
THE OKOMU OIL PALM COMPANY PLC

MANAGEMENT REPORTS
FOR 12 MONTHS
ENDED DECEMBER 31, 2013

THE OKOMU OIL PALM COMPANY PLC

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

2. TURNOVER

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

3. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

4. DEPRECIATION OF FIXED ASSETS

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

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

5. **STOCK**

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

6. **DEBTORS**

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

7. **FOREIGN CURRENCIES**

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

8. **TAXATION**

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

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

9. **DEFERRED TAXATION**

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

10. **EMPLOYEES' RETIREMENT BENEFITS**

(a) Gratuity Scheme:

Lump-sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of the Nigerian employees. Independent actuarial valuations are performed periodically on a projected benefit obligation basis. Actuarial gains or losses arising from valuations are charged in full to the profit and loss account.

(b) Pension Scheme:

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

11. CASH AND CASH EQUIVALENTS

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

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS

1 The Company

1.1 The Legal Form.

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

1.2 Principal Activities

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

2 TURNOVER	2013	2012
Turnover represents the invoice value of goods and services rendered to third parties during the year	N'000	N'000
Local sales	5,621,311	6,408,454
Export sales	3,239,114	3,737,710
	<u>8,860,425</u>	<u>10,146,164</u>
3 COST OF SALES		
Oil Palm	2,457,277	2,531,966
Rubber	<u>1,416,271</u>	<u>1,308,899</u>
	<u>3,873,548</u>	<u>3,840,865</u>
4 OPERATING EXPENSES		
Total net operating expenses	2,362,064	1,930,961
5 FINANCE INCOME		
Interest on Deposit A/C and others	102,295	170,075
6 FINANCE COST		
Interest on Long Term Loans	33,553	197,747
7 Other comprehensive income		
Fair value of non-current biological assets	-1,919,339	5,959,522
8 TAXATION		
Profit and Loss Account		
Provision for Edu. tax	51,381	72,711
Income Tax	<u>273,000</u>	<u>475,154</u>
Deferred Tax	<u>277,000</u>	<u>208,038</u>
	<u>601,381</u>	<u>755,903</u>

THE OKOMU OIL PALM COMPANY PLC
PROFIT AND LOSS ACCOUNT FOR THE 12 MONTHS PERIOD ENDED, DECEMBER 2013

	Note	2013 N'000	2,012 N'000	2012 N'000
Turnover	2	8,860,425	10,146,164	10,146,164
Cost of Sales	3	3,873,548	3,840,865	3,840,865
Gross Profit		4,986,877	6,305,299	6,305,299
Net Operating expenses	4	2,362,064	1,930,961	1,930,961
		2,624,813	4,374,338	4,374,338
Finance Income	5	102,295	170,075	170,075
		2,727,108	4,544,413	4,544,413
Finance Costs	6	33,553	197,747	197,747
Profit b/4 Extra-ord./Excep. Items		2,693,555	4,346,666	4,346,666
Profit Before Tax		2,693,555	4,346,666	4,346,666
Taxation	8	601,381	755,903	755,903
Profit on continuing operation		2,092,174	3,590,763	3,590,763
Gain/(loss) on changes in fair value of non-current biological assets	7	-1,919,339	5,959,522	5,959,522
Deferred capital gain tax on fair value gain on non-current biological assets		252,257	-595,942	-595,942
Profit after tax		425,092	8,954,343	8,954,343
Retained Profit transferred to reserves				
Earnings Per Share (EPS): Basic(N)		2.91	7.53	7.53
Earnings Per Share (EPS): Adjusted				

The annexed notes form an integral part of these financial statements

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

	2013	2012
	N'000	N'000
10 STOCK		
Raw materials and consumables	86,413	214,476
General Stores and agricultural consumables	1,013,036	538,107
Finished Goods-Palm & Rubber Products	115,438	218,808
Goods-in-Transit	105,016	2,224
	<u>1,319,903</u>	<u>973,615</u>
11 CURRENT ASSETS		
Trade Receivables	797	19,612
Advances paid to suppliers	143,108	144,599
Intercompany receivable	136,810	112,163
Other receivables and short term payments	1,077,483	557,292
Provision for doubtful debts (specific)	<u>-9,934</u>	<u>-9,934</u>
	<u>1,348,264</u>	<u>823,732</u>
12 BANK AND CASH BALANCES		
Cash and bank balances	1,063,229	3,323,967
Fixed deposits	0	500,000
Dividends bank accounts	<u>119,215</u>	<u>98,556</u>
	<u>1,182,444</u>	<u>3,922,513</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	329,420	248,027
Other current payables	179,784	94,461
Advances from customers	85,822	51,890
Taxation	1,302,970	1,261,376
Retirement benefit obligations	72,716	51,049
Current provisions and accruals	148,556	113,981
Other current liabilities	<u>400,000</u>	
Dividend payable	<u>63,465</u>	<u>63,465</u>
	<u>2,582,733</u>	<u>1,884,159</u>

14 **DEFERRED TAXATION**

At January 1	2,899,348	2,095,367
Net charged for the year	24,743	803,980
Prior year adjustments	<u>0</u>	<u>0</u>
At December 31,	<u>2,924,091</u>	<u>2,899,347</u>

THE OKOMU OIL PALM
COMPANY PLC

NOTES TO THE FINANCIAL
STATEMENTS

9 FIXED
ASSETS

	Palm Plantation N'000	Rubber Plantation N'000	Machinery & Equip N'000	Building N'000	Palm Mill N'000	Rubber Mill N'000	Vehicles N'000	Furniture & Equip N'000	Work In Progress N'000	Total N'000
Gross Book Value										
As at January 1, 2013	12,815,211	9,257,764	1,348,014	1,390,154	2,107,988	934,338	734,616	222,523	294,515	29,105,123
Additions			347,905	693,602	93,759	5,969	189,818	11,136	1,545,531	2,887,720
Fair value of biological asset	-872,829	-1,507,236			0		0		0	-2,380,065
Disposal			-73,064	-105		0	145,015	-53,675		-271,859
As at December 31, 2013	11,942,382	7,750,528	1,622,855	2,083,651	2,201,747	940,307	779,419	179,984	1,840,046	29,340,919
Depreciation										
As at January 1, 2013	0	0	529,171	329,392	1,114,942	215,073	331,202	186,420	0	2,706,200
Charge for the period	0	0	211,455	87,278	171,561	49,835	174,818	11,595	0	706,540
Adjustments			0		0		0			0
Disposal	0		-73,064	-105			145,015	-53,675		-271,859
As at December 31, 2013	0	0	667,562	416,565	1,286,503	264,908	361,003	144,341	0	3,140,882
Net Book Value										
As at December 31, 2013	11,942,382	7,750,528	955,293	1,667,086	915,244	675,399	418,416	35,643	1,840,046	26,200,037
As at December 31, 2012	12,345,471	8,663,395	818,843	1,060,762	993,046	719,265	403,414	36,103	294,515	25,334,814

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

	2013	2012
	N'000	N'000
15 Term Loans		
Amount falling due after one year		
Access Bank Loan	1,266,667	0
Foreign Loans: DEG	<u>0</u>	<u>123,258</u>
	<u>1,266,667</u>	<u>123,258</u>
15.1 Long Term Loans		
Germany Investment & Development Co. (DEG):		
The Company entered into a N697 million term loan agreement with DEG, a foreign lender, in 2003 to provide additional capital to support its expansion programmes at an interest rate of 8.8% per annum.		
The repayment period, excluding moratorium, shall be eight years from the date the initial drawdown of each advance.		
The Company entered into a N2b Agriculture Loan agreement with Access Bank Plc This year.		
16 SHARE CAPITAL		
16.1 AUTHORISED	N'000	N'000
1,200,000,000 Ord. Shares of 50k each	600,000	300,000
ISSUED AND FULLY PAID		N'000
16.2 Existing 953,910,000 Ord. Shares of 50k each	476,955	238,478
17 SHARE PREMIUM		
Share Premium	1,867,095	1,867,095
18 REVENUE RESERVES		
At 1st January	23,425,178	16,904,632
Adjustments	<u>0</u>	<u>-1,127,817</u>
	23,425,178	15,776,815
Fair value gain	-1,919,339	5,959,522
Retained Profit for the period	<u>2,092,174</u>	<u>3,590,763</u>
	23,598,013	25,327,100
Dividend Paid & Bonus Issue	-3,338,685	-1,907,820
Unpaid dividend	0	5,898
Bonus issue	-238,478	
Deferred Tax written back	<u>252,257</u>	
As at June 30	<u>20,273,107</u>	<u>23,425,178</u>