
THE OKOMU OIL PALM COMPANY PLC

MANAGEMENT REPORTS

FOR 3 MONTHS

ENDED MARCH 31, 2013

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.

THE OKOMU OIL PALM COMPANY PLC
BALANCE SHEET AS AT MARCH 31, 2013

31st DEC

	NOTE	2013 N'000	2012 N'000
FIXED ASSETS	9	25,919,082	25,334,814
		<u>25,919,082</u>	<u>25,334,814</u>
CURRENT ASSETS (Amount falling due within one year)			
Stock	10	1,689,245	973,621
Trade Receivables and others	11	387,628	922,179
Bank and Cash	12	<u>5,197,174</u>	<u>3,824,061</u>
		<u>7,274,047</u>	<u>5,719,861</u>
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	13	<u>2,188,652</u>	<u>1,890,058</u>
NET CURRENT ASSETS		5,085,395	3,829,803
Deferred Taxation	14	2,959,348	2,899,348
Amount falling due after one year			
Retirement Benefits/Gratuity			617,158
Long Term Loans	15	<u>2,028,534</u>	<u>123,258</u>
		<u>2,028,534</u>	<u>740,416</u>
Total Net Assets		<u>26,016,595</u>	<u>25,524,853</u>
FINANCED BY CAPITAL AND RESERVES			
Share Capital	16	238,478	238,478
Share Premium Account	17	1,867,095	1,867,095
Revenue Reserves	18	<u>23,911,022</u>	<u>23,419,280</u>
		<u>26,016,595</u>	<u>25,524,853</u>

The annexed notes form an integral part of these financial statements

THE OKOMU OIL PALM COMPANY PLC
PROFIT AND LOSS ACCOUNT FOR THE 3 MONTHS PERIOD ENDED MARCH, 2013

	Note	2013 N'000	2,012 N'000	2012 N'000
Turnover	2	1,838,520	2,827,376	10,146,164
Cost of Sales	3	638,438	444,349	3,840,865
Gross Profit		1,200,082	2,383,027	6,305,299
Net Operating expenses	4	511,991	859,527	1,930,961
		688,091	1,523,500	4,374,338
Finance Income	5	205	14,570	170,075
		688,296	1,538,070	4,544,413
Finance Costs	6	1,554	11,315	197,747
Profit b/4 Extra-ord./Excep. Items		686,742	1,526,755	4,346,666
Profit Before Tax		686,742	1,526,755	4,346,666
Taxation	8	195,000	0	755,903
Profit on continuing operation		491,742	1,526,755	3,590,763
Gain/(loss) on changes in fair value of non-current biological assets	7	0	0	5,959,522
Deferred capital gain tax on fair value gain on non-current biological assets		0	0	-595,942
Profit after tax		491,742	1,526,755	8,954,343
Retained Profit transferred to reserves				
Earnings Per Share (EPS): Basic				18
Earnings Per Share (EPS): Adjusted				

The annexed notes form an integral part of these financial statements

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 59.27% the Company's shares with Nigerians owning the balance of 40.73%.

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.

2 TURNOVER	2013	2012
Turnover represents the invoice value of goods and services rendered to third parties during the year	N'000	N'000
Local sales	935,577	6,408,454
Export sales	902,943	3,737,710
	<u>1,838,520</u>	<u>10,146,164</u>
3 COST OF SALES		
Oil Palm	312,872	2,531,966
Rubber	<u>325,566</u>	<u>1,308,899</u>
	<u>638,438</u>	<u>3,840,865</u>
4 OPERATING EXPENSES		
Total net operating expenses	511,991	1,930,961
5 FINANCE INCOME		
Interest on Deposit A/C and others	205	170,075
6 FINANCE COST		
Interest on Long Term Loans	1,554	197,747
7 Other comprehensive income		
Fair value of non-current biological assets	0	5,959,522
8 TAXATION		
Profit and Loss Account		
Provision for Edu. tax	15,000	72,711
Income Tax	<u>120,000</u>	<u>475,154</u>
Deferred Tax	<u>60,000</u>	<u>208,038</u>
	<u>195,000</u>	<u>755,903</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
Gross Book Value										
As at Jan. 1, 2013	12,345,471	8,663,395	1,348,014	1,390,154	2,107,988	934,338	734,616	222,523	294,515	28,041,014
Additions	22,445	166,611	133,954	8,036	25,946	0	56,278	4,120	371,349	788,739
Transfers					0		0		0	0
Disposal			0			-14	0			-14
As at Mar. 31, 2013	12,367,916	8,830,006	1,481,968	1,398,190	2,133,934	934,324	790,894	226,643	665,864	28,829,739
Depreciation										
As at Jan. 1, 2013	469,740	94,369	529,171	329,392	1,114,942	215,073	331,202	186,420	0	2,706,200
Charge for the period	18,045	31,492	45,666	17,013	44,305	12,227	33,025	2,684	0	204,457
Adjustments			0		0		0			0
Disposal	0		0				0			0
As at Mar. 31, 2013	487,785	125,861	574,837	346,405	1,159,247	227,300	364,227	189,104	0	2,910,657
Net Book Value										
As at Mar. 31, 2013	11,880,131	8,704,145	907,131	1,051,785	974,687	707,024	426,667	37,539	665,864	25,919,082
As at Dec. 31, 2012	12,345,471	8,663,395	818,843	1,060,762	993,046	719,265	403,414	36,103	294,515	25,334,814

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

	2013	2012
	N'000	N'000
10 STOCK		
Fuel and Lubricants	86,132	89,028
Spare parts	469,882	276,155
General Stores and Various Materials	258,222	108,671
Agricultural Consumables	58,726	64,259
Finished Goods-Palm & Rubber Products	820,745	433,284
Advance payment	62,588	2,224
Stock Provision & Write offs	-67,050	0
	<u>1,689,245</u>	<u>973,621</u>
11 CURRENT ASSETS		
Trade Receivables	19,085	266,440
Other Receivables	9,864	557,292
Dividend account	98,447	98,447
Prepayments	270,166	0
Provision for doubtful debts (specific)	-9,934	0
	<u>387,628</u>	<u>922,179</u>
12 BANK AND CASH BALANCES		
Cash in Hand	7,988	3,612
Cash at Bank	5,189,186	3,820,449
	<u>5,197,174</u>	<u>3,824,061</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	270,462	299,827
Other current payables	30,318	94,461
Taxation	1,482,090	1,261,376
Retirement benefit obligations	2,393	51,049
Current provisions and accruals	334,025	113,981
Dividend payable	69,364	69,364
	<u>2,188,652</u>	<u>1,890,058</u>
14 DEFERRED TAXATION		
At Janunary 1	2,899,348	2,095,367
Charged for the period	60,000	208,039
Deferred tax on fair value gain	0	595,942
At March 31,	<u>2,959,348</u>	<u>2,899,348</u>

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

	2013 N'000	2012 N'000
15 Term Loans		
Amount falling due after one year		
Access Bank Loan	1,966,667	0
Foreign Loans: DEG	<u>61,867</u>	<u>123,258</u>
	<u>2,028,534</u>	<u>123,258</u>
15.1 Long Term Loans		
Germany Investment & Development Co. (DEG):		
The Company entered into a N697 million term loan agreement with DEG, a foreign lender, in 2003 to provide additional capital to support its expansion programmes at an interest rate of 8.8% per annum.		
The repayment period, excluding moratorium, shall be eight years from the date the initial drawdown of each advance.		
The Company entered into a N2b Agriculture Loan agreement with Access Bank Plc This year.		
16 SHARE CAPITAL		
16.1 AUTHORISED	N'000	N'000
600,000,000 Ord. Shares of 50k each	300,000	300,000
16.2 ISSUED AND FULLY PAID		N'000
Existing 476,955,000 Ord. Shares of 50k each	238,478	238,478
17 SHARE PREMIUM		
Share Premium	1,867,095	1,867,095
18 REVENUE RESERVES		
At 1st January	23,419,280	16,904,632
Adjustments	<u>0</u>	<u>-1,127,817</u>
	23,419,280	15,776,815
Fair value gain	0	5,959,522
Retained Profit for the period	<u>491,742</u>	<u>3,590,763</u>
	23,911,022	25,327,100
Dividend Paid	<u>0</u>	<u>-1,907,820</u>
As at December 31	<u>23,911,022</u>	<u>23,419,280</u>