
THE OKOMU OIL PALM COMPANY PLC

MANAGEMENT REPORTS
FOR 12 MONTHS
ENDED DECEMBER 31, 2014

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
PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER, 2014

	Note	Dec-14 N'000	Dec-13 N'000
Turnover	2	8,655,718	8,860,425
Cost of Sales	3	<u>3,890,762</u>	<u>3,873,548</u>
Gross Profit		4,764,956	4,986,877
Net Operating expenses	4	<u>2,581,085</u>	<u>2,362,064</u>
Profit from continuing operations before tax changes in fair value		2,183,871	2,624,813
Finance Income	5	<u>85,701</u>	<u>102,295</u>
		2,269,572	2,727,108
Finance Costs	6	<u>141,576</u>	<u>33,553</u>
Profit on continuing operation b4 tax		2,127,996	2,693,555
Taxation	8	<u>574,541</u>	<u>601,381</u>
Profit on continuing operation after tax		1,553,455	2,092,174
OTHER COMPREHENSIVE INCOME			
Gain/(loss) on changes in fair value of non-current biological assets	7	-229,975	-1,919,339
Deferred capital gains(credit) on non-current biological assets		68,993	252,257
Actuarial gains		177,664	-
Total comprehensive income		<u>1,570,137</u>	<u>425,092</u>
Earnings Per Share (EPS): Basic (N)		<u>1.63</u>	<u>2.19</u>
Earnings Per Share (EPS): Adjusted			

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	NOTE	Dec-14 N'000	Dec-13 N'000
FIXED ASSETS	9	30,375,665	26,200,037
		<u>30,375,665</u>	<u>26,200,037</u>
CURRENT ASSETS (Amount falling due within one year)			
Inventory	10	1,415,552	1,319,903
Trade Receivables and others	11	732,179	1,348,264
Bank and Cash	12	<u>1,527,816</u>	<u>1,182,444</u>
		619,915	3,850,611
CURRENT LIABILITIES (Amount falling due within one year)			
Trade Payables and others	13	<u>2,303,536</u>	<u>2,182,733</u>
NET CURRENT (LIABILITIES)/ ASSETS		-1,683,621	1,667,878
Deferred Taxation	14	3,085,098	2,924,091
Amount falling due after one year			
Retirement Benefits/Gratuity		496,256	659,999
Long Term Loans	15	<u>1,877,305</u>	<u>1,666,667</u>
		2,373,561	2,326,666
Total Net Assets		<u>23,233,385</u>	<u>22,617,158</u>
FINANCED BY			
CAPITAL AND RESERVES			
Share Capital	16	476,956	476,956
Share Premium Account	17	1,867,095	1,867,095
Revenue Reserves	18	<u>20,889,334</u>	<u>20,273,107</u>
		<u>23,233,385</u>	<u>22,617,158</u>

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CHANGES IN EQUITY

	Share Capital =N='000	Share Premium =N='000	Non- Distributable reserves =N='000	Revenue Reserves =N='000	Total =N='000
Balance as at 31st December,2012	238,478	1,867,095	15,619,149	7,806,029	25,530,751
Bonus share issued	238,478	-	-	238,478	-
Dividend paid	-	-	-	3,338,685	3,338,685
Transaction with shareholders	<u>238,478</u>	<u>-</u>	<u>-</u>	<u>3,577,163</u>	<u>3,338,685</u>
Profit for the year	-	-	-	2,092,174	2,092,174
Fair value adjustment in respect of biological assets transferred to non-distributable reserves	-	-	1,919,339	-	1,919,339
Deferred tax credit	-	-	252,257	-	252,257
Comprehensive income for the year	<u>-</u>	<u>-</u>	<u>1,867,082</u>	<u>2,092,174</u>	<u>425,092</u>
Balance as at 31st December,2013	476,956	1,867,095	13,962,067	6,321,040	22,617,158
Dividend paid	-	-	-	953,910	953,910
Transfer of gains to non distributable reserves(Biological)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>953,910</u>	<u>953,910</u>
Profit for the year	-	-	-	1,653,455	1,653,455
Fair value adjustment in respect of biological assets transferred to non-distributable reserves	-	-	229,975	-	229,975
Deferred tax credit	-	-	68,993	-	68,993
Actuarial gains	-	-	177,664	-	177,664
Dividend paid	-	-	-	-	-
Transactions with shareholders	<u>-</u>	<u>-</u>	<u>16,882</u>	<u>1,553,455</u>	<u>1,570,137</u>
Balance as at 31st December,2014	<u>476,956</u>	<u>1,867,095</u>	<u>13,968,749</u>	<u>6,920,585</u>	<u>23,233,385</u>

THE OKOMU OIL PALM COMPANY PLC
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31,2014

	Dec-14 N'000	Dec-13 N'000
Cash flow from operating activities		
receipts from customers	8,684,385	8,880,731
Payments to suppliers	- 1,714,968	- 1,471,672
Payment to employees	- 899,865	- 774,433
Payment of operating expenses	- 2,333,903	- 5,096,212
Payment of taxes:CIT	- 644,497	- 33,536
Value added tax	- 37,688	- 2,865
Withholding tax	- 23,914	49,297
Other receipts	<u>192,070</u>	<u>1,120,206</u>
Net cash outflow from operating activities	<u>3,221,620</u>	<u>2,671,516</u>
Cash flow from investing activities		
Acquisition of PPE	- 4,483,992	- 2,867,720
Proceeds from disposal of PPE	8,534	22,896
Finance income received	85,701	102,295
Pre cropping expenditure incurred(Biological assets)	<u>- 657,275</u>	<u>- 820,248</u>
Net cash outflow from Investing activities	<u>- 5,047,032</u>	<u>- 3,582,777</u>
Cash flow from financing activities		
Interest paid	- 141,576	- 33,533
Loans and borrowings	210,638	1,543,410
Dividend paid	<u>- 953,910</u>	<u>- 3,338,685</u>
Net cash outflow from financing activities	<u>- 884,848</u>	<u>- 1,828,808</u>
Net cash inflow in the year	- 2,710,260	- 2,740,069
Cash and cash equivalent as at the 1/1/2014	<u>1,182,444</u>	<u>3,922,513</u>
Cash and cash equivalent as at 31/12/2014	<u>- 1,527,816</u>	<u>1,182,444</u>
Cash and cash equivalent		
Cash and bank balance	238,867	1,063,229
Bank overdraft	- 1,685,898	-
Dividend bank account	<u>119,215</u>	<u>119,215</u>
	<u>- 1,527,816</u>	<u>1,182,444</u>

THE OKOMU OIL PALM COMPANY PLC
NOTES TO THE FINANCIAL STATEMENTS
1 The Company

1.1 The Legal Form

The Okomu Oil Palm Company PLC, was incorporated on December 3, 1979 as a private limited liability company. It was converted to a Public Limited Company (PLC) on September 19, 1997 under the Company and Allied Matters Act, 1990. It is a member of Socfin 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.

	Dec-14 N'000	Dec-13 N'000
2 TURNOVER		
Turnover represents the invoice value of goods and services rendered to third parties during the year		
Local sales	6,629,419	5,621,311
Export sales	2,026,299	3,239,114
	8,655,718	8,860,425
3 COST OF SALES		
Oil Palm	2,957,194	2,457,277
Rubber	<u>933,568</u>	<u>1,416,271</u>
	3,890,762	3,873,548
4 OPERATING EXPENSES		
Total net operating expenses	2,581,085	2,362,064
5 FINANCE INCOME		
Interest on Deposit A/C and others	85,701	102,295
6 FINANCE COST		
Interest on overdraft	56,161	-
Exchange loss	65,188	33,553.00
Interest on Long Term Loans	<u>20,227</u>	<u>-</u>
	141,576	33,553
7 Other comprehensive income		
Fair value of non-current biological assets	-229,975	-1,919,339
8 TAXATION		
Profit and Loss Account		
Provision for Edu. tax	59,541	51,381
Income Tax	<u>285,000</u>	<u>273,000</u>
Deferred Tax	<u>230,000</u>	<u>277,000</u>
	574,541	601,381

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, 2014	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
Additions	244,121	413,154	14,292	2,051,166	82,800	12,711	131,842	10,689	2,180,492	5,141,267
Fair value gain/(loss) on Biological Assets	833,496	-1,063,471	-	-	-	-	-	-	-	-229,975
Transfers	-	29391	308,590	-	2,866,572	3,656	-	-	-3,210,394	-
Prior year adjustment	-	-	36,651	-	-686	-	79,451	-	-	42,114
As at December 31, 2014	13,019,999	7,100,211	1,629,887	4,443,407	5,150,433	956,674	990,712	192,858	810,144	34,294,325
Depreciation										
As at January 1, 2014	558,955.00	722,019.00	667,562	416,565	1,286,503	264,908	361,003	144,341	-	3,140,882
Charge for the period	95,854	127,647	223,817	110,830	179,802	50,938	156,735	12,856	-	968,479
Adjustments	654,809	-	849,666	-	-	-	42,800	-	-	1,461,675
Disposal	-	-	-	-	-	-	-	-	-	-
As at December 31, 2014	-	-	891,379	527,395	1,466,305	315,846	560,538	157,197	-	2,637,686
Fair Value										
As at December 31 2014	13,019,999.00	7,100,211.00								20,120,210
Net Book Value										
As at December 31, 2014			738,508	3,916,012	3,684,128	640,828	430,174	35,661	810,144	10,255,455
Fair Value										
As at December 31 2013	11,942,382	7,750,528								19,692,910
Net Book Value										
As at December 31, 2013			955,293	1,667,086	915,244	675,399	418,416	35,643	1,840,046	6,507,127

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

	Sep-14 N'000	2013 N'000
10 STOCK		
Raw materials and consumables	55,976	86,413
General Stores and agricultural consumables	1,035,305	1,013,036
Finished Goods-Palm & Rubber Products	250,831	115,438
Goods-in-transit	73,440	105,016
	<u>1,415,552</u>	<u>1,319,903</u>
11 TRADE RECEIVABLES AND OTHERS		
Trade Receivables	14,569	797
Advances paid to suppliers	100,669	143,108
Intercompany receivables	-	136,810
Other receivables and shortterm payments	626,875	1,077,483
Provision for doubtful debts (specific)	<u>- 9,934.00</u>	<u>-9,834</u>
	<u>732,179</u>	<u>1,348,264</u>
12 BANK AND CASH BALANCES		
Cash and Bank balances	238,867	1,063,229
Fixed deposits	-	-
Bank overdraft	- 1,885,898.00	-
Dividends bank accounts	119,215.00	119,215
	<u>-1,527,816</u>	<u>1,182,444</u>
Amount falling due within one year		
13 Current Liabilities		
Trade Payables	546,210	329,420
Other current payables	97,585	179,784
Advances from customers	228,006	85,822
Taxation	1,003,014	1,302,970
Retirement benefit obligations	19,779	72,716
Current provisions and accruals	339,549	148,556
Other current liabilities	-	-
Dividend payable	63,465.00	63,465
Intercompany payables	7,928	-
	<u>2,303,536</u>	<u>2,182,733</u>
14 DEFERRED TAXATION		
At January 1	2,924,091	2,899,348
Net Charged for the period	161,007	24,743
Prior year adjustments	0	0
As At December 31	<u>3,085,098</u>	<u>2,924,091</u>

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

	Sep-14 N'000	2013 N'000
15 Term Loans		
Amount falling due after one year		
Access Bank Loan	1,266,667	1,666,667
Foreign Loans: SOCFINAF	<u>610,638</u>	<u>0</u>
	<u>1,877,305</u>	<u>1,666,667</u>
15.1 Long Term Loans		
Access Bank Plc Loan		
The Access Bank Plc loan represents ₦2 billion commercial agricultural credit loan received under a scheme of the Federal government, which was obtained by the company through Access Bank Plc. The total amount was drawn down in March 2013 at an interest rate of 15% per annum with an interest draw back of 40% if approved by the Central Bank Of Nigeria. The facility has a repayment period of 5 years in 60 equal instalments ending in February 2018. This facility was obtained to finance the construction of additional production lines and up grading of the existing oil mill project. It is secured by a specific charge over the oil mill and production lines.		
16 SHARE CAPITAL		
16.1 AUTHORISED	N'000	N'000
1,200,000,000 Ord. Shares of 50k each	600,000	600,000
16.2 ISSUED AND FULLY PAID		
Existing 953,910,000 Ord. Shares of 50k each	476,956	476,956
17 SHARE PREMIUM		
Share Premium	1,867,095	1,867,095
18 REVENUE RESERVES		
At 1st January	20,273,107	23,425,178
Adjustments	-	-
	<u>20,273,107</u>	<u>23,425,178</u>
Fair value gain	-229,975	-1,919,339
Actuarial gains	177,664	
Retained Profit for the period	<u>1,553,455</u>	<u>2,092,174</u>
	<u>21,774,251</u>	<u>23,598,013</u>
Dividend paid	-953,910	-3,338,685
Unpaid dividends written back	0	0
Bonus issue	0	-238,478
Deferred Tax written back	<u>68,993</u>	<u>252,257</u>
As at March 31	<u>20,889,334</u>	<u>20,273,107</u>

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in line with the current year's presentation where this has been deemed necessary to ensure compliance with International Financial reporting standards.