to suppliers	2,379,915	704,292
Intercompany receivables	2,482	447,522
Other receivables and shortterm payments	504,539	538,247
	<u>3,137,690</u>	<u>1,730,082</u>
12 BANK AND CASH BALANCES		
Cash and Bank balances	1,775,945	4,129,434
Fixed deposits	-	0
	<u>1,775,945</u>	<u>4,129,434</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	959,747	1,128,156
Other current payables	23,474	61,083
Advances from customers	399,982	419,914
Taxation	2,213,951	2,529,219
Current provisions and accruals	189,345	319,924
	<u>3,786,499</u>	<u>4,458,296</u>
14 DEFERRED TAXATION		
At January 1	1,548,010	1,660,273
Net Charged for the period		
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

	Jun-19 N'000	Dec-18 N'000
15 Term Loans		
Amount falling due after one year		
Zenith Bank CACS Loan	547,707	765,458
CBN DCRR	1,724,184	0
Bank of Industry	1,914,859	1,966,261
	<u>4,186,750</u>	<u>2,731,719</u>
15.1 Long Term Loans		
Access 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		
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.		
CBN DCRR 8%		
The CBN DCRR 8% loan represents =N=10 Billion agricultural credit loan just approved by the CBN under a scheme of the Federal Government, which would be obtained by the company through Zenith Bank Plc. This money is being given in tranches. However, the total amount received as at June is N1,724,184,000.00. Negotiation is still ongoing to have the remaining amount and on the moratorium period before repayment would commence.		
16 SHARE CAPITAL		
16.1 AUTHORISED	N'000	N'000
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	26,170,103	20,771,492
Adjustments		-
	<u>26,170,103</u>	<u>20,771,492</u>
Dividend paid	-2,861,730	-2,861,730
Retained Profit for the period	<u>2,528,951</u>	<u>8,501,849</u>
	<u>25,837,324</u>	<u>26,411,611</u>
Non-distributable reserves	0	-241,508
As at June 30 2019	<u>25,837,324</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.