

Lagos Office:

Tel: 01-84446337

E-mail: lagosoffice@okomunigeria.com

Okomu – Udo, Ovia South West L.G.A

P.M.B. 1449, Benin City.

Edo State, Nigeria.

E-Mail: okomuinfo@okomunigeria.com, compsec@okomunigeria.com

Web: www.okomunigeria.com

MANAGEMENT REPORTS (UNAUDITED)

FOR 12 MONTHS

ENDED DECEMBER 31, 2022

THE OKOMU OIL PALM COMPANY PLC

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

2. TURNOVER

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

3. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

4. DEPRECIATION OF FIXED ASSETS

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

Building	5%
Mill Machinery and Equipment	10%
Crawlers and Equipment	20%
Agricultural Equipment	20%
Workshop Equipment	20%
Tools	20%
Power Supply Equipment	20%
Miscellaneous Equipment	12.5%
Nursery Equipment	12.5%
Radio Communication & Survey Equipment	12.5%
Water Supply	12.5%
Light Vehicles and Lorries	25%
Tractors and Trailers	20%
Furniture, Fittings and Equipment	12.5% & 20%

5. **STOCK**

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

6. **DEBTORS**

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

7. **FOREIGN CURRENCIES**

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

8. **TAXATION**

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

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

9. **DEFERRED TAXATION**

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

10. **EMPLOYEES' RETIREMENT BENEFITS**

(a) **Gratuity Scheme:**

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

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

(b) Pension Scheme:

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

11. CASH AND CASH EQUIVALENTS

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

12. FUNCTIONAL AND PRESENTATION CURRENCY

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

13. DISCLOSURE OF DEALINGS IN ISSUER'S SHARES:

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

- (1) Whether the Company has adopted a code of conduct regarding securities transactions by its directors on terms no less exactly than the required standard set out in these Rules;
- (2) Having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard set out in the listings rules and in the Issuer's code of conduct regarding securities transactions by directors; and
- (3) In the event of any non-compliance with the required standard set out in the Listings Rules, the details of such non-compliance and an explanation of the remedial steps taken by the Company to address such non-compliance.


THE OKOMU OIL PALM COMPANY PLC
PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER, 2022

		3 MONTHS ENDED		12 MONTHS ENDED	
	Note	Dec-22 N'000	Dec-21 N'000	Dec-22 N'000	Dec-21 N'000
Turnover	2	9,066,521	6,348,886	59,245,542	37,394,507
Cost of Sales	3	5,389,189	8,501,384	19,796,686	11,657,532
Gross Profit		3,677,332	-2,152,498	39,448,856	25,736,975
Net Operating expenses	4	3,774,364	-3,467,298	14,444,569	8,999,526
Profit from continuing operations before tax changes in fair value		-97,032	1,314,800	25,004,287	16,737,449
Finance Income	5	123,103	48,915	178,278	48,915
		26,071	1,363,715	25,182,565	16,786,364
Gain on disposal of assets	6	0	0	0	0
Finance Costs	7	1,728,199	68,555	2,264,989	671,586
Profit on continuing operation b4 tax		-1,702,128	1,295,160	22,917,576	16,114,778
Taxation	9	-988,455	1,359,724	5,580,558	4,575,810
Profit on continuing operation after tax		-713,673	-64,564	17,337,018	11,538,968
OTHER COMPREHENSIVE INCOME					
Actuarial gains		0	560,687	0	560,687
Deferred Tax on actuarial loss		0	-136,590	0	-136,590
Total comprehensive income		-713,673	359,533	17,337,018	11,963,065
Earnings Per Share (EPS): Basic (N)		-0.75	-0.07	18.17	12.10

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	NOTE	Dec-22 N'000	Dec-21 N'000
FIXED ASSETS	10	55,229,376	49,658,869
Biological asset		289,523	289,523
Right of use asset		<u>126,830</u>	<u>126,830</u>
		<u>55,645,729</u>	<u>50,075,222</u>
CURRENT ASSETS (Amount falling due within one year)			
Inventory	11	6,673,751	4,717,732
Biological asset	11.1	626,417	234,177
Trade Receivables and others	12	517,017	789,644
Prepayments		0	482
Bank and Cash	13	<u>5,899,990</u>	<u>9,955,188</u>
		<u>13,717,175</u>	<u>15,697,223</u>
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	14	<u>9,116,587</u>	<u>8,844,843</u>
NET CURRENT (LIABILITIES)/ ASSETS		4,600,588	6,852,380
Deferred Taxation	15	<u>9,237,084</u>	<u>9,851,484</u>
Amount falling due after one year			
Retirement Benefits/Gratuity		3,020,866	1,682,398
Long Term Loans	16	11,020,542	11,262,731
Lease liabilities		79,032	79,032
		<u>14,120,440</u>	<u>13,024,161</u>
Total Net Assets		<u>36,888,793</u>	<u>34,051,957</u>
FINANCED BY			
CAPITAL AND RESERVES			
Share Capital	17	476,955	476,955
Share Premium Account	18	1,867,096	1,867,096
Revenue Reserves	19	34,544,742	31,958,408
Non-distributable reserves	20	0	-250,502
		<u>36,888,793</u>	<u>34,051,957</u>

Approved by the Board of Directors on the 30th January 2023.


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


A. Arhainx
Chief Finance Officer
 FRC/2021/006/00000022972

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,2021	476,956	1,867,095	-	811,189	27,096,809	28,629,671
Other comprehensive income	-	-	-	560,687	-	560,687
Transaction with shareholders	-	-	-	560,687	-	560,687
Profit for the period					11,538,968	11,538,968
Dividend paid				-	6,677,370	- 6,677,370
Deferred tax on actuarial gain						-
Comprehensive income for the year	-	-	-	-	4,861,598	4,861,598
Equity as at 31st December,2021	476,956	1,867,095	-	250,502	31,958,407	34,051,956
Equity as at 1st January,2022	476,956	1,867,095	-	250,502	31,958,407	34,051,956
Other comprehensive income	-	-	-	-	-	-
Transaction with shareholders	-	-	-	-	-	-
Profit for the period	-	-	-	-	17,337,018	17,337,018
Adjustments					1,465,787	
Dividend paid				-	16,216,470	- 16,216,470
Comprehensive income for the year	-	-	-	-	2,586,335	1,120,548
Equity as at 31st December,2022	476,956	1,867,095	-	250,502	34,544,742	35,172,504

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2022

	Dec-22	Dec-21
Cash flow from operating activities		
Profit on continuing operations before tax	25,472,557	16,114,778
Adjustments for items not involving movement of cash		
Depreciation	3,731,361	2,868,905
Grant, Finance, interest & service Income	164,017	104,753
Movement in working capital		
Increase in inventory	- 1,955,839	- 296,790
Increase in trade and other receivables	272,627	5,928,674
Decrease in harvested produce	- 392,240	156,324
Increase/ (decrease) in trade and other payables	271,744	- 74,057
Increase in prepayment	482	- 342
Retirement benefit paid	- 128,003	- 73,693
Tax paid	- 1,700,892	- 599,014
Net cash inflow from operating activities	25,735,814	24,129,538
<u>Cash flow from investing activities</u>		
Acquisition of PPE	- 11,247,695	- 12,781,899
Pre cropping expenditure incurred(Biological assets)	- 368,419	- 770,343
Finance Income	178,278	48,915
Proceed from disposal of assets	-	-
Net cash outflow from investing activities	- 11,437,836	- 13,503,327
<u>Cash flow from financing activities</u>		
Proceeds from loans and borrowings	- 1,595,908	1,918,911
Loans reimbursement	- 563,576	- 389,463
Dividend paid	- 16,216,470	- 6,677,370
Lease liabilities	15,917	- 92,467
Net cash inflow/(outflow) from financing activities	- 18,360,037	- 5,240,389
Net cash inflow in the year	- 4,062,059	5,385,822
Cash and cash equivalent as at the 1/1/2020	9,953,188	4,567,366
Cash and cash equivalent as at 31/12/2020	5,891,129	9,953,188
<u>Cash and cash equivalent</u>		
Cash and bank balance	5,891,129	9,948,569
	5,891,129	9,948,569

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF VALUE ADDED FOR THE YEAR ENDED DECEMBER 31,2022

	Dec-22 N'000		Dec-21 N'000
Revenue from sale of products	59,245,542		37,394,507
Brought in materials and services:			
Local	- 31,464,556		- 16,384,182
Foreign	<u>27,780,986</u>		<u>21,010,325</u>
Finance Income	<u>178,278</u>		<u>48,915</u>
Value added	<u><u>27,959,264</u></u>	100	<u><u>21,059,240</u></u>
Applied as follows:			
To Employees:			
- as salaries, wages and other staff costs	2,137,159	8%	1,294,000
- Directors remuneration	173,445	1%	109,971
To Providers of finance:			
- Financial cost and similar charges	2,264,989	8%	671,586
To Government asl:			
- Income tax expenses	1,700,892	6%	1,836,770
- Deferred tax expenses	614,400	2%	2,739,040
Retained in the business:			
To maintain and replace			
- Depreciation and amortisation	3,731,361	13%	2,868,905
- To augment reserves	<u>17,337,018</u>	62%	<u>11,538,968</u>
	<u><u>27,959,264</u></u>	100%	<u><u>21,059,240</u></u>

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS

1 The Company

1.1 The Legal Form.

The Okomu Oil Palm Company PLC, was incorporated on December 3, 1979 as a private limited liability company. It was converted to a Public Limited Company (PLC) on September 19, 1997 under the Company and Allied Matters Act, 1990. It is a member of Socfinal group of Luxembourg which owns 62.94% the Company's shares with Nigerians owning the balance of 37.06%.

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		12 MONTHS ENDED	
	Dec-22	Dec-21	Dec-22	Dec-21
	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	7,457,345	4,969,270	53,749,832	31,830,966
Export sales	1,609,176	1,379,616	5,495,710	5,563,541
	9,066,521	6,348,886	59,245,542	37,394,507
3 COST OF SALES				
Oil Palm	3,985,816	7,043,907	16,546,257	9,789,756
Rubber	1,403,373	1,457,477	3,250,429	1,867,776
	5,389,189	8,501,384	19,796,686	11,657,532
4 OPERATING EXPENSES				
Total net operating expenses	3,774,364	-3,467,298	14,444,569	8,999,526
5 FINANCE INCOME				
Exchange gain	23,085	0	74,605	0
Other finance income	100,018	48,915	103,673	48,915
	123,103	48,915	178,278	48,915
6 Gain on disposal of Assets				
Sale of scraps	0	0	0	0
7 FINANCE COST				
Lease interest Exp.	-	34,733	-	34,733
Exchange loss	747,923	-	768,261	-
Interest on Long Term Loans	1,015,997	33,822	1,496,728	636,853
	1,728,199	68,555	2,264,989	671,586
8 Other comprehensive income				
Actuarial gains	-	560,687		560,687
9 TAXATION				
Profit and Loss Account				
Provision for Edu. tax	-61,778	287,378	348,785	488,383
Income Tax	-926,677	-1,666,694	5,231,773	1,348,387
Deferred Tax	0	2,739,040		2,739,040
Prior year adjustment				
	-988,455	1,359,724	5,580,558	4,575,810

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	Land 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, 2022	17,288,453	6,268,126	3,124,283	7,555,881	2,051,165	21,914,847	1,407,114	3,338,307	504,329	2,699,171	66,151,676
Additions	57	368,362	223,556	2,146,968		7,697,242	75,278	435,197	669,454	-2,314,246	9,301,868
Disposal											-
Transfer											-
As at December 31, 2022	17,288,510	6,636,488	3,347,839	9,702,849	2,051,165	29,612,089	1,482,392	3,773,504	1,173,783	384,925	75,453,544
Depreciation											
As at January 1, 2022	2,831,730	1,615,537	2,458,197	1,922,064		4,333,880	803,420	2,250,366	277,613	-	16,492,807
Charge for the period	851,440	227,235	423,155	379,788		1,082,684	172,852	433,820	160,387		3,731,361
Adjustments											
Disposal	0	0	0	-		-	-	-	-	-	0
As at December 31, 2022	3,683,170	1,842,772	2,881,352	2,301,852	0	5,416,564	976,272	2,684,186	438,000	0	20,224,168
Net Book Value											
As at December 31, 2022	13,605,340	4,793,716	466,487	7,400,997	2,051,165	24,195,525	506,120	1,089,318	735,783	384,925	55,229,376
Net Book Value											
As at December 31, 2021	14,456,723	4,652,589	666,086	5,633,817	2,051,165	17,580,967	603,694	1,087,941	226,716	2,699,171	49,658,869

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

	Dec-22 N'000	Dec-21 N'000
11 STOCK		
General Stores and agricultural consumables	4,849,266	3,166,971
Finished Goods-Palm & Rubber Products	1,562,114	1,465,324
Goods-in-transit	262,371	85,437
	<u>6,673,751</u>	<u>4,717,732</u>
11.1 BIOLOGICAL ASSETS		
Non Current:		
At 1 January	162,051	162,051
change in fair value on biological assets(P&L)	127,472	127,472
At 31 December	<u>289,523</u>	<u>289,523</u>
Current:		
Fresh Fruit Bunches (FFB)	70,924	0
Raw Rubber (latex)	555,493	234,177
	<u>626,417</u>	<u>234,177</u>
12 TRADE RECEIVABLES AND OTHERS		
Trade Receivables	0	897
Advances paid to suppliers	-	111,849
Intercompany receivables	443,597	384,359
Other receivables	0	150,313
Staff loans and advances	73,420	142,226
	<u>517,017</u>	<u>789,644</u>
13 BANK AND CASH BALANCES		
Bank balances	5,891,129	9,948,569
Cash balances	8,861	6,619
	<u>5,899,990</u>	<u>9,955,188</u>
Amount falling due within one year		
14 Current Liabilities		
Trade Payables	1,517,811	1,214,700
Other current payables	112,500	1,376,382
Advances from customers	784,023	747,951
Taxation	6,061,185	2,233,376
Intercompany payables	59,966	406,722
Accruals	620,304	850,560
Statutory liability	92,563	220,689
Lease liabilities	67,548	67,548
Interest bearing loan	1,396,595	935,197
Government Grant	- 1,595,908	791,718
	<u>9,116,587</u>	<u>8,844,843</u>
15 DEFERRED TAXATION		
At January 1	9,851,484	6,872,149
Net Charged for the period		2,739,040
Tax expenses	-614,400	240,295
As At the end of the period	<u>9,237,084</u>	<u>9,851,484</u>

**THE OKOMU OIL PALM COMPANY F. Its secured
NOTES TO THE FINANCIAL STATEMENTS CONT'D**

	Dec-22 N'000	Dec-21 N'000
16 Term Loans		
Amount falling due after one year		
Interest-bearing loans and borrowings	11,020,542	7,959,534
Government Grant	0	3,303,197
	<u>11,020,542</u>	<u>11,262,731</u>
16.1 Long Term Loans		
Zenith Bank Plc Loan		
The Zenith Bank Plc loan represents a =N= 2 billion commercial agricultural credit loan received under a scheme of the Federal government intervention which was obtained by the company through Zenith Bank Plc. The total amount was drawn down in November 2021 and bears interest rate of 8% per annum. The facility has a repayment period of 5 years in 60 consecutive monthly repayments of principal and interest ending in July 2027. This facility was obtained to finance the Extension 2 Oil mill with additional boiler. Its secured by a legal mortgage over the plant and machinery acquired.		
Bank of Industry		
The Bank of Industry loan represents a =N=1,947,314,434.50 loan received from the Bank of Industry(BOI) to finance the procurement of items of plant and machinery towards the expansion of Okomu Oil Palm processing plant in Okomu-Udo, Edo State. The total amount was drawn down in May, 2018 and bears interest at the rate of 10% per annum payable monthly. The facility has a one (01) year moratorium period beginning from the date of first disbursement. It has a repayment period of sixty (60) equal and consecutive monthly instalments commencing immediately after the moratorium period. It is secured with a bank guarantee of the loan and accruing interest on a continuous basis by Sterly Bank Plc.		
Zenith Bank Plc Loan		
The Zenith Bank Plc loan represents a =N=10 billion loan received from Zenith bank Plc under the Central Bank of Nigeria Differentiated Cash Reserves Requirement (DCRR) to finance the development of Okomu Oil Palm Plantation. The sum of =N=6.884 billion was drawn down as at September at an interest rate of 8% per annum (subject to review in line with DCRR). The facility has a three year moratorium on its principal from date of first disbursement with a repayment of twelve (12) equal and consecutive quarterly repayments immediately after the moratorium period. It is secured with a legal mortgage over the 11,416 hectares of oil palm plantation situated at Uhiere, Ovia North East Local Government area in Edo State.		
17 SHARE CAPITAL		
17.1 AUTHORISED	N'000	N'000
1,200,000,000 Ord. Shares of 50k each	<u>600,000</u>	<u>600,000</u>
17.2 ISSUED AND FULLY PAID		
Existing 953,910,000 Ord. Shares of 50k each	<u>476,955</u>	<u>476,955</u>
18 SHARE PREMIUM		
Share Premium	1,867,096	1,867,096
19 REVENUE RESERVES		
At 1st January	31,958,408	27,096,809
	<u>31,958,408</u>	<u>27,096,809</u>
Retained Profit for the period	17,337,018	12,099,655
	<u>49,295,426</u>	<u>39,196,464</u>
Dividend paid	-16,216,470	-6,677,370
Actuarial (Loss) / gain	0	-560,686
Unclaimed dividend	5,660	
IFRS Adjustment	<u>1,460,126</u>	
As at December 31 2021	<u>34,544,742</u>	<u>31,958,408</u>
20 Non-distributable reserves		
As at 1st January	0	-811,189
Actuarial (Loss) / gain	0	560,687
As at 31st December	<u>0</u>	<u>-250,502</u>
21 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.		