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**THE OKOMU OIL PALM COMPANY PLC**

**MANAGEMENT REPORTS (INTERIM)**

**FOR 6 MONTHS**

**ENDED JUNE 30, 2017**

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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.

**THE OKOMU OIL PALM COMPANY PLC**  
**PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED (INTERIM) JUNE, 2017**

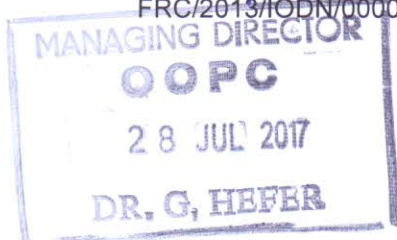
	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		Jun-17 N'000	Jun-16 N'000	Jun-17 N'000	Jun-16 N'000
Turnover	2	6,578,215	4,234,726	12,474,551	7,545,053
Cost of Sales	3	22,885	509,751	1,286,720	649,612
<b>Gross Profit</b>		<b>6,555,330</b>	<b>3,724,975</b>	<b>11,187,831</b>	<b>6,895,441</b>
Net Operating expenses	4	2,032,819	1,361,498	3,257,826	2,860,214
<b>Profit from continuing operations before tax changes in fair value</b>		<b>4,522,511</b>	<b>2,363,477</b>	<b>7,930,005</b>	<b>4,035,227</b>
Finance Income	5	148,000	27,175	246,798	38,771
		4,670,511	2,390,652	8,176,803	4,073,998
Finance Costs	6	253,962	100,500	366,228	164,709
<b>Profit on continuing operation b4 tax</b>		<b>4,416,549</b>	<b>2,290,152</b>	<b>7,810,575</b>	<b>3,909,289</b>
Taxation	7	1,251,000	275,414	1,575,452	314,214
<b>Profit on continuing operation after tax</b>		<b>3,165,549</b>	<b>2,014,738</b>	<b>6,235,123</b>	<b>3,595,075</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Actuarial gains		-	-	-	-
<b>Total comprehensive income</b>		<b>3,165,549</b>	<b>2,014,738</b>	<b>6,235,123</b>	<b>3,595,075</b>
Earnings Per Share (EPS): Basic (N)		<b>3.32</b>	<b>2.11</b>	<b>6.54</b>	<b>3.77</b>

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017**

	NOTE	Jun-17 N'000	Dec-16 N'000
FIXED ASSETS	9	20,402,267	18,617,226
		<u>20,402,267</u>	<u>18,617,226</u>
<b>CURRENT ASSETS</b> (Amount falling due within one year)			
Inventory	10	4,461,768	1,719,080
Trade Receivables and others	11	978,415	973,108
Bank and Cash	12	4,649,634	3,198,251
		<u>10,089,817</u>	<u>5,890,439</u>
<b>CURRENT LIABILITIES</b> (Amount falling due within one year)			
Trade Payables and others	13	4,330,918	2,635,583
<b>NET CURRENT ASSETS</b>		5,758,899	3,254,856
Deferred Taxation	14	1,651,512	1,755,473
<b>Amount falling due after one year</b>			
Retirement Benefits/Gratuity		325,738	315,965
Long Term Loans	15	2,367,617	2,788,603
		<u>2,693,355</u>	<u>3,104,568</u>
<b>Total Net Assets</b>		<u>21,816,299</u>	<u>17,012,041</u>
<b>FINANCED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Share Capital	16	476,956	476,956
Share Premium Account	17	1,867,095	1,867,095
Revenue Reserves	18	19,472,248	14,667,990
		<u>21,816,299</u>	<u>17,012,041</u>

*Dr. G. Hefer*  
**Dr. G. Hefer**  
**Managing Director**

FRC/2013/IODN/00000002460



*Mr. Alain Mary*  
**Mr. Alain Mary**  
**Chief Finance Officer**

FRC/2016/IODN/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
Equity as at 31st December,2015	476,956	1,867,095	190,775	9,528,773	12,063,599
Dividend paid	-	-	-	- 95,391	- 95,391
<b>Transaction with shareholders</b>	-	-	-	- 95,391	- 95,391
Profit for the period				3,595,075	3,595,075
Deferred tax on actuarial gains			-		-
Actuarial gains			-		-
Comprehensive income for the year	-	-	-	3,595,075	3,595,075
<b>Equity as at 30th June, 2016</b>	<b>476,956</b>	<b>1,867,095</b>	<b>190,775</b>	<b>13,028,457</b>	<b>15,563,283</b>
<b>Equity as at 1st January, 2017</b>	<b>476,956</b>	<b>1,867,095</b>	<b>242,574</b>	<b>14,425,416</b>	<b>17,012,041</b>
Dividend paid		-	-	- 1,430,865	- 1,430,865
<b>Transaction with shareholders</b>	-	-	-	- 1,430,865	- 1,430,865
Profit for the period				6,235,123	6,235,123
Comprehensive income for the period	-	-	-	6,235,123	6,235,123
<b>Equity as at 30th June, 2017</b>	<b>476,956</b>	<b>1,867,095</b>	<b>242,574</b>	<b>19,229,674</b>	<b>21,816,299</b>

**THE OKOMU OIL PALM COMPANY PLC**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30,2017**

	<b>Jun-17</b>	<b>Jun-16</b>
receipts from customers	12,356,442	7,677,175
Payments to suppliers	- 784,897	- 818,005
Payment to employees	- 285,964	- 291,584
Payment of operating expenses	- 3,257,826	- 2,860,214
Payment of taxes:CIT	- 1,807,676	- 140,150
Value added tax	- 43,425	- 24,843
Withholding tax	- 467,705	- 157,746
Other receipts	105,545	380,137
<b>Net cash inflow from operating activities</b>	<b>5,814,494</b>	<b>3,764,770</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of PPE	- 926,617	- 191,704
Proceeds from disposal of PPE	-	-
Finance income received	246,798	38,771
Pre cropping expenditure incurred(Biological assets)	- 1,465,213	- 753,875
<b>Net cash outflow from investing activities</b>	<b>- 2,145,032</b>	<b>- 906,808</b>
<b><u>Cash flow from financing activities</u></b>		
Interest paid	- 366,228	- 164,709
Loans and borrowings	- 420,986	- 208,402
Dividend paid	- 1,430,865	- 95,391
<b>Net cash (outflow) from financing activities</b>	<b>- 2,218,079</b>	<b>- 468,502</b>
Net cash inflow in the year	1,451,383	2,389,460
Cash and cash equivalent as at the 1/1/2017	3,198,251	958,473
<b>Cash and cash equivalent as at 30/06/2017</b>	<b>4,649,634</b>	<b>3,347,933</b>
<b><u>Cash and cash equivalent</u></b>		
Cash and bank balance	1,551,286	3,228,718
Fixed deposit	2,999,901	-
Dividend bank account	98,447	119,215
	<b>4,649,634</b>	<b>3,347,933</b>



**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.

	<b>3 MONTH ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>Jun-17</b>	<b>Jun-16</b>	<b>Jun-17</b>	<b>Jun-16</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>2 TURNOVER</b>				
Turnover represents the invoice value of goods and services rendered to third parties during the year				
Local sales	6,070,925	3,823,068	11,193,865	6,769,306
Export sales	507,290	411,658	1,280,686	775,747
	<b>6,578,215</b>	<b>4,234,726</b>	<b>12,474,551</b>	<b>7,545,053</b>
<b>3 COST OF SALES</b>				
Oil Palm	21,121	460,199	1,154,620	582,822
Rubber	1,764	49,552	132,100	66,790
	<b>22,885</b>	<b>509,751</b>	<b>1,286,720</b>	<b>649,612</b>
<b>4 OPERATING EXPENSES</b>				
Total net operating expenses	<b>2,032,819</b>	<b>1,361,498</b>	<b>3,257,826</b>	<b>2,860,214</b>
<b>5 FINANCE INCOME</b>				
Interest on Deposit A/C and others	146,150	22,435	239,819	26,017
Exchange gain	1,850	4,740	6,979	12,754
	<b>148,000</b>	<b>27,175</b>	<b>246,798</b>	<b>38,771</b>
<b>6 FINANCE COST</b>				
Bank charges	6,959	2,968	17,649	7,621.00
Exchange loss	197,475	7,855	241,698	8,611.00
Interest on Long Term Loans	49,528	89,677	106,881	148,477.00
	<b>253,962</b>	<b>100,500</b>	<b>366,228</b>	<b>164,709</b>
<b>7 TAXATION</b>				
<b>Profit and Loss Account</b>				
Provision for Edu. tax	100,000	50,414	174,452	89,214
Income Tax	1,008,000	150,000	1,258,000	150,000
Other taxes(Investigations)	143,000	75,000	143,000	75,000
Deferred Tax	-	0	-	-
	<b>1,251,000</b>	<b>275,414</b>	<b>1,575,452</b>	<b>314,214</b>

THE OKOMU OIL PALM COMPANY PLC

NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSETS

	Palm Plantation N'000	Rubber Plantation N'000	Machine & 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, 2017	6,682,520	4,742,522	2,063,309	4,977,002	5,400,841	986,164	1,089,516	227,175	177,245	26,346,294
Additions	1,306,038	159,175	94,922	102,136	80,499	54,851	354,484	22,613	217,112	2,391,830
Disposal										0
Transfers										0
As at June 30, 2017	<b>7,988,558</b>	<b>4,901,697</b>	<b>2,158,231</b>	<b>5,079,138</b>	<b>5,481,340</b>	<b>1,041,015</b>	<b>1,444,000</b>	<b>249,788</b>	<b>394,357</b>	<b>28,738,124</b>
<b>Depreciation</b>										
As at January 1, 2017	933,449	1,091,790	1,350,668.00	801,307	2,141,479	421,491	822,391	166,493	-	7,729,068
Change for the period	55,520	70,218.00	122,621.00	72,643	165,944	27,487	84,883	7,473	-	606,789
Eliminated on disposal										0
As at June 30, 2017	<b>988,969</b>	<b>1,162,008</b>	<b>1,473,289</b>	<b>873,950</b>	<b>2,307,423</b>	<b>448,978</b>	<b>907,274</b>	<b>173,966</b>	<b>-</b>	<b>8,335,857</b>
<b>Net Book Value</b>										
As at June 30, 2017	<b>6,999,589.00</b>	<b>3,739,689.00</b>	<b>684,942</b>	<b>4,205,188</b>	<b>3,173,917</b>	<b>592,037</b>	<b>536,726</b>	<b>75,822</b>	<b>394,357</b>	<b>20,402,267</b>
<b>Net Book Value</b>										
As at December 31, 2016	<b>5,749,071</b>	<b>3,650,732</b>	<b>712,644</b>	<b>4,175,695</b>	<b>3,259,362</b>	<b>564,673</b>	<b>267,125</b>	<b>60,682</b>	<b>177,245</b>	<b>18,617,226</b>

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

	<b>Jun-16</b> <b>N'000</b>	<b>Dec-16</b> <b>N'000</b>
<b>10 STOCK</b>		
Raw materials and consumables	200,579	183,394
General Stores and agricultural consumables	1,466,282	1,263,347
Finished Goods-Palm & Rubber Products	600,553	232,746
Goods-in-transit	2,194,354	39,593
	<u><b>4,461,768</b></u>	<u><b>1,719,080</b></u>
<b>11 TRADE RECEIVABLES AND OTHERS</b>		
Trade Receivables	179,309	61,200
Advances paid to suppliers	200,747	59,886
Intercompany receivables	-	467,379
Other receivables and shortterm payments	598,359	384,643
Provision for doubtful debts (specific)	-	-
	<u><b>978,415</b></u>	<u><b>973,108</b></u>
<b>12 BANK AND CASH BALANCES</b>		
Cash and Bank balances	1,551,286	649,903
Fixed deposits	2,999,901	2,449,901
Dividends bank accounts	98,447	98,447
	<u><b>4,649,634</b></u>	<u><b>3,198,251</b></u>
<b>Amount falling due within one year</b>		
<b>13 Current Liabilities</b>		
Trade Payables	820,558	318,735
Other current payables	115,829	114,929
Advances from customers	939,620	322,413
Taxation	1,877,087	1,386,231
Retirement benefit obligations	13,884	15,912
Current provisions and accruals	455,784	413,898
Intercompany payables	44,691	-
Dividend payable	63,465	63,465
	<u><b>4,330,918</b></u>	<u><b>2,635,583</b></u>
<b>14 DEFERRED TAXATION</b>		
At January 1	1,755,473	1,733,273
Net Charged for the period	-	22,200
Adjustments(write back)	(103,961)	-
	<u><b>1,651,512</b></u>	<u><b>1,755,473</b></u>

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

	Jun-16 N'000	Dec-16 N'000
<b>15 Term Loans</b>		
<b>Amount falling due after one year</b>		
Zenith bank CACS Loan	1,363,086	1,545,089
Foreign Loans: SOCFINAF	1,004,531	1,243,514
	<u>2,367,617</u>	<u>2,788,603</u>
<b>15.1 Long Term Loans</b>		
<b>Zenith Bank Plc Loan</b>		
<p>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 at the rate 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 acquired 11,416 hectares of oil palm plantation situated at uhiere, Ovia North East Local Government Area in Edo State. It's secured by a legal mortgage over the land (11,416 hectares plantation)</p>		
<b>Socfinaf S.A</b>		
<p>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.</p>		
<b>16 SHARE CAPITAL</b>		
<b>16.1 AUTHORISED</b>	N'000	N'000
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>		
Existing 953,910,000 Ord. Shares of 50k each	<u>476,956</u>	<u>476,956</u>
<b>17 SHARE PREMIUM</b>		
Share Premium	<u>1,867,095</u>	<u>1,867,095</u>
<b>18 REVENUE RESERVES</b>		
At 1st January	14,667,990	9,801,309
Adjustments	-	-
	<u>14,667,990</u>	<u>9,801,309</u>
Actuarial gains	-	51,799
Retained Profit for the period	6,235,123	4,910,273
	<u>20,903,113</u>	<u>14,763,381</u>
Dividend paid	-1,430,865	-95,391
Unpaid dividends written back	-	-
Bonus issue	-	-
Deferred Tax adjustment	-	-
As at March 31 2015	<u>19,472,248</u>	<u>14,667,990</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.