THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CORPORATE INFORMATION

Registered Company number	30894			
		Nationality		
Board of Directors	Mr. Gbenga Oyebode MFR	Nigerian	Chairman	
	Dr. Graham Hefer	South African	Managing Director	
	Mr. Arnaud Arhainx	French	Finance Director/CFO	
	Chief David Edebiri OON	Nigerian	Non-Executive Director	Deceased 20 July 2023
	Mr. Peter Eguasa JP	Nigerian	Non-Executive Director	
	Mr. Hubert Fabri	Belgian	Non-Executive Director	
	Mr. Regis Helsmoortel	Belgian	Non-Executive Director	
	Mr. Sven Claeys	Belgian	Non-Executive Director	Resigned 17 March 2023
	Mr. Asue Ighodalo	Nigerian	Non-Executive Director	Resigned 31 December 2023
	Mrs. Vivien Shobo	Nigerian	Independent Director	
	Mr. Philippe Fabri	Belgian	Non-Executive Director	
	Mrs. Isabelle Chevalley	Burkina Faso	Independent Director	
	Mr. Julien Bastrup-Birk	United Kingdom	Independent Director	
	Mr. Idah Eghe Osaro	Nigerian	Non-Executive Director	Appointed 15 March 2024
Registered Office	Okomu Oil Palm Estate			
	Okomu-Udo, Edo State			
Principal Place of Business	Okomu Oil Palm Estate			
	Okomu-Udo, Edo State			
Company Secretary	P.C. Obi & Co. represented by			
	Chukwuebuka Omerole			
	37 Norman Williams Street			
	South-West Ikoyi, Lagos			
Independent Auditor	Ernst & Young			
	10th & 13th Floors, UBA House			
	57 Marina, Lagos			
Principal Bankers	Access Bank Plc			
	Polaris Bank Limited			
	Zenith Bank Plc			
	Banque Cantonale de Fribourg			
	Freiburger Kantonal Bank			
Solicitor	Chief Charles Adogah & Co			
	(Solicitors & Advocates)			
	34 Oziegbe Street, New Benin			
	Benin City			
Registrar	Cardinalstone Registrars Ltd.			
	358, Herbert Macaulay Way			
	Yaba, Lagos			
Tax Identification Number	00586480-0001			

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS AT A GLANCE

		2023		2022		% change
		₦'000		₦'000		
	Revenue from contracts with customers	75,107,842		59,323,723		27%
		========		========		
	Profit before taxation	33,838,649		23,517,435		44%
	Income tax expense	(13,192,122)		(7,286,629)		81%
		----------------		----------------		
	Profit for the year	20,646,527		16,230,806		27%
		=========		========		
	Other comprehensive loss	(79,897)		(32,426)		146%
		=======		=======		
	Total comprehensive income	20,566,630		16,198,380		27%
		=========		=========		
	Net assets	38,874,530		34,033,866		14%
		=========		=========		
	Employee benefit expenses	(13,063,646)		(10,331,079)		26%
		=========		=========		
	Number of employees	351		390		
		====		====		
	Basic earnings per share	21.64		17.02		27%
		=====		=====		
	Net asset per share	40.75		35.68		14%
		=====		=====		
	Share price	260		165		

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CHAIRMAN'S REPORT

Ladies and Gentlemen, esteemed shareholders, and distinguished guests,

I extend a warm welcome to each of you to the 44th Annual General Meeting of our esteemed company. It is a privilege to present to you the Annual Report and Financial Statements for the fiscal year ending on December 31, 2023, alongside insights into our journey and vision for the year ahead.

The Operating & Economic Environment for 2023

The year 2023 unfolded against a backdrop of evolving global and local dynamics. Despite persistent challenges stemming from geopolitical uncertainties, economies worldwide showed resilience and adaptability. In Nigeria, the economy navigated through challenges posed by inflationary pressures, geopolitical dynamics, and ongoing security concerns. By the end of 2023, the inflation rate, as reported by the Nigerian Bureau of Statistics, surged to 28.92% from 21.8% in January 2023, driven primarily by increases in food and transportation costs. Food inflation rose to 33.93%, while transportation inflation climbed to 27% during the same period. The main factors contributing to inflation included the devaluation of the naira, removal of fuel subsidy payments, heightened food prices, increased import costs, as well as increased energy costs. Additionally, there was a significant decline in the exchange rate, falling from ₦449/$ in January 2023 to ₦899/$ in December 2023. The decline was triggered by a shortage of foreign exchange (FX), increasing external debt commitments, declining inflows of foreign direct investment, and reduced non-oil exports. To address the FX supply concerns, the CBN put in certain measures such as the consolidation of all FX transaction channels into the Investors' and Exporters' (I & E) window, the reinstatement of Bureau de Change (BDC) operations, the formation of a committee to oversee FX liquidity, and gradually addressing outstanding FX obligations. Despite these measures, the inflation and exchange rate pressures persisted.

Operating Results

In the face of formidable economic headwinds, our company remained steadfast in its commitment to delivering value to our esteemed shareholders while ensuring sustainable growth and resilience in our operations. I am delighted to report that our company achieved a total comprehensive income of N20 billion in 2023, representing a commendable 27% increase over the previous year.
This remarkable performance was primarily driven by inflationary based increases in the prices of our core products, with CPO prices experiencing a notable 22% year-on-year increase, coupled with a 28% rise in rubber prices. Notwithstanding challenges in production volume due to the El Nino climatic phenomenon, our consolidated turnover surged by 27%, underscoring the resilience and adaptability of our business model in the face of adversity.

Dividends

In recognition of our company's outstanding performance and as a testament to our steadfast dedication to rewarding our loyal shareholders for their ongoing trust and support, the Board of Directors will propose for your approval, the payment of a final dividend of ₦14.00 for every ordinary share of 50 kobo each. This final dividend if approved, in addition to the paid-out interim dividend of ₦4.50 kobo amounts to a total dividend of ₦18.50 kobo for every ordinary share of 50 kobo each. If the shareholders approve the final dividend, the final dividend will be paid on the 23rd of May 2024 to shareholders whose names appear in the company’s register of members at the close of business on the qualification date.

Operational Performance by Sector

Palm

Our Palm sector continued to demonstrate resilience and innovation, with total FFB production increasing by 25.9% compared to the previous year. Despite increases in production costs and lower production volumes, our operational efficiencies enabled us to achieve significant growth in CPO sales and turnover.

Rubber

Similarly, our Rubber sector navigated challenges with agility and foresight, despite a marginal reduction in dry rubber production, registering a turnover for the year of ₦7.9 billion.

Consolidated Financial Results

In line with our strategic objectives and operational excellence, our company recorded gross earnings of ₦75.1 billion in 2023, marking a commendable 27% increase over the previous year. Earnings before tax (EBT) witnessed a substantial uptick of 44% year-on-year, underscoring our unwavering commitment to value creation and financial prudence.

Environment Sustainability, Health, Education & Safety for 2023

Our steadfast commitment to environmental sustainability and social responsibility remained unwavering in 2023, as evidenced by all of our concessions' successful certifications under the Roundtable on Sustainable Palm Oil (RSPO) certification scheme, International Organization for Standardization (ISO) and other internationally recognized standards, such as Halal certification. Through strategic partnerships and community engagement initiatives, we reaffirmed our commitment to sustainable environmental stewardship, health, education, and safety across our operations.

Employees

As our most valuable asset, the welfare and professional development of our employees remained a top priority in 2023. Despite prevailing challenges, we continued to invest in skills training programs and employee welfare initiatives, reflecting our unwavering commitment to fostering a culture of excellence, diversity, and inclusion within our workforce.

Corporate Social Responsibility

Our company's endearing commitment to corporate social responsibility remained steadfast in 2023, as we continued to invest in community development projects, education, and skills acquisition programs aimed at empowering our twenty-nine neighboring communities and fostering their future sustainable growth and development.

Future Expansion & Development Plans for 2024

Looking ahead, at a time when the Country's economy is under pressure, whilst remaining steadfast in our commitment to strategic expansion and sustainable development management we will also continue to remain focused on value addition, conservative gearing, and real returns to our shareholders.

With the completion and commissioning of the second oil mill at Extension 2, coupled with plans for the development of undeveloped land in Extension 1 and scheduled replants of nearly 700ha of palm and 356ha of rubber to be carried out in 2024, we are well-positioned to capitalize on emerging opportunities and drive sustainable growth and value creation in the year ahead.

Conclusion

In conclusion, I extend my heartfelt gratitude to our esteemed shareholders, regulators, management team, staff, and all stakeholders for their unwavering support, dedication, and commitment to our collective success. As we navigate the opportunities and challenges that lie ahead, I am optimistic that with our shared vision, resilience, and determination, we will continue to achieve new heights of success and prosperity in the year 2024 and beyond.
Thank you for your unwavering support and attendance at our Annual General Meeting.

Mr. G. Oyebode MFR
Chairman
FRC/2013/NBA/0000000254

28th March 2024

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF THE DIRECTORS

The Directors' present their report together with the audited financial statements of the Okomu Oil Palm Company Plc ("the Company") for the year ended 31 December 2023, which disclose the state of affairs of the Company.

Legal form

The Company was incorporated as a private limited liability Company on 3 December 1979. It was converted to a public limited Company on 19 September 1997 under the Companies and Allied Matters Act and it is domiciled in Nigeria.

Principal activities

The principal activities of the Company are the cultivation of oil palm, processing of fresh fruit bunches into crude palm oil for resale, rubber plantation, and processing of rubber lumps to rubber cake for export.

Results	2023 ₦'000	2022 ₦'000
Revenue from contracts with customers	75,107,842	59,323,723
	=========	=========
Profit before taxation	33,838,649	23,517,435
Income tax expense	(13,192,122)	(7,286,629)
	-----------------	-----------------
Profit for the year	20,646,527	16,230,806
	=========	=========

Dividend

The Directors approved and paid an interim dividend of ₦4.50 per 50 kobo ordinary share during the year 2023 (2022: interim dividend of N9.00 per ordinary share of 50 kobo each). The Board of Directors further recommend, in respect of the year ended 31 December 2023, a final dividend of ₦14.00 per ordinary share of 50 kobo each (2022: ₦12.00 per ordinary share of 50 kobo each) subject to the deduction of withholding tax at the appropriate rate. This proposed dividend will only be recognized as a liability after approval by the shareholders at the Annual General Meeting (AGM).

Directors

The members of the Board of Directors during the year under review comprise:

Mr. Gbenga Oyebode MFR	(Nigerian)	Chairman
Dr. Graham Hefer	(South African)	Managing Director
Mr. Arnaud Arhainx	(French)	Finance Director
Chief David Edebiri OON	(Nigerian)	Deceased 20 July 2023
Mr. Peter Eguasa JP	(Nigerian)	
Mr. Hubert Fabri	(Belgian)	
Mr. Regis Helsmoortel	(Belgian)	
Mr. Sven Claeys	(Belgian)	Resigned 17 March 2023
Mr. Asue Ighodalo	(Nigerian)	Resigned 31 December 2023
Mrs. Vivien Shobo	(Nigerian)	
Mr. Philippe Fabri	(Belgian)	
Mrs. Isabelle Chevalley	(Burkina Faso)	
Mr. Julien Bastrup-Birk	(United Kingdom)	
Mr. Idah Eghe Osaro	(Nigerian)	Appointed 15 March 2024

REPORT OF THE DIRECTORS - CONTINUED

Directors retiring

In accordance with Section 285 (1) of the Companies and Allied Matters Act 2020. one-third of the Directors shall retire at the conclusion of the Annual General Meeting, and these Directors, being eligible, hereby offer themselves for re-election.

The Directors retiring are Mr. Gbenga Oyebode, Mr. Regis Helsmoortel, and Mrs. Vivien Shobo.

History of the Share Capital						
Year	Authorized Share Capital	Value	Issued and fully paid shares		Value	Remarks
1989	68,000,000	34,000,000	50,700,000		500,000	Initially the share of the Company was 10k/share
1990	68,000,000	34,000,000	50,700,000		25,350,000	Consolidation and subdivision into 68,000,000 shares of 50k each
1991	68,000,000	34,000,000	55,200,000		27,600,000	Listed on the Stock Exchange
1992	68,000,000	34,000,000	66,240,000		33,120,000	
1993	80,000,000	40,000,000	79,884,000		39,744,000	Bonus issue of 1 for 5 held
1994	80,000,000	40,000,000	79,884,000		39,744,000	
1995	80,000,000	40,000,000	79,884,000		39,744,000	
1996	80,000,000	40,000,000	79,884,000		39,744,000	
1997	200,000,000	100,000,000	105,984,000		52,992,000	Increase in share capital & rights Issue of 1:3
1998	200,000,000	100,000,000	105,984,000		52,992,000	
1999	200,000,000	100,000,000	105,984,000		52,992,000	
2000	200,000,000	100,000,000	105,984,000		52,992,000	
2001	600,000,000	300,000,000	317,970,000		158,985,000	Increase in share capital & rights Issue of 2:1
2002	600,000,000	300,000,000	317,970,000		158,985,000	
2003	600,000,000	300,000,000	317,970,000		158,985,000	
2004	600,000,000	300,000,000	317,970,000		158,985,000	
2005	600,000,000	300,000,000	317,970,000		158,985,000	
2006	600,000,000	300,000,000	476,955,000		238,476,000	Bonus issue of 1 for 2 held
2007	600,000,000	300,000,000	476,955,000		238,476,000	
2008	600,000,000	300,000,000	476,955,000		238,476,000	
2009	600,000,000	300,000,000	476,955,000		238,476,000	
2010	600,000,000	300,000,000	476,955,000		238,476,000	
2011	600,000,000	300,000,000	476,955,000		238,476,000	
2012	600,000,000	300,000,000	476,955,000		238,476,000	

REPORT OF THE DIRECTORS -CONTINUED

History of the Share Capital - Continued						
Year	Authorized Share Capital	Value	Issued and fully paid shares		Value	Remarks
2013	1,200,000,000	600,000,000	953,910,000		476,955,000	Increase in share capital & Bonus Issue of 1:1
2014	1,200,000,000	600,000,000	953,910,000		476,955,000	
2015	1,200,000,000	600,000,000	953,910,000		476,955,000	
2016	1,200,000,000	600,000,000	953,910,000		476,955,000	
2017	1,200,000,000	600,000,000	953,910,000		476,955,000	
2018	1,200,000,000	600,000,000	953,910,000		476,955,000	
2019	1,200,000,000	600,000,000	953,910,000		476,955,000	
2020	1,200,000,000	600,000,000	953,910,000		476,955,000	
2021	1,200,000,000	600,000,000	953,910,000		476,955,000	
Year	Minimum Share Capital	Value	Issued and fully paid shares			
2022	953,910,000	476,955,000	953,910,000		476,955,000	
2023	953,910,000	476,955,000	953,910,000		476,955,000	

Substantial interest in shares

The shares of Okomu Oil Palm Company Plc are 62.94% owned by Socfinaf S. A. which is incorporated under the laws of Luxembourg and 37.06% by a diversified spread of Nigerian individuals and institutional shareholders. Other than Socfinaf S.A, no other shareholder holds more than 5% of the issued share capital of the Company.

Analysis of shareholding structure as at 31 December 2023

Range of shareholding	Number of shares held	% Holding	Number of shareholders	Percentage (%)
1 – 1000	4,407,054	0.46	10,113	54.73
1001 - 5000	13,368,911	1.40	5,590	30.25
5001 - above	936,134,035	98.14	2,774	15.01

Directors' interest

The Director’s interest in the issued share capital that are fully paid up as recorded in the register of Directors' shareholdings and/or notified by them for the purposes of section 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of Nigerian Exchange Limited are set out as follows:

Held as at:		31st December 2023			31st December 2022	
		Direct	Indirect		Direct	Indirect
Name		Number	Number		Number	Number
Mr. G. Oyebode MFR		35,938,136	5,730,978		35,938,136	5,730,978
Mr. P.A.E Eguasa JP		9,165,000	73,375		9,165,000	-
Mr. A. Ighodalo		-	921,284		-	921,284
Mr. R. Helsmoortel		-	600,440,400			600,440,400

REPORT OF THE DIRECTORS -CONTINUED

Suppliers
The company purchases its spare parts and machinery from both local and overseas suppliers.

Major distributors
The Company's Palm Oil products are locally distributed across the entire country through key distributors, while all its rubber products are exported.

Director's interest in contracts
None of the Directors for the purpose of Section 303 of the Companies and Allied Matters Act 2020 has notified the company of having any direct or indirect interest in contracts or proposed contracts with the company during the year.

Managers' Remuneration
In compliance with section 257 of the Companies and Allied Matters Act, 2020 and the Nigerian Code of Corporate Governance, the Company makes disclosure of its remuneration of its managers as follows:

Type of package fixed	Description	Timing
Basic Salary	Part of the gross salary package for Nigerian Managers only. This reflects the Company's competitive salary package and the extent to which the Company's objective have been met for the financial year.	Paid monthly during the financial year
Other allowances	Part of the gross salary package for Nigerian Managers only. This reflects the Company's competitive salary package and the extent to which the Company's objectives have been met for the financial year.	Paid at periodic intervals during the financial year
Directors' fees	Paid annually to Non-Executive Directors and Independent Non-Executive Directors.	Paid annually
Sitting allowances	Allowances paid to Non-Executive Directors and Independent Non-Executive Directors for attending Board and Board Committee meetings.	Paid as per each meeting

REPORT OF THE DIRECTORS - CONTINUED

Employee health, safety, and welfare
The Company accords the highest priority to health and safety in its operations. To this end, health and safety regulations are operational within the Company.

The Company has engaged competent medical practitioners to treat accidents, if any, that may arise from the operations of the Company and provides medical care for its employees through designated hospitals and clinics.

Employee training and development
The Company believes in the development and training of its staff. There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirement of the staff throughout the Company. The Company incurred costs of ₦93.5 million (2022: ₦46.2 million).

Employment of physically challenged persons
The Company's policy is to give equal consideration to all persons, including those who are physically challenged persons, in all matters of employment after taking cognizance of their special aptitudes or challenges. Employees who become physically challenged during the course of their employment are given reasonable alternatives, having regard to their disabilities.

Property and equipment
Movements in property, plant and equipment during the year are shown in Note 19 to the financial statements.

Bearer plant
Movement in the Bearer plant during the year are shown in Note 20 to the financial statements.

Events after reporting period
The Directors are of the opinion that there were no events after the reporting date that could have material effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements.

Health, safety, and welfare
Health and Safety regulations are in force within the Company and are displayed on various notice boards within the premises. The Company has three staff clinics and provides medical facilities to all levels of employees. The Company incurred ₦124.6 million (2022: ₦138.7million) as cost for the treatment of their staff in 2023.

Corporate Social Responsibility
The Company expended the sum of ₦378.7 million on corporate social responsibility projects during the year (2022: ₦379.7 million). These comprised:

	2023 ₦'000	2022 ₦'000
Community projects	373,750	376,000
Scholarships given	4,950	3,740
	378,700	379,740

In accordance with Section 43(2) of the Companies and Allied Matter Act, 2020, the Company did not make or gift to any political party, political association or for any political purpose during the year.

REPORT OF THE DIRECTORS - CONTINUED

Corporate social responsibility for financial reports
In accordance with Section 405 of the Companies and Allied Matters Act 2020, each, and all the Directors, as at the date of the approval of this report confirm that:

- So far as he is or they are aware, that the audited financial statements do not contain any untrue statement of material fact or omit state of material facts, which would make the statements misleading, in the light of the circumstances under which such statements are made; and

- the audited financial statement and all other financial information included in the statements fairly presents, in all material respects, the financial condition and results of the operation of the Company as of and for the periods covered by the audited financial statements.

Audit Committee
Pursuant to Section 404 of the Companies and Allied Matters Act 2020, the Company has a statutory audit committee comprising three representatives of the Shareholders and two representatives of the Directors. The members of the Committee are Mr. Moses Igbrude, Rev. Andrew Imadu JP, Mr. Victor Odeh, Mrs. Vivien Shobo and Mr. Regis Helsmoortel. Rev. Andrew Imadu acted as the Chairman of the Committee.

Independent Auditor
Messrs. Ernst & Young has indicated their willingness to continue in office as auditors of the Company in accordance with Section 401 of the Companies and Allied Matters Act 2020. A resolution will be proposed authorizing the Directors to fix their remuneration at the Company's general meeting.

By Order of the Board of Directors

Chukwuebuka A. Omerole
FRC/2022/PRO/NBA/002/00000024073
P. C. Obi & Co.
Company Secretary

28th March 2024

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Board is responsible to the shareholders for the management and control of the Company's activities and is committed to the highest standards of corporate governance as set out in the Nigerian Code of Corporate Governance. It is the Board's view that the Company has fully complied with the provisions of the Code during the year.

The section provides the details of how the Company applied the principles and complied with the provisions of the Code.

Board composition and balance

During the year, the Board comprised a Non-Executive Chairman, three Independent Non-Executive Directors, seven Non-Executive Directors and two Executive Directors.

The posts of Chairman and Managing Director are separate and independent. The Chairman is responsible for the working and leadership of the Board and for the balance of its membership. The Managing Director is responsible for leading and managing the business within the authority delegated by the Board.

The Board considers that during the year the Company was in full compliance with the code, which requires that the membership of the Board should not be less than 5 persons and should be a mix of executive and non-executive Directors headed by a chairman with at least one independent Director.

It is part of the Board's plan to ensure that it has a blend of skills experience and independence that is required to provide leadership and to shape the overall strategic development of the Company.

Functioning of the Board

The Directors receive management information, including financial, operating, and strategic reports, in advance of Board meetings. The Board receives presentations from non-board members on matters of significance which help to give the Board greater insight into the business of the Company. The Company's solicitors and Company Secretary provide the Board with ongoing reports that cover legal and regulatory changes and developments.

The Board has a formal schedule of matters specially reserved to it for decision making, although its primary role is to provide leadership and to review the overall strategic development of the Company as a whole. In addition, the Board sets the Company's values and standards and ensures that the Company acts ethically and that its obligations to its shareholders are understood and met. The Board is specifically responsible for the:

- Approval of the Company's strategy and its budgetary and business plans.
- Approval of the significant investments and decisions.
- Review of the performance, assessed against the Company's strategy, objectives business.
- Approval of the annual results, interim management statements, accounting policies and the appointments and, subject to shareholder approval, remuneration of the external auditors.
- Approval of the dividend policy, the interim dividend, and the recommendation of the final dividend.
- Changes to the Company's capital structure and the issue of any securities.
- Establishing the Company's risk policies, system of internal control, governance, and approval authorities.
- Executive performance and succession planning, including the appointment of new Directors; and
- Determine the standards of ethics and policy in relation to business practice, health, safety, environment, social and community responsibilities.

CORPORATE GOVERNANCE REPORT - CONTINUED

Functioning of the Board - continued

At its meetings during the year, the Board discharged the duties above and received updates on the following financial performance indicators; key management changes; material new projects; financial plans; legal and regulatory updates, and in particular, it continued with development work in the future expansion project of the Company. In addition to formal reports passed to the Directors, the Directors are expected to take responsibility for identifying their own individual needs and to take appropriate steps to ensure that they are properly informed about the Company and their responsibilities as a Director.

Board performance and evaluation

In the year under review, the Company's consultants Grant Thornton, Chartered Accountants undertook an annual independent evaluation of the Board and Board committees' performance and ascertained whether there were areas where performance and procedures might be further improved. The outcome of the Board evaluation was highly enlightening and very satisfactory.

Board training

The Company's policy encourages Directors to attend different training programmes and seminars that enhance their professional skills and informs them of new developments in the Company's business and operating environment.

Director's conflicts of interest

The Directors have and are aware of the statutory duty to avoid a situation in which they have, or could have, an interest that conflicts or possibly may conflict with the interests of the Company. They will not be in breach of that duty if the relevant matter has been authorized in accordance with the Articles by the other Directors. The Board has adopted a set of guiding principles on managing conflicts and has approved a process for identifying current and future actual and potential conflicts of interest.

Board resignation and appointment

Changes in the composition of the Board is as set out in the Director's report.

The Board has a written policy in respect of the appointment of new members. The policy sets out the basis of selection, the process of examining and evaluating the curriculum vitae together with personal interviews by the Chairman and members of the Board. An induction process is held upon acceptance of the person on the Board.

CORPORATE GOVERNANCE REPORT - CONTINUED

Board meetings

During the year the Board held four scheduled meetings. The attendance of Directors at the scheduled committee meetings that were convened in the year ended 31 December 2023 are as follows:-

S/N	Name of Director	Board of Directors	Audit Committee	Risk Management	Governance/Remuneration Committee
	Number of meetings held during the year 2023	4	4	3	4
1	Mr. Gbenga Oyebode MFR	4 C	-	-	-
2	Dr. Graham Hefer	4	4+	3+	4+
3	Mr. Arnaud Arhainx	4	4+	2+	2+
4	Mr. Peter Eguasa JP	4	-	3C	4
5	Mrs. Vivien Shobo	4	4	3	-
6	Mr. Hubert Fabri	4	-	-	-
7	Mr. Regis Helsmoortel	3	3	-	-
8	Late Chief David Edebiri OON (passed away on July 20, 2023)	1	-	1	1
9	Mr. Asue Ighodalo	2	-	-	4 C
10	Mrs. Isabelle Chevalley	4	-	-	4
11	Mr. Julien Bastrup-Birk	4	-	-	-
12	Mr. Phillippe Fabri	3	-	3	-
	Non-member (-)				
	Chairman (C)				
	Executive (E)				
	Independent Director (I)				
	Non-Executive (NE)				
	In attendance, not being a member (+)				

In line with the provisions of section 267(1) of the Companies and Allied Matters Act, 2020, the record of Directors' attendance at board meetings shall be available for inspection at the Annual General Meeting. The Board and Committee meetings are structured to allow open discussion. All Directors receive detailed papers in advance of Board meetings. When unable to be physically present in person, Directors may attend by audio or video conference. When Directors are not able to attend the Board or its committee meetings in which they are members, their comments on the paper to be considered at that meeting are relayed in advance to the Chairman of that meeting or an alternate/proxy is produced where applicable. The Company Secretary, whose appointment is a matter reserved for the Board, is responsible for advising and supporting the Chairman and the Board on Company Law and Corporate Governance matters and ensuring that Board procedures are duly followed. The officer is responsible for ensuring that there is a smooth flow of information to enable effective decision-making. All Directors have access to the advice and services of the Company's legal counsel and the Company Secretary and through him, have access to independent professional advice in respect of their duties at the Company's expense.

CORPORATE GOVERNANCE REPORT - CONTINUED

	Years of Service		
	Board		**Years**
	Chairman	Mr. Gbenga Oyebode MFR	32
	Managing Director	Dr. Graham Hefer	17
	Finance Director	Mr. Arnaud Arhainx	4
	Non-Executive Directors		
	Mr. Hubert Fabri		34
	Mr. Regis Helsmoortel		15
	Mr. Peter Eguasa JP		32
	Mr. Philippe Fabri		2
	Late Chief David Edebiri		Passed away on the 20th of July 2023
	Mr. Asue Ighodalo		Resigned on the 31st of December 2023
	Mr. Idah Eghe Osaro		Appointed 15th March 2024

	Independent Directors		
	Mrs. Vivien Shobo		3
	Mrs. Isabelle Chevalley		2
	Mr. Julien Bastrup-Birk		2

	External Auditors		
	Messrs. Ernst & Young		3
	External Corporate Governance		
	Grant Thornton		10

Board Committees

The Board has delegated certain authority to the Committees, each with formal terms of reference, which are available on request or can be obtained from the Company Secretary. The Committees of the Board are as follows:

- Risk Management Committee
- Audit Committee
- Governance/ Remuneration Committee

The Chairman is not a member of any of the Board Committees.

Risk Management Committee

The Committee comprised four Non-Executive Directors and one Independent Director as shown below:

Mr. Peter Eguasa JP	Non-Executive Director	Chairman
Late Chief David Edebiri, OON	Non-Executive Director	Member (passed away on the 20th of July 2023)
Mrs. Vivien Shobo	Independent Director	Member
Mr. Philippe Fabri	Non-Executive Director	Member

CORPORATE GOVERNANCE REPORT - CONTINUED

The Risk Management Committee is charged with the responsibility for acknowledging and identifying risk in the workplace and in the operating environment, evaluating and prioritizing such risks that may arise and advising the Company on how to avoid, modify and manage all risks the Company may encounter. During the year, the Committee was chaired by Mr. P.A.E. Eguasa with three other Directors as members. The Committee met three times in 2023.

Audit Committee
The Committee comprised two Non-Executive Directors and three elected members of the shareholders as shown below:

Rev. Andrew Imadu, JP	Shareholder	Chairman
Mr. Victor Odeh	Shareholder	Member
Mr. Moses Igbrude	Shareholder	Member
Mrs. Vivien Shobo	Director	Member
Mr. Regis Helsmoortel	Director	Member

The Committee met five times during the year. At these meetings, the Managing Director, Finance Director, representative of the External Auditors (attended twice), the Internal Auditor and the Company Secretary were all in attendance. The Board considers that the members of the Audit Committee collectively have sufficient recent and relevant financial experience to carry out the functions of the committee.

The Board has delegated to the Committee the responsibility for overseeing the financial reporting, internal risk management and control functions and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors. The Committee is authorized to investigate any matter within its terms of reference and, where necessary, to obtain external legal or other independent professional advice.

The Committee's principal activities during the year included:

- Reviewing the half-year and annual financial statements with particular reference to accounting policies, together with significant estimates and financial reporting judgements and the disclosures made therein;
- Monitoring the financial reporting process.
- Reviewing management representations made to the external auditors;
- Reviewing the Company's procedures to ensure that all relevant information is disclosed;
- Discussing any issues arising out of the full-year audit with the external auditors (in the absence of management where appropriate);
- Making recommendations to the Board with regard to continuing the appointment and remuneration of the external auditors;
- Overseeing the Company's relations with the external auditors and the effectiveness of the process;
- Reviewing and assessing the effectiveness of the Company's internal financial controls and their applications;
- Monitoring and reviewing the internal audit function, reviewing all reports prepared by the internal auditors and assessing management's responses to such reports; and
- Reviewing and assessing the efficiency of the Company's internal control and risk management systems.

To enable it to carry out its duties and responsibilities effectively, the committee relies on the information and support from the management across the business.

CORPORATE GOVERNANCE REPORT - CONTINUED

The Committee also considers on an ongoing basis the independence of the external auditors and has established policies to consider the appropriateness or otherwise of appointing external auditors to perform non-audit services, including consideration as to whether the auditors are the most suitable suppliers of such services.

Governance/Remuneration Committee
This Committee comprised three Non-Executive Directors and an Independent Director as shown below:

Mr. Asue Ighodalo	Non-Executive Director	Chairman (resigned on 31st December 2023)
Mr. Peter Eguasa JP	Non-Executive Director	Member
Late Chief David Edebiri OON	Non-Executive Director	Member (died on the 20th of July 2023)
Mrs. Isabelle Chevalley	Independent Director	Member

The Committee's principal responsibilities are to determine the Company policy on senior management remuneration and approve appropriate salary packages of the senior Nigerian Management staff and non-executive Board allowances. The Committee determines the level of fees payable to the Non-Executive Chairman as well as establishing the criteria for Board and Board Committee membership.

Given the central part that remuneration plays in the success of the Company, in terms of recruitment, motivation and retention of high-quality employees, the Committee is consulted on the remuneration packages of the Senior Nigerian Management staff. The Committee also reviews the remuneration of other members of the Company's Non-Executive Board.

Relations with shareholders
The Company recognizes the importance of maintaining regular dialogue with its shareholders hence the institution of a comprehensive programme to maintain the ongoing two-way dialogue between the Company and shareholders as it helps to ensure that the Board is aware of shareholders' views on a timely basis. This programme is carried out through the office of the Company Secretary. The Company has established a web portal on the Company's website at www.okomunigeria.com for its shareholders to ensure access to relevant historical financial information.

The Annual General Meeting (AGM) provides the Board with a valuable opportunity to communicate with the shareholders and is generally attended by all the Directors. Shareholders are given the opportunity to ask questions during the meeting and to meet the Directors following the conclusion of the formal part of the meeting. The Directors aim to give as much notice of the AGM as possible which will be at least 21 clear days, as required by the Companies and Allied Matters Act, 2020. In accordance with the Articles, electronic and proper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting.

Internal Control and Risk Management
The Board has overall responsibility for establishing and maintaining the Company's system of risk management and internal control to safeguard shareholders' investments and the Company's assets and for reviewing the effectiveness of this system. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT - CONTINUED

Key elements of the Company's system of risk management and internal controls are:

- The regular review and assessment of the performance of the business in relation to risk management and internal control by the Board and its subcommittees.
- The Company's risk management policy which sets out the process for identifying, evaluating and managing the key risks to the Company's business objectives, supported by an appropriate organizational structure and clearly defined management responsibilities;
- The Company's risk committee which reports to the Board and is tasked with the review, discussion and challenges of key risks reported, the ongoing development of internal controls and the monitoring of internal audits and other sources assurance on the effectiveness of internal controls.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the system of risk management and internal control. In performing its review of effectiveness, the Audit Committee considers the following reports and activities:

- Internal audit reports on the review of priority controls across the Company and the monitoring of management actions arising;
- Management's own assessment of the performance of the system of risk management and internal control during 2023; and
- Reports from the external auditors on issues identified during the course of their work.

The Board, having reviewed the effectiveness of the system of internal control, can confirm that necessary actions have been, or are being taken to remedy any significant failings or weaknesses identified.

Complaints management policy

The Company has a Complaints Management Policy and Framework in place in accordance with SEC Directives on the resolution of complaints. This policy has been uploaded on the Company's website for public access.

Gender diversity

The Board is aware of the need to ensure equal and fair opportunities to all persons regardless of gender or physical attributes. The Board is currently examining its policies to ensure a more focused approach in recruiting and promoting women within its organization.

Employees

The Company continues to promote an equal opportunity, merit-based environment for all of its employees.

Prohibition of insider trading

The Company's Code of Conduct (in accordance with the extant Nigerian laws and rules of the Nigerian Exchange Limited prohibits employees and Directors from insider trading, dealings and stock tipping when in possession of price-sensitive, non-public information relating to the Company's business and from sharing or using such insider information.

SEC Code of Corporate Governance for public companies in Nigeria

The Company complied with the SEC Corporate Governance Guidelines for Public Companies in Nigeria.

CORPORATE GOVERNANCE REPORT - CONTINUED

Whistleblowing
The Company encourages its employees to report the concerns that they feel need to be brought to the attention of management. Whistle-blowing procedures, which are displayed on the Company's website and notice boards, are available to employees who are concerned about possible impropriety, security breaches, or any other issue and who may wish to ensure that appropriate action is taken without fear of victimization or reprisal.

Code of conduct
The Company's Code of Ethics and Business Conduct is readily available to all employees, and in particular to ensure that employees have a single reference point (which is available in local language as appropriate) which details the Company's commitment and approach to ethical business conduct.

Going concern
The Board of Directors has undertaken a thorough review of the Company's budget and forecasts that the management has produced which are detailed and realistic cash flow projections. These cash flow projections, when considered in conjunction with the Company's anticipated undrawn facilities and cash (including consideration of reasonable possible changes in trading performance), demonstrate that the Company has sufficient working capital for the foreseeable future. Consequently, the Directors believe that the Company has adequate resources to continue its operational existence. The financial statements have therefore been prepared on a going concern basis.

Chukwuebuka A. Omerole
P.C. Obi & Co.
Company Secretary
FRC/2022/PRO/NBA/002/00000024073
By the Authority of the Board
Okomu-Udo
Edo State

28th March 2024

REPORT OF THE AUDIT COMMITTEE

In Compliance within the provisions of sections 404 (7) of the Companies and Allied Matters Act, 2020, we, the members of the Audit Committee of The Okomu Oil Palm Company Plc, having carried out our functions under the Act, confirm that the accounting and reporting policies of the Company as contained in the financial statements for the year ended 31st December 2023 are in accordance with legal requirements and agreed ethical practice.

We confirm that the external auditors, Messrs. Ernst & Young have issued an unqualified opinion on the Company's financial statements for year ended 31 December 2023.

In our opinion, the scope and planning of the audit for the year ended 31 December 2023 were adequate and we confirm that the responses by the management to the external Auditors' findings on Management matters were satisfactory.

Rev. Andrew Imadu, JP
Chairman, Statutory Audit Committee
FRC/2024/PRO/AUDITCOM/002/662301

Dated this 28th March, 2024

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Certification Pursuant to Section 405(1) of the Companies and Allied Matters Act, 2020.

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2023 that:

a. We have reviewed the report;
   To the best of our knowledge, the report does not contain:
   - Any untrue statement of a material fact, or
   - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in this report.

c. We:
   - are responsible for establishing and maintaining internal controls.
   - have designed such internal controls to ensure that material information relating to the Company and is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
   - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
   - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Company and Audit Committee:
   - All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
   - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Arnaud Arhainx
Finance Director
FRC/2021/006/00000022972

28th March 2024

Graham Hefer
Managing Director
FRC/2013/IODN/00000002460

28th March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria (Amended) Act, 2023.

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria (Amended) Act, 2023.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance for the year ended 31 December 2023.The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of Board of Directors by:

Graham Hefer	Arnaud Arhainx
Managing Director	Finance Director
FRC/2013/IODN/00000002460	FRC/2021/006/00000022972
28th March 2024	28th March 2024

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE OKOMU OIL PALM COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Okomu Oil Palm Company Plc ('the Company'), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of The Okomu Oil Palm Company Plc as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE OKOMU OIL PALM COMPANY PLC - Continued

Report on the Audit of the Financial Statements - continued

Key Audit Matter		How the matter was addressed in the audit
Valuation of Biological Asset The Company uses a fair value model to determine the valuation of biological assets. The valuation of the biological asset involves complex and subjective judgements about the expected palm oil yield, crude palm oil and palm kernel price. As of 31 December 2023, biological assets (produce growing on bearer plants) were valued at NGN501.88million (2022: NGN536.64million). The expected palm oil yield, long term crude palm oil price has been identified as a source of estimation uncertainty. The material accounting policy and critical judgments relating to the valuation are outlined in note 4.3 (Significant accounting judgements, estimates and assumptions). The fair value disclosures of biological assets are outlined in Note 7.3 (Fair value measurement) to the financial statements.		Our audit procedures included the following: ▸ We evaluated the model used by management to ensure it was in accordance with the requirements of IAS 41 "Agriculture". ▸ We tested management's ability to forecast by comparing the palm oil yield used in the prior year valuation to the actual yields in the current year. ▸ We checked that the model used was consistent with prior year. ▸ We tested the underlying assumptions applied determining the crude palm oil and kernel oil price. ▸ We tested the mathematical accuracy of the model and inspected the data inputs into the model relating to plantation size, number of trees and actual yield. ▸ We checked the presentation and disclosure of Management's valuation in the financial statements to assess their reasonableness.

Other Information
The Directors are responsible for the other information. The other information comprises the information included in the document titled "The Okomu Oil Palm Company Plc Annual Report and Financial Statements for the year ended 31 December 2023", which includes Corporate information, Chairman's Report, Report of the Directors, Corporate Governance Report, Report of the Audit Committee, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities in relation to the preparation of the Financial Statements, and Other National Disclosures. The other information does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE OKOMU OIL PALM COMPANY PLC - Continued

Report on the Audit of the Financial Statements - continued

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE OKOMU OIL PALM COMPANY PLC - Continued

Report on the Audit of the Financial Statements - continued

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. In our opinion, proper books of account have been kept by the Company, in so far as appears from our examination of those books;

iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

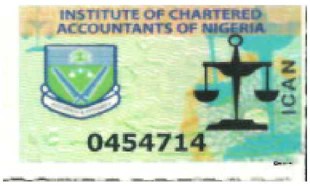
In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC) Guidance on Assurance Engagement Report on Internal Control over Financial Reporting:

We performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an unmodified attestation in our report dated 29 March 2024.

Signed:

Williams Erimona, FCA
FRC/2013/ICAN/00000002190

For: Ernst &Young
Lagos, Nigeria



...29th... March 2024

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

For the year ended	Notes	2023 ₦'000	2022 ₦'000
Revenue from contracts with customers	9	75,107,842	59,323,723
Other income	10	10,851,636	1,777,763
Raw materials and consumables used	11	(12,518,349)	(11,752,940)
Employee benefits expense	12	(13,063,646)	(10,331,079)
Depreciation expense	13	(7,270,142)	(3,730,938)
Other expenses	14	(15,689,264)	(10,953,829)
Finance costs	15	(3,674,128)	(1,071,272)
Finance income	16	5,217	4,966
Net gain on valuation of biological assets	21.3	89,483	251,041
Profit before taxation		**33,838,649**	**23,517,435**
Income tax expense	17.1	(13,192,122)	(7,286,629)
Profit for the year		**20,646,527**	**16,230,806**
Other Comprehensive income (OCI):			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on defined benefit plan	32.2	(114,139)	(46,322)
Income tax effect	17.1	34,242	13,897
Other comprehensive loss for the year (net of tax)		(79,897)	(32,426)
Total comprehensive income for the year		**20,566,630**	**16,198,380**
Basic earnings per ordinary share (Naira)	18	21.64	17.02
Diluted earnings per ordinary share (Naira)	18	21.64	17.02

The accompanying notes to the financial statements are an integral part of these financial statements.

Statement of Financial Position

As at	Notes	2023 ₦'000	2022 ₦'000
Assets:			
Non-current assets			
Property, plant and equipment	19	41,773,448	38,068,029
Bearer plant	20	17,677,470	18,399,054
Biological asset	21.1	501,883	536,639
Right-of-use asset	24	10,053,639	63,415
Total non-current assets		**70,006,440**	**57,067,137**
Current assets			
Inventories	22	9,200,870	5,729,107
Biological assets	21	1,011,675	630,341
Trade and other receivables	23	3,921,939	1,400,614
Prepayment and other assets	25	2,508,524	1,833,510
Cash and cash equivalents	26	8,450,935	5,837,581
Total current assets		**25,093,943**	**15,431,153**
Total assets		**95,100,383**	**72,498,290**

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of financial position - Continued

As at

	Notes	2023 ₦'000	2022 ₦'000
Equity and liabilities:			
Equity			
Share capital	27	476,955	476,955
Share premium	28	1,867,096	1,867,096
Retained earnings		36,893,304	31,972,743
Other reserves	29	(362,825)	(282,928)
Total equity		**38,874,530**	**34,033,866**
Liabilities:			
Non-current liabilities			
Lease liabilities	24.1	8,743,738	-
Interest-bearing loans and borrowings	31.2	7,983,938	9,153,938
Post-employment benefits obligations	32	2,227,844	1,882,958
Government grants	34	1,062,712	2,047,476
Deferred tax liabilities	17.4	13,090,391	11,460,075
Total non-current liabilities		**33,108,623**	**24,544,447**
Current liabilities			
Trade and other payables	33	6,911,991	6,377,222
Lease liabilities	24.1	2,575,140	79,032
Interest-bearing loans and borrowings.	31.2	1,410,505	820,682
Government grants	34	629,247	706,699
Current tax payable	17.3	11,590,347	5,936,342
Total current liabilities		**23,117,230**	**13,919,977**
Total liabilities		**56,225,853**	**38,464,424**
Total equity and liabilities		**95,100,383**	**72,498,290**

These financial statements were approved by the Board of Directors on 28th March 2024 and signed on its behalf by:

Mr. G. Oyebode MFR
Chairman
FRC/2013/NBA/0000000254

Graham Hefer
Managing Director
FRC/2013/IODN/00000002460

Arnaud Arhainx
Chief Financial Officer
FRC/2021/006/00000022972

The accompanying notes to the financial statements are an integral part of these financial statements.

THE OKOMU OIL PALM COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

Statement of changes in equity

For the year ended 31 December 2023

	Share capital	Share premium	Other Reserves	Retained Earnings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2023	**476,955**	**1,867,096**	**(282,928)**	**31,972,743**	**34,033,866**
Profit for the year	-	-	-	20,646,527	20,646,527
	------------	---------------	-------------	-----------------	-----------------
Other comprehensive loss	-	-	(79,897)	-	(79,897)
	------	----	-------------	-----------------	-----------------
Total comprehensive income for the year	-	-	(79,897)	20,646,527	20,566,630
Transaction with shareholders:					
Unclaimed dividend now statute barred	-	-	-	13,549	13,549
Dividend declared (Note 30)	-	-	-	(15,739,515)	(15,739,515)
	------------	---------------	--------------	-----------------	----------------
At 31 December 2023	**476,955**	**1,867,096**	**(362,825)**	**36,893,304**	**38,874,530**
	======	========	=======	=========	=========
As at 1 January 2022	**476,955**	**1,867,096**	**(250,502)**	**31,958,407**	**34,051,956**
Profit for the year	-	-	-	16,230,806	16,230,806
	------------	---------------	-------------	-----------------	-----------------
Other comprehensive loss	-	-	(32,426)	-	(32,426)
	-----------	--------------	------------	-----------------	----------------
Total comprehensive income for the year	-	-	(32,426)	16,230,806	16,198,380
Transaction with shareholders:					
Dividends declared (Note 30)	-	-	-	(16,216,470)	(16,216,470)
	------------	----------------	-------------	-----------------	-------------------
At 31 December 2022	**476,955**	**1,867,096**	**(282,928)**	**31,972,743**	**34,033,866**
	======	=======	=======	========	=========

The accompanying notes to the financial statements are an integral part of these financial statements.

Statement of cash flows

For the year ended

	Notes	2023	2022
		₦'000	₦'000
Operating activities			
Profit before taxation		33,838,649	23,517,435
Adjustments to reconcile profit before tax to net cash cashflows:			
Depreciation of property, plant and equipment and bearer's plant	13	7,270,142	3,730,938
Fair value changes in biological assets	21	(89,483)	(251,041)
Service cost on post-employment benefit	32.2	75,674	70,784
Interest cost on post-employment benefit	32.2	271,795	217,328
Grant income	10.5	(1,062,216)	(698,547)
Loss on disposal of property, plant and equipment	14	2,624	-
Write off of property, plant and equipment	14	-	32,429
Finance costs	15	3,674,128	1,071,272
Finance income	16	(5,217)	(4,966)
Exchange gain on translation of foreign currency balances	10	(4,777,557)	(74,605)
Exchange loss on translation of foreign vendor balances	14	1,745,517	768,261
Changes in working capital			
Increase in prepayment and other assets		(675,013)	(1,721,182)
Increase in trade and other receivables		(2,521,326)	(722,819)
Increase in inventories		(3,471,764)	(1,011,374)
Increase in biological assets (harvested produce)		(381,334)	(396,164)
(Decrease)/increase in trade and other payables		(708,272)	864,333
		----------------	----------------
		33,186,347	**25,392,083**
Retirement benefit paid	32.2	(116,722)	(129,545)
Income tax paid	17.3	(5,873,560)	(1,961,174)
		----------------	----------------
Net cash flows from operating activities		**27,196,065**	**23,301,364**
		----------------	----------------
Investing activities			
Additions to bearer plant	20	(502,682)	(368,419)
Purchase of property, plant and equipment	19	(7,398,151)	(10,222,517)
Finance income	16	5,217	4,966
		----------------	----------------
Net cash flows used in investing activities		**(7,895,616)**	**(10,585,970)**
		----------------	----------------
Financing activities			
Repayment of borrowings	31.1	(1,396,595)	(524,065)
Payment of principal on lease liabilities	24.1.1	(1,623,646)	(67,548)
Payment of lease interest on lease liabilities	24.1.1	(1,875,127)	(24,919)
Dividend paid	30	(15,739,515)	(16,216,470)
		----------------	----------------
Net cash flows used in financing activities		**(20,634,883)**	**(16,833,002)**
		----------------	----------------
Net decrease in cash and cash equivalents		(1,334,433)	(4,117,609)
Net foreign exchange difference		3,947,787	-
Cash and cash equivalents at 1 January		5,837,581	9,955,188
		----------------	----------------
Cash and cash equivalents at 31 December	26	**8,450,935**	**5,837,581**
		========	=========

The accompanying notes to the financial statements are an integral part of these financial statements.

1 Corporate information

1.1 Reporting entity

The Okomu Oil Palm Company Plc was incorporated as a Private Limited Liability Company on 3 December 1979. It was converted to a Public Limited Company on 19 September 1997 under the Company and Allied Matters Act 2020.

The Company is located at Okomu Oil Palm Estate, Okomu-Udo, Edo State.

1.2 Principal activities

The Company is principally engaged in the cultivation of oil palm, processing of fresh fruit bunches into crude palm oil for resale, rubber plantation, and processing of rubber lumps to rubber cake for export.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of The Okomu Oil Palm Company Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). And in compliance with additional information required by the provision of the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria (Amended) Act, 2023. The financial statements comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and explanatory notes.

The financial statements have been prepared on a historical cost basis except for biological assets measured at fair value less costs to sell, defined benefits obligation and lease liabilities measured at the present value of the obligation and inventories measured at lower of cost and net realizable value.

The financial statement covers the financial period from 1 January 2023 to 31 December 2023, with the comparatives for the year ended 31 December 2022.

2.2 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand (N'000).

2.3 Going concern

The financial statements have been prepared in accordance with the going concern principle. The Directors believe that there is no intention or threat to liquidate the entity or cease trading after 12 months from the statement of financial position date.

2.4 Presentation of financial statements

The Company classifies its expenses by nature.

The Company has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position.

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The cash flows from operating activities are determined using the indirect method. The Company's assignment of the cash flows to operating, investing and financing category depends on the Company's business model and the applicable standard.

2 Basis of preparation - continued

2.5 Current versus non-current classification

The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is presented as current when it is

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realized within twelve months after the reporting period, or
(iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are presented as non-current.

A liability is presented as current when:
(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 Summary of material accounting information

The following accounting policies applied consistently in the preparation of these financial statements and applied to all the years presented.

3.1 Revenue from contract with customers

The Company is in the business of cultivating oil palm, processing of fresh fruit bunches into crude palm oil for resale, rubber plantation, and processing of rubber lumps to rubber cake for export. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration (net of value added tax, discounts and rebates) to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer.

Revenue is recognized when (or as) a performance obligation is satisfied. Performance would be regarded as being achieved when all of the following criteria have been met;

- Company's performance is complete, when (or as) a performance obligation is satisfied.
- The benefit of the revenue will flow to the Company.

There are no judgement that significantly affect the determination of the amount and timing of its revenue from contracts with customers.

3.1.1 Rubber sales

This comprises revenue from sales of rubber and other agricultural produce. Revenue is recognized when rubber has been sold. Revenue is recognized at a point in time when control of goods has been transferred to the customer. Depending on the terms of the contract with the customer, control is transferred either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

3 Summary of material accounting policies – continued

3.1 Revenue from contract with customers - continued

3.1.2 Sales of palm oil produce

This comprises revenue from sales of crude palm oil related products. Revenue is recognized when the products have been sold. Revenue is recognized at a point in time when control of goods has been transferred to the customer. Depending on the terms of the contract with the customer, control is transferred either upon delivery of the goods to a location specified by the customer, pick up of the goods by the customer at the Company's premises and acceptance of the goods by the customer, or upon delivery of the goods on board vessels or tankers for onward delivery to the customer.

Invoices are generated at a point in time and are payable immediately.

3.1.3 Palm oil processing

These comprise of revenue from palm oil processing for other Companies. Revenue is recognized at a point in time when services have been rendered in respect to processed palm produce through the Company's palm oil mill processing equipment.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts may provide customers with a right to return the goods within a specified period.

- *Rights of return*

The company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover the goods from the customer. The Company's sales terms do not permit the return of goods sold and services rendered to customers.

- *Volume rebates*

The company did not provide any rebate during the year.

(ii) Significant financing component

The company receives advance payments from customers for the sale of crude palm oil related products after approval of sales order has been made. There may be a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the goods, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception.
The company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

(iii) Non-cash consideration

The company does not receive non-cash considerations for sale of produce.

Contract balances

Contract assets

The company does not have contract asset in its books.

3 Summary of material accounting policies - continued

3.1 Revenue from contract with customers - continued

Trade receivables
A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.8.1.

Contract liabilities
A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the company transfers the related goods or services. Contract liabilities are recognized as revenue when the company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.2 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
‣ In the principal market for the asset or liability
Or
‣ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
‣ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
‣ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
‣ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers were involved for valuation of significant and complex liabilities, such as defined benefits obligations. Involvement of external valuers is determined annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3 Summary of material accounting policies - continued

3.3 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of the benefits of the underlying assets by equal annual instalments.

3.4 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tertiary Education tax

Tertiary education tax is based on 3% of the assessable profit for each year of assessment.

Police Trust Fund Levy

Police trust fund levy is based on 0.005% of the net profit of companies operating business in Nigeria.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3 Summary of material accounting policies - continued

3.4 Taxes - continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in the correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.5 Cash dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

Property, plant and equipment's are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. An asset is recognized when it is probable that the economic benefits associated with the item flow to the entity and cost can be reliably measured.

3.6.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.6.3 Depreciation

Depreciation is calculated to write off the cost or revalued amount of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

3 Summary of material accounting policies - continued

3.6 Property, plant and equipment - continued

The estimated useful life of items of property, plant and equipment are as follows:

	%
Building	5-10
Palm Oil mill	5-20
Rubber mill	5-20
Machinery and equipment	10-20
Furniture and equipment	12.5
Vehicle	20

Land is not depreciated as it is a leasehold asset with an indefinite useful life.

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively .

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss.

3.6.4 De-recognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

3.7 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of use

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of- use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3 Summary of material accounting policies - continued

3.7 Leases - continued

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
‣fixed payments, including in-substance fixed payments;
‣variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
‣amounts expected to be payable under a residual value guarantee; and
‣ the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.8.1 Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

3 Summary of material accounting policies - continued

3.8 Financial instruments – initial recognition and subsequent measurement – continued

3.8.1 Financial assets - continued

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have any debt instrument at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 7 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity instrument at fair value through OCI.

3 Summary of material accounting policies - continued

3.8 Financial instruments – initial recognition and subsequent measurement – continued

3.8.1 Financial assets - continued

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
‣ The rights to receive cash flows from the asset have expired
Or
‣ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment
Further disclosures relating to impairment of financial assets are also provided in the following notes:

‣ Disclosures for significant assumptions Note 4.3

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase

3 Summary of material accounting policies - continued

3.8 Financial instruments – initial recognition and subsequent measurement – continued

3.8.1 Financial assets – continued

Impairment - continued

in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company uses the ratings from reputable credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company has no debt instrument at fair value through OCI

3.8.2 Financial liabilities

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

3 Summary of material accounting policies - continued

3.8 Financial instruments – initial recognition and subsequent measurement – continued

3.8.2 Financial liabilities - continued

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
‣ Financial liabilities at fair value through profit or loss
‣ Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 31.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.8.3 Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3 Summary of material accounting policies - continued

3.9 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:
- Raw materials: purchase cost on a weighted average basis.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs on a weighted average basis.
- General stores and maintenance: weighted average cost.
- Spares: weighted average cost.
- Goods in transit: Purchase cost incurred to date.

Initial cost of inventories of harvested agricultural produce is measured at fair value less cost to sell while refined products are measured using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Harvested Fresh Fruit Bunches are transferred to inventory at fair value less costs to sell when harvested.

3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, as defined above.

3.11 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

3 Summary of material accounting policies - continued

3.11 Provisions

Contingent assets and liabilities
A contingent asset is a potential economic benefit that is dependent on some future event(s) largely out of a company's control while a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.12 Employee benefits

3.12.1 Short term employee benefits
Short term employee benefits consist of salaries, bonuses e.t.c. Short-term employees benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid as cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined contribution plan
The Company operates a defined contribution-based retirement benefit scheme for their staff, in accordance with the Pension Reform Act of 2014 with employee contributing 8% and the employer contributing 10% each of the employee's relevant emoluments (basic salaries, housing and transport allowances). Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contributions. Employees contributions are deducted through the payroll. The Company operates a defined benefit pension plan in Nigeria, which requires contributions to be made to a separately administered fund.

3.12.3 Other post-employment benefits
The Company also provides certain additional post employment healthcare benefits to employees in Nigeria. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'employee benefits expense' in the statement of profit or loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3 Summary of material accounting policies - continued

3.13 Finance income and cost

Finance income comprises interest income on short-term deposits with banks and foreign exchange gains. Interest income on short-term deposits is recognized using the effective interest method. When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the entity recognizes the difference between the transaction price and fair value in profit or loss.

In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Finance costs comprise interest expense on interest bearing liabilities, unwinding discount from CAPM and foreign exchange losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

3.14 Share Capital and reserves

Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the proceeds of the equity instruments.

3.15 Earnings per share (EPS)

Basic EPS

Basic earnings per share is calculated on the Company's profit or loss after taxation and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share options arising from the share-based payment scheme) into ordinary shares.

Dividend

Dividends on ordinary shares are recognized as a liability in the period in which they are approved.

3.16 Bearer plants

Bearer plants comprise of palm and rubber plantation. These assets are initially recognized at their historic cost. The historic costs comprise the amount incurred from the stage of pre-cropping, land clearing, agricultural labour, the cost of material and the other expenditure incurred to bring the bearer plants to the point of maturity.

Each group of bearer plants is grouped into the year in which the cultivation of the plant commences. The group of assets are segregated according to the year and the product type. The bearer plants are first recognized as an immature until classified as mature.

The estimated useful life of items of bearer plants are as follows:

	%
Palm plantation	5-20
Rubber plantation	5-20

3 Summary of material accounting policies - continued

3.16 Bearer plants- continued

Bearer plants are recognized as mature when the following events occur:

Palm oil plantations are treated as mature when 60% of palm per block are bearing fruits with an average weight of 3kg or more.
Rubber plantations are treated as mature when 40% of the trees can be tapped during the year.

Bearer plants are stated at cost less accumulated depreciation and accumulated impairment losses. Cost include expenditure that are directly attributed to the planting and nurturing of the bearer plant prior to the asset being tapped and harvested. All other costs incurred for maintenance after recognition as matured plantation are charged to profit or loss during the financial period in which they are incurred.

The Company recognizes immature bearer plants at cost less any impairment losses under capital work in progress. Immature bearer are then classified as bearer plants when they reach the stage of maturity. Depreciation of bearer plants commence when they are ready for use.

3.17 Biological Assets

Biological assets are measured at fair values less estimated costs to sell. Palm oil and rubber trees are bearer plants and are therefore presented and accounted for as bearer plants. However, the Fresh Fruit Bunches (FFB) growing on the trees are accounted for as biological assets until the point of harvest. Harvested Fresh Fruit Bunches are transferred to inventory at fair value less costs to sell when harvested. Any gains or losses arising on subsequent changes in fair values less estimated cost to sell are recognized in profit or loss in the year in which they arise.

Rubber(latex) and Fresh Fruit Bunches at the point of harvest are accounted for under IAS 41 and measured at fair value less cost to sell.
All costs of upkeep and maintenance of biological assets are recognized in profit or loss under cost of production in the period in which they are incurred.

IAS 41 applies to agricultural produce (i.e., harvested produce) at the point of harvest only, not prior or subsequent to harvest.

3.18 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4.3

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculated are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each the Company's CGUs to which the individual assets are allocated. These budgets

3 Summary of material accounting policies – continued

3.18 Impairment of non-financial assets- continued

and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project the future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the profit or loss in expense categories consistent with the function of the impaired asset, except for the properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding the goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously impairment losses no longer exist or have decreased. If such indication, exists, the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4. Changes in accounting policies and disclosure

4.1 New and amended standards and interpretations

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not opted to adopt early, any other standard, interpretation or amendment that has been issued but is not yet effective.

- ***IFRS 17 Insurance Contracts***

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the company's financial statements.

- ***Definition of Accounting Estimates - Amendments to IAS 8***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the company's financial statements.

- ***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.***

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the company's financial statements.

- ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.***

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

This had an impact on the financial statement.

- ***International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12.***

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.
The amendments had no impact on the company's financial statements as the company is not in scope of the Pillar Two model rules.

4 Changes in accounting policies and disclosure – continued

4.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

▸ ***Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - Effective for annual periods beginning on or after 1 January 2024***
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the company's financial statements.

▸ ***Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024***
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

▸ ***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***
In May 2023, the IASB issued amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the company's financial statements.

4 Changes in accounting policies and disclosure – continued

4.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

‣ Capital management	Note 6
‣ Financial instruments risk management and policies	Note 5.2
‣ Sensitivity analyses disclosures	Notes 5.2.1

Judgements

In the process of applying the Company's accounting policies, management has made various judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Those which management has assessed to have the most significant effect on the amounts recognized in the financial statements have been discussed in the individual notes of the related financial statement line items.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Items with the most significant effect on the amount recognized in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Distinction between immature and mature plantation

The Company has determined that its palm plantation are mature when 60% of palm per block are bearing fruits with an average weight of 3kg or more.
Rubber plantations are treated as mature when 40% of the trees can be tapped during the year.

This represents the point at which the Company ceases capitalization of costs and the palms and rubber are reclassified as mature.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4 Changes in accounting policies and disclosure – continued

4.3 Significant accounting judgements, estimates and assumptions - continued

Provision for expected credit losses of trade receivables and contract assets
The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 23.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.

Fair value of biological assets
The Company carries its biological assets (produce growing on bearer plants), Fresh Fruit Bunches (FFB) and tapped rubber (cup lumps) at the time of harvest at fair value less costs to sell.

The fair value of produce growing on bearer plants is determined by reference to market prices of FFB and tapped rubber and adjusted for expected costs to reach maturity. Significant estimates include the expected fruit and rubber yields and quality, costs to incur until harvest and the expected market price for the harvested produce.

The key assumptions used to determine the fair value of biological assets are provided in Note 7.4.
The fair value of harvested FFB and tapped latex at the point of harvest is determined by reference to the market prices for each variety of product grown in the local area and the market price paid to independent palm and rubber tree growers. Any gains or losses on remeasuring fair value are included within profit or loss.

Defined benefit plans (pension benefits)
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4 Changes in accounting policies and disclosure – continued

4.3 Significant accounting judgements, estimates and assumptions - continued

Defined benefit plans (pension benefits)- continued
The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in Note 32.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5 Risk management objectives and policies

5.1 Overview

Risk management is carried out in line with policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the Managing Director, which aims to effectively manage the financial risk of Okomu Oil Palm Company Plc, according to the policies approved by the Board of Directors.

5.2 Financial Risk

The Company's financial instruments consist of trade and other receivables and trade and other payables, cash and cash equivalents and loans. The main risks arising from the Company's financial instruments are;

- Market risk
- Credit risk
- Liquidity risk

5.2.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the Company's holdings of financial instruments.

Foreign Exchange Risk

The Company is exposed to foreign exchange risks from some of its commercial transactions and recognized assets. The Company buys and imports some of the equipment used for production, the payments for which are made in Euro and US Dollars. The Company makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in Euro. See below for balances at year end that are in Euro and dollars.

Foreign Currency Sensitivity

	EUR	USD
31 December 2023		
Cash and cash equivalents (N'000)	3,004	3,128
Due from related parties (N'000)	(2,699)	3,946
Due to related parties (N'000)	-	(694)
	-----------	---------
Net FCY Exposure (N'000)	**305**	**6,380**
	=====	=====
Sensitivity at 20% Naira appreciation	15	304
	======	=====
Sensitivity at 20% Naira depreciation	(15)	(304)
	======	=====
31 December 2022		
Cash and cash balances (N'000)	4,223	3,573
Due from related parties (N'000)	1,445	1,082
Due to related parties (N'000)	405	104
	-----------	---------
Net FCY Exposure (N'000)	**6,073**	**4,759**
	====	====
Sensitivity at 20% Naira appreciation	101	73
	=====	====
Sensitivity at 20%s Naira depreciation	(101)	(73)
	=====	====

5 Risk management objectives and policies - continued

5.2.1 Market risk - continued

5.2.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions. Payment for sales of palm produce are made in advance

The Company ensures that sales of its products are made to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks.

Credit risk arises from bank balances and trade and other receivables from other entities. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit sales are insignificant or minimal as the Company predominantly has cash sales therefore ECL is immaterial on trade receivables.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

Credit risk from balances with banks and financial institutions is managed by the Company treasury department in accordance with the Company's policy. The Company maintains its bank balances with reputable bank and financial institution with high quality credit ratings and considered low risk. Cash and cash equivalent are subject to the expected credit loss impairment model however the impairment loss is assessed as immaterial.

Credit risk from balances with related parties is managed by the Company in accordance with the Company's policy. The Company has receivables through transactions with its related parties.
Related party receivables are subject to the expected credit loss impairment model however the impairment loss is assessed as immaterial.

Financial assets at reporting period are disclosed below.

		2023 ₦'000	2022 ₦'000
Cash and bank	26	8,450,935	5,837,581
Trade receivables	23	6,728	2,763
Related parties	23	2,468,219	538,515
		10,925,882	**6,378,859**

5.2.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times to enable the Company not to breach borrowing limits on any of its borrowing's facilities. The Company manages liquidity risk by effective working capital and cash flow management.

Analysis of financial liabilities by remaining contractual maturities

The analysis shows the undiscounted contractual cash flows on the Company's financial assets and liabilities and on the basis of their earliest possible contractual maturity.

5 Risk management objectives and policies - continued

5.2.3 Liquidity Risk – Continued

The table below summarizes the maturity profile of the cash flows of the Company's financial assets and liabilities.

In thousands of Naira	Carrying amount	Note	On Demand	Less than 1 year	Over 1 year	Undiscounted contractual amount
31 December 2023						
Financial liabilities:						
Interest-bearing loans and borrowings	9,394,443	31	-	3,870,251	11,003,182	13,873,433
Lease liabilities	11,318,878	24.1	-	4,121,573	10,822,086	14,943,659
Trade payables	2,591,461	33	-	2,591,461	-	2,591,461
	-----------------		-----	-----------------	-----------------	-----------------
	23,304,782		**-**	**10,583,285**	**21,825,268**	**31,408,553**
	=========		==	=========	=========	=========
31 December 2022						
Financial liabilities:						
Interest-bearing loans and borrowings	9,974,620	31	-	2,454,323	11,873,433	14,327,756
Lease liabilities	79,032	24.1	-	92,467	-	92,467
Trade payables	2,828,292	33	-	2,828,292	-	2,828,292
	-----------------		----	-----------------	-----------------	-----------------
	12,881,944		**-**	**5,375,082**	**11,873,433**	**17,248,515**
	=========		==	=========	=========	=========

From the above table, the Company's expected cash flows on the financial assets do not vary significantly from the contractual cash flows apart from interest bearing loans and borrowings.

There has been no breach to the loan covenant.

As part of the management of its liquidity risk, the Company holds liquid assets comprising of cash and cash equivalents and financial assets to meet its liquidity requirements.

5.2.4 Interest Risk

Interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have exposure to the risk of change in market interest rates as the Company interest -bearing loans and borrowings are all fixed interest rates. Furthermore, the Company does not account for any fixed rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date has no impact on the profit or loss.

6 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

		2023 ₦'000	2022 ₦'000
Lease liabilities		11,318,878	79,032
Interest bearing loans and borrowings		9,394,444	9,974,620
Trade and other payables		6,911,991	6,377,225
Less: Cash and cash equivalents		(8,450,935)	(5,837,581)
		-----------------	---------------
	(A)	19,174,378	10,593,296
		-----------------	---------------
Equity	(B)	38,874,530	34,033,866
		-----------------	---------------
Gearing ratio	(A/B)	49%	31%
		===	===

6 Capital management - continued

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Company does not have formal gearing ratio target. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances. The Company is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023 and 2022.

7 Fair value of financial assets and liabilities

7.1 Financial instruments not measured at fair value

The fair value of cash and bank balances, trade and other receivables, creditors and other liabilities approximate their carrying value due to their short-term nature.

7.2 Financial instruments measured at amortized cost

The interest-bearing loans and borrowings were recorded at amortized cost using the effective interest rate method. The terms are below-market rate as they are received from government as part of its grant initiatives.

					In thousands of Naira	
		Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
	31 December 2023	-	10,007,801	-	10,007,801	9,394,443
		======	========	======	========	========
	31 December 2022	-	10,945,131	-	10,945,131	9,974,620
		======	========	======	========	========

The fair value of the interest-bearing loans and borrowing is estimated by discounting the future contractual cashflows at the current market interest rate.

7.3 Fair value measurement

The following table presents the Company's biological assets that are measured at fair value at 31 December 2023 and 31 December 2022. The Company's biological assets are measured at fair value less cost to sell and are classified under level 2 (valuation based on observable market data) and level 3 (valuation based on unobservable data) of the fair value hierarchy. There are no items in level 1 (valuation based on quoted prices) and there were no transfers between levels.

		Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying Amount**
	Biological Assets- Produce growing on bearer plant:	**In thousands of Naira**				
	31 December 2023	-	-	501,883	501,883	501,883
		====	=====	=======	======	======
	31 December 2022	-	-	536,639	536,639	536,639
		====	=====	======	======	======
	Biological Assets – Harvested Produce:					
	31 December 2023	-	1,011,675	-	1,011,675	1,011,675
		==	========	==	========	========
	31 December 2022	-	630,341	-	630,341	630,341
		==	======	==	======	=======

7 Fair value of financial assets and liabilities- continued

7.4 Valuation of biological assets

The fair value less costs to sell of growing palm oil and rubber is determined based on estimates of yield, costs to incur until harvest, expected market prices at harvest and products quality. Market price of palm fruit and latex ranges through the year depending on the variety, current price and grade quality of palm oil and rubber in the region.

Analysis of production
Oil Palm
The Company harvested 279,834 tons (2022: 248,975 tons) of Fresh Fruit Bunches (FFB) and sold 56,103 metric tons of palm oil (2022: 49,745 metric tons) during the year.

Rubber
The Company harvested 9,884 tons (2022: 7,492 tons) of cup of lumps and sold 9,863 metric tons of rubber cake (2022: 8,409 metric tons) during the year.

The plantation covers the following areas
* Palm plantation covers a total of 19,044 hectares.
* Rubber plantation covers a total of 7,335 hectares.

Significant unobservable inputs used in fair value measurements of palm fruits and untapped rubber growing on bearer plants are the following:

	2023	2022	
Palm fruit growing on palm trees:			
Production allocation for growing produce on bearing plants(tons)	1,612	1,679	The higher the palm fruit yield the higher the fair value
Estimated cost+margin (N/ton)	297,287	309,339	
Untapped cup lumps growing on rubber tress:			
Production allocation for growing produce on bearing plants(tons)	181	182	The higher the yield in cup lump the higher the fair value
Estimated cost+margin (N/ton)	125,016	94,525	

7.4.1 Valuation processes

i) Produce growing on bearer plants (Palm fruits and cup lumps)

The Company has a team within the external reporting department that performs the valuation of biological assets.
When considering the appropriate market prices for fruits to use, the team reviews available information, including: the quantity of fruits growing on the bearer plants; expected yield; current health of the trees on which they grow; current market prices for the fruits; expected harvest costs through to harvest; and the expected timing of harvest; climate induced variations such as severe weather events, plant losses and new areas coming into production, age of plantation.
The valuation policies and procedures, as well as changes in the fair value measurements are reviewed by the Finance Director annually.

ii) Harvested produce (Harvested cup lumps and Fresh Fruit Bunches)
Management makes reference to the market price which is adjusted for cost to sell. e.g., transport cost.

The market price or the fair value measurement is based on the presumption that the transaction to sell the asset takes place in the principal market for the asset. In the absence of a principal market, the entity makes reference to the most advantageous market for the asset.

Notes to the financial statements - continued

8 Segment reporting

For management purposes, the Company is organized into business units based on its products and services and has three reportable segments, as follows:

- The palm plantation segment, which produces fresh fruit bunches, crude palm oil, crude palm kernel.
- The rubber plantation segment, which produces cup lump and rubber cake.
- The palm processing segment, which renders palm processing from the Company's mill processing equipment. Thus, no operating segments have been aggregated to form the above reportable operating segments. Major customers include Sogescol, Agri Palm.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Also, the Company's financing (including finance costs, finance income and other income) are managed on an entity basis and are not allocated to reportable segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

			2023	2022
8.1	**Segment revenue**		**₦'000**	**₦'000**
	Palm oil produce	9	67,036,501	53,749,832
	Rubber sales	9	7,950,973	5,495,712
	Palm oil processing	9	120,368	78,179
			75,107,842	**59,323,723**
8.2	**Segment profit**			
	Palm oil produce	8.2.1	20,213,873	17,852,280
	Rubber sales	8.2.2	383,210	(1,653,587)
	Palm oil processing	8.2.3	49,443	32,113
			20,646,526	**16,230,806**
8.2.1	**Palm oil produce**			
	Profit before tax		32,914,537	24,914,070
	Income tax expense		(12,700,663)	(7,061,790)
	Profit for the year		**20,213,873**	**17,852,280**
8.2.2	**Rubber sales**			
	Profit before tax		803,744	(1,474,794)
	Income tax expense		(420,533)	(178,793)
	Profit for the year		**383,210**	**(1,653,587)**
8.2.3	**Palm oil processing**			
	Profit before tax		120,368	78,179
	Income tax expense		(70,925)	(46,046)
	Profit for the year		**49,443**	**32,113**

None of the customers contribute more than 10% of the total revenue.

9 Revenue from contracts with customers

The Company's revenue is disaggregated below as follows:

	2023 ₦'000	2022 ₦'000
Palm oil produce	67,036,501	53,749,832
Rubber sales	7,950,973	5,495,712
Palm oil processing	120,368	78,179
Total revenue from contracts with customers	**75,107,842**	**59,323,723**
Disaggregation of revenue:		
Timing of revenue recognition		
Goods transferred at a point in time	74,987,474	59,245,544
Services transferred over time	120,368	78,179
Total revenue from contracts with customers	**75,107,842**	**59,323,723**
Primary geographical markets		
Revenue from customers is disaggregated by geographical market as follows:		
Nigeria	67,156,869	53,828,011
Outside Nigeria	7,950,973	5,495,712
	75,107,842	**59,323,723**

Performance obligation
Information about the Company's performance obligations are summarized below:

Palm sales
The performance obligation is satisfied when customers pick their goods from the plantation usually on same day. Customers pay in advance for products.

Rubber sales
The performance obligation is satisfied upon delivery of the rubber bales and payment is generally due within 1 to 30 days from delivery.

Oil palm processing
The performance obligation is satisfied when customers pick their goods from the plantation usually on same day. Payment is generally due within 1 – 30 days.

10 Other income

		2023 ₦'000	2022 ₦'000
Foreign exchange gains	10.1	4,777,557	74,606
Grant income	10.2	1,062,216	698,547
Hiring of Equipment	10.3	-	13,628
Miscellaneous income	10.4	-	298,239
Sundry income	10.5	4,604,691	224,966
Sales of other product	10.6	407,172	467,777
		10,851,636	**1,777,763**

10.1 Foreign exchange gain relates to translation of foreign bank and vendor balances.

10.2 Grant income represents amortization of government grant over the tenor of the government assisted loans.

10.3 This comprises of income from hiring of equipment to customers.

10.4 Miscellaneous income relates to sale of scrap and other products.

10 Other income - continued

10.5 Sundry income comprise Export Expansion Grant (EEG) received from Federal Government of Nigeria and sold at a discount to a commercial bank, as well as insurance claims received for damages on IT equipment and factory machines.

10.6 Sale of other products represent income recognized from the sale of obsolete spare parts.

11 Raw materials and consumables used

		2023	2022
		₦'000	₦'000
Cost of rubber lumps and Fresh Fruit Bunches consumed		1,379,885	676,054
Consumables expenses	11.1	5,434,867	5,708,917
Upkeep of mature plantation expenses		5,390,667	2,508,639
Harvesting and collection expenses		312,930	2,859,330
		12,518,349	**11,752,940**

11.1 Consumables mainly include materials in the plantation such as fertilizers, drugs and agro-chemicals.

12 Employee benefits expense

		2023	2022
		₦'000	₦'000
Pension (employer contribution)		44,514	34,690
Training		93,523	46,261
Staff salaries (excluding Director's remuneration)		2,198,621	1,384,577
Contract staff wages	12.1	8,912,761	7,491,597
Other allowances	12.2	1,333,792	944,659
Production bonus		132,966	141,183
Post employment benefits obligations:			
Interest cost		271,795	271,795
Service cost		75,674	16,317
		13,063,646	**10,331,079**

12.1 Contract staff wages represents total cost accrued from contract staff outsourced to the company by third party contractors.

12.2 Other allowances relates to expatriate allowances incurred during the year.

12.3 Number of employees of the Company as at 31 December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration excluding pension contributions and certain benefits) are as follows:

	2023	2022
Amount (₦)	**Number**	**Number**
2,200,002 - 4,200,000	69	72
4,200,001 - 6,200,000	24	9
6,200,001 above	6	10
	99	91

12.4 The average number of full-time personnel directly employed by the Company during the year are as follows:

	2023	2022
Manager	10	10
Senior	76	73
Junior	265	307
	351	390

Notes to the financial statements - continued

12 Employee benefits expense – continued

12.5 The number of Directors (excluding the Chairman and highest paid Director) who received emoluments excluding pension contributions and certain benefits were within the following range:

	2023 Number	2022 Number
₦700,001 - ₦3,000,000	-	2
₦3,000,001 - ₦10,000,000	10	8
	10	10

12.6 Director renumeration

	2023 ₦'000	2022 ₦'000
Directors' remuneration paid during the year comprises:		
Director fees	104,894	119,464
Other emolument	66,530	53,981
	171,424	**173,445**

12.7 The Directors' renumeration shown above includes:

	2023 ₦'000	2022 ₦'000
Highest paid Director:		
Chairman renumeration	26,606	18,847

13 Depreciation expense

		2023 ₦'000	2022 ₦'000
Depreciation of property, plant and equipment	19	3,172,607	2,588,847
Depreciation of bearer plants	20	1,224,267	1,078,676
Depreciation of right-of-use assets	24	2,873,268	63,415
		7,270,142	**3,730,938**

Notes to the financial statements - continued

14	**Other expenses**		**2023**	**2022**
			₦'000	**₦'000**
	Auditor's remuneration	14.1	48,500	28,000
	Bank charges		49,805	44,572
	Rental expense		1,388,628	2,079,730
	Corporate social responsibilities		378,700	379,740
	Courier services		52,301	54,178
	Directors' remuneration		171,424	173,445
	Foreign exchange loss	14.2	1,745,517	768,261
	Insurance third party		274,167	177,049
	Internet and communication expenses		39,587	25,097
	Local travel and accommodation		273,672	195,146
	Loss on disposal of property, plant and equipment		2,624	-
	Management fees	14.3	3,161,041	2,630,059
	Medical		124,686	138,776
	Other expenses	14.4	172,882	14,784
	Other external charges	14.5	4,125,118	1,768,049
	Overseas travel		352,151	278,835
	Power and electricity		95,803	99,893
	Printing and office supply		22,070	12,361
	Professional fees	14.6	532,674	263,426
	Rent and rates		137,250	171,536
	Repairs and maintenance		1,548,034	1,287,746
	Security and safety expenses		726,023	272,249
	Subscription		169	4,603
	Transport		288,940	53,868
	Write-off of property, plant and equipment		-	32,429
			15,689,264	**10,953,829**

14.1 Included in audit remuneration is assurance services provided in connection with the independent attestation of the Company's Internal Control over Financial Reporting (ICFR) amounting to ₦10 million (2022: Nil).

14.3 Management fees represent fees paid to SOCFINCO for the provision of technical know-how. refer to (Note 36.4 for details)

14.4 Other expenses comprise cost incurred on road taxes, commercial fair activities, vehicle licenses and property taxes.

14.5 This represents other tax charges on custom duties and other indirect taxes and rates.

14.6 Professional fees paid for refers as follows:
Non-audit services provided by the Company's auditor in respect of transfer pricing documentation review amounted to ₦12 million (2022: ₦15 million). Details of non-audit services provided in relation to the financial statements are as follows.

Name of professional	**FRC Number of the professional**	**Name of firm**	**FRC number of firm**	**Nature of services**	**Amount ₦'000**
Lateef A. Emiola	FRC/2017/ICAN/00000016070	Grant Thornton	FRC/2013/ICAN/00000004923	Corporate governance report	3,600
Abuka N. Udomsinachi	FRC/2013/PRO/ICAN/00000003431	Grant Thornton	FRC/2013/ICAN/00000004923	Tax consultant	6,020
Wayyne Van Jaarsveld	FRC/2021/002/00000024507	Alexander Forbes	FRC/2012/0000000000504	Actuary report on defined benefit obligation	2,000

15 Finance costs

		2023 ₦'000	2022 ₦'000
Interest expense on lease liabilities	24.1	1,875,127	24,919
Interest expense on loans and borrowings		1,799,001	1,046,353
		3,674,128	**1,071,272**

16 Finance income

	2023 ₦'000	2022 ₦'000
Finance income on placement of funds	5,217	4,966
	5,217	**4,966**

Finance income represents interest income earned on deposits with banks.

16.1 Profit before tax

Profit before tax includes the following charges/(credit):

	2023 ₦'000	2022 ₦'000
Auditors' remuneration	48,500	28,000
Directors' remuneration	213,415	173,445
Depreciation of property, plant and equipment	7,270,142	3,730,938
Exchange loss	1,745,517	768,261
Staff salaries (excluding Director's remuneration)	2,323,270	1,384,577
Exchange gain	(4,777,557)	(74,605)

17 Income tax

The income tax for the year is arrived at after adjusting for certain items of expenditure and income which are deductible in accordance with the statutory tax laws and are stated as follows:

17.1 Income tax expense

	2023 ₦'000	2022 ₦'000
Company income tax	10,142,759	4,959,374
Education tax	1,229,171	703,625
Police Trust Fund levy	1,692	1,141
Total income tax	11,373,622	5,664,140
Adjustments in respect of current income tax of previous year	153,942	-
Deferred tax:		
Relating to origination and removal of temporary differences	1,664,558	1,622,489
Income tax related to items expense reported in the Statement of profit or loss	**13,192,122**	**7,286,629**
Deferred tax recognized in OCI during the year:		
Tax effect of remeasurement loss on actuarial gains and losses	34,242	13,897
Deferred tax charged to OCI	34,242	13,897

Notes to the financial statements - continued

17 Income tax- continued

17.2 Reconciliation of effective tax rate

		2023	2022
		₦'000	₦'000
Profit before income tax expense		33,838,649	23,517,435
Income tax based on corporate tax rate 30% (2022:30%) A		10,151,595	7,055,230
Tax effects of:			
Non- taxable income		(1,488,943)	(512,858)
Adjustment in respect of current income tax of previous years		153,942	-
Disallowed expense		3,551,355	40,631
Tertiary education tax (3% of assessable profit)		1,229,171	703,625
Income tax expense recognized in profit or loss	B	**13,192,122**	**7,286,629**
Effective tax rate (B/A)		**40%**	**31%**

17.3 **Current tax liability**

	2023	2022
As of 1 January	5,936,342	2,233,376
Charge for the year	11,373,623	5,664,140
Adjustment in respect of current income tax of previous year	153,942	-
Payment during the year	(5,873,560)	(1,961,174)
As of 31 December	**11,590,347**	**5,936,342**

17.4 **Reconciliation of deferred tax liability**

	2023	2022
As at 1 January	11,460,075	9,851,484
Deferred tax credit – OCI	(34,242)	(13,897)
Deferred tax charge – Profit or loss	1,664,558	1,622,488
As at 31 December	**13,090,391**	**11,460,075**

Notes to the financial statements - continued

17.5 Deferred tax (assets)/ liabilities in relation to:

	Statement of financial position at 1 January 2023	Income statement	OCI	Statement of financial position at 31 December 2023
	₦'000	₦'000	₦'000	₦'000
Property, plant & equipment	11,844,207	4,646,688	-	16,490,895
Provision for post-employment benefits obligation	(610,530)	(90,416)	-	(700,946)
Provision for bad debt	-	(390,077)	-	(390,077)
Unrealized exchange gain	-	1,204,063	-	1,204,063
Unrealized fair value gain on biological assets	-	29,529	-	29,529
Lease liability	-	(3,735,230)	-	(3,735,230)
Remeasurement loss on defined benefit plan	226,398	-	(34,242)	192,156
	----------------	--------------	-------------	----------------
	11,460,075	**1,664,558**	**(34,242)**	**13,090,391**
	=========	=========	=======	=========
	Statement of financial position at 1 January 2022	**Income statement**	**OCI**	**Statement of financial position at 31 December 2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Property, plant & equipment	10,096,000	1,748,208	-	11,844,207
Provision for gratuity	(484,811)	(125,720)	-	(610,530)
Remeasurement loss on defined benefit plan	240,295	-	(13,897)	226,398
	----------------	--------------	----------	----------------
	9,851,484	**1,622,488**	**(13,897)**	**11,460,075**
	=========	========	=======	=========

Net deferred tax liabilities reflected in the statement of financial position as follows:

	2023	2022
	₦'000	₦'000
Deferred tax assets	(4,826,253)	(610,530)
Deferred tax liabilities	17,916,644	12,070,605
	----------------	----------------
Net deferred tax liability	**13,090,391**	**11,460,075**
	=========	=========

18 Earnings per share (EPS)

	2023 ₦'000	2022 ₦'000
Profit for the year attributable to ordinary shareholders	20,646,527	16,230,806
	=========	=========
	Number ('000)	**Number ('000)**
Weighted average number of ordinary shares as at 31 December	953,910	953,910
	======	======
Basic earnings per ordinary share (Naira)	21.64	17.02
	====	====
Diluted earnings per ordinary share (Naira)	21.64	17.02
	====	====

Diluted EPS is the same as basic earnings per share as there are no potential dilutive ordinary shares or transactions.

19	Property, plant and equipment	Land	Building	Palm Oil Mill	Rubber Mill	Machinery and equipment	Furniture and equipment	Vehicle	Work - in - progress	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	Cost									
	At 1 January 2022	**2,051,165**	**7,555,880**	**21,914,847**	**1,407,114**	**3,124,283**	**504,329**	**3,338,307**	**2,699,171**	**42,595,096**
	Additions (ii)	-	2,268,941	2,967,518	-	1,897,576	557,081	156,784	2,374,617	10,222,517
	Write off	-	(83,173)	-	-	-	(32,777)	-	-	(115,950)
	Reclassification (iii)	-	(105,710)	1,534,161	(1,407,114)	(142,066)	122,749	(2,020)	-	-
	Transfer	-	-	3,166,168	-	-	148,204	282,632	(3,597,004)	-
		----------	----------	----------	----------	----------	----------	----------	----------	----------
	At 31 December 2022	**2,051,165**	**9,635,938**	**29,582,694**	**-**	**4,879,793**	**1,299,586**	**3,775,703**	**1,476,784**	**52,701,663**
	Additions	-	2,469,031	1,036,761	-	3,074,485	161,589	126,847	529,438	7,398,151
	Transfer	-	5,877	-	-	76,633	-	-	(82,510)	-
	Reclassification	-	-	-	-	-	-	-	(517,502)	(517,502)
	Disposal	-	-	-	-	-	-	(61,719)	-	(61,719)
		-------------	--------------	--------------	----------	-------------	-------------	-------------	-------------	----------
	At 31 December 2023	**2,051,165**	**12,110,846**	**30,619,455**	**-**	**7,969,192**	**1,461,175**	**3,902,551**	**1,406,210**	**59,520,593**
		========	=========	=========	======	========	========	========	========	======
	Accumulated depreciation and impairment									
	At 1 January 2022	**-**	**1,922,064**	**4,333,880**	**803,420**	**2,458,197**	**277,613**	**2,250,366**	**-**	**12,045,540**
	Charge for the year	-	412,099	1,292,580	85,724	295,237	66,471	436,736	-	2,588,847
	Write off	-	(405)	-	-	-	(348)	-	-	(753)
	Transfer	-	(35,337)	947,952	(889,144)	(142,272)	119,517	(716)	-	-
		----------	----------	----------	----------	----------	----------	----------	----------	----------
	At 31 December 2022	**-**	**2,298,421**	**6,574,412**	**-**	**2,611,162**	**463,253**	**2,686,386**	**-**	**14,633,634**
	Charge for the year	-	580,180	1,530,888	-	528,157	169,085	364,297	-	3,172,607
	Disposal	-	-	-	-	-		(59,096)	-	(59,096)
		----------	-------------	-------------	----------	-------------	----------	-------------	----------	--------------
	At 31 December 2023	**-**	**2,878,601**	**8,105,300**	**-**	**3,139,319**	**632,338**	**2,991,587**	**-**	**17,747,145**
		======	=========	========	======	========	======	========	======	=========
	Carrying Amount									
	At 31 December 2023	**2,051,165**	**9,232,245**	**22,514,155**	**-**	**4,829,873**	**828,837**	**910,964**	**1,406,210**	**41,773,448**
		========	=========	=========	======	========	======	======	======	=========
	At 31 December 2022	**2,051,165**	**7,337,517**	**23,008,282**	**-**	**2,268,631**	**836,333**	**1,089,317**	**1,476,784**	**38,068,029**
		========	========	=========	======	======	======	========	========	=========

(i) There are no restrictions on title to the items of property, plant and equipment. The Company has not pledged any items of property, plant and equipment as security for liabilities. There are no contractual commitments for the acquisition Property, plant and equipment during the reporting and comparative year.

(ii) The additions of work in progress include borrowing costs capitalized during the year ended 31 December 2023 was Nil (2022: ₦698 million). The rate used to determine the amount of borrowing costs eligible for capitalization was 9%, which is the EIR of the specific borrowing.

(iii) There are no impairment recognized in PPE during the year.

(iv) The company capital commitments which are approved and contracted amount to ₦8.280billion (2022: ₦9.365billion). Capital commitments approved and not contracted amounted to Nil (2022: Nil).

Notes to the financial statements - continued

19 Property, plant and equipment - continued

19.1 Disposals of property, plant and equipment

In 2023, the Company sold motor vehicles with a total net carrying amount of ₦2.623million with no cash consideration. The net loss on this disposal is recognized as part of other expenses in the statement of profit or loss (Note 14).

19.2 The Company capital work in progress comprises:

	2023 ₦'000	2022 ₦'000
Buildings	715,200	784,925
Plant & machinery	691,010	691,859
	---------------	---------------
	1,406,210	**1,476,784**
	========	========

20 Bearer plants

		Oil palm plantation	Rubber plantation	Work - in - progress	Total
	Cost:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	At 1 January 2022	**17,023,530**	**4,542,484**	**1,990,565**	**23,556,579**
	Additions	-	-	368,419	368,419
	Transfer	-	481,407	(481,407)	-
	Write off	----------	----------	----------	----------
	At 31 December 2022	**17,023,530**	**5,023,891**	**1,877,577**	**23,924,998**
	Additions	-	-	502,682	502,682
	Transfer	-	319,375	(319,375)	-
		-----------------	----------------	---------------	-----------------
	At 31 December 2023	**17,023,530**	**5,343,266**	**2,060,884**	**24,427,680**
		=========	========	========	=========
	Depreciation:				
	At 1 January 2022	**2,831,730**	**1,615,537**	-	**4,447,267**
	Charge for the year	851,441	227,236	-	1,078,676
		---------------	---------------	----------	----------------
	At 31 December 2022	**3,683,171**	**1,842,773**	-	**5,525,943**
	Charge for the year	895,269	328,998	-	1,224,267
		-------------	-------------	----------	----------------
	At 31 December 2023	**4,578,439**	**2,171,770**	-	**6,750,210**
		========	========	======	========
	Carrying Amount				
	At 31 December 2023	**12,445,091**	**3,171,496**	**2,060,884**	**17,677,470**
		========	========	========	=========
	At 31 December 2022	**13,340,359**	**3,181,118**	**1,877,577**	**18,399,054**
		========	========	========	========

The carrying amount of bearer plant work-in-progress relates to capitalized cost on immature palm and rubber plantations which amounted to ₦2.060billion (2022: ₦1.877billion)

21 Biological assets

	2023				2022		
	Palm	Rubber	Total		Palm	Rubber	Total
At 1 January	579,412	587,568	1,166,980		275,390	248,310	523,700
Additions	30,723,537	3,706,397	34,429,934		27,335,421	3,153,159	30,488,580
Transfer to inventory	(30,783,519)	(3,389,319)	(34,172,839)		(27,264,497)	(2,831,843)	(30,096,340)
Change in fair value on biological assets (P or L)	(40,149)	129,632	89,483		233,098	17,943	251,041
	-----------	-----------	-----------		-----------	-----------	-----------
At 31 December	479,280	1,034,278	1,513,558		579,412	587,568	1,166,980
	=======	=======	=======		=======	=======	=======
Current	**-**	**1,011,675**	**1,011,675**		**59,983**	**570,359**	**630,341**
Non-current	**479,280**	**22,603**	**501,883**		**519,429**	**17,210**	**536,639**
	-----------	-----------	-----------		-----------	-----------	-----------
31 December	**479,280**	**1,034,278**	**1,513,558**		**579,412**	**587,568**	**1,166,980**
	=======	=======	=======		=======	=======	=======

The Company's biological assets consist of produce growing on bearer plants (palm fruit and untapped latex) as well as harvested Fresh Fruit Bunches (FFB) and raw rubber (cup lump).

Other disclosures
Palm and rubber plantation were not pledged as security for any of the Company's loans or borrowings in 2023 (2022: None). At 31 December 2023, the Company had no commitments in relation to its growing plantation (2022: Nil). No government grants were received in relation to the Company's agricultural activities in 2023 (2022: Nil).

Financial risk management strategies
The Company is exposed to risks arising from environmental changes, changes in palm and rubber prices as well as the financial risk in respect of agricultural activity.
‣ The Company manages environmental risks, such as droughts, floods and disease outbreak, by diversifying its plantation in two different plantations. The measures taken by management also include consultation with experts in the plantation industry.
‣ The primary financial risk associated with the Company's agricultural activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of plantation and on harvesting and production, and ultimately receiving cash from the sale of products to third parties. The Company's strategy to manage this financial risk is to actively review and manage its working capital requirements.

No events occurred in the current and prior periods that give rise to material items of income or expense as a result of climate, disease or other natural risks.

22 Inventories

	2023	2022
	₦'000	₦'000
Finished goods	4,011,488	1,794,354
General stores and agricultural consumables	5,157,278	3,900,646
Goods - in - transit (inbound)	32,104	34,107
	--------------	---------------
	9,200,870	**5,729,107**
	========	========

General stores and agricultural commodities include spare parts and other consumables.
The inventory is carried at the lower of cost and net realizable value. There was no write down or reversal of previously recognized inventory for the year ended 31 December 2023. Finished goods represents Crude Palm Oil, Rubber Cake, Crude Palm Kernel etc.

Inventories recognized as expense during the year amounted to ₦4.010 billion (2022: ₦1.562 billion).

23 Trade and other receivables

		2023	2022
		₦'000	₦'000
Trade receivables	23.1	6,728	2,763
Other receivables	23.2	1,310,002	737,958
Staff advances		136,990	121,378
Related parties	23.3	2,468,219	538,515
		3,921,939	**1,400,614**

23.1 Credit sales are insignificant as the Company predominantly sells in cash.

23.2 Other receivables comprise mainly of Value Added Tax, Withholding Tax receivable during the period.

23.3 For terms and conditions on related parties refer to Note 36.

24 Right of use assets-Motor vehicle:

	2023	2022
Cost:	₦'000	₦'000
As at 1 January	253,659	253,659
Additions	12,863,492	-
As at 31 December	13,117,151	253,659
Accumulated Depreciation:		
As at 1 January	190,244	126,829
Depreciation	2,873,268	63,415
As at 31 December	3,063,512	190,244
Carrying amount	**10,053,639**	**63,415**

24.1 Lease liability:

		2023	2022
As at 1 January		79,032	146,580
Additions		12,863,492	-
Accretion of interest		1,875,127	24,919
Payments	24.1.1	(3,498,773)	(92,467)
As at 31 December		**11,318,878**	**79,032**
Current		2,575,140	79,032
Non-current		8,743,738	-
		11,318,878	**79,032**

This represents lease in respect of motor vehicles.

24.1.1 The following are the details of lease payments:

	2023	2022
Payment of principal on lease liabilities	1,623,646	67,548
Payment of lease interest on lease liabilities	1,875,127	24,919
Total amount recognized as lease payments	**3,498,773**	**92,467**

The following are the amounts recognized in profit or loss:

	2023	2022
Depreciation expense of right-of-use-assets	2,873,268	63,415
Interest expense on lease liabilities	1,875,127	24,919
Total amount recognized in profit or loss	**4,748,395**	**88,334**

25 Prepayments and other assets

		2023	2022
		₦'000	₦'000
Prepaid Rent		338	358
Advances to suppliers	25.1	2,508,186	1,833,152
		2,508,524	**1,833,510**

25.1 Advances to suppliers represents amount advanced to suppliers for spares and equipment.

26 Cash and cash equivalents

	2023	2022
	₦'000	₦'000
Cash balance	9,410	8,860
Bank balances	8,441,525	5,828,721
	8,450,935	**5,837,581**

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand. Expected Credit Loss for bank balances was assessed but not material.

27 Share capital

	2023	2022
Issued called up shares capital:	₦'000	₦'000
953,910,000 ordinary shares at N0.5 each	476,955	476,955
	476,955	**476,955**

28 Share Premium

	2023	2022
Share premium	1,867,096	1,867,096

The Share premium represent excess amount received over and above the per value of the shares. It forms part of non-distributable reserves of the Company which can be used only for the purposes specified under Companies and Allied Matters Act, 2020.

29 Other reserves

	2023	2022
	₦'000	₦'000
At 1 January	(282,928)	(250,502)
Actuarial loss on defined benefit obligation	(79,897)	(32,426)
At 31 December	**(362,825)**	**(282,928)**

Other reserves represent actuarial loss on defined benefit obligation, net of tax through Other Comprehensive Income.

30 Dividend

	2023	2022
	₦'000	₦'000
Final dividend declared during the year	11,446,920	7,631,280
Interim dividend declared during the year	4,292,595	8,585,190
Total dividend declared	15,739,515	16,216,470
Dividend Paid	(15,739,515)	(16,216,470)
	-	-
Unclaimed dividend now statute barred *	13,549	-

Notes to the financial statements - continued

30 Dividend – continued

The Directors approved and paid an interim dividend of ₦4.50 per 50 kobo ordinary share during the year 2023 (2022: interim dividend of N9.00 per ordinary share of 50 kobo each). The Board of Directors further recommend, in respect of the year ended 31 December 2023, a final dividend of ₦14.00 per ordinary share of 50 kobo each (2022: ₦12.00 per ordinary share of 50 kobo each) subject to the deduction of withholding tax at the appropriate rate. This proposed dividend will only be recognized as a liability after approval by the shareholders at the Annual General Meeting (AGM).
* Unclaimed dividend indicates dividends not collected by shareholders within twelve (12) years after a declaration by a company, after which it is declared statute-barred and will be forfeited by law.

31 Interest-bearing loans and borrowings	**2023**	**2022**
	₦'000	**₦'000**
Commercial Agriculture Credit Scheme (CACS)	1,358,712	1,617,055
Bank of Industry	160,592	531,132
Real Sector Support Facility (RSSF)	7,875,139	7,826,433
	9,394,443	**9,974,620**

31.1 Movement in borrowings during the period - Interest bearing loans and borrowings

	2023	**2022**
	₦'000	**₦'000**
At 1 January	9,974,620	8,894,731
Loan modification	-	847,957
Principal repayment	(1,396,596)	(524,065)
Unwinding of Interest expense	816,419	755,996
At 31 December	**9,394,443**	**9,974,620**

31.2 Current	1,410,505	820,682
Non-current	7,983,938	9,153,938
	9,394,443	**9,974,620**

Commercial Agriculture Credit Scheme (CACS) - Zenith Bank
This loan relates to 2billion naira loan obtained in October 2021 by The Okomu Oil Palm Company Plc from Central Bank of Nigeria (CBN) under the Commercial Agriculture Credit Scheme to finance the purchase, construction and installation of a second 30 ton/hour ultra-modern oil mill at Okomu Extension 2 at the rate of 5% per annum payable till February 28, 2022, and subsequently 9% per annum with effect from March 1 2021, till maturity. CBN gave 12-month moratorium to The Okomu Oil Palm Company Plc to start repaying the principal one year after the disbursement was made to the lender and it is expected to be paid for over 60 months consecutively, while the interest covers the entire 72 months of the loan tenor. Also, there is a 7-day grace period given for late repayment before penal charge is made by the lender. The loan terms was modified in September 2022.

Bank of Industry
This loan is related to a 1.9billion naira loan obtained in June 2018 by The Okomu Oil Palm Company Plc from 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 at the rate of 10% per annum payable monthly in arrears, commencing from date of disbursement. BOI gave 1 year moratorium commencing from the first date of disbursement to The Okomu Oil Palm Company Plc so as to enable them to start repaying the principal after one year. The tenor of the loan is 72 months with 60 equal and consecutive, monthly installments of ₦32,455,240.58 commencing immediately after the moratorium period. In addition, 1% of the loan was charged for Appraisal Fee and Commitment Fee while 0.125% was charged as Monitoring Fee respectively.

31 Interest-bearing loans and borrowings - continued

Real Sector Support Facility (RSSF) - Zenith Bank

This loan related to a 10billion naira loan obtained in August 2019 by The Okomu Oil Palm Company Plc from Central Bank of Nigeria (CBN) under the scheme of Real Sector Support Facility (RSSF)/CBN Differentiated Cash Reserve Requirement to finance the development of an oil palm plantation at the rate of 8% per annum. CBN gave a 36-month moratorium commencing from the first date of disbursement to The Okomu Oil Palm Company Plc so as to enable them to start repaying the principal after 3 years from the date of the first disbursement. The tenor of the loan is 120 months with 28 equal and consecutive quarterly installments commencing immediately after the moratorium period has ended. It is worthy to note that the loan was disbursed by Zenith Bank Plc on behalf of CBN to the Company. The loan terms was modified in September 2022.

The loans obtained from Bank of Industry (BOI) and Central Bank of Nigeria (CBN) are government assisted facilities obtained at a reduced rate of interest and are unsecured. The differences between the market rate of interest for an equivalent loan at the inception date and the rates granted by BOI and CBN respectively have been recognized as government grant. See further details in note 34.

31.3 Changes in liabilities arising from financing activities

	Loans and borrowings	Lease liabilities	Dividend payable	Total
	₦'000	₦'000	₦'000	₦'000
1 January 2023	**9,974,619**	**79,032**	**-**	**10,053,651**
Changes from financing cashflows				
- Proceeds from borrowings	-	-	-	-
- Repayments of borrowings	(1,396,595)	-	-	(1,396,595)
- Repayment of lease liabilities	-	(3,498,773)	-	(3,498,773)
- Dividend paid	-	-	(15,739,515)	(15,739,515)
	----------------	----------------	----------------	----------------
	8,578,024	(3,419,741)	(15,739,515)	(10,581,232)
Other changes				
- Addition to lease	-	12,863,492	-	12,863,492
- Forex exchange movement	-	-	-	-
- Interest expense	816,419	1,875,127	-	2,691,546
- Dividend declared	-	-	15,739,515	15,739,515
	----------------	-----------------	------------------	------------------
31 December 2023	**9,394,443**	**11,318,878**	**-**	**20,713,321**
	========	=========	=========	=========

Notes to the financial statements - continued

		2023	2022
32 Post-employment benefits obligations		**₦'000**	**₦'000**
Defined benefit obligation	32.2	2,227,844	1,882,958
		2,227,844	**1,882,958**

32.1 Defined benefit obligation

The Company operates a defined benefit scheme for employees directly employed by the Company based on the number of years of service before retirement or death. An employee must have spent over three (3) years in service before he or she is qualified for the gratuity. The table below contains the amount of the monthly gross salary in function of the number of service years.

The Company shall pay gratuity benefits as follows

Completed years of service	Gratuity benefit
3 - 5 years	180%
6 - 8 years	200%
9 - 11 years	220%
12 - 14 years	240%
15 - 17 years	260%
18 - 20 years	280%
21 - 24 years	300%
25 years and above	350%

32.2 **Present value of the obligation**		2023	2022
		₦'000	**₦'000**
1 January		**1,882,958**	**1,678,069**
Service cost	12	75,674	70,784
Interest cost	12	271,795	217,328
Remeasurement recognized in Other Comprehensive Income:			
Change in economic assumptions		259,165	242,069
Change in financial assumptions		(145,026)	(195,747)
Remeasurement loss	29	114,139	46,322
Benefit paid		(116,722)	(129,545)
31 December		**2,227,844**	**1,882,958**

The actuarial valuation of the gratuity scheme as at 31 December 2023 and the comparative periods was done by NEXYAN Actuaries & Benefit Consultants. The projected unit credit (PUC) method was used in determining the actuarial valuation arising from the defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

		2023		2022
The principal assumptions used in determining the defined benefit obligations are shown below:				
Discount rate		16%		15%
Salary increase rate		11%		11%
Mortality				
Pre-retirement:				
		No of deaths per 10,000 lives		
		2023		**2022**
Sensitivity analysis		31/12/2023		31/12/2022
Sensitivity: Increase of DBO				
Discount rate + 0.5%		(49,532,396)		(45,446,384)
Discount rate - 0.5%		51,507,812		47,389,690
Salary increase + 0.5%		50,426,002		45,870,022
Salary increase - 0.5%		(48,862,554)		(44,339,452)

32 Post-employment benefits obligations – continued

32.3 Expected benefits

	Year	2023 ₦'000	2022 ₦'000
	2024	203,088	220,160
	2025	313,484	167,280
	2026	308,868	256,799
	2027	329,326	255,697
	2028	532,599	273,630
	2029-2033	2,072,659	1,454,678

33 Trade and other payables

	Note	2023 ₦'000	2022 ₦'000
Trade payables		2,591,461	2,828,292
Contract liabilities	33.1	1,262,938	1,284,126
Other payables	33.2	1,126,364	1,154,254
Statutory liability	33.3	360,912	142,146
Accruals		60,200	693,604
Related parties	33.4	1,510,116	274,800
		6,911,991	**6,377,222**

33.1 Contract liabilities

	2023	2022
Opening Balance	1,284,125	747,951
Advance received from Customer	67,015,314	54,286,007
Transfer to Revenue	(67,036,501)	(53,749,832)
	1,262,938	**1,284,126**

These are short- term advances received from customers to deliver palm products.

33.2 Other payables comprise non-interest bearing and short-term obligations.

33.3 Statutory liabilities include withholding tax, value added tax withheld, and others.

33.4 For terms and conditions with related parties, refer to note 36.

34 Government grants

	Note	2023 ₦'000	2022 ₦'000
At 1 January		**2,754,174**	**4,094,914**
Loan modification		-	(642,192)
Released to the statement of profit or loss	10	(1,062,215)	(698,547)
At 31 December		**1,691,959**	**2,754,175**
Current		629,247	706,699
Non-current		1,062,712	2,047,476
		1,691,959	**2,754,175**

Government grants arose as a result of benefits received from below-market interest rate government assisted loans (See note 31) granted to date. The benefit of the below-market rate is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 20.10a and the proceeds received. There are no conditions attached to the grant, and it is released to profit or loss on a systematic basis over the loan term.

35 Contingent liabilities

The Company is subject to some pending litigations arising in the normal course of business. There are no contingent liabilities in connection with those pending litigations as at year end (2022: Nil). The Company is currently contesting the litigations and the Directors are of the opinion that no material loss is expected to arise from the claims.

36 Related party transactions.

The following table provides the total amount of transactions that have been entered into with related parties for the year ended 31 December 2023.
Details of transactions between the Company and its related parties are disclosed below.

			2023	2022	
			₦ 000	₦ 000	
Amounts due from related parties	**Note**	**Nature of relationship**	**Balance**	**Balance**	**Nature of transaction**
Sogescol	36.1	Sister company	2,458,935	538,515	Sales of rubber
Sodimex	36.2	Sister company	9,284	7,147	Purchase of spares and equipment
			---------------	--------------	
			2,468,219	**545,662**	
			========	========	
Amounts due to related parties					
Socfinco	36.3	Ultimate Parent company	(1,491,428)	(263,497)	Management and technical expertise
Induservices	36.4	Sister company	(18,688)	(11,303)	Purchase of goods and services
			-----------------	--------------	
			(1,510,116)	**(274,800)**	
			=========	=======	

Nature of transactions

36.1 SOGESCOL

SOGESCOL FR S. A. is an agent for the Company that assists in selling the Company's rubber. Sales during the year amounted to ₦7.951billion (2022: ₦5.495billion). The amount due to the Company from SOGESCOL FR S.A as at year end was ₦2.459billion (2022: ₦538million).

36.2 SODIMEX FR S.A

The Company purchases a large amount of its equipment and spare parts from SODIMEX FR S.A. The amount due to the Company from SODIMEX FR S.A has at the end of the year was ₦9 million (2022: Nil).

36.3 SOCFINCO FR S.A

SOCFINCO FR S.A. has exclusive right to know how and manages the affairs of the Company. In consideration of the provision to the Company of this technical know-how, management fee and other support charges are paid to SOCFINCO FR S.A. The technical fees are calculated at aggregate rate equal to 3% of the Company's net sales and management fees are 3% of profit before tax. The technical know-how and management services agreement are made with the approval of the national office for technology acquisition and promotion (NOTAP). The Company incurred costs of ₦3.161 billion (2022: ₦2,203 billion) which did not include withholding tax and value added tax of ₦648 million (2022: ₦120 million) separately paid on management and technical fees during the year. The amount due from the Company to SOCFINCO FR S.A at the year-end was ₦1,491 million (2022: ₦263 million).

Notes to the financial statements - continued

36 Related party transactions - continued

36.4 INDUSERVICES FR S.A

Induservices FR S.A. provides internet services for the Company. The Company incurred Nil (2022: Nil) in cost to procure internet services. The amount due to the Company as at the end of the year was ₦18.7 million (2022: ₦11.3 million).

36.5 Transactions with key management personnel.

There was no transaction with key management personnel during the year.

36.6 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

The key management personnel services are provided by SOCFINCO FR S.A. under a Technical Know How and Management Services Agreement.

The total amount incurred by the company for key management personnel services provided under the terms of the agreement amounted to ₦3.161billion (2022: ₦2.630billion)

36.7 Parent and ultimate controlling party

SOCFINAF S.A. is the majority shareholder and has 62.94% holding in The Okomu Oil Palm Company Plc as at 31 December 2023.

SOCFINAF S.A. is the immediate parent company, while SOCFINCO FR S.A. is the ultimate controlling party.

36.8 Terms and conditions of transactions with related parties

Outstanding balances from related parties at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Company assessed impairment of related party receivables (2022: Nil) but this was not material and hence not recognized in this financial statement.

37 Events after reporting date

The Directors are of the opinion that there were no events after the reporting date that could have material effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements.

Other National Disclosures

THE OKOMU OIL PALM COMPANY PLC

VALUE ADDED STATEMENT

For the year ended 31 December 2023

	2023	%		2022	%
	₦ '000			₦ '000	
Revenue from contracts with customers	75,107,842			59,323,723	
Bought in materials and services:					
-Local	(27,585,454)			(20,414,537)	
-Foreign	-			-	
	------------------			-------------------	
	47,522,388			38,909,184	
Other income	10,851,636			1,777,763	
Finance Income	5,217			4,966	
	----------------			---------------	
Value added	**58,379,241**	**100**		**38,914,150**	**100**
	=========			=========	
Applied as follows:					
To Employees:					
- as salaries, wages and other staff costs	13,063,646	22%		10,331,079	26%
- Director's remuneration	532,674	1%		173,445	1%
To Providers of funds:					
- Finance cost and similar charges	3,674,129	6%		1,071,273	5%
To Government as:					
- Income tax expense	11,373,623	19%		5,664,140	14%
- Additional tax liability from prior period	153,942	1%		-	0%
-Deferred tax expense	1,664,558	3%		1,622,489	4%
Retained in the business:					
To maintain and replace					
- Depreciation	7,270,141	13%		3,730,938	9%
- To augment reserves	20,646,528	35%		16,230,805	41%
	----------------	------		----------------	------
Value added	**58,379,241**	**100**		**38,914,150**	**100**
	=========	===		=========	===

The value-added statement represents the wealth created by the efforts of the Company and its employees. The statement shows the allocation of that wealth to employees, government, providers of funds and retention for creation of more wealth in the future.

THE OKOMU OIL PALM COMPANY PLC

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2023

Statement of profit or loss and other comprehensive income					
	2023	2022	2021	2020	2019
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Revenue from contracts with customers	75,107,842	59,323,723	37,394,507	23,410,680	18,867,271
Profit before taxation	33,838,649	23,517,434	16,114,778	8,694,913	7,523,187
Profit for the year	20,646,527	16,230,805	11,538,968	2,942,468	5,049,637
	------------------	----------------	----------------	----------------	----------------
Total comprehensive income for the year	20,566,630	16,198,379	12,099,655	2,054,076	5,368,348
	=========	========	========	========	========
Statement of financial position					
	2023	2022	2021	2020	2019
	N '000	N '000	N '000	N '000	N '000
Property, plant and equipment	41,773,448	38,068,029	30,549,557	19,516,703	13,922,995
Bearer Plant	17,677,470	18,399,055	19,109,312	19,395,413	18,201,055
Biological Assets	501,883	536,639	289,523	162,051	112,109
Right-of-use asset	10,053,639	63,415	126,830	190,244	253,659
Current asset	25,093,943	15,431,153	15,697,223	16,099,268	11,471,742
Current liability	23,117,230	13,919,978	8,844,843	7,398,513	4,230,517
	-----------------	----------------	----------------	----------------	----------------
Net current assets	**1,976,713**	**1,511,175**	**6,852,380**	**8,700,755**	**7,241,225**
	------------------	----------------	----------------	----------------	----------------
Non-Current liabilities	(33,108,623)	(24,544,446)	(22,875,645)	(19,335,496)	(11,247,628)
	------------------	----------------	----------------	----------------	----------------
Net assets	**38,874,530**	**34,033,865**	**34,051,956**	**28,629,671**	**28,483,415**
	=========	=========	========	========	========
Funds Employed					
Share capital	476,955	476,955	476,955	476,955	476,955
Share premium	1,867,096	1,867,096	1,867,096	1,867,096	1,867,096
Retained earnings	36,893,304	31,972,743	31,958,408	27,096,809	26,062,161
Other reserve	(362,825)	(282,928)	(250,502)	(811,189)	77,203
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	38,874,530	**34,033,866**	**34,051,956**	**28,629,671**	**28,483,415**
	=========	=========	=========	=========	=========