



THE OKOMU OIL PALM COMPANY PLC

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MANAGEMENT REPORTS (INTERIM)
FOR 9 MONTHS
ENDED SEPTEMBER 30, 2023

THE OKOMU OIL PALM COMPANY PLC

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

2. TURNOVER

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

3. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

4. DEPRECIATION OF FIXED ASSETS

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

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

5. **STOCK**

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

6. **DEBTORS**

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

7. **FOREIGN CURRENCIES**

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

8. **TAXATION**

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

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

9. **DEFERRED TAXATION**

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

10. **EMPLOYEES' RETIREMENT BENEFITS**

(a) **Gratuity Scheme:**

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

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

(b) Pension Scheme:

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

11. CASH AND CASH EQUIVALENTS

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

12. FUNCTIONAL AND PRESENTATION CURRENCY

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

13. DISCLOSURE OF DEALINGS IN ISSUER'S SHARES:

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

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

THE OKOMU OIL PALM COMPANY PLC
PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED (INTERIM) SEPTEMBER, 2023

	Note	3 MONTHS ENDED		9 MONTHS ENDED	
		Sep-23 N'000	Sep-22 N'000	Sep-23 N'000	Sep-22 N'000
Turnover	2	20,047,958	9,421,983	60,647,046	50,179,021
Cost of Sales	3	7,858,049	4,723,361	18,955,982	14,407,497
Gross Profit		12,189,909	4,698,622	41,691,064	35,771,524
Net Operating expenses	4	5,091,961	3,332,306	14,869,874	10,670,205
Profit from continuing operations before tax changes in fair value		7,097,948	1,366,316	26,821,190	25,101,319
Finance Income	5	97,072	1,152	113,064	55,175
		7,195,020	1,367,468	26,934,254	25,156,494
Finance Costs	6	874,789	178,826	2,082,436	536,790
Exceptional Income	7	0	0	4,373,556	0
Profit on continuing operation b4 tax		6,320,231	1,188,642	29,225,374	24,619,704
Taxation	8	1,598,579	-24,413	8,304,214	6,569,013
Profit on continuing operation after tax		4,721,652	1,213,055	20,921,160	18,050,691
OTHER COMPREHENSIVE INCOME					
Total comprehensive income		4,721,652	1,213,055	20,921,160	18,050,691
Earnings Per Share (EPS): Basic (N)		4.95	1.27	21.93	18.92

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	NOTE	Sep-23 N'000	Dec-22 N'000
FIXED ASSETS	9	57,762,312	56,467,084
Biological Asset		289,523	536,639
Right of use asset		<u>126,830</u>	<u>63,415</u>
		<u>58,178,665</u>	<u>57,067,138</u>
CURRENT ASSETS (Amount falling due within one year)			
Inventory	10	9,561,147	5,729,107
Biological assets	10.1	603,225	630,341
Trade Receivables and others	11	4,381,459	3,233,766
Prepayments		1,012	358
Bank and Cash	12	<u>12,308,320</u>	<u>5,837,582</u>
		<u>26,855,163</u>	<u>15,431,154</u>
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	13	<u>18,405,178</u>	<u>13,840,945</u>
NET CURRENT (LIABILITIES)/ ASSETS		8,449,985	1,590,209
Deferred Taxation	14	<u>11,427,650</u>	<u>11,460,076</u>
Amount falling due after one year			
Retirement Benefits/Gratuity		2,080,327	1,882,958
Long Term Loans	15	9,533,534	11,201,414
Lease liabilities		<u>79,032</u>	<u>79,032</u>
		<u>11,692,893</u>	<u>13,163,404</u>
Total Net Assets		<u>43,508,107</u>	<u>34,033,867</u>
FINANCED BY			
CAPITAL AND RESERVES			
Share Capital	16	476,956	476,956
Share Premium Account	17	1,867,095	1,867,095
Revenue Reserves	18	41,446,984	31,972,744
Non-distributable reserves	19	<u>-282,928</u>	<u>-282,928</u>
		<u>43,508,107</u>	<u>34,033,867</u>

Approved by the Board of Directors on the 27th of October 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- Distributabl e reserves =N='000	Revenue Reserves =N='000	Total =N='000	
Balance as at 1st January,2022	476,956	1,867,095	-	250,502	31,958,408	34,051,957
Other comprehensive income	-	-	-	32,426	-	32,426
Transaction with shareholders	-	-	-	32,426	-	32,426
Profit for the period					16,230,806	16,230,806
Dividend paid					- 16,216,470	- 16,216,470
Deferred tax on actuarial gain						-
Comprehensive income for the year	-	-	-	-	14,336	14,336
Equity as at 31st December,2022	476,956	1,867,095	-	282,928	31,972,744	34,033,867
Equity as at 1st January,2023	476,956	1,867,095	-	282,928	31,972,744	34,033,867
Other comprehensive income	-	-	-	-	-	-
Transaction with shareholders	-	-	-	-	-	-
Profit for the period	-	-	-	-	20,921,160	20,921,160
Dividend paid					- 11,446,920	- 11,446,920
Comprehensive Income for the year	-	-	-	-	9,474,240	9,474,240
Equity as at 30th September,2023	476,956	1,867,095	-	282,928	41,446,984	43,508,107

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	Sep-23	Sep-22
receipts from customers	59,633,928	49,875,488
Payments to suppliers	- 14,897,179	- 12,661,185
Payment to employees	- 684,878	- 600,831
Payment of operating expenses	- 11,811,071	- 10,670,205
Payment of taxes:CIT	- 5,720,793	- 1,961,175
Value added tax	- 360,947	- 378,565
Withholding tax	- 1,185,539	- 1,091,240
Other receipts	<u>363,742</u>	<u>265,454</u>
Net cash inflow from operating activities	<u>25,337,263</u>	<u>22,777,741</u>
<u>Cash flow from investing activities</u>		
Acquisition of PPE	- 4,176,387	- 7,580,746
Proceeds from disposal of PPE	-	-
Finance income received	68,228	3,655
Pre cropping expenditure incurred(Biological assets)	<u>- 354,549</u>	<u>- 365,036</u>
Net cash outflow from investing activities	<u>- 4,462,708</u>	<u>- 7,942,127</u>
<u>Cash flow from financing activities</u>		
Interest paid	- 2,082,436	- 479,731
New Loans	-	-
Loans reimbursement	- 874,461	- 351,038
Dividend paid	<u>- 11,446,920</u>	<u>- 14,308,650</u>
Net cash inflow/(outflow) from financing activities	<u>- 14,403,817</u>	<u>- 15,139,419</u>
Net cash inflow in the year	6,470,738	- 303,805
Cash and cash equivalent as at the 1/1/2023	<u>5,837,582</u>	<u>9,955,188</u>
Cash and cash equivalent as at 30/09/2023	<u>12,308,320</u>	<u>9,651,383</u>
<u>Cash and cash equivalent</u>		
Cash and bank balance	12,308,320	9,651,383
Fixed deposit		
	<u>12,308,320</u>	<u>9,651,383</u>

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED SEPTEMBER 30,2023

	Sep-23 N'000		Dec-22 N'000
Revenue from sale of products	60,647,046		59,323,723
Brought in materials and services:			
Local	- 17,985,978		- 4,320,474
Foreign			
	<u>42,661,068</u>		<u>55,003,249</u>
Finance Income	<u>113,064</u>	0%	<u>4,966</u>
Value added	<u><u>42,774,132</u></u>	100	<u><u>55,008,215</u></u>
Applied as follows:			
To Employees:			
- as salaries, wages and other staff costs	8,081,064	18%	10,331,079
- Directors remuneration	149,550	0%	173,445
To Providers of finance:			
- Financial cost and similar charges	2,082,436	4%	1,071,273
To Government as:			
- Income tax expenses	8,304,214	21%	5,664,140
- Deferred tax expenses	-	0%	1,622,489
To Shareholders as:			
- Dividend			16,216,470
Retained in the business:			
To maintain and replace			
- Depreciation and amortisation	3,235,708	7%	3,730,938
- To augment reserves	<u>20,921,160</u>	50%	<u>16,198,381</u>
	<u><u>42,774,132</u></u>	100%	<u><u>55,008,215</u></u>

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS

1 The Company

1.1 The Legal Form.

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

1.2 Principal Activities

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	Sep-23	Sep-22	Sep-23	Sep-22
	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	17,120,378	8,409,003	55,192,045	46,292,487
Export sales	2,927,580	1,012,980	5,455,001	3,886,534
	20,047,958	9,421,983	60,647,046	50,179,021
3 COST OF SALES				
Oil Palm	7,914,556	4,641,740	17,325,467	12,560,441
Rubber	-56,507	81,621	1,630,515	1,847,056
	7,858,049	4,723,361	18,955,982	14,407,497
4 OPERATING EXPENSES				
Total net operating expenses	5,091,961	3,332,306	14,869,874	10,670,205
5 FINANCE INCOME				
Interest on fixed Deposit A/C and others	1,506	1,152	3,745	3,655
Exchange gain	95,566	0	109,319	51,520
	97,072	1,152	113,064	55,175
6 FINANCE COST				
Bank charges	16,828	18,468	29,343	36,721
Exchange loss	610,493	-	1,312,911	20,338
Interest on Long Term Loans	247,468	160,358	740,182	479,731
	874,789	178,826	2,082,436	536,790
7 Exceptional Income				
Income from Export Expansion Grant (EEG)	-	-	4,373,556	-
8 TAXATION				
Profit and Loss Account				
Provision for Edu. tax	98,036	-1,526	519,013	410,563
Income Tax	1,500,543	-22,887	7,785,201	6,158,450
Other taxes (investigations)				
Deferred Tax				0
	1,598,579	-24,413	8,304,214	6,569,013

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, 2023	17,288,510	6,636,488	3,347,839	9,702,849	2,051,165	29,612,089	1,482,392	3,773,504	1,255,041	1,476,784	76,626,661
Additions	41,512	313,037	366,273	733,203		1,288,591	168,827	112,249	731,377	775,867	4,530,936
Disposal											-
Transfer											-
As at September 30, 2023	17,330,022	6,949,525	3,714,112	10,436,052	2,051,165	30,900,680	1,651,219	3,885,753	1,986,418	2,252,651	81,157,597
Depreciation											
As at January 1, 2023	3,683,170	1,842,772	2,816,761	2,301,852	0	5,416,564	976,272	2,684,186	438,000	-	20,159,577
Charge for the period	669,612	245,326	279,902	372,170		1,133,241	75,997	264,007	195,453		3,235,708
Adjustments											
Disposal	0	0	0	-							0
As at September 30, 2023	4,352,782	2,088,098	3,096,663	2,674,022	-	6,549,805	1,052,269	2,948,193	633,453	-	23,395,285
Net Book Value											
As at September 30, 2023	12,977,240	4,861,427	617,449	7,762,030	2,051,165	24,350,875	598,950	937,560	1,352,965	2,252,651	57,762,312
Net Book Value											
As at December 31, 2022	13,605,340	4,793,716	531,078	7,400,997	2,051,165	24,195,525	506,120	1,089,318	817,041	1,476,784	56,467,084

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

	Sep-23 N'000	Dec-22 N'000
10 STOCK		
General Stores and agricultural consumables	5,981,173	4,660,888
Finished Goods-Palm & Rubber Products	3,520,846	1,034,112
Goods-in-transit	59,128	34,107
	<u>9,561,147</u>	<u>5,729,107</u>
10.1 BIOLOGICAL ASSETS		
Non Current:		
At 1 January	289,523	289,523
change in fair value on biological asstes(P&L)		247,116
At 31 December	<u>289,523</u>	<u>536,639</u>
Current:		
Fresh Fruit Bunches (FFB)	71,084	234,177
Raw Rubber (Latex)	532,141	396,164
	<u>603,225</u>	<u>630,341</u>
11 TRADE RECEIVABLES AND OTHERS		
Trade Receivables	157,112	2,763
Advances paid to suppliers	2,422,377	1,833,152
Intercompany receivables	1,836,074	538,515
Other receivables	-210,238	737,958
Staff loans and advances	176,134	121,378
	<u>4,381,459</u>	<u>3,233,766</u>
12 BANK AND CASH BALANCES		
Bank balances	12,296,753	5,828,721
Cash balances	11,567	8,861
	<u>12,308,320</u>	<u>5,837,582</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	2,933,506	2,828,292
Other current payables	2,669,556	1,154,254
Advances from customers	355,280	1,284,126
Taxation	8,781,221	5,936,342
Intercompany payables	984,465	274,800
Accruals	299,154	693,604
Statutory liability	35,248	142,146
Interest bearing loan	2,009,142	820,682
Government Grant	337,606	706,699
	<u>18,405,178</u>	<u>13,840,945</u>
14 DEFERRED TAXATION		
At January 1	11,460,076	9,851,484
Net Charged for the period	-32,426	1,608,592
As At the end of the period	<u>11,427,650</u>	<u>11,460,076</u>

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

	Sep-23 N'000	Dec-22 N'000
15 Term Loans		
Amount falling due after one year		
Interest - bearing loans and borrowings	9,533,534	9,153,938
Government Grant	0	2,047,476
	<u>9,533,534</u>	<u>11,201,414</u>
15.1 Long Term Loans		
Zenith Bank Plc Loan		
<p>The Zenith Bank Plc loan represents =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.</p>		
Bank of Industry		
<p>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 Sterling Bank Plc.</p>		
Zenith Bank Plc Loan		
<p>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.</p>		
16 SHARE CAPITAL		
	N'000	N'000
16.1 ISSUED AND FULLY PAID		
Existing 953,910,000 Ord. Shares of 50k each	<u>476,956</u>	<u>476,956</u>
17 SHARE PREMIUM		
Share Premium	1,867,095	1,867,095
18 REVENUE RESERVES		
At 1st January	31,972,744	31,958,408
	<u>31,972,744</u>	<u>31,958,408</u>
Retained Profit for the period	20,921,160	16,230,806
	<u>52,893,904</u>	<u>48,189,214</u>
Dividend paid	-11,446,920	-16,216,470
Actuarial gain/ (loss)	0	0
Unclaimed dividend	0	0
As at JUne 30 2022	<u>41,446,984</u>	<u>31,972,744</u>
19 Non-distributable reserves		
As at 1st January	-250,502	-250,502
Actuarial (Loss) / gain	-32,426	-32,426
As at 31st December	<u>-282,928</u>	<u>-282,928</u>
20 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.